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March 27, 1995

MEMORANDUM TO THE PRESIDENT

From: Alan B. Krueger Alan Krueger
Chief Economist, Department of Labor

Subject: Income Growth and Inequality

The economy is stronger today than it has been in several years: well over 6 million net jobs have been added to the economy since January 1993; inflation is low; productivity has been growing. Unfortunately, the news on the income growth is not as encouraging. From World War II to the 1970's, real income increased for most groups of Americans, and income inequality decreased. In the past 15 years, however, real income for the median family has grown very slowly and income inequality has risen.

INCOME GROWTH AND INEQUALITY IN THE NATION:

- The median worker suffered a 2.3 percent decline in hourly pay between 1979 and 1993. This masks gender disparity: The median male worker lost 12 percent, while the median female worker gained 8 percent.

- The median weekly earnings of full-time workers was virtually stagnant between 1980 and 1985, rose in 1986 and 1987, and has declined or stagnated since. See chart.

- The median weekly earnings of full-time male workers dropped continuously since the mid 1980s, while the median weekly earnings of female workers grew from 1986 to 1993.

- The hourly wage rate of the worker occupying the 10th percentile of the male wage distribution declined by 11 percent between 1979 and 1989, and by another 5 percent between 1989 and 1993.

- Between 1979 and 1993, average family real income grew by 29 percent for the top 5 percent of families and by 18 percent for the top 20 percent. Average family real income fell by 15 percent for the bottom 20 percent of families over the same period.

- The average real income of the least-well-off 60 percent of American families was lower in 1993 than in the late 1970's.

- The share of national income collected by the top 5 percent of households increased from 18.3 percent in 1988 to 20 percent in 1993. Meanwhile, the share going to the bottom 20 percent fell from 3.8 percent to 3.6 percent.

- Fully 97 percent of the increase in average household incomes between 1979 and 1992 went to the top 20 percent. The remaining 80 percent of households shared less than 3 percent of the income gains.

- Income inequality is strongly linked to education levels, and the education premium has widened. In 1979, the average college-educated male earned 39 percent more than his high-school-educated counterpart. In 1993, the gap was 80 percent. Part of this gap reflects improving prospects for educated workers, but much of it reflects real declines for less-educated workers. The average male high-school graduate earned 20 percent less in 1993 than average male high-school graduate earned in 1979.

- Less than one third of prime-age workers have a college degree or higher, whereas nearly half have a high school degree. Therefore, the earnings of the median worker more closely resembles that of the typical high school graduate.

INCOME GROWTH AND INEQUALITY IN THE SOUTH

- Between 1986 and 1993, real median household income fell in 10 of the 12 Southern states (SC -10%; TX -10%; VA -7%; KY -7%; Arkansas -7%; FL -5%). See table.

- A 1994 study by Professor Robert Topel (Univ. of Chicago) concluded that wage inequality rose in every region of the U.S., but the increase was lowest in the South. The Southeast and South Central states had the smallest increase in wage inequality for men between 1972 and 1990.

- Professor Topel argues that an increase in demand for skilled workers in all regions of the country has caused wage inequality to rise. He attributes the lower increase in wage inequality in the South in large part to a faster rate of increase of skilled workers in the South.

WHY IS INEQUALITY RISING?

There has been an increase in employment for skilled workers despite their rising wages, and a decrease in employment for less skilled workers despite their falling wages. These trends suggest that a major shift in demand in favor of skilled labor has caused the growing income inequality. Economists are divided on the causes of this major demand shift, and it is likely that many factors have contributed to this phenomenon.

- Capital income is a minor factor, however; widening inequality mainly reflects divergence in <u>earning power.</u>

- Many economists believe that the major factor behind the demand shift towards more-skilled labor is technological change, such as the growth in computers. Technological change has increased the demand for skilled workers, and made unskilled workers less important for production.

- Estimates suggest that the decline in union membership accounts for 20 percent of the rise in income inequality for men, and less for women. Historically, unions have tended to help workers in the middle or lower-middle part of the income distribution.

- Studies find that the erosion of the real value of the minimum wage accounts for about 20 percent of rising income inequality.

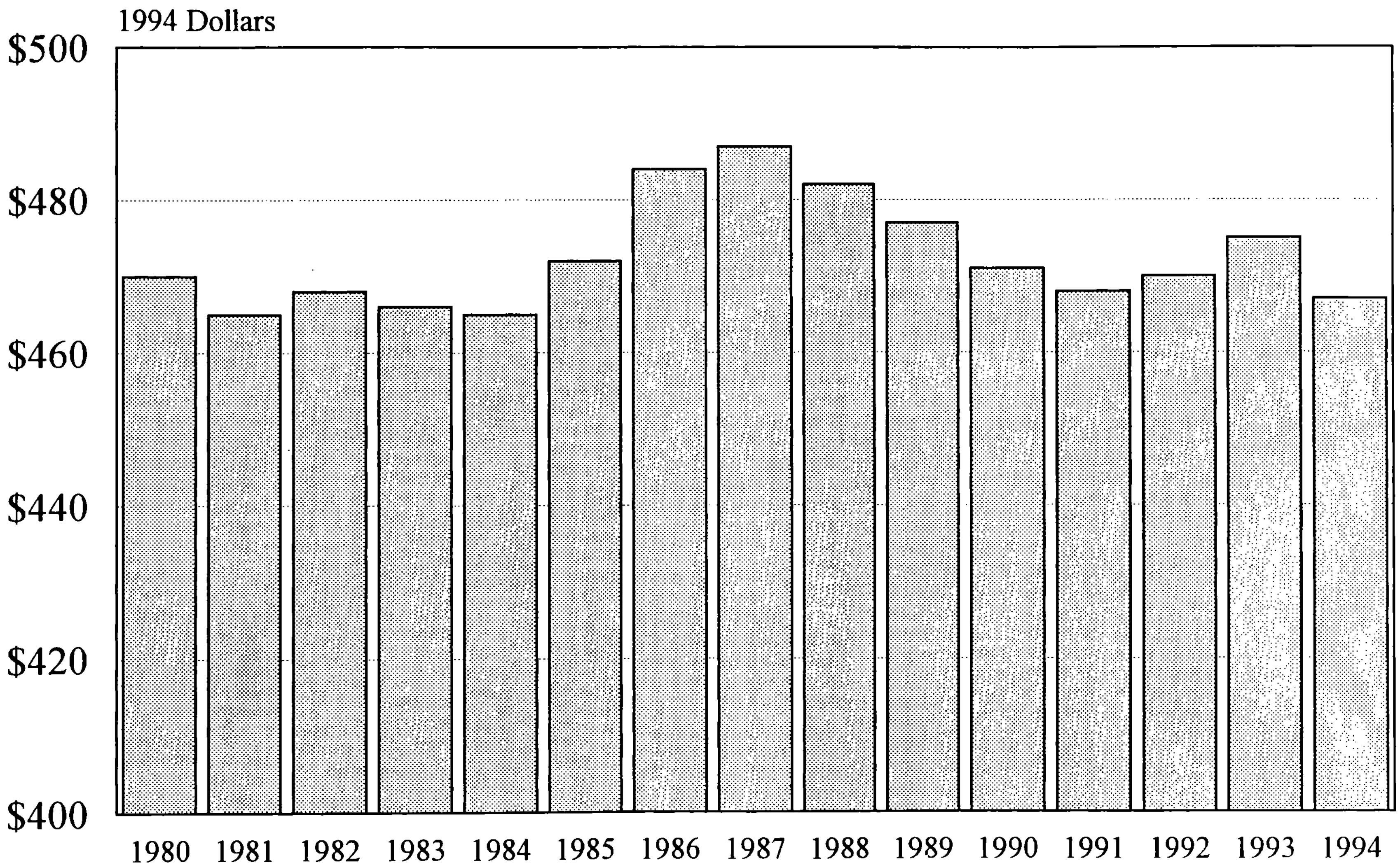
- Opinions differ on the impact of the growth in international trade over the past 15 years on income inequality. Growing trade clearly benefits Americans on average. But it creates winners and losers. Economic theory predicts the biggest losses for those exposed to the most new competition through trade -- less-skilled workers. Indeed, net imports tend to be concentrated in industries that employ less-skilled workers. Any policy that liberalizes trade -- regardless of whether it lowers foreign trade barriers by more than it lowers U.S. trade barriers -- will tend to increase the demand for skilled workers relative to less-skilled workers. Standard analytic approaches attribute to growing trade between 10 and 20 percent of the losses less-skilled workers have suffered since the 1970's.

Median Household Income for the Southern Region and the United States: 1986-1993

	1986	1993	% Change
United States	**$32,825**	**$31,241**	-4.8%
Alabama	$25,224	$25,082	-0.6%
Arkansas	$24,694	$23,039	-6.7%
Florida	$30,125	$28,550	-5.2%
Georgia	$32,130	$31,663	-1.5%
Kentucky	$26,202	$24,376	-7.0%
Louisiana	$27,542	$26,312	-4.5%
Mississippi	$21,771	$22,191	1.9%
North Carolina	$28,822	$28,820	-0.0%
South Carolina	$28,963	$26,053	-10.0%
Tennessee	$24,069	$25,102	4.3%
Texas	$31,856	$28,727	-9.8%
Virginia	$39,177	$36,433	-7.0%

Source: Bureau of the Census, Current Population Survey. All data converted to 1993 Dollars.

Real Median Weekly Earnings of Full-time Wage and Salary Workers 1980-1994



Source: Bureau of Labor Statistics. Due to a redesign of the Current Population Survey in 1994, the 1994 data are not directly comparable to earlier years; initial BLS research suggests that the redesigned survey yields somewhat higher median weekly earnings than would be the case with the older survey.

DISLOCATED WORKER PROGRAM

Rapid technologic advancement, defense down-sizing, corporate restructuring, and intensifying global competition result in structural adjustments to our economy which are necessary for long-run growth. As a result of these adjustments, the Department of Labor projects that 2.5 million workers will be permanently laid-off in 1995. Of these workers, experience shows that 60 to 65 percent will face difficult transitions and will need some assistance to help them find new jobs and to get through tough times. In this year alone, the Department of Labor estimates that it will serve 679,000 dislocated workers with the FY1995 appropriations. In other words, this level of funding will serve less than one-third of the dislocated workers.

Title III of the Job Training Partnership Act (JTPA) provides funds to states and local substate grantees to help dislocated workers find and qualify for new jobs. Workers who have lost their jobs and are unlikely to return to their previous industries or occupations are eligible for services. This includes workers who lose their jobs because of plant closures or mass layoffs; individuals dislocated as a result of defense down-sizing; long-term unemployed persons with limited job opportunities in their fields; and farmers, ranchers and other self-employed persons who become unemployed due to general economic conditions.

Eighty percent of the annual Title III appropriations are distributed in the form of block grants to states for services such as on-site assistance to workers and employers when major layoffs are announced; reemployment services such as career exploration and job search assistance; retraining in demand occupations; and supportive services such as child care so workers can participate in training. The remaining 20 percent of the Title III funding can be used at the Secretary of Labor's discretion to respond to plant closures and mass layoffs in areas where block grant funding is inadequate to meet the unanticipated need; to provide technical assistance to improve the quality of the services; to develop innovative and more effective responses to layoffs such as those needed to serve workers impacted by defense-downsizing; and the unique massive dislocations caused by natural disasters.

In Program Year 1995, nearly $1.3 billion was appropriated to the dislocated worker program in order to serve an estimated 679,000 workers. Specifically, Texas will receive $73 million in Title III Formula Funds; Georgia, $22.6 million; Arkansas, $6.5 million; and Louisiana $19.5 million. In total, the Southern region will receive $262 million and serve approximately 135,000 dislocated workers. In conclusion, Title III funding is a critical component that allows ordinary American workers in transition to maintain or acquire high-skill, high-wage jobs. Moreover, program data and reviews indicate solid achievements in that regard, helping laid-off workers find new jobs that substantially replace their former wages.

Alabama

Legislative Activity (Blue Cross, Blue Shield, 1994)

1994 Governor's Health Care Reform Task Forc deferred decisions on state initiatives until end of national debate.

Medicaid:

Notified in December 1994 of violation of Medicaid Voluntary Contribution and Provider Specific Tax Amendment of 1991

High Disproportionate Share Program state

Insurance Coverage, 1993 (March 1994 CPS)	**State**	**US**
Employer-Sponsored Insurance	54%	57%
Medicare	12%	9%
Medicaid	8%	9%
Other	9%	10%
Uninsured	17%	15%
Enrollment in HMOs (% population) (AARP, 1994)	6.4%	17.4%
Health Expenditures		
Health Spending Per Person, 1994 (AARP, 1994)	$2,976	$3,068
Percent Population with High Out-of-Pocket Costs, 1992 (AARP, 1994)	12.7%	9.9%
Medicaid Costs per Recipient, FY 1993 (HCFA)	$3,527	$4,123
Health Status and Utilization (AARP, 1994)		
Low birth weight babies (%): White rate Black rate	6.5% 13.0%	5.8% 13.6%
AIDS cases per 100,000, FFY 1993	17.0	37
Hospital admissions per 1,000, 1992	156.2	131.5
Emergency unit visits per 1,000, 1992	486.0	375.6

** Note: These categories are mutually exclusive. If a person has both employer-sponsored insurance and Medicare or Medicaid, then that person is considered covered by employer-sponsored insurance. If a person has both Medicare and Medicaid, then that person is considered covered by Medicare. Thus, the Medicare and Medicaid counts do not match program data. Percents may not sum to 100% due to rounding.

Arkansas

Legislative Activity: (Blue Cross. Blue Shield. 1994)

Legislative commission: Arkansas Health Resources Commission (final report in January 1995)

Governor commission: Task Force on Health Care Reform 1994 recommendations for 9 "building blocks" for comprehensive reform

Small group market reform: Limits on rate variations for experience. health status and duration to a range of 2:1; guaranteed renewal

Mediciad:

Notified in December 1994 of violation of Medicaid Voluntary Contribution and Provider Specific Tax Amendment of 1991 ($11.1 million disallowance)

Insurance Coverage, 1993 (March 1994 CPS)**	**State**	**US**
Employer-Sponsored Insurance	49%	57%
Medicare	12%	9%
Medicaid	10%	9%
Other	10%	10%
Uninsured	20%	15%
Enrollment in HMOs (% population) (AARP, 1994)	2.8%	17.4%
Health Expenditures		
Health Spending Per Person, 1994 (AARP, 1994)	$2,833	$3,068
Percent Population with High Out-of-Pocket Costs, 1992 (AARP, 1994)	12.6%	9.9%
Medicaid Costs per Recipient, FY 1993 (HCFA)	$3,732	$4,123
Health Status and Utilization (AARP, 1994)		
Low birth weight babies (%): White rate Black rate	6.5% 13.8%	5.8% 13.6%
AIDS cases per 100,000, FFY 1993	17.5	37
Hospital admissions per 1,000, 1992	155.8	131.5
Emergency unit visits per 1,000, 1992	447.5	375.6

** Note: These categories are mutually exclusive. If a person has both employer-sponsored insurance and Medicare or Medicaid, then that person is considered covered by employer-sponsored insurance. If a person has both Medicare and Medicaid, then that person is considered covered by Medicare. Thus, the Medicare and Medicaid counts do not match program data. Percents may not sum to 100% due to rounding.

Florida

Legislative Activity: (Blue Cross, Blue Shield, 1994)

"MedAccess Program" for families with income < 250% poverty not eligible for Medicare or Medicaid.

Community Health Purchasing Alliances (CHPAs): 11 voluntary purchasing pools

"Health Kids" program: school-based insurance program for kids 5 - 19 plus younger siblings if not in Medicaid

Medical high-risk pool for individuals who are otherwise uninsurable.

Small group market reform: guaranteed issue to small employers (1-50 employees); voluntary reinsurance; community rating with limited demographic adjustments; guaranteed renewal; limits on pre-existing condition waiting periods.

Individual market reform: prohibits durational rating.

Managed care reform: limit the size of the price differential between PPO in-network and out-of-network providers to no more than 50%.

Medicaid:

1115 Medicaid Waiver Approved

Insurance Coverage, 1993 (March 1994 CPS)	**State**	**US**
Employer-Sponsored Insurance	49%	57%
Medicare	12%	9%
Medicaid	9%	9%
Other	10%	10%
Uninsured	20%	15%
Enrollment in HMOs (% population) (AARP, 1994)	17.6%	17.4%
Health Expenditures		
Health Spending Per Person, 1994 (AARP, 1994)	$3,092	$3,068
Percent Population with High Out-of-Pocket Costs, 1992 (AARP, 1994)	11.7%	9.9%
Medicaid Costs per Recipient, FY 1993 (HCFA)	$2,895	$4,123
Health Status and Utilization (AARP, 1994)		
Low birth weight babies (%): White rate Black rate	5.9% 12.4%	5.8% 13.6%
AIDS cases per 100,000, FFY 1993	70.6	37
Hospital admissions per 1,000, 1992	131.4	131.5
Emergency unit visits per 1,000, 1992	366.5	375.6

** Note: These categories are mutually exclusive. If a person has both employer-sponsored insurance and Medicare or Medicaid, then that person is considered covered by employer-sponsored insurance. If a person has both Medicare and Medicaid, then that person is considered covered by Medicare. Thus, the Medicare and Medicaid counts do not match program data. Percents may not sum to 100% due to rounding.

Georgia

Legislative Activity: (Blue Cross, Blue Shield, 1994)

Governor's Commission on Health Reform to release recommendations in 1995

Medical high-risk pool for individuals who are otherwise uninsurable. Although established in 1989, it is not operational due to lack of funds.

Managed care reform: limit the size of the price differential between PPO in-network and out-of-network providers to no more than 40%.

Insurance Coverage, 1993 (March 1994 CPS)	**State**	**US**
Employer-Sponsored Insurance	53%	57%
Medicare	9%	9%
Medicaid	7%	9%
Other	12%	10%
Uninsured	18%	15%
Enrollment in HMOs (% population) (AARP, 1994)	7.1%	17.4%
Health Expenditures		
Health Spending Per Person, 1994 (AARP, 1994)	$3,124	$3,068
Percent Population with High Out-of-Pocket Costs, 1992 (AARP, 1994)	10.7%	9.9%
Medicaid Costs per Recipient, FY 1993 (HCFA)	$3,290	$4,123
Health Status and Utilization (AARP, 1994)		
Low birth weight babies (%): White rate Black rate	6.1% 12.8%	5.8% 13.6%
AIDS cases per 100,000, FFY 1993	38.4	37
Hospital admissions per 1,000, 1992	142.7	131.5
Emergency unit visits per 1,000, 1992	460.0	375.6

** Note: These categories are mutually exclusive. If a person has both employer-sponsored insurance and Medicare or Medicaid, then that person is considered covered by employer-sponsored insurance. If a person has both Medicare and Medicaid, then that person is considered covered by Medicare. Thus, the Medicare and Medicaid counts do not match program data. Percents may not sum to 100% due to rounding.

Kentucky

Legislative Activity (Blue Cross, Blue Shield, 1994)

Kentucky Health Policy Board: independent state agency to develop up to five standard benefit plans for approval by April 1, 1995, for all issued or renewed plans after July 1995; must submit implementation plan for universal coverage by 1996.

Kentucky Health Purchasing Alliance: negotiates with health plans, collects and distributes premiums, ensures alliance members are offered a fee-for-service option. Mandatory for state and local government employees and Medicaid recipients after July 1995; voluntary for individuals & groups 1- 100 employees.

"Commonhealth": persons with at least one year of residency can buy into the state employee health plan

Insurance reforms: guaranteed issue for individual and group markets, guaranteed renewal, limits on pre-existing condition waiting periods. Modified community rating with groups with 100 or fewer employees after July 1995. Premiums may vary based on age (no more than 300%), geography, family composition, and benefit plan design.

Any willing provider legislation that prohibits insurers from refusing to contract with any licensed provider willing to meet the terms and conditions of participation.

Private health purchasing alliance: Associated Industries of KY and KY State AFL-CIO (250,000 workers, 7,000 companies) effective June 1995.

Medicaid:

1115 Medicaid Waiver Approved
High Disproportionate Share Program state

Insurance Coverage, 1993 (March 1994 CPS)	**State**	**US**
Employer-Sponsored Insurance	55%	57%
Medicare	11%	9%
Medicaid	13%	9%
Other	9%	10%
Uninsured	12%	15%
Enrollment in HMOs (% population) (AARP, 1994)	6.6%	17.4%
Health Expenditures		
Health Spending Per Person, 1994 (AARP, 1994)	$2,865	$3,068
Percent Population with High Out-of-Pocket Costs, 1992 (AARP, 1994)	11.2%	9.9%
Medicaid Costs per Recipient, FY 1993 (HCFA)	$3,428	$4,123
Health Status and Utilization (AARP, 1994)		
Low birth weight babies (%): White rate Black rate	6.6% 12.3%	5.8% 13.6%

AIDS cases per 100,000, FFY 1993	8.4	37
Hospital admissions per 1,000, 1992	154	131.5
Emergency unit visits per 1,000, 1992	469.4	375.6

** Note. These categories are mutually exclusive. If a person has both employer-sponsored insurance and Medicare or Medicaid, then that person is considered covered by employer-sponsored insurance. If a person has both Medicare and Medicaid, then that person is considered covered by Medicare. Thus, the Medicare and Medicaid counts do not match program data. Percents may not sum to 100% due to rounding.

Louisiana

Legislative Activity (Blue Cross, Blue Shield, 1994)

Louisiana Health Care Commission will recommend ways to improve access and contain costs in 1995

Medicaid:

Has applied for an 1115 Medicaid waiver

Notified in December 1994 of violation of Medicaid Voluntary Contribution and Provider Specific Tax Amendment of 1991 ($750 million state shortfall as a result)

High Disproportionate Share Program state

Insurance Coverage, 1993 (March 1994 CPS)	**State**	**US**
Employer-Sponsored Insurance	44%	57%
Medicare	11%	9%
Medicaid	14%	9%
Other	7%	10%
Uninsured	24%	15%
Enrollment in HMOs (% population) (AARP, 1994)	7.1%	17.4%
Health Expenditures		
Health Spending Per Person, 1994 (AARP, 1994)	$3,136	$3,068
Percent Population with High Out-of-Pocket Costs, 1992 (AARP, 1994)	12.3%	9.9%
Medicaid Costs per Recipient, FY 1993 (HCFA)	$6,317	$4,123
Health Status and Utilization (AARP, 1994)		
Low birth weight babies (%): White rate Black rate	6.1% 13.8%	5.8% 13.6%
AIDS cases per 100,000, FFY 1993	27.4	37
Hospital admissions per 1,000, 1992	153.9	131.5
Emergency unit visits per 1,000, 1992	459.9	375.6

** Note: These categories are mutually exclusive. If a person has both employer-sponsored insurance and Medicare or Medicaid, then that person is considered covered by employer-sponsored insurance. If a person has both Medicare and Medicaid, then that person is considered covered by Medicare. Thus, the Medicare and Medicaid counts do not match program data. Percents may not sum to 100% due to rounding.

Mississippi

Legislative Activity: (Blue Cross, Blue Shield, 1994)

Insurance reform: small group market carriers (2 - 35 employees) can only vary premium rates by experience, health status and duration in a range of 2:1; guarantee renewal; limits on pre-existing conditions waiting periods.

Mississippi Health Finance Authority: to develop a proposal to consolidate insurance purchasing for public employees, Medicaid recipients and uninsured residents, effective July 1995. Not yet funded.

Managed care reform: pharmacy may be a contract provider if it agrees to insurer of HMO rules; allows subscribers to chose any pharmacy if it agrees to terms of participation; prohibits insurers from using financial incentives to subscribers to encourage them to use participating providers.

Medical Savings Accounts: employees or resident individuals may contribute up to $3,500 annually to a tax-exempt account to supplement a high deductible health plan.

Medical high-risk pool for individuals who are otherwise uninsurable.

Insurance Coverage, 1993 (March 1994 CPS)	State	US
Employer-Sponsored Insurance	48%	57%
Medicare	12%	9%
Medicaid	13%	9%
Other	10%	10%
Uninsured	18%	15%
Enrollment in HMOs (% population) (AARP, 1994)	0.1%	17.4%
Health Expenditures		
Health Spending Per Person, 1994 (AARP, 1994)	$2,448	$3,068
Percent Population with High Out-of-Pocket Costs, 1992 (AARP, 1994)	13.3%	9.9%
Medicaid Costs per Recipient, FY 1993 (HCFA)	$2,580	$4,123
Health Status and Utilization (AARP, 1994)		
Low birth weight babies (%): White rate Black rate	6.5% 13.1%	5.8% 13.6%
AIDS cases per 100,000, FFY 1993	17.9	37
Hospital admissions per 1,000, 1992	154.5	131.5
Emergency unit visits per 1,000, 1992	467.1	375.6

** Note: These categories are mutually exclusive. If a person has both employer-sponsored insurance and Medicare or Medicaid, then that person is considered covered by employer-sponsored insurance. If a person has both Medicare and Medicaid, then that person is considered covered by Medicare. Thus, the Medicare and Medicaid counts do not match program data. Percents may not sum to 100% due to rounding.

North Carolina

Legislative Activity: (Blue Cross, Blue Shield, 1994)

North Carolina Health Planning Commission will recommend reform in 1995

Health Plan Purchasing Alliance Board designated one voluntary regional purchasing alliance; will have four by mid-1995.

Small group market reform: guaranteed issue to small employers (2-49 employees); voluntary reinsurance; community rating with demographic adjustments by 1995; guaranteed renewal; limits on pre-existing condition waiting periods.

Managed care reform: limit the size of the price differential between PPO in-network and out-of-network providers to no more than 20%.

Insurance Coverage, 1993 (March 1994 CPS)	**State**	**US**
Employer-Sponsored Insurance	57%	57%
Medicare	11%	9%
Medicaid	7%	9%
Other	10%	10%
Uninsured	14%	15%
Enrollment in HMOs (% population) (AARP, 1994)	6.6%	17.4%
Health Expenditures		
Health Spending Per Person, 1994 (AARP, 1994)	$2,511	$3,068
Percent Population with High Out-of-Pocket Costs, 1992 (AARP, 1994)	11.3%	9.9%
Medicaid Costs per Recipient, FY 1993 (HCFA)	$3,767	$4,123
Health Status and Utilization (AARP, 1994)		
Low birth weight babies (%): White rate Black rate	6.4% 13.1%	5.8% 13.6%
AIDS cases per 100,000, FFY 1993	15.5	37
Hospital admissions per 1,000, 1992	127.6	131.5
Emergency unit visits per 1,000, 1992	418.8	375.6

** Note: These categories are mutually exclusive. If a person has both employer-sponsored insurance and Medicare or Medicaid, then that person is considered covered by employer-sponsored insurance. If a person has both Medicare and Medicaid, then that person is considered covered by Medicare. Thus, the Medicare and Medicaid counts do not match program data. Percents may not sum to 100% due to rounding.

South Carolina

Legislative Activity: (Blue Cross, Blue Shield, 1994)

Individual market reform: limits on rate variations for experience or health status to a range of 1:4:1; minimum loss ratio at last equal to the most recent NAIC-recommended loss ratio; insurers must cover all employees who change employers

Small group market reform (2 to 50 employees): required to guarantee issue a standard and a basic benefit plan; voluntary reinsurance program; allows small employers to form purchasing alliances.

Governor's Committee on Health Reform: charged with submitting recommendations by January 1995.

Medical high-risk pool for individuals who are otherwise uninsurable.

Medicaid:

Medicaid 1115 planning stage approved
High Disproportionate Share Program state

Insurance Coverage, 1993 (March 1994 CPS)	State	US
Employer-Sponsored Insurance	55%	57%
Medicare	9%	9%
Medicaid	10%	9%
Other	10%	10%
Uninsured	17%	15%
Enrollment in HMOs (% population) (AARP, 1994)	3.3%	17.4%
Health Expenditures		
Health Spending Per Person, 1994 (AARP, 1994)	$2,590	$3,068
Percent Population with High Out-of-Pocket Costs, 1992 (AARP, 1994)	11.4%	9.9%
Medicaid Costs per Recipient, FY 1993 (HCFA)	$4,243	$4,123
Health Status and Utilization (AARP, 1994)		
Low birth weight babies (%): White rate Black rate	6.3% 13.6%	5.8% 13.6%
AIDS cases per 100,000, FFY 1993	38.4	37
Hospital admissions per 1,000, 1992	123.4	131.5
Emergency unit visits per 1,000, 1992	420.1	375.6

** Note: These categories are mutually exclusive. If a person has both employer-sponsored insurance and Medicare or Medicaid, then that person is considered covered by employer-sponsored insurance. If a person has both Medicare and Medicaid, then that person is considered covered by Medicare. Thus, the Medicare and Medicaid counts do not match program data. Percents may not sum to 100% due to rounding.

Tennessee

Legislative Activity. (Blue Cross. Blue Shield. 1994)

Small group market reform: Guaranteed issue to small employers (3-25 employees); voluntary reinsurance: limits on variations for experience, health status and duration to a range of 2.6:1; guaranteed renewal: limits on pre-existing condition waiting periods.

Medicaid:

1115 Medicaid Waiver Approved

Notified in December 1994 of violation of Medicaid Voluntary Contribution and Provider Specific Tax Amendment of 1991

High Disproportionate Share Program state

Insurance Coverage, 1993 (March 1994 CPS)	**State**	**US**
Employer-Sponsored Insurance	56%	57%
Medicare	9%	9%
Medicaid	12%	9%
Other	10%	10%
Uninsured	13%	15%
Enrollment in HMOs (% population) (AARP, 1994)	5.7%	17.4%
Health Expenditures		
Health Spending Per Person, 1994 (AARP, 1994)	$3,019	$3,068
Percent Population with High Out-of-Pocket Costs, 1992 (AARP, 1994)	12%	9.9%
Medicaid Costs per Recipient, FY 1993 (HCFA)	$2,875	$4,123
Health Status and Utilization (AARP, 1994)		
Low birth weight babies (%): White rate Black rate	6.9% 14.8%	5.8% 13.6%
AIDS cases per 100,000, FFY 1993	19.2	37
Hospital admissions per 1,000, 1992	163.5	131.5
Emergency unit visits per 1,000, 1992	482.7	375.6

** Note: These categories are mutually exclusive. If a person has both employer-sponsored insurance and Medicare or Medicaid, then that person is considered covered by employer-sponsored insurance. If a person has both Medicare and Medicaid, then that person is considered covered by Medicare. Thus, the Medicare and Medicaid counts do not match program data. Percents may not sum to 100% due to rounding.

Texas

Legislative Activity: (Blue Cross, Blue Shield, 1994)

Small group market reform: law encouraged the establishment of both private and public voluntary purchasing cooperatives; guaranteed renewal; guaranteed issue to small employers (3-50 employees); voluntary reinsurance; limits on rate variation for experience, health status, and duration to a range of 2:1, limits on pre-existing condition waiting periods.

Medical high-risk pool for individuals who are otherwise uninsurable.

Managed care reform: limit the size of the price differential between in-network and out-of-network providers to no more than 30%.

Medicaid:

High Disproportionate Share Program state

Insurance Coverage, 1993 (March 1994 CPS)	**State**	**US**
Employer-Sponsored Insurance	52%	57%
Medicare	8%	9%
Medicaid	9%	9%
Other	9%	10%
Uninsured	22%	15%
Enrollment in HMOs (% population) (AARP, 1994)	9.7%	17.4%
Health Expenditures		
Health Spending Per Person, 1994 (AARP, 1994)	$2,825	$3,068
Percent Population with High Out-of-Pocket Costs, 1992 (AARP, 1994)	10.6%	9.9%
Medicaid Costs per Recipient, FY 1993 (HCFA)	$3,560	$4,123
Health Status and Utilization (AARP, 1994)		
Low birth weight babies (%): White rate Black rate	6.0% 13.3%	5.8% 13.6%
AIDS cases per 100,000, FFY 1993	40.4	37
Hospital admissions per 1,000, 1992	124.4	131.5
Emergency unit visits per 1,000, 1992	335.4	375.6

** Note: These categories are mutually exclusive. If a person has both employer-sponsored insurance and Medicare or Medicaid, then that person is considered covered by employer-sponsored insurance. If a person has both Medicare and Medicaid, then that person is considered covered by Medicare. Thus, the Medicare and Medicaid counts do not match program data. Percents may not sum to 100% due to rounding.

Virginia

Legislative Activity: (Blue Cross. Blue Shield, 1994)

Joint Commission on Health Care will make recommendations in 1995 on any willing provider laws and health purchasing cooperatives.

Virginia Health Care Foundation. public and privately endowed organization funds community-based primary care access projects.

Small group market reform: guaranteed issue to small employers (2-25 employees); limits on rate variations for experience, health status, duration to a range of 1.5:1; limits on pre-existing condition waiting periods.

Managed care reform: any willing provider who accepts terms of PPO network can participate.

Insurance Coverage, 1993 (March 1994 CPS)	**State**	**US**
Employer-Sponsored Insurance	62%	57%
Medicare	7%	9%
Medicaid	5%	9%
Other	13%	10%
Uninsured	13%	15%
Enrollment in HMOs (% population) (AARP, 1994)	7.2%	17.4%
Health Expenditures		
Health Spending Per Person, 1994 (AARP, 1994)	$3,153	$3,068
Percent Population with High Out-of-Pocket Costs, 1992 (AARP, 1994)	9.4%	9.9%
Medicaid Costs per Recipient, FY 1993 (HCFA)	$3,485	$4,123
Health Status and Utilization (AARP, 1994)		
Low birth weight babies (%): White rate Black rate	5.6% 12.3%	5.8% 13.6%
AIDS cases per 100,000, FFY 1993	24.9	37
Hospital admissions per 1,000, 1992	125	131.5
Emergency unit visits per 1,000, 1992	371.1	375.6

** Note: These categories are mutually exclusive. If a person has both employer-sponsored insurance and Medicare or Medicaid, then that person is considered covered by employer-sponsored insurance. If a person has both Medicare and Medicaid, then that person is considered covered by Medicare. Thus, the Medicare and Medicaid counts do not match program data. Percents may not sum to 100% due to rounding.

INFORMATION ON MEDICAID AND WELFARE WAIVERS

ARKANSAS:

Welfare Waiver

Under Arkansas' demonstration, AFDC parents age 16 or younger will be required to attend school regularly or face reductions in benefits if they fail to do so. If appropriate, teen-age parents can meet the requirement by attending an alternative educational program.

In addition, Arkansas will implement a policy of not increasing AFDC benefits when additional children are born into a family receiving welfare. Family planning and group counseling services focusing on the responsibilities of parenthood will be included in the demonstration.

Arkansas' application was received on Jan. 14, 1993, and approved on March 5, 1994.

FLORIDA:

Medicaid Waiver

The Florida Health Security Program is a voluntary, employer-based, discounted premium program designed to provide access to private health insurance for employed but uninsured Floridians. The program will use a managed competition model and will provide health insurance for 1.1 million uninsured Floridians with incomes at or below 250 percent of the federal poverty level. Health plans (indemnity and HMO) will be offered by Accountable Health Partnerships and administered by Community Health Purchasing Alliances. HCFA is working with the state on required state legislation.

Submitted: February 10, 1994
Approved: September 15, 1994

Florida's "Family Transition Program" eliminates the quarterly income report requirement during the twelve months the Medicaid transition benefit is given to recipients who lose AFDC eligibility due to earnings. However, recipients are required to report income increases, and lose the remainder of the transition benefit when income exceeds 185 percent of the Federal Poverty Level.

Submitted: September 21, 1993.
Approved: January 27, 1994.

Welfare Waiver

Florida is implementing a "Family Transition Program" for AFDC recipients in two counties. Under the plan, most AFDC families will be limited to collecting benefits for a maximum of 24 months in any five-year period.

Individuals who exhaust their transitional AFDC benefits but are unable to find employment will be guaranteed the opportunity to work at a job paying more than their AFDC grant. The demonstration also provides a longer period of eligibility -- 36 months in any six-year period -- for families at a high-risk of becoming welfare dependent.

Medicaid and child care benefits will be available in the demonstration. Local community boards will play a large role in overseeing the program.

Other elements of the demonstration include an increase in the earnings disregard formula and asset ceilings, as well as a statewide requirement that AFDC parents must ensure that their children have been immunized.

Florida's waiver request was received on Sept. 21, 1993, and granted on Jan. 27, 1994.

GEORGIA:

Welfare Waiver

Georgia is initiating the "Personal Accountability and Responsibility Project" (PAR) which strengthens federal work requirements that must be met in order to receive cash benefits. Georgia's welfare agency will now be able to exclude from an AFDC grant any able-bodied recipient between the age of 18 to 60 who has no children under the age of 14 and who willfully refuses to work or who leaves employment without good cause. The rest of the family will continue to be eligible for AFDC benefits.

The plan will also allow the state to deny additional cash benefits for additional children born after a family has been on welfare for at least two years if the child was conceived while the family was on welfare. However, PAR would allow recipients to "learn back" the denied benefits through the receipt of child support payments or earnings.

Medicaid and Food Stamps eligibility will continue for all family members. In addition, Georgia will offer family planning services and instruction in parental skills to AFDC recipients.

Georgia's waiver request was received on May 18, 1993, and granted on Nov. 2, 1993.

KENTUCKY

Medicaid Waiver

The Kentucky Medicaid Access and Cost Containment Demonstration is a statewide program to expand Medicaid eligibility to 100 percent of the federal poverty level, regardless of categorical eligibility or assets. All those eligible will be enrolled in managed care plans similar to the state's current primary care case management program (KenPAC), or through alternative managed care plans. Future managed care options may include Health Maintenance Organizations, Preferred Provider Organizations, and specialized case management. The benefit package is the same as Kentucky's current Medicaid benefit package. Kentucky's waiver request was approved in December 1993; however recent action by the Kentucky legislature makes the implementation date uncertain at this time.

Submitted:	*March 30, 1993*
Approved:	*November 8, 1993*

LOUISIANA

Medicaid Waiver

Louisiana has submitted a proposal that is currently being evaluated by HHS. Louisiana Health Access, a statewide section 1115 demonstration proposal, submitted on January 3, 1995, has goals of emphasizing primary and preventive care, increasing access to quality care, and controlling the State's spiraling costs.

MISSISSIPPI

Welfare Waivers

Mississippi's reform plan promotes health and education for children receiving welfare assistance and supports work efforts by their parents. The demonstration includes a wide component and two projects, "Work First" in six counties, and "Work Encouragement" in two counties.

The wide component requires all children aged six through 17 to attend school and all children under age six to be immunized and receive regular health checkups. It also extends AFDC eligibility for two-parent families by allowing mothers or fathers to work more than 100 hours a month.

The "Work First" component provides subsidized, private-sector employment for job-ready participants. A special fund created from participants' AFDC and food stamp benefits will reimburse employers' wages. The State will provide supplemental payments to recipients when their total income is less than the combined AFDC and Food Stamp benefits they would otherwise receive. In addition, each "Work First" participant will have an "individual development account" for family savings, to which employers will contribute one dollar per hour of work. The State will also pass on to the family all the child support payments it collects on its behalf.

The "Work Encouragement" component allows recipients to keep more of their earnings and still receive AFDC, by raising the earned income limit from 60 to 100 percent of state-established need levels. Time limits on income disregards will also be waived.

The "Work First" component will be implemented in Adams, Harrison, Jones, Lee, Hinds and Washington Counties. The "Work Encouragement" component will be implemented in Leflore and Oktibbeha counties. Under both the "Work First" and "Work Encouragement" components, courts may require unemployed, non-custodial fathers to participate in the JOBS program to meet child support obligations.

The demonstration will be in effect for five years. The request was received Dec. 10, 1993, and granted Dec. 22, 1994.

SOUTH CAROLINA

Medicaid Waiver

South Carolina's Palmetto Health Initiative (PHI) seeks to expand Medicaid eligibility to individuals with income up to 100 percent of the Federal poverty level (FPL), and children up to age 18 in families with income up to 133 percent FPL. Each enrollee would select either a fully capitated health plan, or a partially capitated primary physician plan, thereby giving each enrollee direct access to a primary care provider. PHI also seeks to streamline the eligibility process and reduce administrative overhead. South Carolina anticipates an additional 280,000 individuals could be provided health care under the waiver. South Carolina also proposes to implement a managed care program, with a focus on home and community-based services, for persons requiring, or at risk of requiring, placement in a nursing facility.

The Health Care Financing Administration will be working with South Carolina over the next year to develop the infrastructure necessary for the proposed demonstration. HCFA will consider the state's request for waivers once the state has successfully completed a set of agreed upon milestones.

Submitted: *March 1, 1994*
Concept Approved: *November 18, 1994*

Welfare Waiver

South Carolina's Self-Sufficiency and Personal Responsibility Program sets work requirements and provides transitional assistance for program participants. After completing Individual Self-Sufficiency Plans (ISSP's) to help prepare them to become self-sufficient, AFDC recipients have 30 days to find a job in a designated vocational area. If they fail to secure such employment, recipients receive an additional 30 days on AFDC to find any private sector job, after which time they must participate in a community work experience program in order to continue to receive AFDC benefits. Progressive sanctions for non-compliance, up to and including removal of the entire family from assistance, are components of this program.

To aid in the transition to work, recipients who would otherwise no longer be eligible for AFDC because of employment can receive reduced benefits for up to 12 months. Families remain eligible for Medicaid and child care during this phase-down period, and regular transitional Medicaid and child care benefits begin at the end of this period.

The program also raises resource limits to $3,000 and exempts the cash value of life insurance policies, one vehicle and interest and dividend payments. Children of recipients are required to attend school regularly and obtain appropriate immunizations.

The demonstration will operate in Berkeley, Dorchester, Charleston, and Barnwell Counties for a period of five years. South Carolina's request was received on June 13, 1994, and approved on Jan. 9, 1995.

TENNESSEE

Medicaid Waiver

TennCare is a statewide program to provide health care benefits to Medicaid beneficiaries, uninsured state residents, and those whose medical conditions make them uninsurable. All TennCare enrollees receive services through capitated managed care plans that are either health maintenance organizations or preferred provider organizations. Enrollment will be capped at 1,500,000, including approximately 310,000 previously uninsured. If the cap is reached, those in mandatory Medicaid coverage groups and the uninsurables will continue to be enrolled. TennCare's benefits are more generous than those offered under current Medicaid for acute care, and the plan emphasizes preventive care. The Health Care Financing Administration will monitor implementation of the program throughout the 5-year period.

Submitted: *June 17, 1993*
Approved: *November 18, 1993*

VIRGINIA:

Medicaid Waiver

Virginia's welfare reform demonstration gives cases who lose AFDC eligibility due to earnings a 3-year Medicaid transition benefit in four localities and a 2-year transition benefit in the rest of the state. Cases are required to report income quarterly and lose the remainder of the transition benefit if income exceeds 185 percent of the federal poverty level in the first year or 150 percent of the federal poverty level in the second or third year.

Submitted: *July 13, 1993.*
Approved: *November 23, 1993.*

Welfare Waiver

Virginia's "Welfare Reform Project" will encourage employment by identifying employers who commit to hire AFDC recipients for jobs that pay between $15,000 and $18,000 a year and by providing additional months of transitional child care and health care benefits. A second statewide project will: enable AFDC families to save for education or home purchases by allowing the accumulation of up to $5,000 for such purposes; encourage family formation by changing the way a stepparent 's income is counted; and allow fulltime high school students to continue to receive AFDC benefits until age 21. Further, in up to four counties,

AFDC recipients who successfully leave welfare for work may be eligible to receive transitional benefits for child and health care for an additional 24 months, for a total of 36 months. In one location, Virginia will offer a guaranteed child support "insurance" payment to DC families who leave welfare because of employment to assist the family in maintaining economic self-sufficiency.

Virginia's request was received July 13, 1993, and granted Nov. 23, 1993.

At-Risk Child Care (ARCC): Provides child care to families who are not receiving AFDC, need child care in order to work, and would otherwise be at risk of becoming eligible for AFDC.

AFDC Child Care: Provides funds for AFDC applicants and recipients through the AFDC and JOBS programs. This financial support allows them to pursue employment or work training and approved education which will help them to become economically self-sufficient.

Transitional Child Care (TCC): Continues child care assistance for up to 12 months after a recipient leaves AFDC as a result of increased work hours, higher wages, or the loss of income disregards due to time limitations.

Child Care and Development Block Grant (CCDBG): Provides low-income families with the financial resources to find and afford quality child care for their children; increases the availability of early childhood development and before- and after-school care services. Funds are available to states, Indian tribes, and territories to provide grants, contracts, and certificates for child care services for low-income families. To be eligible, a family must need child care either because a parent is working, attending a training or educational program, or because the family receives or needs to receive protective services.

WELFARE REFORM

"I believe we must end welfare as we know it, because the current welfare system is a bad deal for taxpayers who pay the bills and for the families who are trapped on it. The American people deserve a government that honors their values and spends their money judiciously, and a country that rewards people who work hard and play by the rules."

President Clinton, 12/8/94

The President wants welfare reform that reinforces basic American values -- work, responsibility, and family -- not punishes children for their parents' mistakes.

The President is optimistic that Democrats and Republicans working together can produce meaningful welfare reform. Now that the House has completed its work, the President hopes to work with the Senate to develop a proposal that truly ends welfare by requiring and promoting work and parental responsibility, while helping not hurting children.

WORK

- Welfare reform should be about work. Welfare should provide people the *opportunity* to move from welfare to work as quickly as possible.
- In return, people must take *responsibility* for supporting themselves and their families. All those who can work must go to work to support their families.
- Welfare should be a second chance, not a way of life. No one who can work should be able to stay on welfare forever.
- We must reward work over welfare. No one who works full time should have to raise a child in poverty. That's why we increased the Earned Income Tax Credit for 15 million working Americans, why our welfare plan included an increase in child care, and why we proposed expanding health care coverage.

RESPONSIBILITY

- We must hold BOTH parents responsible for their children.
- That's why we proposed the toughest child support enforcement measures ever – suspending drivers' licenses, tracking delinquent parents across state lines, and letting states make them work off what they owe.
- We also want to reduce teen pregnancy – young people must understand the responsibilities involved before they get pregnant or father a child. That's why the President has called for a National Campaign Against Teen Pregnancy.

FLEXIBILITY

- The President is firmly committed to giving states the flexibility to fix the welfare system at the local level.
- That's why this administration has granted half the states waivers to proceed with welfare reform.
- And that's why the administration supports eliminating the need for waivers, letting states work within broad federal rules to decide how best to meet the needs of their own citizens.

THE PROPOSALS HOUSE REPUBLICANS HAVE PURSUED ARE WEAK ON WORK AND CRUEL TO KIDS

- House Republicans have used welfare reform as a cover for their real priority -- finding ways to pay for tax breaks for the wealthy.
- These proposals include block granting successful nutrition programs such as school lunch and WIC and reducing food stamp benefits by $16 billion over five years.
- The Republicans propose cutting off benefits to mothers and their children until the mothers are 18. We propose requiring these young mothers to live at home, stay in school, and take the steps necessary to get their lives on track.

The administration is pushing for (1) Tougher work requirements that give states the means to move people from welfare to work; (2) The toughest possible child support enforcement, including tough penalties that threaten delinquent parents with losing drivers and professional licenses if they refuse to pay their child support; (3) tougher, smarter ways to demand responsible behavior and reduce teen pregnancy, not just punish people because they're poor, young and unmarried; and (4) real flexibility for the states, not new mandates and less money.

THE PRESIDENT HAS A LENGTHY HISTORY OF COMMITMENT TO WELFARE REFORM

- As Chairman of the National Governors Association, the President helped guide the 1988 Family Support Act to passage, working with a Democratic Congress and a Republican President.
- As Governor of Arkansas, Clinton made the state a leader in both welfare reform and child support enforcement.
- The President has given 25 states the flexibility to reform welfare at the local level and has signed an executive order making it easier to force federal employees to sign the child support they owe.

UPDATE

The administration introduced the Work and Responsibility Act (WRA) last year - the most comprehensive welfare reform legislation a President has ever proposed. President Clinton hosted a bipartisan working session at the White House in January with leaders from all levels of government, and the administration will continue to pursue a bipartisan approach.

The House passed welfare reform legislation on March 24th, on a vote that was almost strictly along party lines. The President commended the House for moving forward on the issue and for including all of the child support provisions from the WRA last year, but he was critical of other aspects of the bill, and the Administration's line on the bill generally was: not tough enough on work, too harsh on children. The Senate has just held its first hearings, but no action on specific legislation is expected until April at the earliest.

(3/27/95)

ALABAMA
Child Care Facts

Funding:

	FY 91	FY 92	FY 93	FY 94
CCDBG	$16.7	$18.4	$19.1	$18.9
ARCC	$2.0	$6.5	$4.7	$4.2
TCC	$0.9	$1.2	$2.4	$3.4
AFDC	$2.6	$4.2	$.4	$8.4

(Millions, rounded)

Children Served in Alabama[1]
(between October 1, 1992 - September 30, 1993)

CCDBG: 82,842

ARCC: 2,513

TCC: 1,767

AFDC: Not available

Quality Services for Families in Alabama

1. Alabama has established five resource and referral agencies to assist low income families with referrals, consumer education, and to assist during eligibility determination, redetermination, or when a change in placement is needed.

2. Several training projects have been funded with CCDBG funds:

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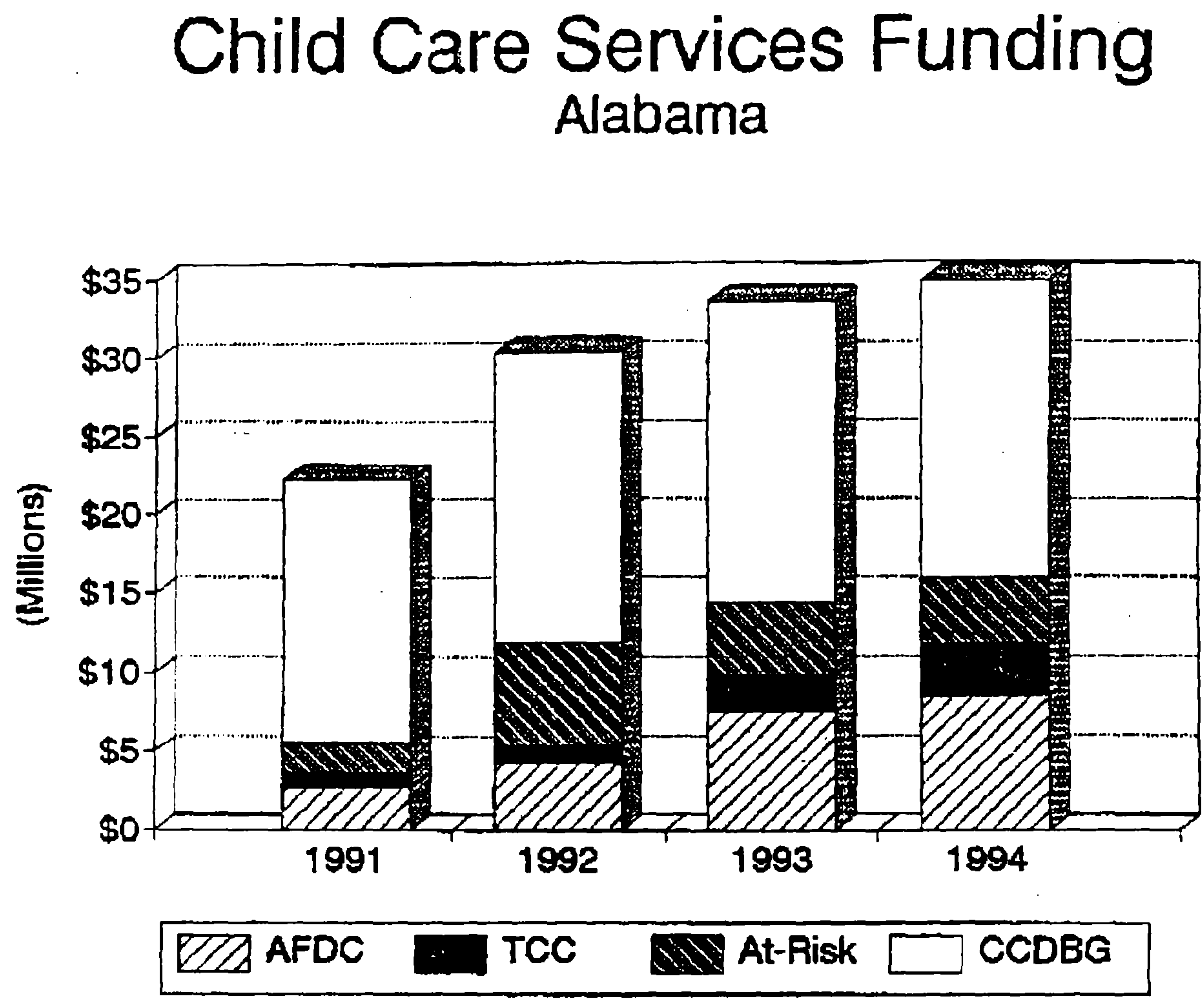
1. CCDBG "Children Served" = annually; ARCC, TCC, AFDC "Children Served" = average monthly

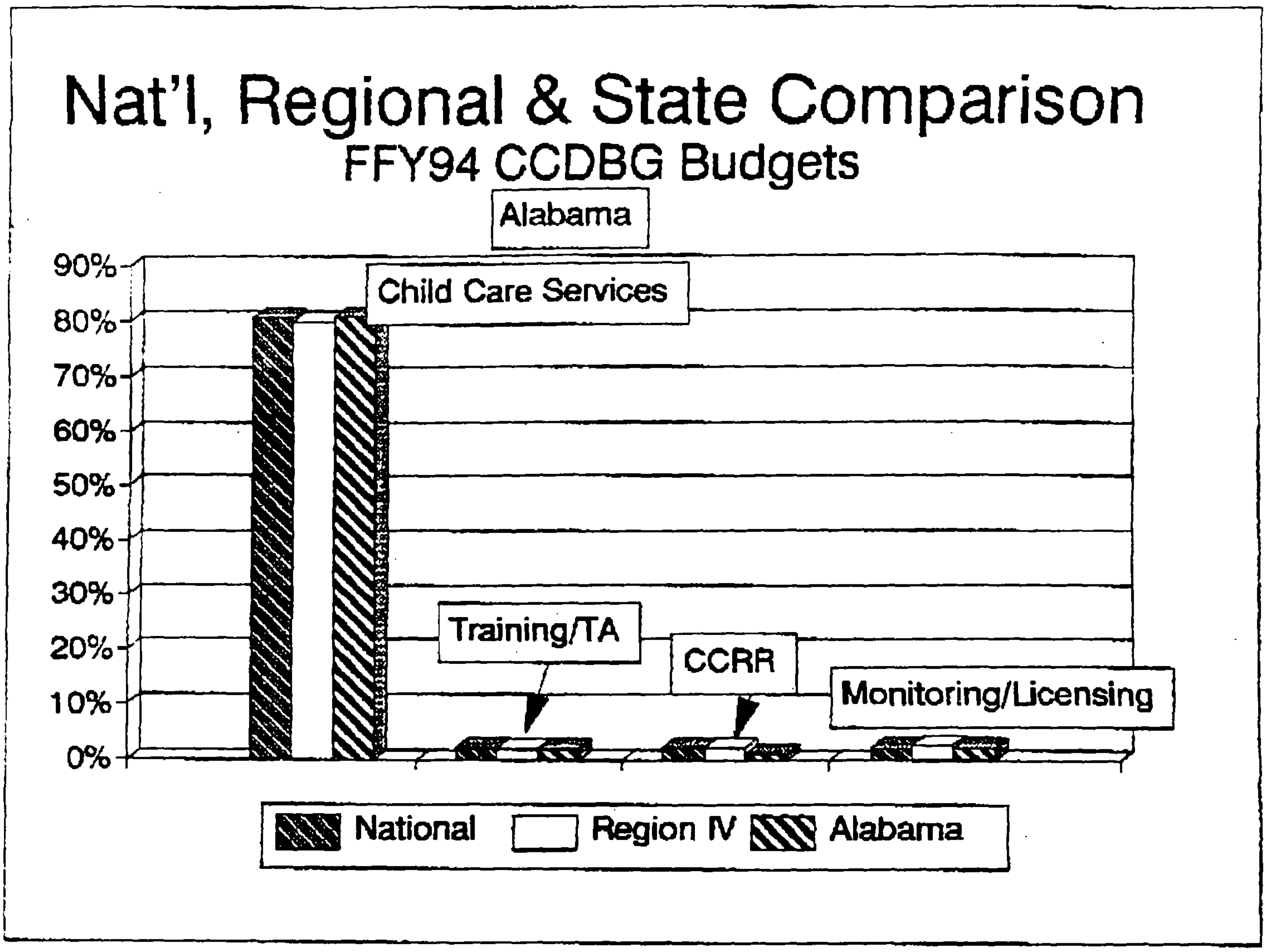
Sources: Reports from Forms ACF 700, ACF 108, ACF 115; and Child Care and Development Block Grant: A Report on State Use of Quality and Availability Funds, October 1994.

* Resource Centers (includes lending materials and equipment
* Model Classrooms
* Workshop on Wheels (reaches out to rural areas)
* Train the Trainer Workshops
* Family Day Care Home Project
* Child Care Provider Professional Development Plan
* Collaborative Efforts (regional provision of CDA training opportunities)
* CDA Assistance
* Conference Attendance Assistance
* Weekend Workshop Sessions
* Training Survey

Sources: **Reports from Forms ACF 700, ACF 108, ACF 115; and Child Care and Development Block Grant: A Report on State Use of Quality and Availability Funds, October 1994.**



Child Care Services Funding
Alabama
(Millions)
$35
$30
$25
$20
$15
$10
$5
$0
1991
1992
1993
1994
AFDC
TCC
At-Risk
CCDBG


Nat'l, Regional & State Comparison
FFY94 CCDBG Budgets
Alabama
Child Care Services
Training/TA
CCRR
Monitoring/Licensing
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
National
Region IV
Alabama

TOTAL P.05

ARKANSAS
Child Care Facts

Funding:

	FY 91	FY 92	FY 93	FY 94
CCDBG	$9.0	$10.0	$10.5	$10.5
ARCC	$0	$0.5	$1.8	$2.3
TCC	$0.3	$0.5	$0	$0.4
AFDC	$3.4	$1.0	$1.8	$1.2

(Millions, rounded)

Children Served in Arkansas[1]
(between October 1, 1992 - September 30, 1993)

CCDBG: 5,516

ARCC: 215

TCC: 308

AFDC: 1,188 (JOBS children not reported)

Quality Services for Families in Arkansas

1. Start-up grants were provided for infant/toddler care, child care for teen parents, school-age child care, and Head Start wrap-around services.

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1. CCDBG "Children Served" = annually; ARCC, TCC, AFDC "Children Served" = average monthly

Sources: Reports from Forms ACF 700, ACF 108, ACF 115; and Child Care and Development Block Grant: A Report on State Use of Quality and Availability Funds, October 1994.

2. Arkansas developed a Child Care Resource Center to serve as a lending library of training curriculum and management materials.

3. Educational cooperatives in the state will provide access to their Teacher Resource Centers and provide bulk purchasing of materials.

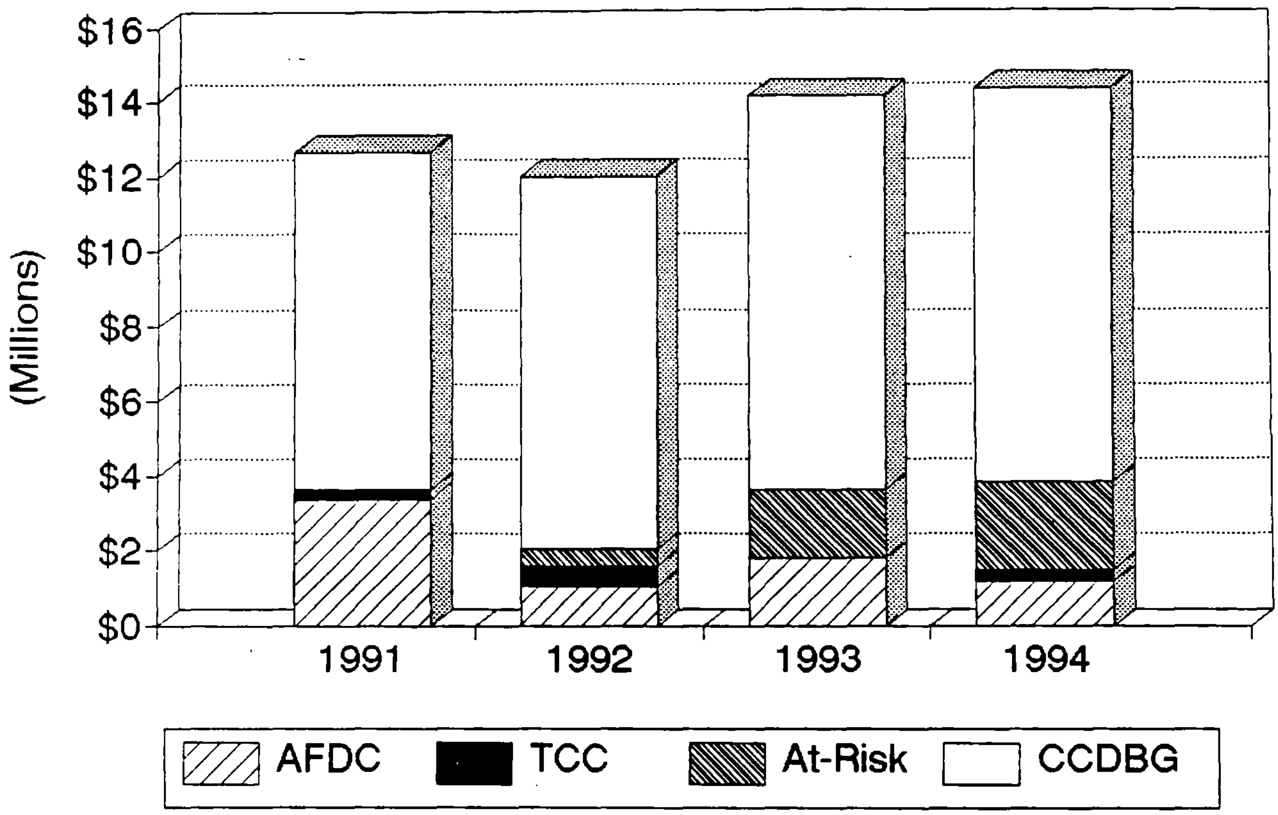
4. Enhancement Grants are made to providers to purchase equipment, enhance facilities, and maintain licensing standards.

5. Arkansas offers five training efforts for providers including:
   * Basic Orientation Course
   * Distance (satellite) Education
   * Scholarships
   * Business management
   * Technical assistance

Sources: Reports from Forms ACF 700, ACF 108, ACF 115; and Child Care and Development Block Grant: A Report on State Use of Quality and Availability Funds, October 1994.

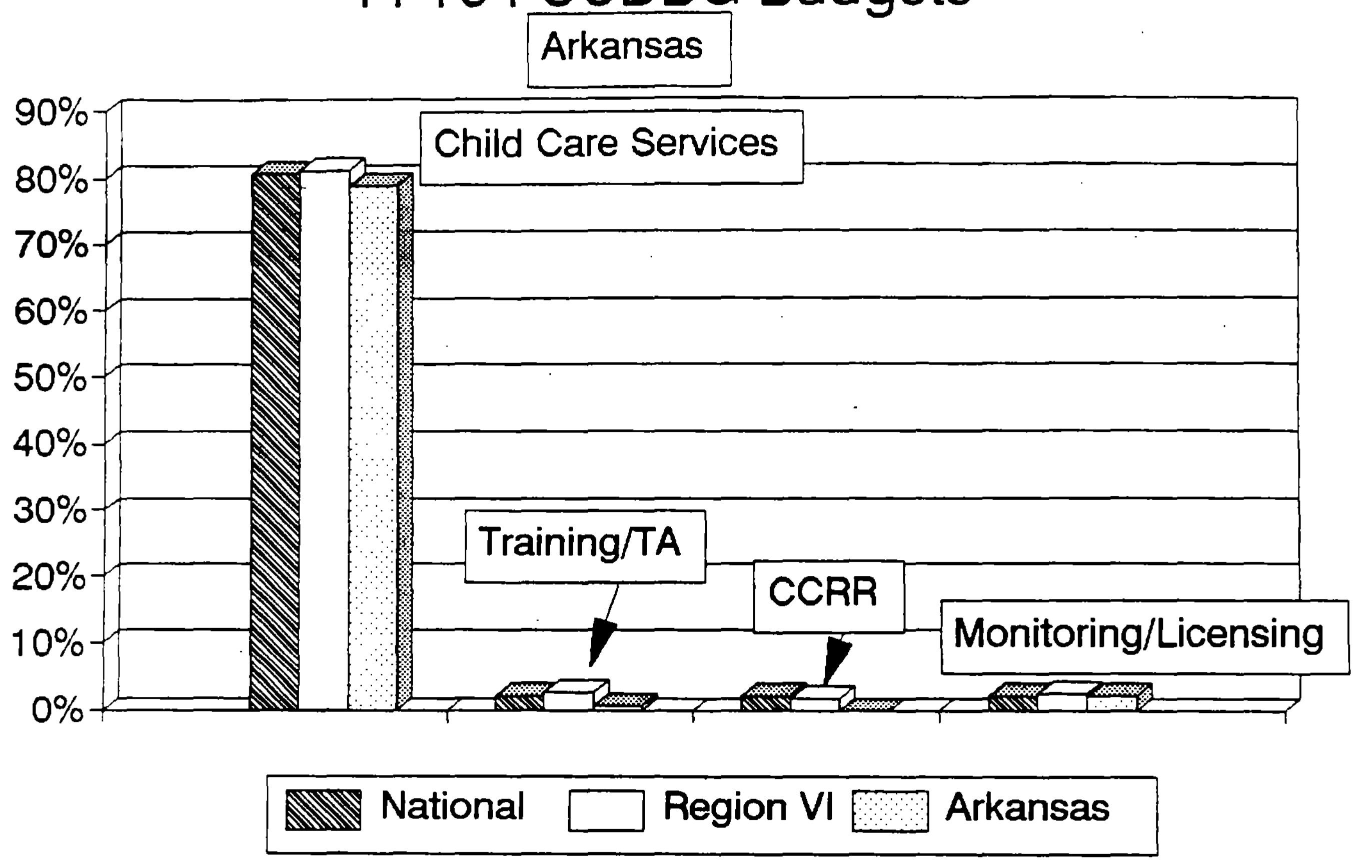
Child Care Services Funding

Arkansas



Nat'l, Regional & State Comparison

FFY94 CCDBG Budgets



FLORIDA

Child Care Facts

Funding:

	FY 91	FY 92	FY 93	FY 94
CCDBG	$32.8	$38.4	$43.2	$43.8
ARCC	$4.2	$19.8	$13.6	$13.9
TCC	$3.2	$4.0	$6.3	$9.1
AFDC	$16.3	$12.6	$13.7	$12.9

(Millions, rounded)

Children Served in Florida[1]
(between October 1, 1992 - September 30, 1993)

CCDBG: 47,752

ARCC: 16,086

TCC: 6,124

AFDC: 13,985

Quality Services for Families in Florida

1. Florida makes available one year grants to programs that use innovative strategies such as employer-supported initiatives, family involvement programs to:

   a. establish, expand, and/or improve model early childhood care and education programs, using national standards/criteria for

1. CCDBG "Children Served" = annually; ARCC, TCC, AFDC "Children Served" = average monthly

Sources: Reports from Forms ACF 700, ACF 108, ACF 115; and **Child Care and Development Block Grant: A Report on State Use of Quality and Availability Funds**, October 1994.

quality in targeted communities with very high or low population densities or high concentrations of poverty; and/or

b. develop model mentoring/coaching programs to assist in inclusion of identified children with disabilities in integrated early childhood care and education programs.

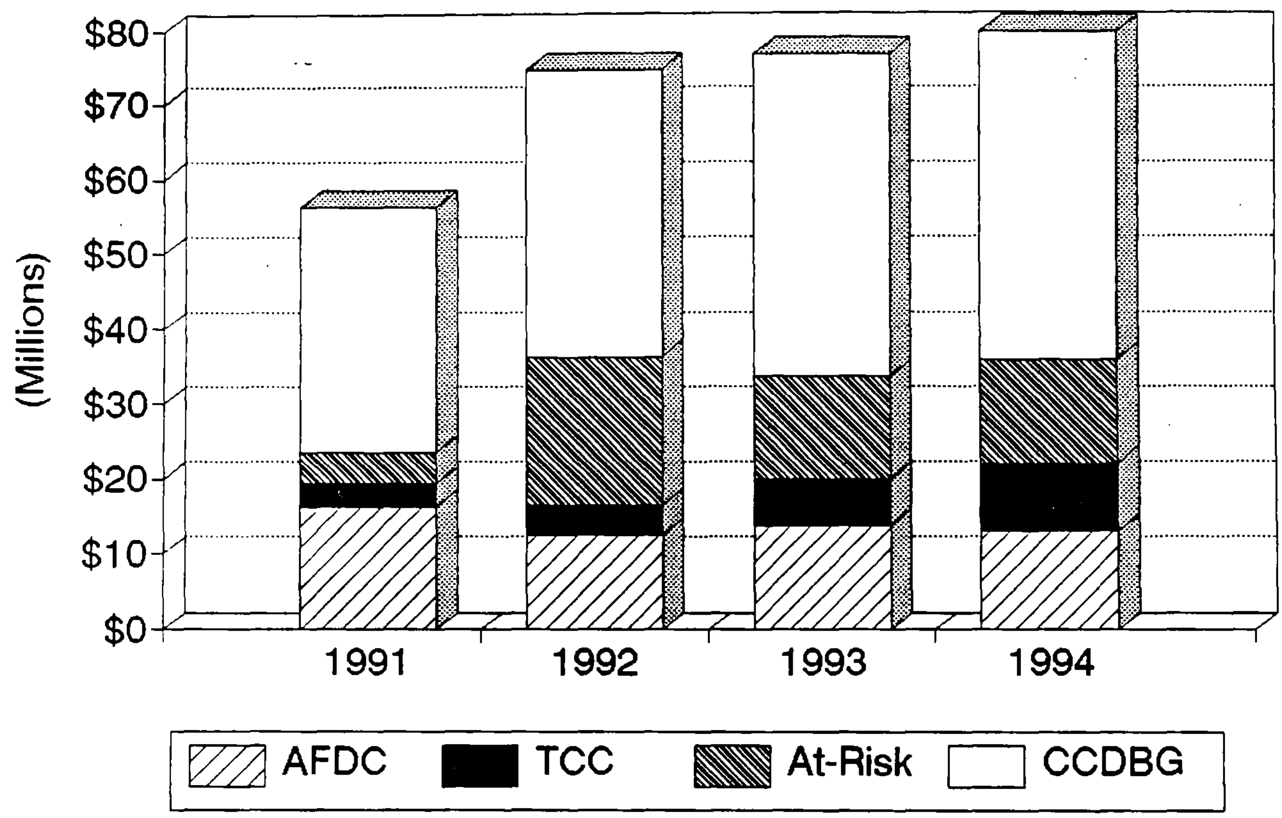
2. Florida has developed a statewide Child Care Resource and Referral (CCRR) Network of 25 local agencies and nine satellite offices. Linked by a central office which provides technical assistance and training to all CCRR staff, the local agencies assist parents in selection of appropriate child care and early childhood programs, accessing subsidies and other public programs, and providing information about quality.

3. Grants have been awarded by the State of Florida to develop and coordinate training programs for child care personnel in CDA or equivalency programs. (State law requires child care facilities to maintain one staff with a Child Development Associate credential or its equivalent for every 20 children under age 5.)

4. A statewide family child care association was developed to increase the availability of family child care homes in the state.

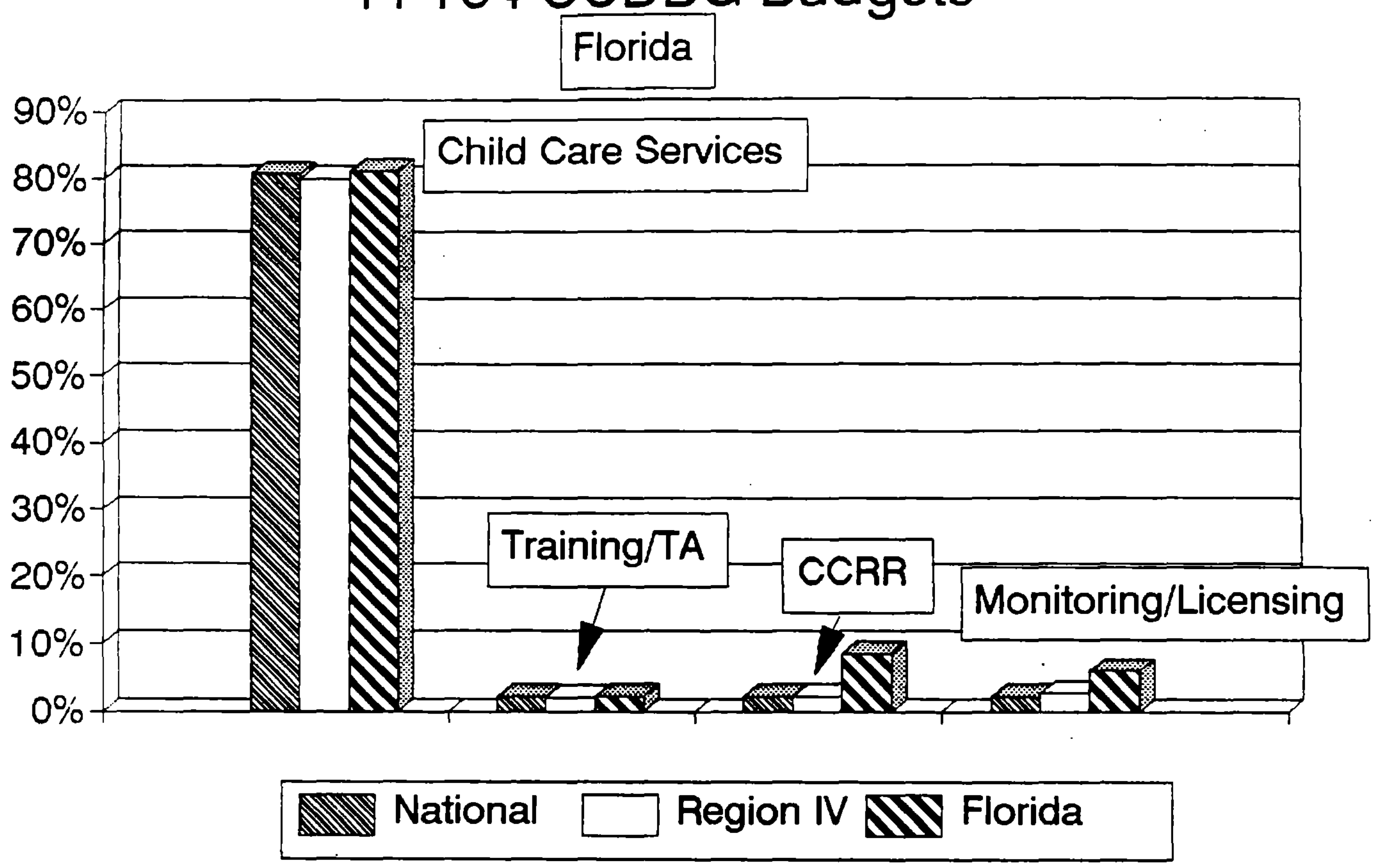
Sources: Reports from Forms ACF 700, ACF 108, ACF 115; and **Child Care and Development Block Grant: A Report on State Use of Quality and Availability Funds**, October 1994.

Child Care Services Funding
Florida



Nat'l, Regional & State Comparison

FFY94 CCDBG Budgets



GEORGIA

Child Care Facts

Funding:

	FY 91	FY 92	FY 93	FY 94
CCDBG	$22.0	$25.0	$27.4	$28.0
ARCC	$7.0	$8.1	$5.0	$0.9
TCC	$0.7	$1.4	$2.6	$4.1
AFDC	$11.5	$15.4	$22.6	$29.8

(Millions, rounded)

Children Served in Georgia[1]
(between October 1, 1992 - September 30, 1993)

CCDBG: 10,872

ARCC: 4,568

TCC: 2,460

AFDC: 16,217

Quality Services for Families in Georgia

1. Community projects funded in Georgia included:

    * programs for children with disabilities
    * respite care
    * expansion of school-age, infant, and intergenerational care, and care for homeless children
    * recruitment of family child care providers to serve children who are HIV-positive

1. CCDBG "Children Served" = annually; ARCC, TCC, AFDC "Children Served" = average monthly

Sources: Reports from Forms ACF 700, ACF 108, ACF 115; and **Child Care and Development Block Grant: A Report on State Use of Quality and Availability Funds**, October 1994.

* development of a statewide Child Care Resource and Referral Database
* start-up technical assistance to religiously sponsored child care programs
* family support services and parenting education
* playground and other developmentally appropriate equip ment and materials
* safety improvements
* training for family child care providers
* toy lending libraries
* curriculum development

2. Twelve Child Care Resource and Referral sites were funded to assist parents in selecting a caregiver and to provide assistance to new and existing child care providers.

3. The Neighborhood Child Care Network was established to identify unregulated providers and assist them in becoming licensed.

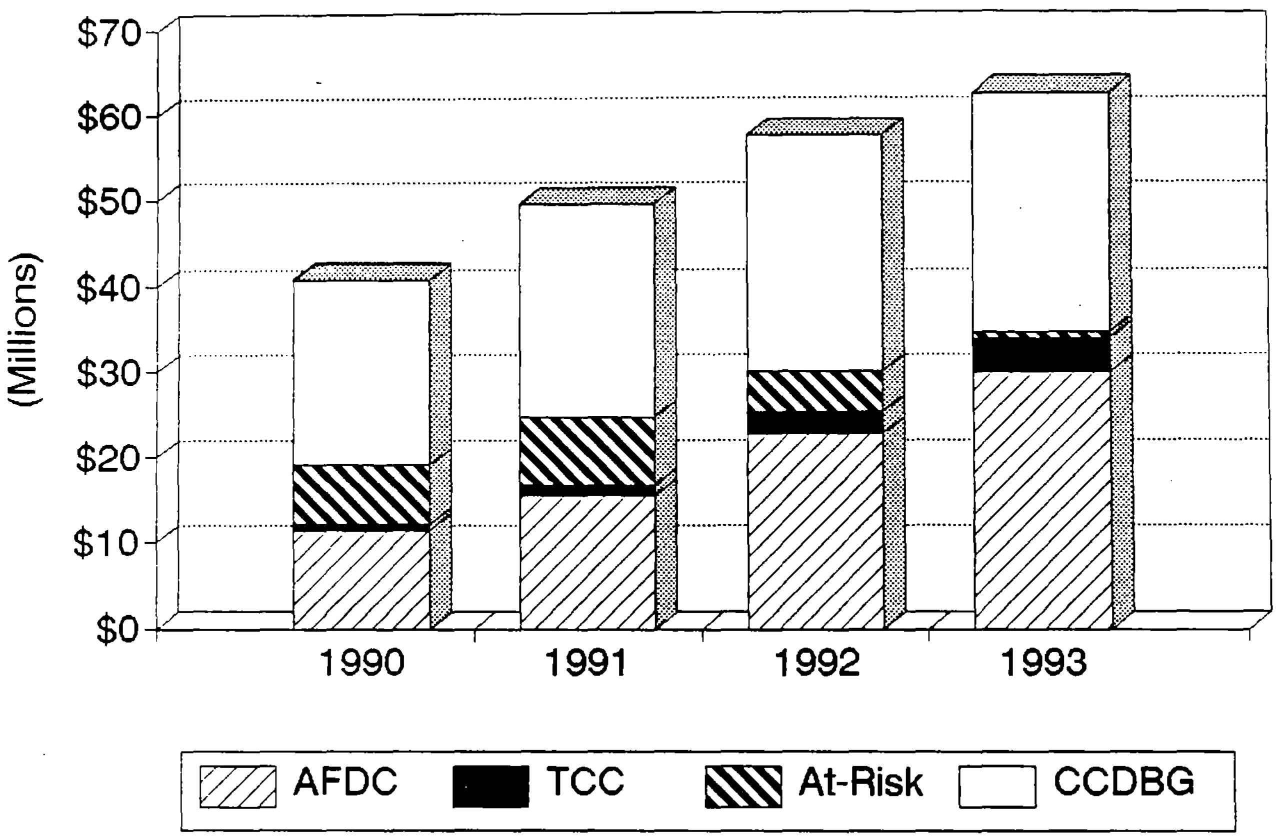
4. Special training is provided to small centers with licensing deficiencies.

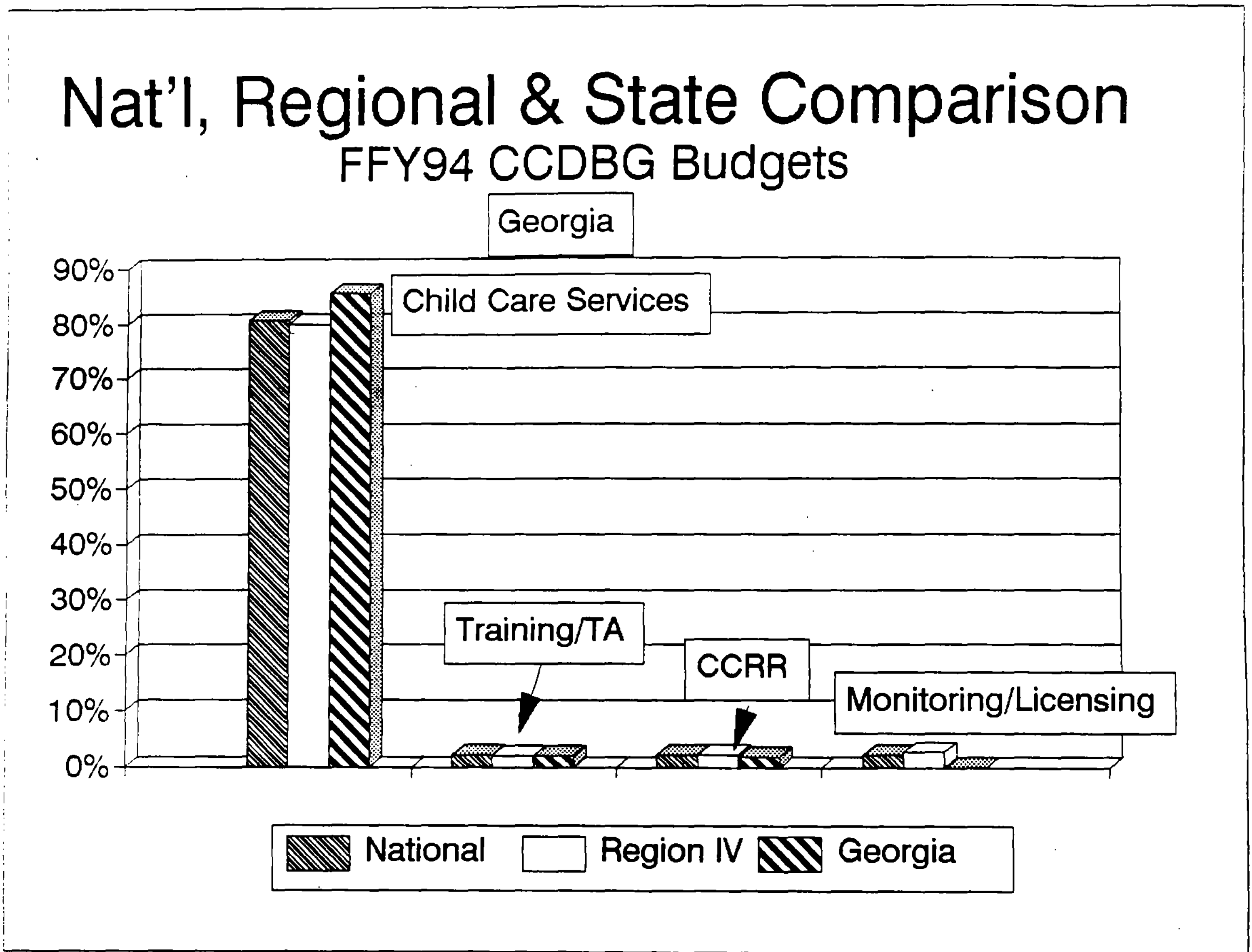
5. More than 25 special training provider projects have been developed to serve various regions of the state.

Sources: Reports from Forms ACF 700, ACF 108, ACF 115; and **Child Care and Development Block Grant: A Report on State Use of Quality and Availability Funds**, October 1994.

Child Care Services Funding

Georgia





Nat'l, Regional & State Comparison
FFY94 CCDBG Budgets
Georgia
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Child Care Services
Training/TA
CCRR
Monitoring/Licensing
National
Region IV
Georgia

KENTUCKY

Child Care Facts

Funding:

	FY 91	FY 92	FY 93	FY 94
CCDBG	$13.6	$15.3	$16.3	$16.2
ARCC	$0	$3.9	$4.6	$4.1
TCC	$0.6	$1.2	$1.6	$2.2
AFDC	$4.4	$7.5	$9.4	$10.4

(Millions, rounded)

Children Served in Kentucky[1]
(between October 1, 1992 - September 30, 1993)

CCDBG: 7,401

ARCC: 3,336

TCC: 1,041

AFDC: 2,935

Quality Services for Families in Kentucky

1. Early childhood development grants provided 19 wrap-around child care programs for preschoolers and 49 programs for school-age children.

2. Kentucky added 14 sites to its network of Child Care Resource and Referral (CCRR) Agencies.

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1. CCDBG "Children Served" = annually; ARCC, TCC, AFDC "Children Served" = average monthly

Sources: Reports from Forms ACF 700, ACF 108, ACF 115; and Child Care and Development Block Grant: A Report on State Use of Quality and Availability Funds, October 1994.

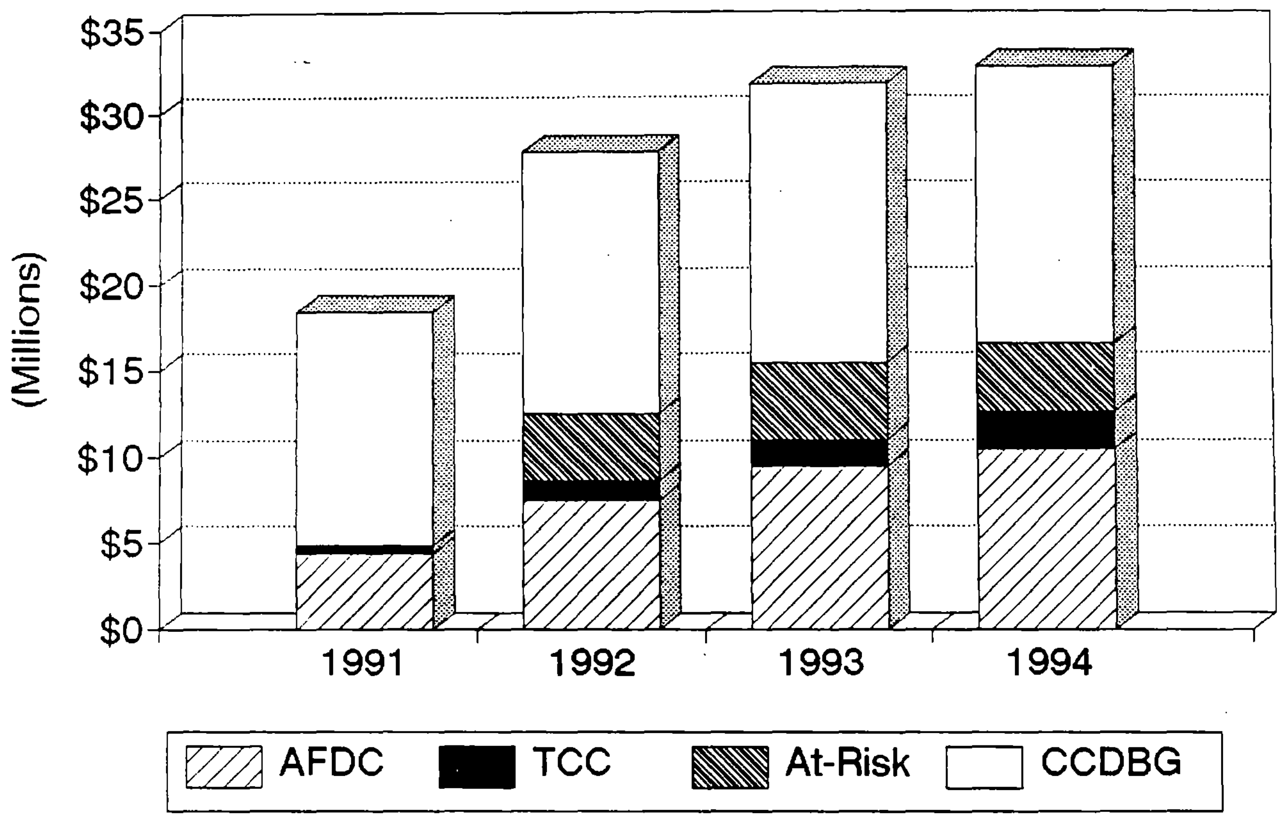
3. Mini-grants were made to 285 providers to start up family child care homes and improve quality.

4. Training funds were utilized to develop, organize, administer, and deliver a series of 6 hour sessions on caring for preschoolers. Additionally, specialized training was developed for Child Care Resource and Referral staff, licensing surveyors, certified home staff, and other related professionals.

5. A series of Infant/Toddler Workshops and a statewide infant/toddler conference were offered to licensed and certified programs. Resource Libraries were developed and distributed to the CCRR agencies.

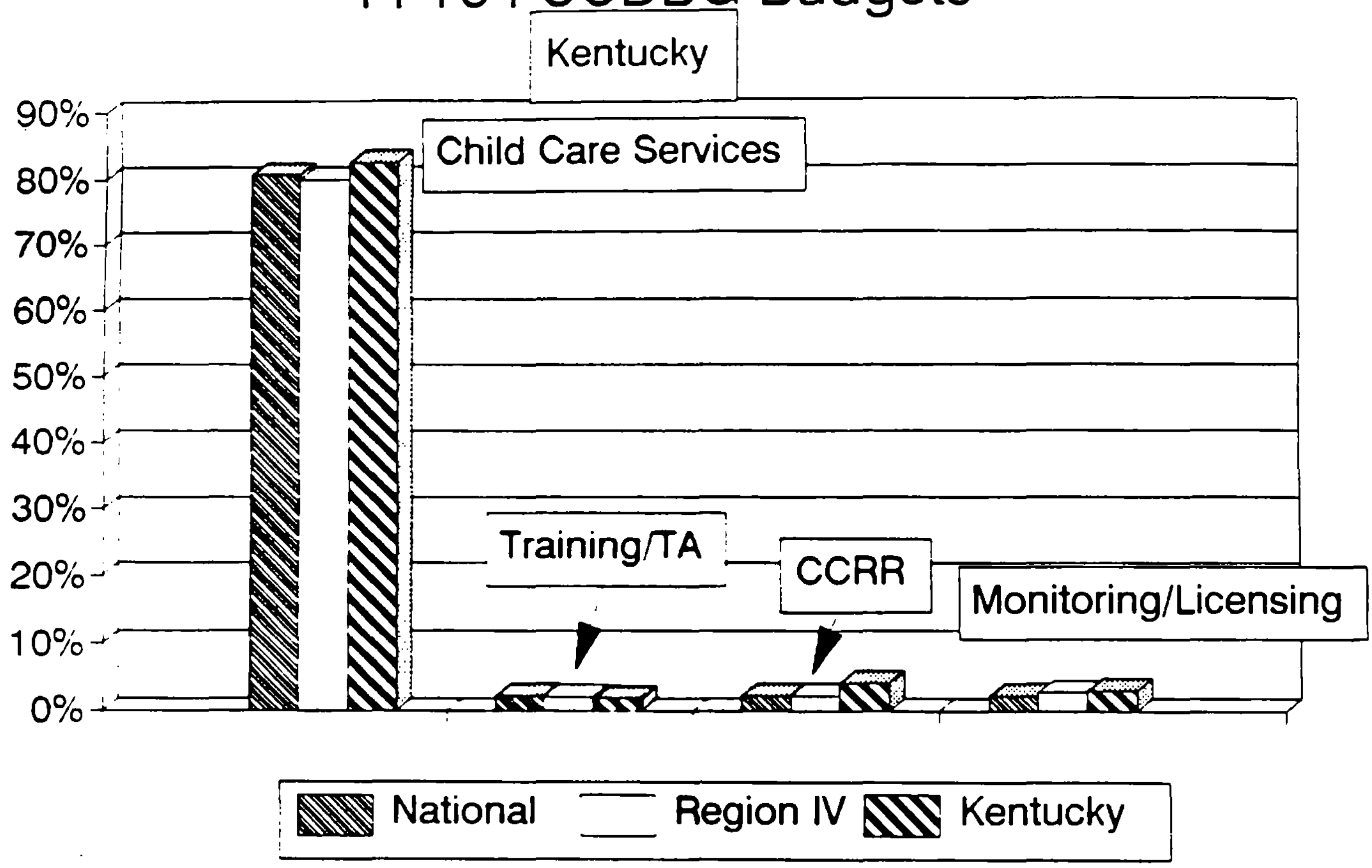
Sources: Reports from Forms ACF 700, ACF 108, ACF 115; and Child Care and Development Block Grant: A Report on State Use of Quality and Availability Funds, October 1994.

Child Care Services Funding
Kentucky



Nat'l, Regional & State Comparison

FFY94 CCDBG Budgets



LOUISIANA
Child Care Facts

Funding:

	FY 91	FY 92	FY 93	FY 94
CCDBG	$21.7	$23.6	$24.2	$24.4
ARCC	$0	$0	$0	$0
TCC	$0.7	$1.2	$2.0	$2.4
AFDC	$0	$5.4	$7.0	$8.3

(Millions, rounded)

Children Served in Louisiana[1]
(between October 1, 1992 - September 30, 1993)

CCDBG: 23,917

ARCC: N/A

TCC: 2,695

AFDC: 3,907

Quality Services for Families in Louisiana

1. Louisiana supports three Child Care Resource and Referral agencies which provide services statewide.

2. Small grants assist providers in meeting licensing or registration requirements.

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1. CCDBG "Children Served" = annually; ARCC, TCC, AFDC "Children Served" = average monthly

Sources: Reports from Forms ACF 700, ACF 108, ACF 115; and **Child Care and Development Block Grant: A Report on State Use of Quality and Availability Funds**, October 1994.

3. Louisiana strengthened its licensing program with additional staff.

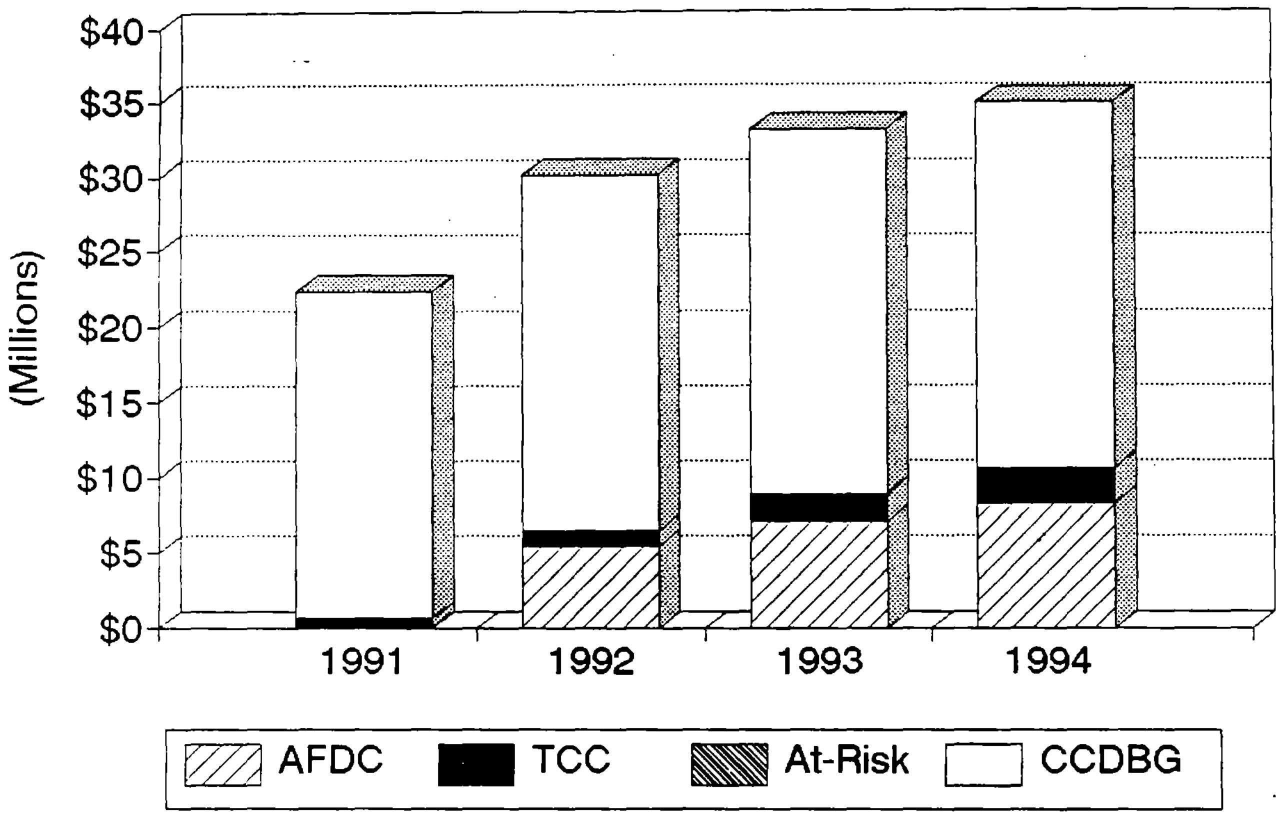
4. Several training projects have been implemented to improve the quality of care in the state:

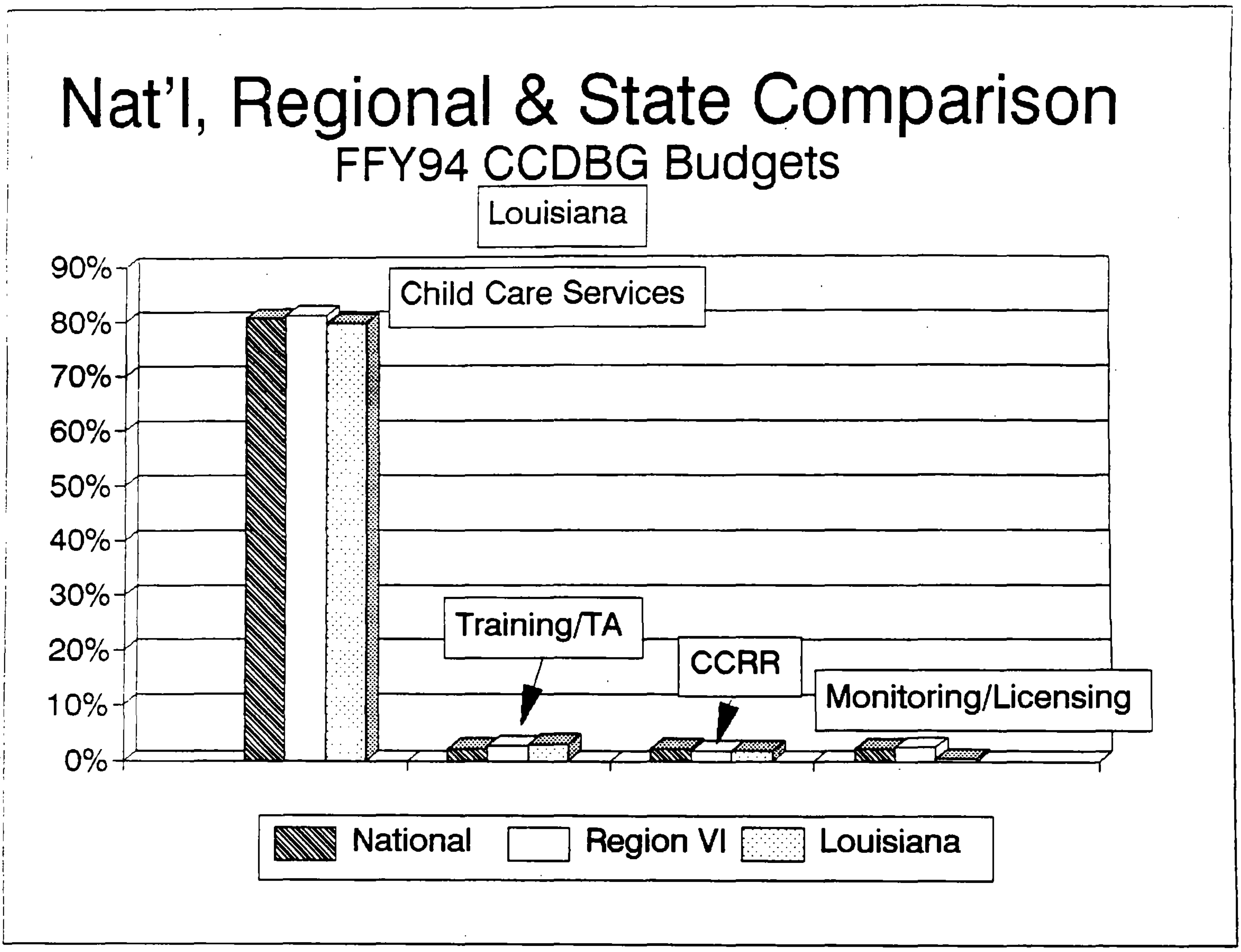
* Regional trainings
* Technical assistance/small group training
* Statewide training conference
* Infant/child CPR training
* State and National Conference Attendance Stipends
* Long Range Training Plan

5. A ten percent quality incentive is provided to nationally accredited child care providers serving subsidized low income families.

Sources: Reports from Forms ACF 700, ACF 108, ACF 115; and **Child Care and Development Block Grant: A Report on State Use of Quality and Availability Funds**, October 1994.

Child Care Services Funding
Louisiana





Nat'l, Regional & State Comparison
FFY94 CCDBG Budgets
Louisiana
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Child Care Services
Training/TA
CCRR
Monitoring/Licensing
National
Region VI
Louisiana

MISSISSIPPI
Child Care Facts

Funding:

	FY 91	FY 92	FY 93	FY 94
CCDBG	$14.6	$15.8	$16.4	$16.2
ARCC	$0.0	$0.0	$0.0	$0.1
TCC	$0.3	$0.4	$0.4	$0.5
AFDC	$0.5	$2.0	$3.0	$3.5

(Millions, rounded)

Children Served in Mississippi[1]
(between October 1, 1992 - September 30, 1993)

CCDBG: 11,694

ARCC: NA

TCC: 246

AFDC: 1,535

Quality Services for Families in Mississippi

1. The Business-Sponsored Child Care Program is available to reduce worker absences and increase services for children. CCDBG funds are matched by private sector sources.

2. The Rural Disadvantaged Program assists with the establishment of rural early childhood programs with a parent education component.

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1. CCDBG "Children Served" = annually; ARCC, TCC, AFDC "Children Served" = average monthly

Sources: Reports from Forms ACF 700, ACF 108, ACF 115; and **Child Care and Development Block Grant: A Report on State Use of Quality and Availability Funds**, October 1994.

3. Mississippi has established the Special Needs Therapeutic Program to establish and expand inclusive child care services for children with disabilities.

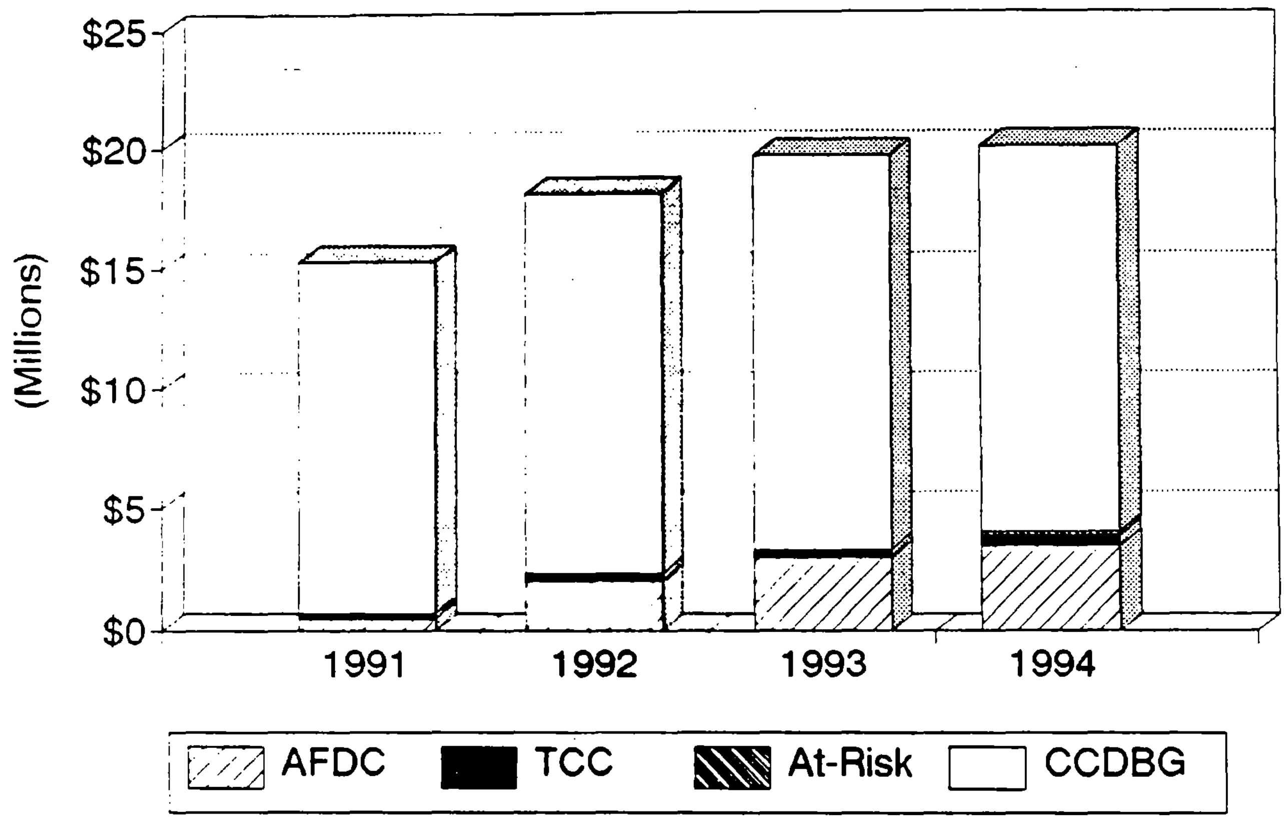
4. A Teen Pregnancy Program targets rural and poor school districts with high incidence of teen preganancies, fostering good health practices and promoting continuation of schooling.

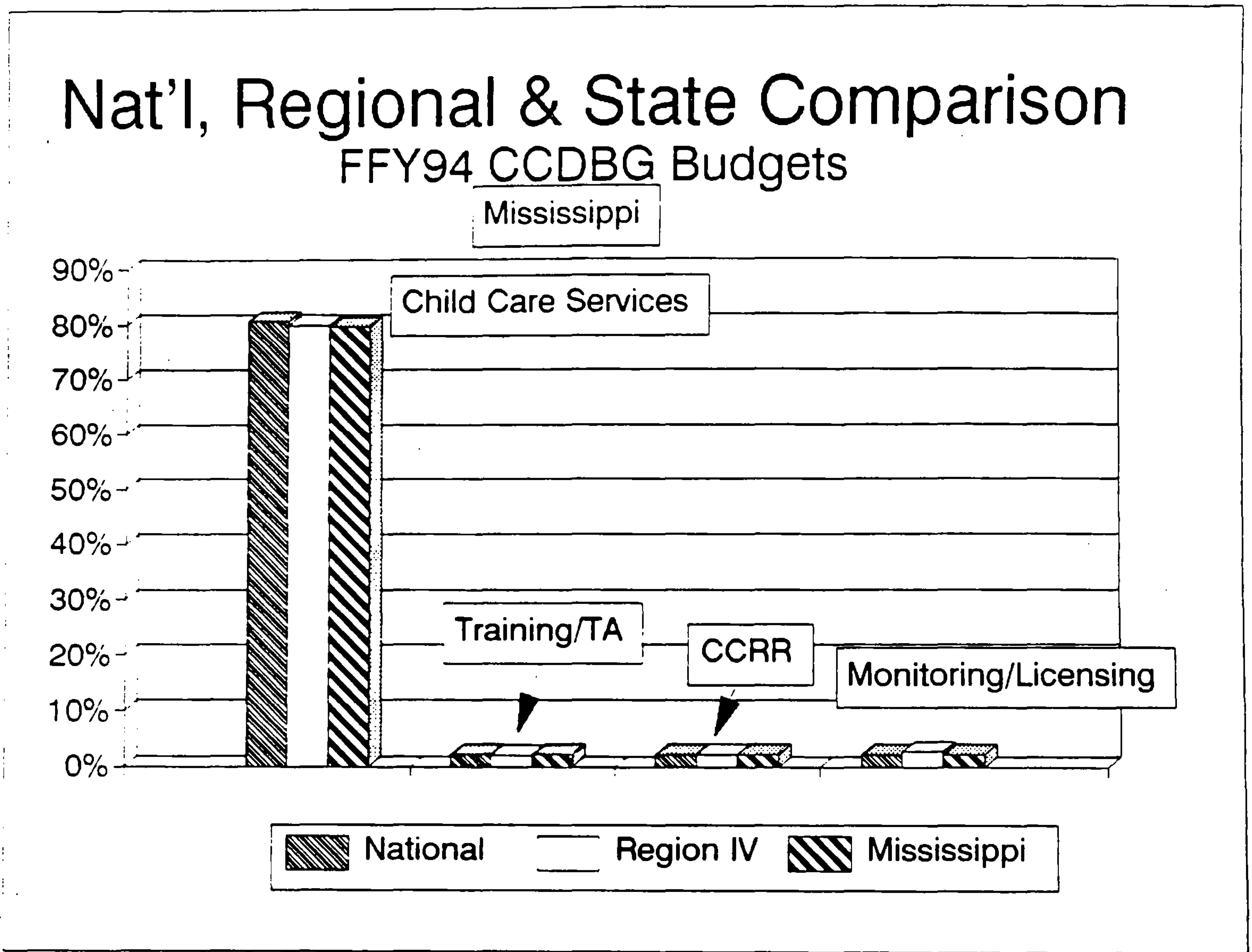
5. Through electronic media, Mississippi provides training on health and safety issues, child abuse and neglect, serving children with disabilities, and developmentally appropriate child care practices.

Sources: Reports from Forms ACF 700, ACF 108, ACF 115; and **Child Care and Development Block Grant: A Report on State Use of Quality and Availability Funds**, October 1994.

Child Care Services Funding

Mississippi




Nat'l, Regional & State Comparison
FFY94 CCDBG Budgets
Mississippi
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Child Care Services
Training/TA
CCRR
Monitoring/Licensing
National
Region IV
Mississippi

NORTH CAROLINA

Child Care Facts

Funding:

	FY 91	FY 92	FY 93	FY 94
CCDBG	$20.6	$23.4	$24.9	$25.0
ARCC	$5.5	$5.0	$9.7	$7.3
TCC	$0.9	$2.8	$5.1	$8.8
AFDC	$7.5	$20.8	$32.9	$44.6

(Millions, rounded)

Children Served in North Carolina[1]
(between October 1, 1992 - September 30, 1993)

CCDBG: 32,657

ARCC: 6,236

TCC: 4,285

AFDC: 20,873

Quality Services for Families in North Carolina

1. A Partnerships in Mainstreaming and a Mainstreaming Demonstration Project have been initiated to facilitate the inclusion of children with disabilities in child care.

2. The Expanded Child Care Options program has been established to provide education, skill development, and resource and referral

1. CCDBG "Children Served" = annually; ARCC, TCC, AFDC "Children Served" = average monthly

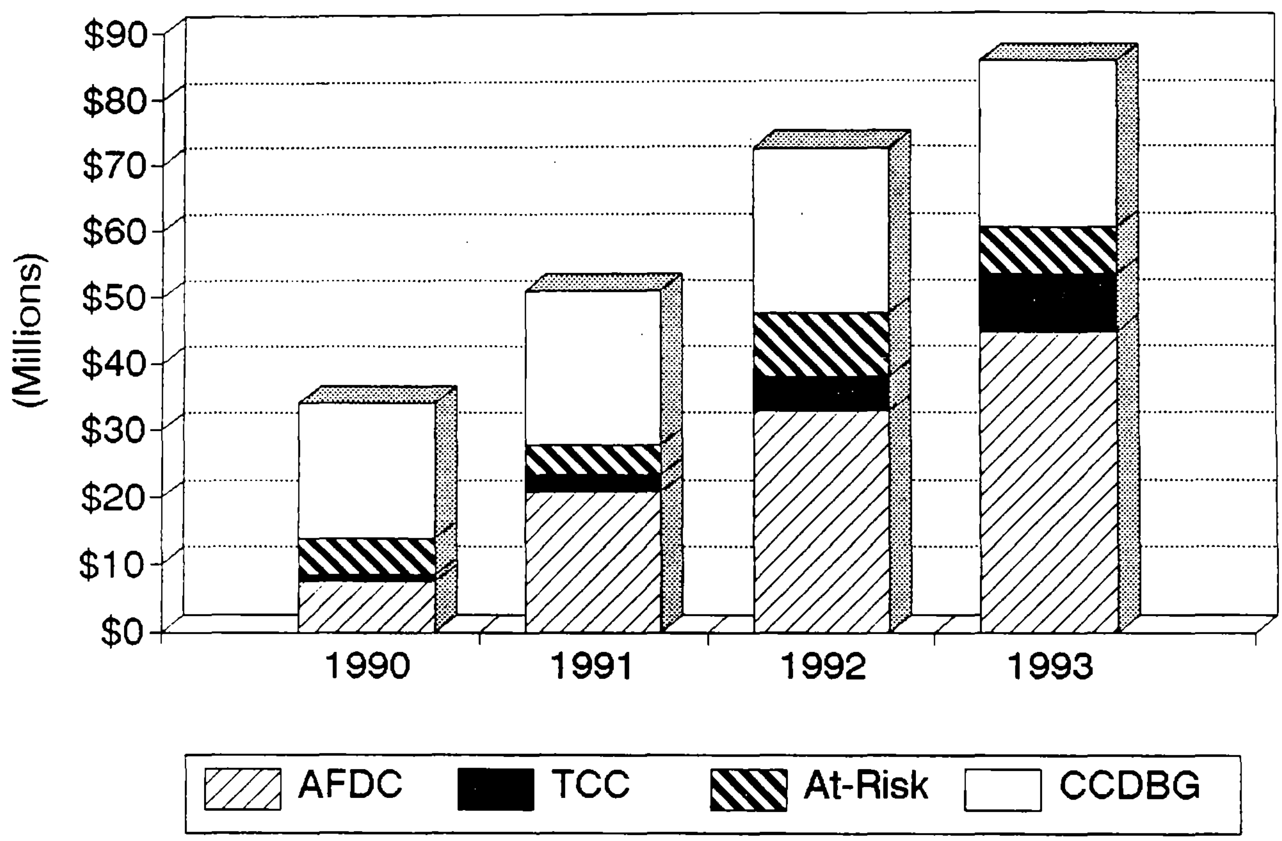
Sources: Reports from Forms ACF 700, ACF 108, ACF 115; and Child Care and Development Block Grant: A Report on State Use of Quality and Availability Funds, October 1994.

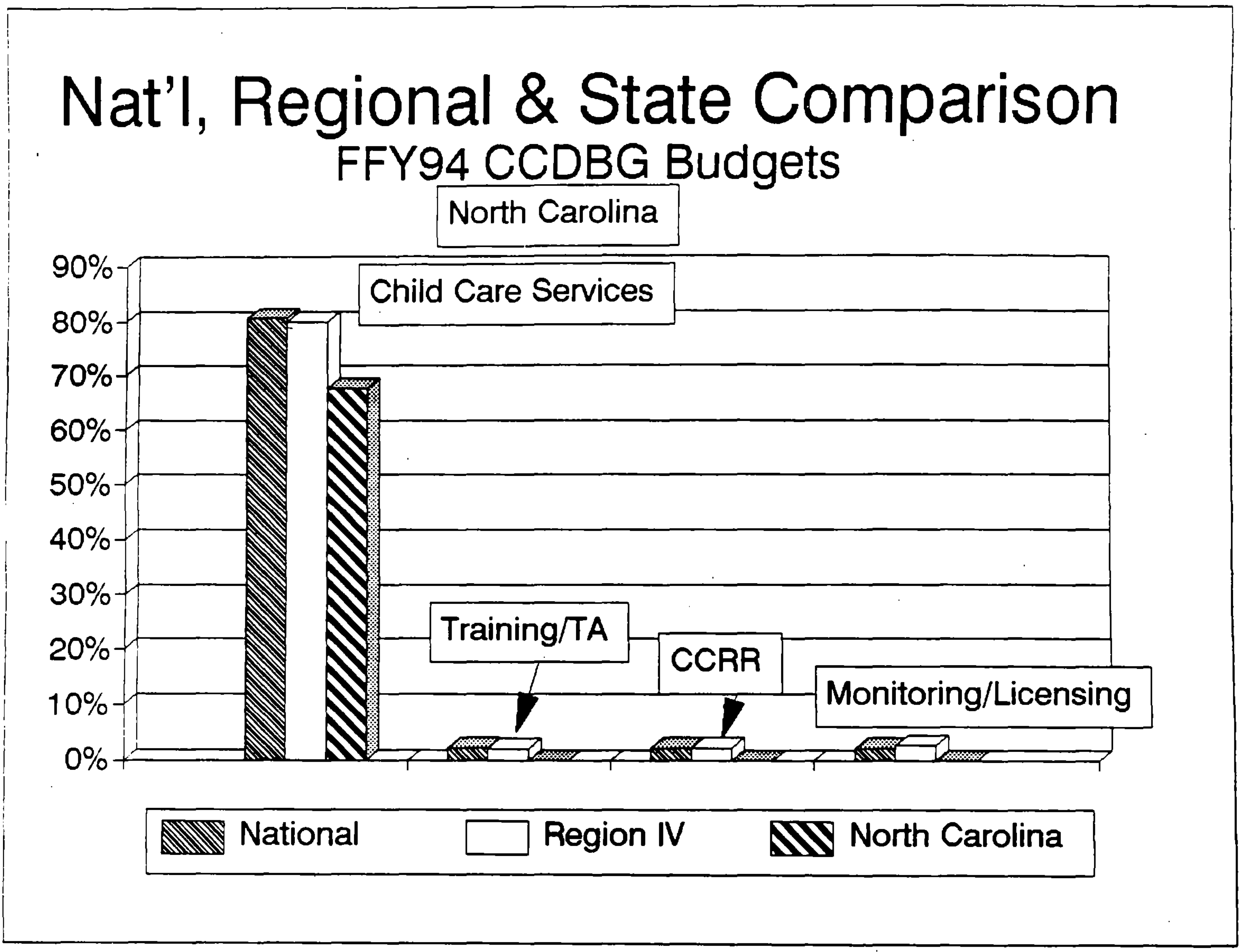
services to develop providers' capacity to serve children prenatally exposed to drugs and alcohol.

3. The T.E.A.C.H. Early Childhood Project funded by CCDBG is a comprehensive structure for training scholarships and compensation initiatives.

Sources: Reports from Forms ACF 700, ACF 108, ACF 115; and **Child Care and Development Block Grant: A Report on State Use of Quality and Availability Funds**, October 1994.

Child Care Subsidy Funding
North Carolina





Nat'l, Regional & State Comparison
FFY94 CCDBG Budgets
North Carolina
Child Care Services
Training/TA
CCRR
Monitoring/Licensing
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
National
Region IV
North Carolina

SOUTH CAROLINA
Child Care Facts

Funding:

	FY 91	FY 92	FY 93	FY 94
CCDBG	$13.6	$15.4	$16.4	$16.5
ARCC	$0	$4.2	$4.2	$2.2
TCC	$0.1	$0.3	$0.6	$0.9
AFDC	$0.4	$1.9	$3.3	$2.4

(Millions, rounded)

Children Served in South Carolina[1]
(between October 1, 1992 - September 30, 1993)

CCDBG: 6,077

ARCC: 1,765

TCC: 335

AFDC: 1,996 (Jobs children not reported)

Quality Services for Families in South Carolina

1. Funding was provided to the Department of Education to provide wrap-around services to part day prekindergarten and school-age children, and children with disabilities.

2. South Carolina developed an award winning child care documentary to provide training for providers.

1. CCDBG "Children Served" = annually; ARCC, TCC, AFDC "Children Served" = average monthly

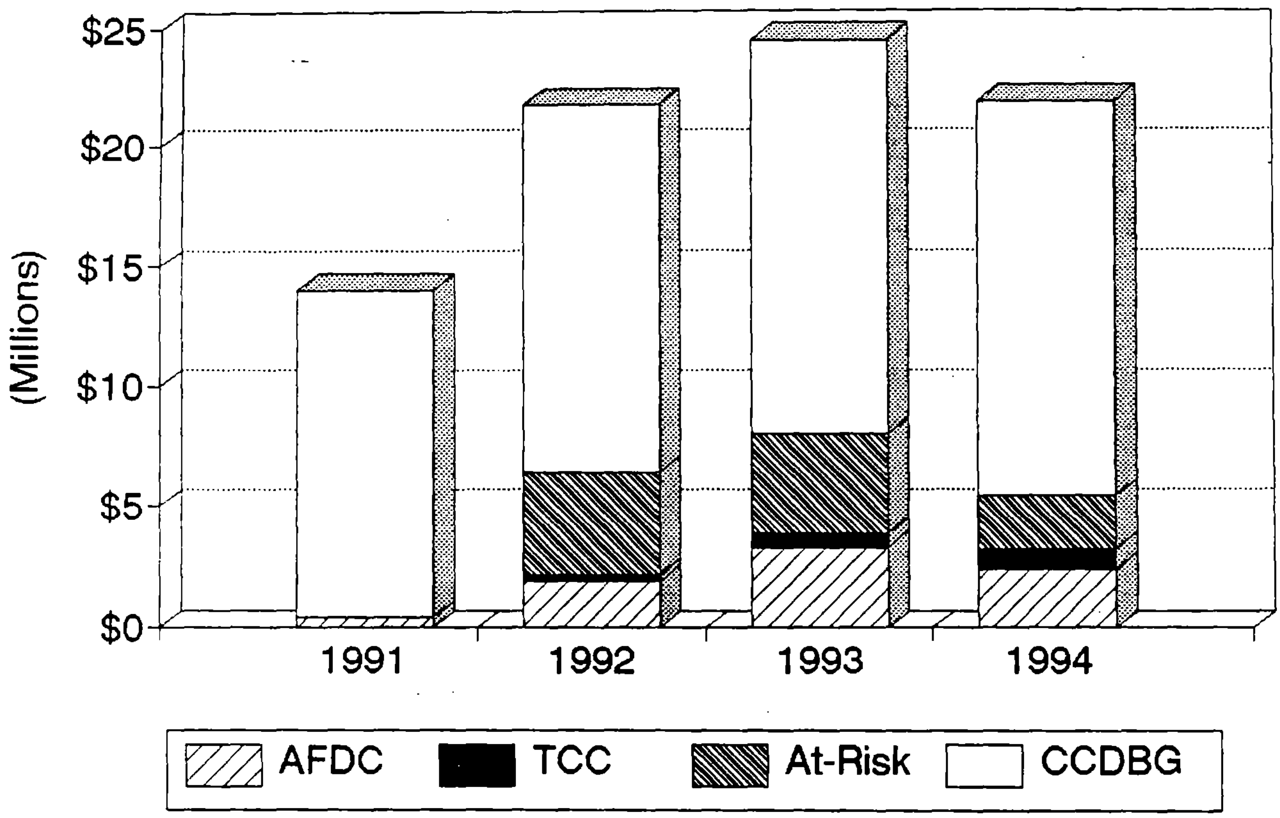
Sources: Reports from Forms ACF 700, ACF 108, ACF 115; and Child Care and Development Block Grant: A Report on State Use of Quality and Availability Funds, October 1994.

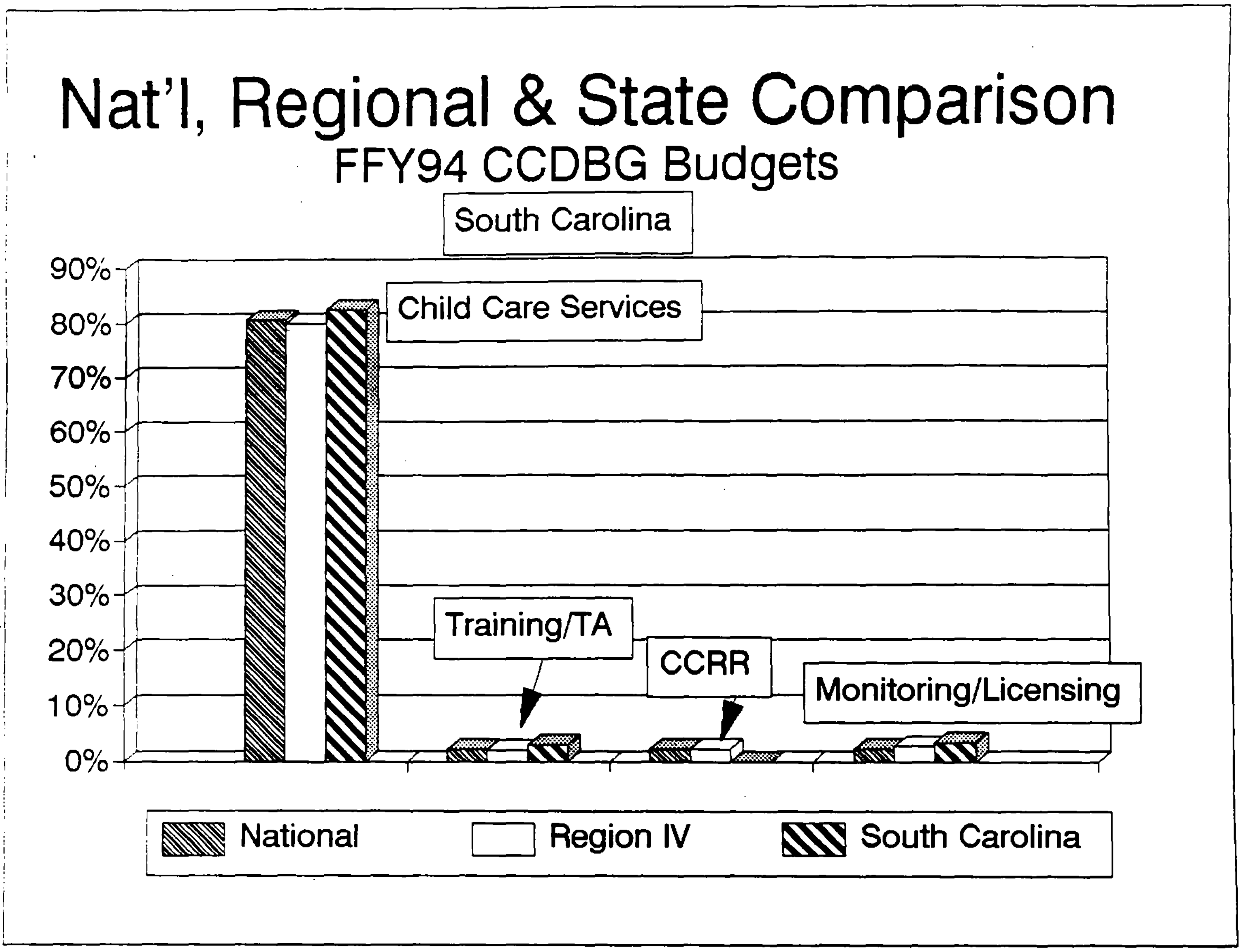
3. A statewide consumer education program was developed and conducted.

Sources: Reports from Forms ACF 700, ACF 108, ACF 115; and Child Care and Development Block Grant: A Report on State Use of Quality and Availability Funds, October 1994.

Child Care Services Funding

South Carolina




Nat'l, Regional & State Comparison
FFY94 CCDBG Budgets
South Carolina
Child Care Services
Training/TA
CCRR
Monitoring/Licensing
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
National
Region IV
South Carolina

TENNESSEE
Child Care Facts

Funding:

	FY 91	FY 92	FY 93	FY 94
CCDBG	$15.8	$17.5	$18.6	$18.8
ARCC	$0	$0	$.04	$2.2
TCC	$1.7	$3.4	$4.0	$7.2
AFDC	$1.8	$9.8	$16.0	$23.0

(Millions, rounded)

Children Served in Tennessee[1]
(between October 1, 1992 - September 30, 1993)

CCDBG: 8,440

ARCC: 332

TCC: 3,482

AFDC: 11,268

Quality Services for Families in Tennessee

1. Five early childhood development grant programs have been initiated in Tennessee. Start-up, expansion, and operating funds are available to develop infant/toddler child care, care for children with disabilties, wrap around programs for part day programs, family child care, and school-age care.

1. CCDBG "Children Served" = annually; ARCC, TCC, AFDC "Children Served" = average monthly

Sources: Reports from Forms ACF 700, ACF 108, ACF 115; and **Child Care and Development Block Grant: A Report on State Use of Quality and Availability Funds**, October 1994.

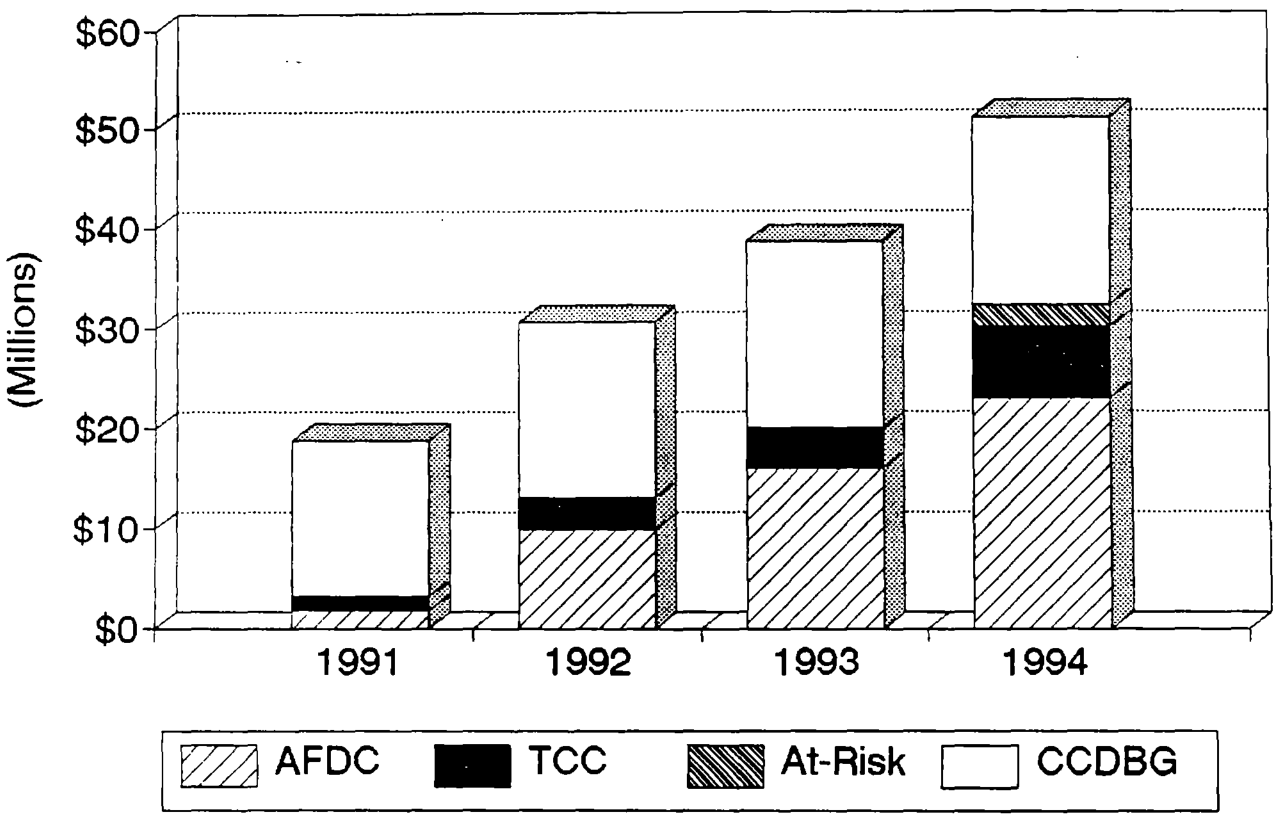
2. Small grants have been awarded to regulated child care providers to assist them in complying with fire safety or environmental standards.

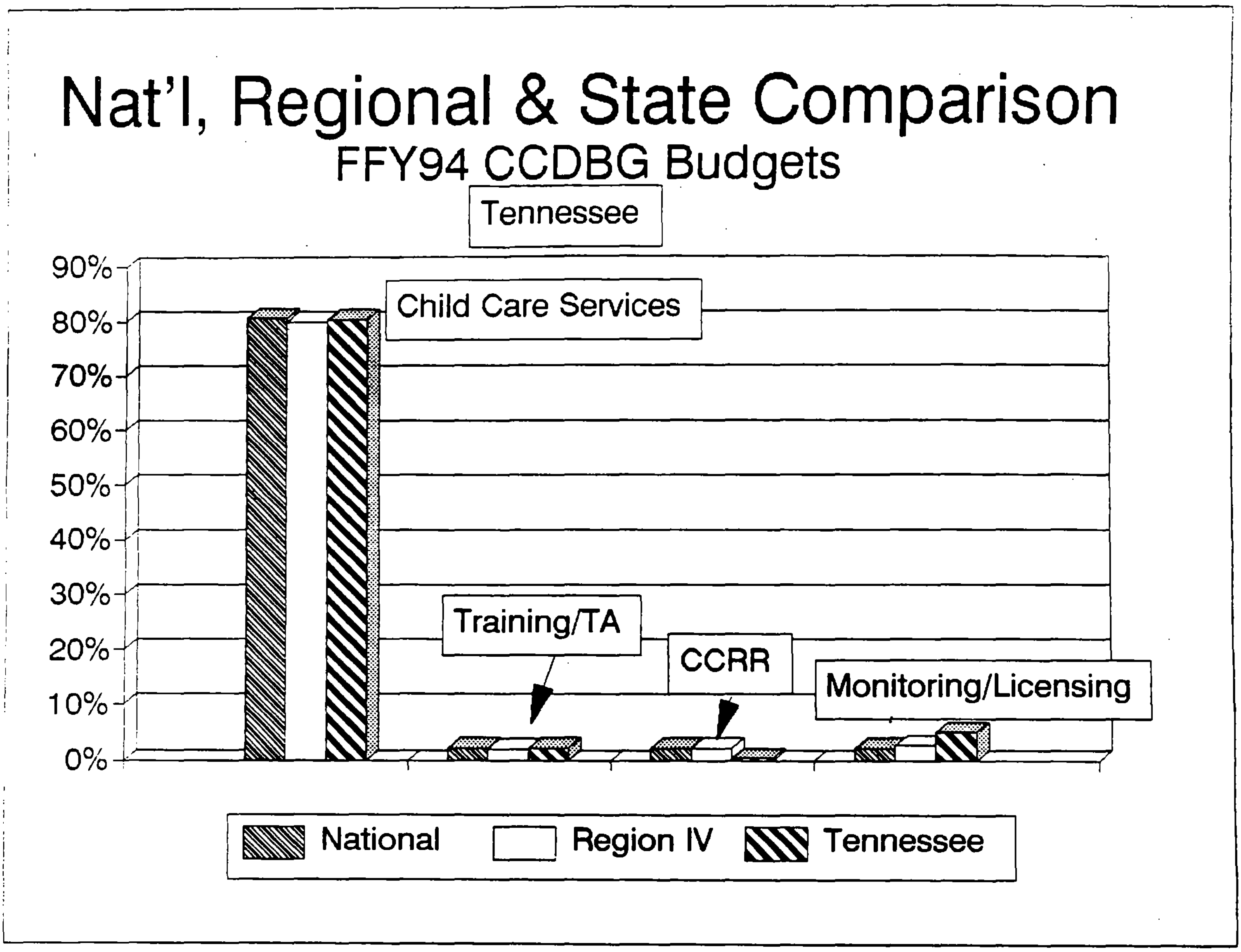
3. Additional licensing staff have been added to strengthen the child care licensing program.

4. A comprehensive training system for caregivers, teachers, directors, administrators and family child care providers has been instituted in Tennessee.

Sources: Reports from Forms ACF 700, ACF 108, ACF 115; and **Child Care and Development Block Grant: A Report on State Use of Quality and Availability Funds**, October 1994.

Child Care Services Funding
Tennessee





Nat'l, Regional & State Comparison
FFY94 CCDBG Budgets
Tennessee
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Child Care Services
Training/TA
CCRR
Monitoring/Licensing
National
Region IV
Tennessee

TEXAS
Child Care Facts

Funding:

	FY 91	FY 92	FY 93	FY 94
CCDBG	$66.6	$75.0	$80.7	$77.7
ARCC	$5.8	$15.4	$25.3	$14.6
TCC	$4.6	$8.9	$12.5	$15.7
AFDC	$7.6	$22.3	$21.0	$24.4

(Millions, rounded)

Children Served in Texas[1]

(between October 1, 1992 - September 30, 1993)

CCDBG: 57,919

ARCC: 16,059

TCC: 8,879

AFDC: 4,280

Quality Services for Families in Texas

1. Thirteen Comprehensive Early Childhood Development projects were funded in the State. Among them were projects which:
   * developed rural child care services;

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1. CCDBG "Children Served" = annually; ARCC, TCC, AFDC "Children Served" = average monthly

Sources: Reports from Forms ACF 700, ACF 108, ACF 115; and **Child Care and Development Block Grant: A Report on State Use of Quality and Availability Funds**, October 1994.

* established home/community partnerships to develop parenting skills;
* provided training for special populations of children;
* provided on-site social worker and in-home parent education; and
* developed wrap-around programs for Head Start.

2. A Collaboration Conference was convened by the governor's office to develop a statewide training plan. An interagency agreement with the Texas Education Agency established projects for planning and start-up of school-age child care.

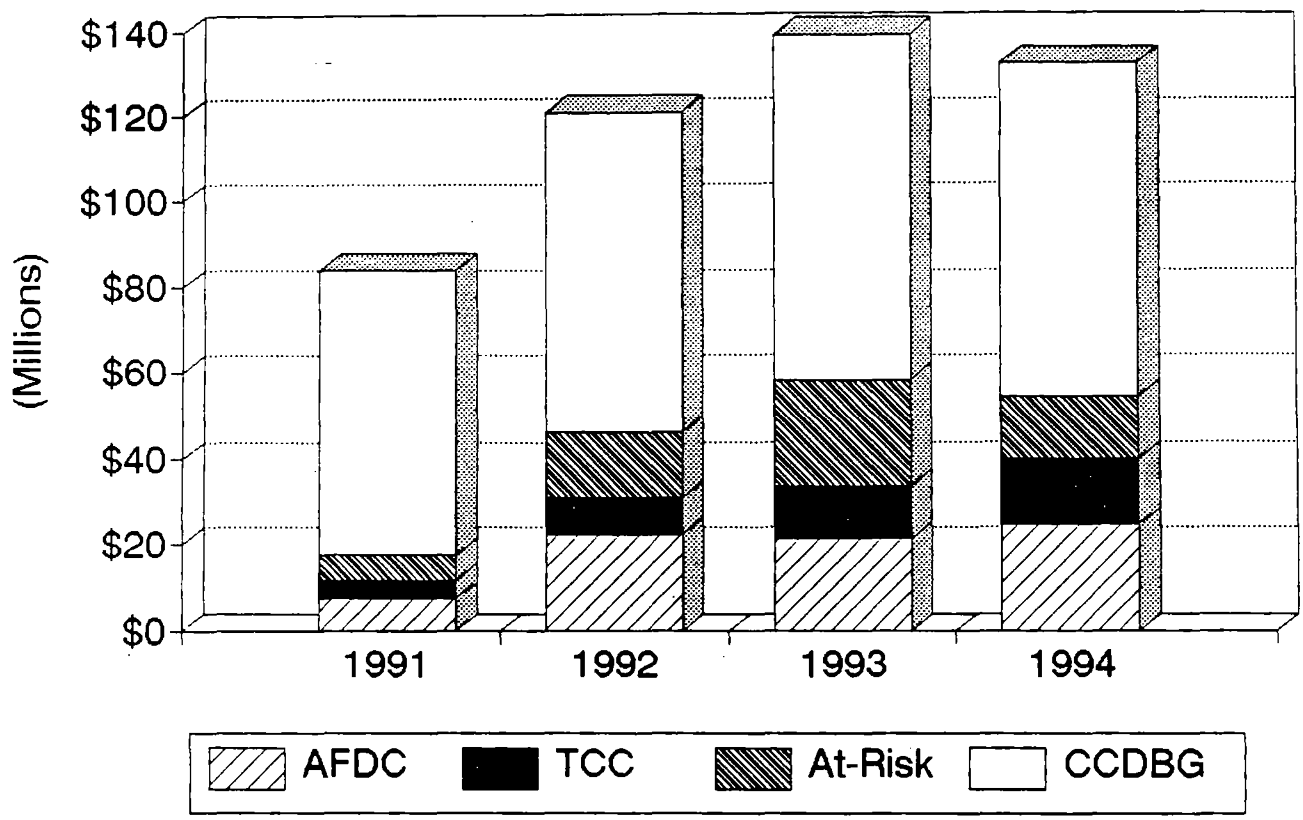
3. Four Child Care Resource and Referral agencies received funds to conduct a resource and referral needs assessment, survey low-income parents, conduct a feasibility study of child care insurance, and conduct the market rate survey.

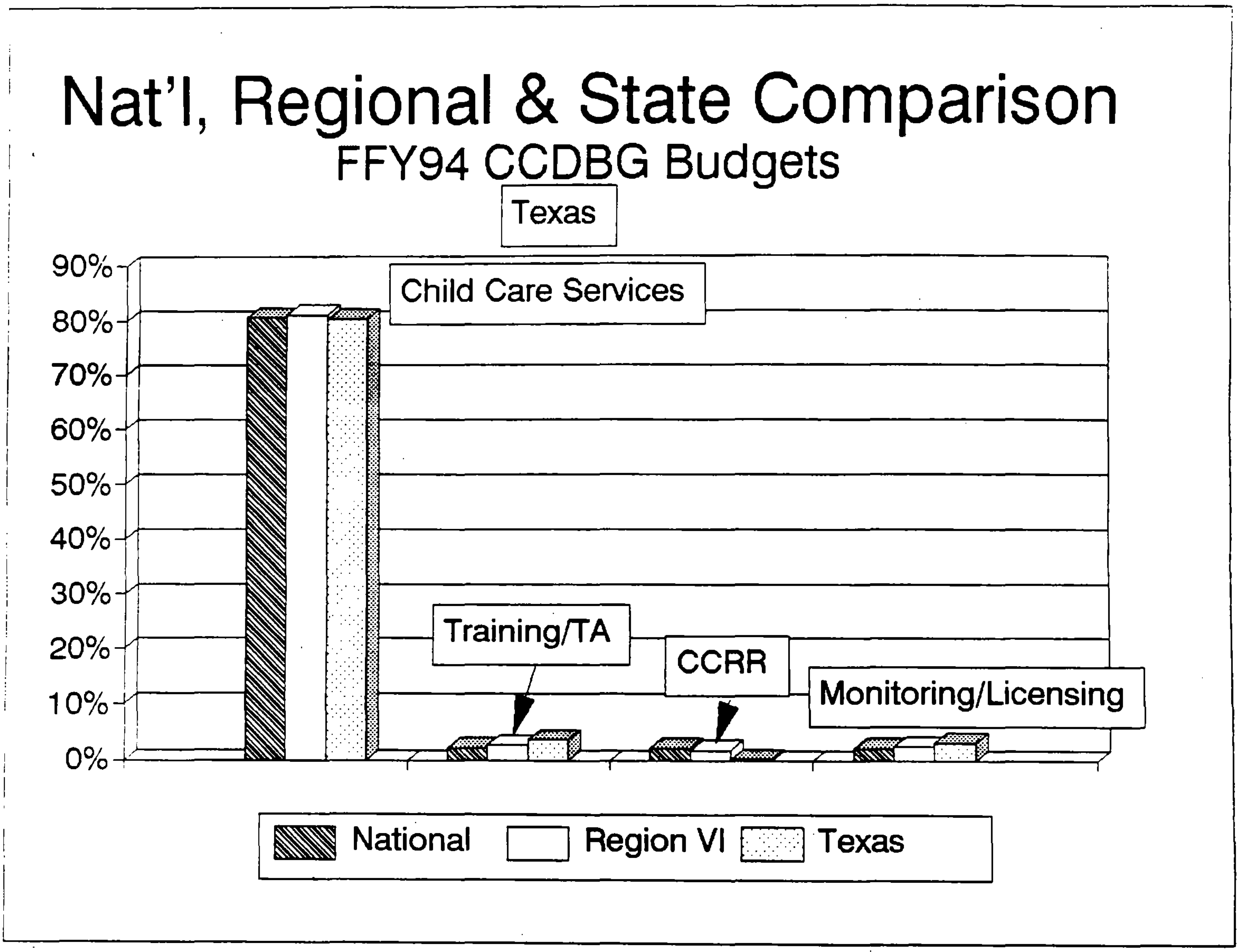
4. Several training projects were conducted by Texas:
   * Caregiver Training Project for all providers
   * Curriculum for Caregivers Employed in Intergenerational Programs
   * Identification of Caregiver Training Available Nationwide
   * Development of Training for Vietnamese Registered Family Home Caregivers
   * Train the Trainers Conference
   * Sesame Street Preschool Education Program Training
   * **Texas Child Care Quarterly**

Sources: Reports from Forms ACF 700, ACF 108, ACF 115; and **Child Care and Development Block Grant: A Report on State Use of Quality and Availability Funds**, October 1994.

Child Care Services Funding

Texas




Nat'l, Regional & State Comparison
FFY94 CCDBG Budgets
Texas
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Child Care Services
Training/TA
CCRR
Monitoring/Licensing
National
Region VI
Texas

VIRGINIA
Child Care Facts

Funding:

	FY 91	FY 92	FY 93	FY 94
CCDBG	$12.8	$14.8	$16.4	$16.6
ARCC	$4.2	$7.6	$6.8	$5.4
TCC	$1.2	$2.0	$3.1	$4.2
AFDC	$5.9	$6.4	$7.4	$7.3

(Millions, rounded)

Children Served in Virginia[1]
(between October 1, 1992 - September 30, 1993)

CCDBG: 9,236

ARCC: 3,836

TCC: 2,291

AFDC: 1,985 (JOBS children not reported)

Quality Services for Families in Virginia

1. Virginia has established five models of comprehensive services for young children. Model programs serve as mentors for replication of model practices in child care and Head Start programs statewide.

2. A technical assistance program has been developed to assist public school administrators and teachers concerning quality early childhood development services.

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1. CCDBG "Children Served" = annually; ARCC, TCC, AFDC "Children Served" = average monthly

Sources: Reports from Forms ACF 700, ACF 108, ACF 115; and **Child Care and Development Block Grant: A Report on State Use of Quality and Availability Funds**, October 1994.

3. Expansion of Head Start programs into unserved localities has been facilitated through a "turnkey" cost-sharing arrangement between Head Start and the State. As Federal expansion funds become available, Head Start "buys out" the State's investment.

4. Virginia supports the expansion of Child Care Resource and Referral services through the state-funded Centers for Families That Work.

5. CCDBG funds have been contracted to the Virginia Small Business Financing Authority to provide loans for expansion and improvement of child care services in the State.

6. State and CCDBG funds have been combined to allow regulatory staff to develop standards and to administer the Voluntary Registration Program for small family child care homes. Additionally, a complaint hotline is now available for parents and other consumers of child care services.

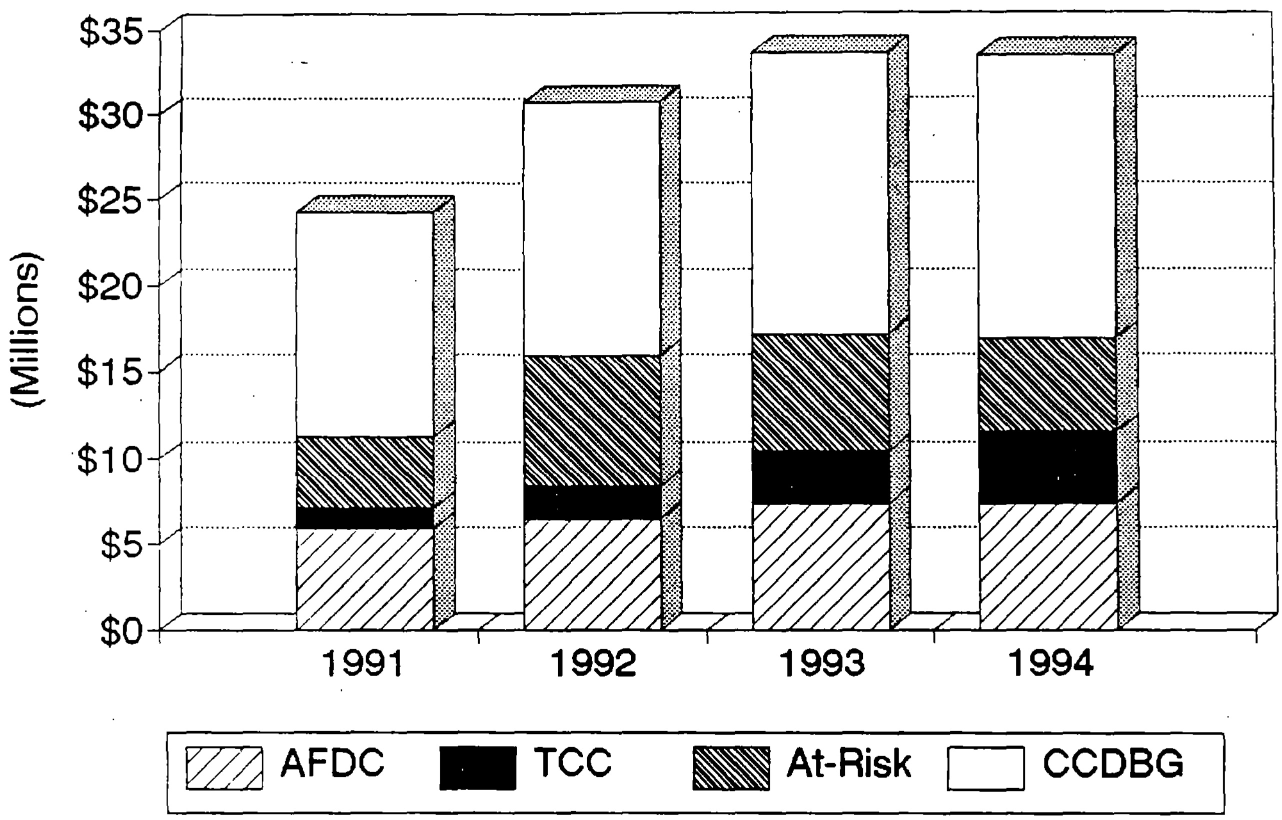
7. Educational materials on purchasing quality care and a parent education video has been developed.

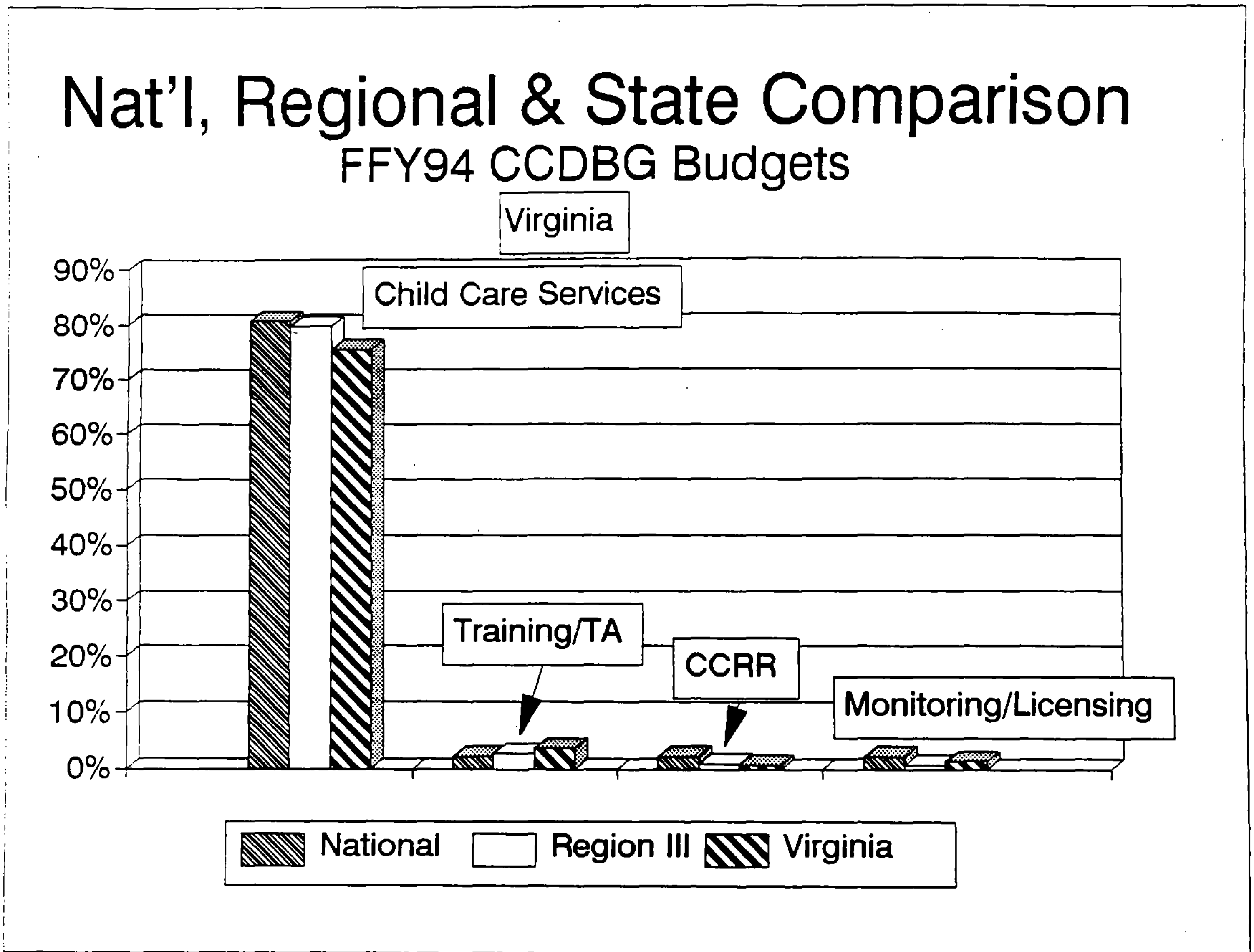
8. Three provider training efforts have been coordinated in the State. The Virginia Plan for Professional Development in Early Childhood Education has set out the state's plan for a comprehensive career path for child care professionals. Scholarships have been made available for basic courses through community colleges with funding from CCDBG, CDA, and the Family Support Act. Incentive grants are awarded to small family child care providers to enable them to complete the voluntary registration process.

Sources: Reports from Forms ACF 700, ACF 108, ACF 115; and **Child Care and Development Block Grant: A Report on State Use of Quality and Availability Funds**, October 1994.

Child Care Services Funding

Virginia





Nat'l, Regional & State Comparison
FFY94 CCDBG Budgets
Virginia
Child Care Services
Training/TA
CCRR
Monitoring/Licensing
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
National
Region III
Virginia

STATE FUNDED EDUCATIONAL PROGRAMS FOR PRE-KINDERGARTEN CHILDREN, SREB STATES, 1993 (page 1)

STATE	PROGRAM	PROGRAM DESCRIPTION
Alabama	Preschool	Increase readiness of children ages 3-5.
	Early Intervention Program	Provide services to children under age 3.
		Both programs are to be implemented in 1994-95.
Arkansas	Arkansas Better Chance (ABC) program	Identifies and assists educationally deprived 3- to 5-year-olds.
Florida	Preschool Early Intervention program	Provides intervention to and increases education readiness of 3- and 4-year-olds.
	Early Childhood Migrant Program	Develops social, physical, and mental skills of 3- and 4-year-olds and involves their parents.
	Florida First Start and the Children's Early Investment Program	Serve families of at-risk children birth to age 3.
	Teen Age Parent Program	Targets services to pregnant and parenting teens and their children.
	Community Resource Mother and Father Program	Assists families of high-risk or disabled infants, toddlers, and preschoolers.
Georgia	Georgia Initiative for "At Risk" 4-Year-Olds	Serves 4-year-olds and their families. Actions were taken during the 1995 legislative session to expand the program to include all eligible children.
Kentucky	Preschool program	Provides nutrition, coordinates health and social services, and involves parents.
	Parent and Child Education program (PACE)	Serves 3- and 4-year-olds and provides parents with basic academic and parenting skills (3 days a week).

Source: SREB Benchmarks survey of state education departments, 1993.

STATE FUNDED EDUCATIONAL PROGRAMS FOR PRE-KINDERGARTEN CHILDREN, SREB STATES, 1993 (page 2)

STATE	PROGRAM	PROGRAM DESCRIPTION
Louisiana	Kindergarten Developmental Readiness Screening program	Provides screening of all students upon initial entry into kindergarten.
	Early Childhood Development projects	Serves at-risk 4-year-olds.
Maryland	Extended Elementary Education Program	Helps 4-year-olds develop intellectual, personal, social, and physical skills to increase school readiness.
Mississippi	Family Literacy Program	Improves educational opportunities for children and adults by linking early childhood education and adult education for parents.
North Carolina	Pre-kindergarten pilot program	Serves 3- and 4-year-olds in centers directed by State Board of Education.
	"Smart Start"	Provides early childhood education and family services and involves parents and families. Programs currently in development in 12 pilot sites.
Oklahoma	Early Childhood Development programs	Serves 4-year-olds (4 days a week) and involves parents (1 day a week).
South Carolina	Half-day program for 4-year-olds	Serves 4-year-olds and involves parents.
Tennessee	Early Childhood Education and Parent Involvement	Focuses on children eligible for but not served by Head Start.
Texas	Pre-kindergarten program	Targets 3- and 4-year-olds who have limited-English proficiency or are from economically disadvantaged families.
Virginia	Preschool program	Educational Opportunity Initiatives provide funds for development and implementation of preschool programs in 1995-96.
West Virginia	Child Development Program	Targets 3- and 4-year-olds. Includes full-day at centers, home-based, and half-day at home/half-day at center programs.

Source: SREB Benchmarks survey of state education departments, 1993.

11

Southern Regional Education Board

592 Tenth Street, N.W. • Atlanta, Georgia 30318-5790 • (404) 875-9211 • FAX (404) 872-1477

Current Elementary and Secondary Education Issues in Eleven Southern States

Charter Schools

Charter school legislation has been proposed in about half of the eleven Southern states for a limited number of schools. Virginia and Mississippi legislatures turned down charter school bills this year. Georgia revised its earlier law to allow more flexibility in proposed charter schools since no applications had been received.

School Governance

Reform proposals and legislation in most Southern states combine state accountability programs with more local control where decisions are made in districts and schools.

States such as Texas, Florida, and North Carolina are considering substantial downsizing of state departments of education. State departments of education in most states are attempting to move away from being regulatory agencies to providing assistance to districts and schools.

Education Accountability

Education accountability reports are produced in all eleven states. In most of the states, these include data at the school level. Common indicators include attendance rates, dropout and graduation rates, and performance on standardized tests. Indicators describing the context in which the schools operate include numbers of students receiving free or reduced-priced lunches, district and community characteristics, and information on finance.

These "report cards" are often tied to overall accountability programs which involve setting standards, developing improvement plans, marking progress toward meeting the standards, and rewards or sanctions based on results.

Standards and Assessments

Most of the eleven Southern states have statewide efforts underway to redefine what students should know and be able to do. Statewide councils have developed new standards that are being broadly discussed across states in public forums. States are also developing new assessments for the standards.

Private School Vouchers

Proposals to use state funds to provide vouchers for parents to send their children to private schools have been limited in the 1990s. Discussions in states such as Florida, Louisiana, and Texas link private school vouchers to children attending low-achieving schools. Proposals have focused on limited pilot projects.

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Notes on School Finance Actions

Kentucky's finance system was ruled unconstitutional and a totally revised education and finance system was adopted by the legislature in 1990. Kentucky is now in the fifth year of the six year plan, but state revenues have not been as strong has anticipated which may result in an extension of the plan. In the first two years of the program's implementation, the gap in revenue disparity between the poorest 20 percent of districts and the wealthiest 20 percent was reduced from $1,199 per student to $672 per student. Additionally, per-pupil spending increased by 35 percent between FY 90 and FY 93 and appropriations for K-12 have increased by nearly 42 percent between FY 91 and FY 94.

Tennessee's finance system was ruled unconstitutional in 1991 and again in 1993 following an overturned decision and the appeals process. During this time, the legislature adopted a new finance system (the Basic Education Program) with a multi-year implementation plan. An attempt on the part of the plaintiffs to "speed-up" the implementation failed. Motions filed by the plaintiffs in October 1993 charge that the new formula is "fatally flawed" because it provides no catch-up funds for past inequities and fails to require a minimum level of support from local governments. In a February 1995 decision, the state Supreme Court ordered equal pay for teachers in rich and poor counties (suggested to be accomplished by 1997-98) and approved the five-year plan to phase in the BEP. In February 1995, the state supreme court ordered the state to equalize teacher salaries (which differ by about $16,000 between wealthy and poor districts) an issue which was not included in the new BEP.

Alabama's system was ruled unconstitutional in April 1993. The governor appointed a task force to develop a plan responding to the judge's order. The plan, submitted on the October 1 deadline date, was approved by the judge on October 22. On December 3 after a fairness hearing, the judge determined that the October remedy order would stand. Proposed legislation failed to pass during the 1994 regular session and during a special session. In early August, the judge ordered all involved parties to work with a mediator to agree on a plan to distribute $1.8 million in funds. The plan, approved by the State Board of Education on August 17 to be in effect for the 1994-95 school year, uses basically the same method of funding that was declared unconstitutional but sets aside about $80 million for poor school systems. The agreement reached also extends the deadline for the development of a permanent plan from September 30, 1994 to March 15, 1995. The governor has asked the supreme court to throw out the lower court decision claiming that the lower court judge overstepped his constitutional bounds (usurping the powers and duties of the legislature, governor, and state agencies) and to delay circuit court action. In addition, the State Board of Education has asked the lower court judge to give the board until December 15 to act on his orders. (Six of the eight members are new.) The circuit court judge issues an order on March 16 requiring the governor and finance director to submit plans by March 20. Brief plans were submitted and the judge has given the defendants until April 16 for the detailed funding plan and until May 1 for detailed plans on all other matters.

Texas has been to court on numerous occasions following a 1989 ruling that the finance system was unconstitutional. After several plans failed to satisfy the court, constitutional amendments were put before the voters that would have permitted the "recapture" of property taxes from wealthy districts for reallocation to less wealthy districts. Voters defeated the amendments and the legislature adopted a plan giving districts options to choose from that would result in more equitable funding. In December 1993 the court upheld the constitutionality of the legislative plan. In January 1995, the State Supreme Court upheld every aspect of Senate Bill 7 passed in 1993.

A finance lawsuit was recently filed in **South Carolina** which questions equity and adequacy. The suit also asks for restitution for past inequities. The state considered but did not pass a bill to roll back residential property taxes (similar to actions in Michigan) and replace the lost revenue with natural growth in existing sources of revenue. The state Supreme Court has taken original jurisdiction over the case.

Rural school systems in **Virginia** filed a suit in 1991 challenging that the state violated the constitutional rights of children because poor localities spent less on education than more wealthy areas. In November 1992, the court ruled the constitution does not require substantially equal financing except for meeting minimum standards. The state supreme court heard the appeal requested by the rural districts but upheld the state finance formula.

In **Arkansas**, the trial of a lawsuit filed in August 1992 by the Lake View School district has been delayed possibly until the fall of 1994. The lawsuit charges that the finance formula is unfair to poor districts. The state recently discovered that finance formula funds have not been distributed in accordance with the law. A special session in late February 1994 made adjustments for the current fiscal year. Districts that have lost money since 1983 due to the incorrect distributions have filed suit to recuperate their losses (the judge ruled that the court did not have jurisdiction over allocations made in past years). The governor has appointed a working group to review the entire finance program. In November 1994, the Chancery Court ruled the finance system unconstitutional and gave the state two years to implement a solution.

A coalition of 43 of 67 school districts in **Florida** has filed a lawsuit in state circuit court challenging the state for failing to provide sufficient and equitable funding for education. The April 1994 suit claims that the state system of school finance is unconstitutional because it does not make "adequate provision... for a uniform system of public schools." Also in question is whether the state has violated state law by using lottery monies to offset cuts in general revenue for schools. In late January 1995, the suit was thrown out of circuit court because the separation of the judicial and legislative powers prevented him from evaluating legislative spending priorities. An appeal is expected.

Five poor school districts in **North Carolina** filed suit in May 1994 claiming the school finance system unconstitutional because it fails to meet the constitution's guarantee that "equal opportunities shall be provided for all students."

A coalition of school districts filed a suit in **Louisiana** in 1992 claiming the state inadequately funds its schools. The case has been proceeding slowly in hopes that the legislature would achieve equalized funding through a five-year plan initiated in 1992-93. It is anticipated that the trial will take place in 1995.

In December 1994 Baltimore City Schools filed a class action-suit against the State Board of Education claiming the state has denied students an adequate education (thorough and efficient as required by the constitution). The ACLU has also filed a class-action suit.

In **West Virginia**, a court case resulting in a 1982 decision ruling the school finance formula unconstitutional is being reopened by the attorney who originally argued the case. The court is being asked to enforce the decision calling for equitable funding.

UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE SECRETARY

Southern Region Schools Selected for Direct Lending 1995-1996

(Representative sample only, except for Arkansas which represents complete list)

State	City	School
AL	Montgomery	Auburn University
AL	Birmingham	Jefferson State Community College
AL	Selma	Selma University (HBCU)
AL	Tuskegee	Tuskegee (HBCU)
AL	Tuscaloosa	University of Alabama
AR	Little Rock	Arkansas Baptist College (HBCU)
AR	Forrest City	East Arkansas Community College
AR	Little Rock	Philander Smith College (HBCU)
AR	Hope	Red River Technical College
AR	Pine Bluff	University of Arkansas (HBCU)
AR	Conway	University of Central Arkansas
AR	Walnut Ridge	Williams Baptist College
FL	Daytona Beach	Bethune Coachman College (HBCU)
FL	Miami	Business & Technology Institute
FL	Tallahassee	Florida A&M (HBCU)
FL	Gainesville	Santa Fe Community College
FL	Gainesville	University of Florida
GA	Albany	Albany State College (HBCU)
GA	Atlanta	Clark Atlanta (HBCU)
GA	Atlanta	Advanced Career Training
GA	Atlanta	American College for the Applied Arts
GA	Atlanta	Art Institute of Atlanta
GA	Atlanta	Georgia Institute of Technology
GA	Atlanta	Interdenominational Theological Center
GA	Atlanta	International school of Skin & Nailcare
GA	Atlanta	Massey Business College
GA	Atlanta	Morehouse College (HBCU)
GA	Atlanta	Morris Brown (HBCU)
GA	Atlanta	Portfolio Center
GA	Rome	Shorter College (HBCU)
GA	Athens	University of Georgia
GA	Macon	Mercer University

KY	Hopkinsville	Hopkinsville Community College
KY	Louisville	Jefferson Community College
KY	Frankfort	Kentucky State University (HBCU)
KY	Lexington	University of Kentucky
KY	Bowling Green	Western Kentucky University
LA	New Orleans	Dillard University
LA	New Orleans	Loyola University
LA	Baton Rouge	Southern University A&M (HBCU)
LA	New Orleans	Southern University New Orleans (HBCU)
LA	New Orleans	Xavier University (HBCU)
MS	Itta Bena	Mississippi Valley State (HBCU)
MS	Tougaloo	Tougaloo College (HBCU)
MS	Florence	Wesley
NC	Greensboro	Bennett College (HBCU)
NC	Greensboro	North Carolina A&T (HBCU)
NC	Durham	North Carolina Central (HBCU)
NC	Raleigh	Shaw (HBCU)
NC	Raleigh	St. Augustines College (HBCU)
NC	Asheville	University of North Carolina
NC	Charlotte	University of North Carolina
SC	Columbia	Benedict College (HBCU)
SC	Charleston	Citadel South Carolina
SC	Sumter	Morris College (HBCU)
SC	Orangeburg	South Carolina State College
SC	Rock Hill	Winthrop University
TN	Nashville	Fisk University (HBCU)
TN	Knoxville	Knoxville Business College
TN	Nashville	MeHarry Medical College (HBCU)
TN	Memphis	Memphis State University
TN	Nashville	Tennessee State University (HBCU)
TN	Murfreesboro	Middle Tennessee State University
TX	Sherman	Austin College
TX	El Paso	Career Centers of Texas
TX	Houston	Computech Vocational Schools
TX	Commerce	East Texas State University
TX	Galveston	Galveston College
TX	Prairie View	Prairie View A&M (HBCU)

TX	Houston	Texas Southern University (HBCU)
TX	Houston	University of Texas System
TX	Tyler	University of Texas Tyler
VA	Fairfax	George Mason University
VA	Hampton	Hampton University (HBCU)
VA	Norfolk	Norfolk State University (HBCU)
VA	Norfolk	Old Dominion University
VA	Charlottesville	University of Virginia
VA	Lexington	Virginia Military Institute
VA	Petersburg	Virginia State University

March 24, 1995

MEMORANDUM TO KITTY HIGGINS
DEPUTY ASSISTANT TO THE PRESIDENT & SECRETARY TO THE CABINET

FROM: Frank Holleman
Leslie Thornton

SUBJECT: Background Information: **Southern States**

As you requested, following is information on the status of the Department of Education's major programs in the Southern states.

ALABAMA

Goals 2000: Alabama received its first-year planning grant of almost $1.6 million in November, 1994. The State projects that it will have a completed State improvement plan by December, 1995. Subgrants for local improvement efforts should be awarded this June.

School-to-Work: Alabama received an initial School-to-Work development grant of $270,000 in February, 1994. Due to a change in administrations and the substantial amount of funds carried over into the continuation period, the Federal Team has not conducted a site visit nor extended additional planning funds. Thus far, the State has not been able to accomplish many of the objectives that it set out in its initial development grant. Other than successful outreach to stakeholders and some internal collaborative efforts, there appears to be little movement towards developing a comprehensive transition system.

The Phenix City Board of Education was awarded an Urban/Rural Opportunities grant in the amount of $571,340 last fall. The initiative consists of a comprehensive program of academic and technical education combined with related contextual experiences which will prepare students in 15 career areas.

Direct Lending: Only the University of Alabama at Birmingham participated in the first year of the Direct Student Loan program. A total of 19 schools, including Auburn University and the University of Alabama, are participating this year, however, for a total loan volume to date of $124.5 million, or 63% of the 1993 total student loan volume for Alabama.

Title I: It is estimated that Alabama will receive $124 million in Title I funds for FY 95 (1995-96 school year). Under the House rescission bill, the State would lose about $1.6 million, a reduction of 2.1%.

ARKANSAS

Goals 2000: Arkansas received its first-year planning grant of almost $1 million in August. 1994. The State recently awarded 14 subgrants ranging from $40-50,000 for local improvement activities. A State planning panel has not yet been appointed, though it is expected to be appointed by mid-April. Goals 2000 builds on reforms launched by the State in 1991 with the passage of Act 236.

School-to-Work: Arkansas received an initial School-to-Work development grant of $220,000 in January, 1994. Based on information provided in the State's continuation application and discussions commenced at the January 5, 1995 site visit in Little Rock, the State was extended an additional $36,200 to continue planning and development activities through June 30, 1995. We received indications that the Arkansas State team intends to submit an implementation grant application.

Arkansas has completed several development activities including: extensive capacity building seminars across the State, initial development of skill standards in several industry clusters, development of an extensive public awareness and marketing campaign, an employer recruitment and outreach conference, the development of a Statewide School-to-Work team and technical committees, and the commitment of State funding. The Federal team was quite pleased with the overall progress of the Arkansas State team. It noted 2 areas for improvement: 1) tying the School-to-Work system to the State's economic development strategy and education reform; and 2) including industry as full partners in the School-to-Work system.

Direct Lending: During the first year of the Direct Student Loan program, Red River Technical College was the only participating school in Arkansas. This year 7 schools are participating for a total loan volume to date of $18 million, 16% of the 1993 total student loan volume for Arkansas.

Title I: It is estimated that Arkansas will receive $74 million in Title I funds for FY 95 (1995-96 school year). Under the House rescission bill, the State would lose about $1.5 million, a reduction of 2.1%.

FLORIDA

Goals 2000: Florida received about $3.9 million for first-year planning activities in September, 1994. Goals 2000 will be used to build on reform efforts already underway, titled "Blueprint 2000." This winter, Florida awarded 8 local reform subgrants ranging from $120,000 - $200,000, and 9 preservice and professional development subgrants ranging from $83,000 - $136,000 to support school improvement activities. Florida intends to submit its Blueprint 2000 for review this March as a preexisting plan.

School-to-Work: It seems that the newly elected State Superintendent plans to consider submittal of an application for an implementation grant under the State proposed criteria in this coming cycle. Governor Chiles is committed to a statewide School-to-Work initiative.

Miami/Dade County received a local implementation grant of $675,000 and an Urban Opportunity Grant of $650,000 last fall and is making steady progress in implementing a School-to-Work system.

Direct Lending: This year 34 schools in Florida are participating in the Direct Student Loan program, including the University of Florida. The 34 schools have a total loan volume to date of $160 million, or 21% of the 1993 total student loan volume for Florida.

Title I: It is estimated that Florida will receive $274 million in Title I funds for FY 95 (1995-96 school year). Under the House rescission bill, the State would lose about $5.8 million, a reduction of 2.1%.

GEORGIA

Goals 2000: Georgia was awarded its first-year planning grant last week. Though planning efforts have been underway, the State Superintendent was wary of Federal involvement in the State education system. The Secretary's regional representative is sponsoring a regional meeting for about 300 participants in Columbus, Georgia on March 30 to promote local involvement in systemic reform.

School-to-Work: Georgia is still waiting for the political climate to settle before moving forward with a School-to-Work implementation grant proposal this Spring. The State is presently reviewing the newly released proposed criteria for State Implementation grants. A decision should be made as early as the week of March 27 regarding plans to submit an implementation grant proposal. On a related matter, the State has made significant efforts to develop apprenticeship programs in the State school system.

Direct Lending: During year one of the Direct Student Loan program, 2 schools in Georgia participated. This year 42 schools are participating for a total loan volume to date of $253 million, 60% of the 1993 total student loan volume for Georgia.

Title I: It is estimated that Georgia will receive $145 million in Title I funds for FY 95 (1995-96 school year). Under the House rescission bill, the State would lose about $3.5 million, a reduction of 2.1%.

KENTUCKY

Goals 2000: Kentucky is a leading education reform State. Kentucky's reform efforts, launched with the passage of the Kentucky Education Reform Act in 1990, formed a foundation for Goals 2000 and continue to be a model. The State received its first-year grant of $1.4 million in September, 1994. Subgrants were awarded in January to support local improvement activities, especially those focussed on increasing parental and community engagement in school reform. Kentucky's State plan was reviewed in February, 1995, and was the second plan to be approved so far.

School-to-Work: Kentucky was awarded an original development grant in the amount of $260,000 in January, 1994. During the first round of the State Implementation Grants competition, Kentucky was awarded a $4 million grant. Kentucky offers strong State leadership combined with significant local flexibility to design and implement systems to meet local needs. The State is organized into 22 local labor market areas which make-up the geographic locations for local partnership roll-out efforts. The State's plan is closely linked to State education reform efforts and will be administered by a newly formed School-to-Work Partnership Council. Exemplary local labor market area partnerships which have extensive activities underway include: Russelville, Louisville, Nelson County, Hancock County and Ohio County.

Direct Lending: The Kentucky Career Institute was the only school in Kentucky to participate in the Direct Student Loan program during the first year. This year 38 schools, including the University of Kentucky, are participating for a total loan volume to date of $83 million, 41% of the 1993 total student loan volume for Kentucky.

Title I: It is estimated that Kentucky will receive $107 million in Title I funds for FY 95 (1995-96 school year). Under the House rescission bill, the State would lose about $2.6 million, a reduction of 2.1%.

LOUISIANA

Goals 2000: Louisiana is one of the most active and supportive southern States regarding the implementation of the Goals 2000 Act. The Governor and a bipartisan group of business, education and civic leaders have played a critical leadership role over the last several years focusing citizens' attention on reaching the National Education Goals. A first-year planning award of almost $2 million was awarded in September, 1994. First-year funds have been distributed to school districts throughout the State and the program has been very well-received.

School-to-Work: Louisiana received a $280,000 School-to-Work Development Grant in February, 1994. The grant has been extended through June 30, 1995 and $249,000 was added to the grant to continue this work. The Louisiana School-to-Work Design Team, a broad-based team of State officials, employers and labor, is using two strategies to develop a School-to-Work system. Through the top-down strategy, the Design Team is developing the framework of School-to-Work and building awareness and support across the State for reshaping schools; through the bottoms-up strategy, local partnerships are being supported to build capacity to develop and implement elements of a School-to-Work system. Through these local pilots, employers and teachers work together to identify knowledge and skills needed in changing workplaces, and help modify curricula and structure work-based learning experiences.

Direct Lending: During the first year of the Direct Student Loan program, Xavier University of Louisiana was the only participant from Louisiana. This year 20 schools are participating for a total loan volume to date of $69 million, 19% of the 1993 total student loan volume for Louisiana.

Title I: It is estimated that Louisiana will receive $187 million in Title I funds for FY 95 (1995-96 school year). Under the House rescission bill, the State would lose about $4 million, a reduction of 2.1%.

MISSISSIPPI

Goals 2000: Mississippi is early in its process of Goals 2000-initiated reform. Its panel chair will be named in April, its subgrants awarded in June, and its plan ready in March of 1996. The State's plan will build upon several pieces of educational reform legislation initiated by the Mississippi legislature in 1994. One item of concern raised in the State's application was the requirement for local improvement plans to identify pressing health and social service needs and specify programs to ensure improvement in school readiness. An addendum was sent with the award stating that this requirement cannot be waived.

School-to-Work: Mississippi received an initial School-to-Work development grant for $240,000 in January, 1994. Based on information provided in the State's continuation application and discussions commenced at the January 9, 1995 site visit in Jackson, the State was extended an additional $230,000 to continue planning and development activities through June 30, 1995. We anticipate that Mississippi will submit an implementation grant application.

Mississippi has successfully completed several key pieces in its overall transition system planning. On-going activities include: a pilot project for industry/educator exchanges, a comprehensive marketing and outreach campaign, capacity building seminars in each regional site, the expansion of dropout prevention activities and the development of pilot sites serving dropouts and in-school youth. Though pleased with Mississippi's progress, the Federal Team noted the need for further work in: 1) aligning the School-to-Work system with the State's economic development strategies; and 2) further development of employer recruitment strategies and capacity building for moving work-based learning to scale.

Direct Lending: Tougaloo College was the only first-year participant from Mississippi. This year 8 schools are participating, though all are small colleges or technical colleges and account for $7.3 million to date, only 5% of the 1993 total loan volume for Mississippi.

Title I: It is estimated that Mississippi will receive $123 million in Title I funds for FY 95 (1995-96 school year). Under the House rescission bill, the State would lose about $2.6 million, a reduction of 2.1%.

NORTH CAROLINA

Goals 2000: North Carolina has already begun to move toward higher standards for all children. In 1993, the State developed the North Carolina Standards and Accountability Commission. The State is also looking at ways to coordinate with School-to-Work and Eisenhower programs to develop criteria, focus, and timelines that will allow local districts to write one proposal for multiple programs. This is a major step in the State towards systemic thinking. North Carolina received its first-year planning grant of about $1.2 million in October, 1994. Subgrants for local planning should be awarded this June, and we expect to receive a completed State improvement plan this November.

School-to-Work: North Carolina's School-to-Work transition system, titled "Job Ready," has emerged as part of a larger workforce development system in North Carolina. The School-to-Work Task Force is one of 4 task forces comprising the Governor's Commission on Workforce Preparedness. North Carolina was awarded a School-to-Work development grant of $350,000 in January, 1994. It received a no-cost extension last fall pending a Federal team site visit. Based on its application and the team's site visit, the State was extended an additional $250,000 to continue planning and development through June, 1995. We expect North Carolina to apply for an implementation grant during the FY 95 competition.

Direct Lending: Three schools from North Carolina participated in the first year of the Direct Student Loan program. This year 31 schools are participating, including the University of North Carolina. Total student loan volume in the Direct Student Loan program is $84 million to date, or 29% of the 1993 total student loan volume for North Carolina.

Title I: It is estimated that North Carolina will receive $127 million in Title I funds for FY 95 (1995-96 school year). Under the House rescission bill, the State would lose about $2.6 million, a reduction of 2.1%.

SOUTH CAROLINA

Goals 2000: Though South Carolina applied for first-year funding late in the application period, the State has been heavily involved in reform for quite some time. It created a panel over a year ago, headed by the Governor and State Superintendent, which was broadened to meet the demands of the Goals 2000 legislation last fall. Legislation named "Proviso 33" was enacted in 1993 that called for a statewide plan to meet the national goals. This resulted in the State's plan, "Putting Children and Family First," which will be revised based on citizen's input, and submitted as the State's Goals 2000 plan in October of this year. Response to outreach efforts for feedback on the plan has been strong, with over 2500 people attending public meetings thus far. In early April, the State will award its subgrants. One issue of concern raised by the State in its application was a desire to not address opportunity-to-learn standards or strategies.

School-to-Work: South Carolina received an initial School-to-Work development grant of $260,000 in February, 1994. Based on information provided in the State's continuation application and several telephone conferences, the Federal Team decided to forego a site visit and extended an additional $231,112 to continue planning and development activities through June 30, 1995. State activities so far include: coordination and community outreach, the development of four subcommittees to develop strategies for system implementation, development of an employer recruitment campaign, the establishment of a work-based learning database, and the selection of pilot sites to test key components of the system. The one issue that the curriculum task force and State Steering committee needs to address is the inclusion of "all students" in their system design. Since the present School-to-Work design is based on a general Tech Prep model, the reviewers question whether School-to-Work opportunities will be available to all students, regardless of the career track they choose.

Direct Lending: Only the College of Charleston participated in the first year of the Direct Student Loan program. This year 19 schools are participating for a total student loan volume to date of $56 million, 26% of total student loan volume in North Carolina in 1993.

Title I: It is estimated that South Carolina will receive $90 million in Title I funds for FY 95 (1995-96 school year). Under the House rescission bill, the State would lose about $1.9 million, a reduction of 2.1%.

TENNESSEE

Goals 2000: Tennessee received its first-year planning grant of about $1.6 million in September, 1994. A statewide planning panel has not been appointed to date. Fifteen subgrants ranging from $19,000 - $241,0000 were just announced to support local planning and improvement activities as well as preservice and professional development programs.

School-to-Work: Tennessee received an initial School-to-Work development grant in February, 1994 in the amount of $290,000. Due to a change in administrations and the substantial amount of funds carried over into the continuation period, the Federal Team has not conducted a site visit nor extended additional funds. Tennessee has successfully completed several initial system building activities: a survey of existing School-to-Work programs across the State, the appointment of a broad-based Governing Board, the solicitation of proposals from local tech prep consortia and the investment in technology to upgrade classroom instruction. However, due to the change in administrations and the replacement of key agency leaders, Tennessee will need to refocus its efforts and commit itself towards building a comprehensive transition system.

Direct Lending: Memphis State and West Tennessee Business College were the 2 schools in Tennessee in the first year of the Direct Student Loan program. This year 21 schools are participating with a total student loan volume to date of $97 million, 35% of 1993 total student loan volume in Tennessee.

Title I: It is estimated that Tennessee will receive $120 million in Title I funds for FY 95 (1995-96 school year). Under the House rescission bill, the State would lose about $2.5 million, a reduction of 2.1%.

TEXAS

Goals 2000: Governor Bush has recently committed to moving forward with the implementation of Goals 2000 and the naming of a State planning panel. The effort in Texas will be called "Academics 2000." The Governor also recently appeared on the Department's Satellite Town Meeting in Texas which focused on National Education Goal Six -- Safe and Drug Free Schools.

School-to-Work: Texas received an initial School-to-Work development grant of $630,000 in March, 1994. Based on the quality of their continuation submission and level of activities stated, the reviewers extended Texas an additional $490,000 to continue planning and development activities through June 30, 1995. Texas intends to submit an implementation grant application. States activities so far have included task forces to design a School-to-Work system, marketing and outreach, development of a model system for assisting special needs students in the completion of School-to-Work programs, and awards and assistance to regional partnerships.

The Greater Austin Chamber of Commerce was awarded a $816,900 School-to-Work Local Partnership grant in September of 1994. Three localities were awarded Urban/Rural Opportunity grants throughout Texas: Fort Worth North Area Partnership, $650,000; Furr High School Partnership's School-to-Work Urban Opportunities Program, Houston, $594,107; Pathways to Success in Professional Life for Youth in High Poverty Areas with Austin, $237,527.

Direct Lending: This year 64 schools in Texas are participating in the Direct Student Loan program. To date, $11.8 million in loan volume is under the program, which is about 20% of the 1993 total student loan volume in Texas.

Title I: It is estimated that Texas will receive $494 million in Title I funds for FY 95 (1995-96 school year). Under the House rescission bill, the State would lose about $12 million, a reduction of 2.1%.

VIRGINIA

Goals 2000: To date, The Virginia Board of Education and Governor Allen have chosen not to participate in the Goals 2000 initiative. Governor Allen has been very outspoken about his concern about the Federal government's involvement in issues such as education. However, there are members of the Board and community leaders who have indicated a strong interest in Virginia accepting Goals 2000 funds. The latest information is that the Board is going to wait until Congress amends the Act before it votes on participation. (Three bills have been introduced to amend Goals 2000 by stripping out the standards board (NESIC) and opportunity-to-learn standards.)

School-to-Work: Virginia received an initial School-to-Work development grant in the amount of $300,000 in January, 1994. Additional development funds have been requested, but have not been awarded. Virginia has made slow progress in the development of a School-to-Work system. State-level coordination and outreach activities such as public hearings are underway, and existing programs are being considered for incorporation into a School-to-Work system.

Direct Lending: Only 2 schools in Virginia participated in the first year of the Direct Student Loan program. This year 41 schools are participating, including Virginia Polytechnic Institute, Virginia Commonwealth University and George Mason University. This year 41 schools are participating for a total loan volume of $256 million to date, which is 63% of the 1993 total student loan volume for Virginia.

Title I: It is estimated that Virginia will receive $89 million in Title I funds for FY 95 (1995-96 school year). Under the House rescission bill, the State would lose about $1.8 million, a reduction of 2.1%.

SCHOOL-TO-WORK OPPORTUNITIES

Today's students need diverse skills, knowledge, and abilities to succeed in the rapidly changing world of work. Traditional forms of education and workforce preparation are no longer sufficient. Too many American high school students have too few options today. Not every young person wants to go straight to college after high school. And the education offered to the vast majority of young Americans (both "general" and "vocational") provides neither access to jobs nor solid grounding in academic fundamentals. Traditionally, many skilled trades were passed on from master to youth through a structured system of apprentices. The School-to-Work Opportunities Act not only launched new innovations in work and learning, but provided the framework for reestablishing the connections between education and employment. Under the 1994 law, $90 million in venture capital was invested in states and localities. These investments bring together partnerships of employers, educators, and communities.

The Act builds on a common-sense, three-part consensus: first, young Americans need paths to prosperity that don't require a conventional four-year degree, but do meet the need for practical post-secondary training to prepare for new middle-class careers; second, almost all students, college-bound or not, learn better when their studies are linked to relevant contexts like the working world; third, no single path suits every student -- there must be a range of school-to-work opportunities, with plenty of room for local diversity and experimentation. There are many valid models, including youth apprenticeships, innovative vocational education programs, career academics, and cooperative education.

With $250 million appropriated in 1995, the Act allows *every* state to receive planning grants and design diverse school-to-work programs based upon four key elements: one, a work-based learning experience; two, an integrated curriculum of academic and occupational skills; three, a high school diploma that keeps the door open to college; and four, an occupational skills certificate offering access to a first job with a real future. Reform is now moving forward in "waves" as individual states complete their own blueprints for change. Eight states won implementation grants in the first year, 1994, and in the second year, Congress approved funding for as many as 20 more states to implement reform plans. In the first year alone, 22,000 students and 7,000 employers participated in School-to-Work program. By 1997, every state will have a chance to implement school-to-work reforms. Then, having achieved its goal of sparking local change and creating new programs, the School-to-Work Opportunities Act will be phased out in 2001.

Already, the Southern region has benefitted from school-to-work grants. The State of Kentucky, for example, received a $4 million implementation grant. Austin, Texas, obtained over $1 million -- a $817,000 partnership grant and a $238,000 high-poverty grant, and Dade County, Florida (including the City of Miami) received more than $1.3 million -- a $675,000 partnership grant and a $650,000 high-poverty grant. In addition, Phoenix City, Alabama, received over $571,000 in high-poverty grant funding. School-to-work prepares students for their future in work, and provides employers well-trained employees. A partnership that will help America grow in the 1990s and beyond.

NOTE: John Clendenin, CEO of BellSouth Corp, is on the Employer Leadership Council, and has played an active role in the School-to-Work program.

ONE-STOP CAREER CENTER SYSTEM

A common frustration among job-seekers and employers is the difficulty in finding quality information on available employment and training programs, and thus, having to go from one place to another to actually receive information and services. The One-Stop Career Center System is the organizing vehicle for transforming this fragmented array of employment and training providers into an integrated service delivery system. The Department of Labor, in partnership with states and localities, is working to transfer this vision of an integrated, high-quality delivery system into reality. While each state's one-stop system will be designed in conjunction with local communities to best meet their particular needs, the following four principles are key to all One-Stop Career Center Systems:

- UNIVERSALITY: All population groups will have access to a wide array of job-seeking and employment development services;

- CUSTOMER CHOICE: Employers and job-seekers will have choices in where and how they can obtain information and services, and will have access to the information they need to make informed choices among education and training options.

- INTEGRATION: A One-Stop Career Center System offers a seamless approach to service delivery, providing access to services under a wide array of employment, training, and education programs.

- PERFORMANCE DRIVEN/OUTCOME BASED MEASURES: To ensure customer satisfaction, One-Stop Career Center Systems must have clear outcome measures and consequences for failing to meet them.

Beginning in late 1994, the Department of Labor (DOL) invested $50 million in 6 states for One-Stop Career Centers and enhancing the supporting labor market information structure. In July 1995, DOL expects to invest in an additional 10 states, bringing the total to 16. The Southern region has received $11.1 million of the DOL's appropriated funds for One-Stop Career Centers. Texas, the largest grant recipient, received $6.7 million in late 1994 in order to implement a One-Stop Career Center system and a supporting job market information delivery structure. Florida ($400,000), Kentucky ($200,000), and Virginia ($299,321) are among the 19 states that received funding for planning and development in 1994. Finally, the 12 states in the Southern region received 25 percent of the funds appropriated for enhanced labor market information systems.

U.S. SMALL BUSINESS ADMINISTRATION
WASHINGTON, D.C. 20416

OFFICE OF THE ADMINISTRATOR

MEMORANDUM TO STEVE SILVERMAN

From. Mary Athridge

Re: SBA Activities in Key Southern States

The following is a summary of SBA activities in key southern states.

OVERVIEW:

SBA has implemented a number of new initiatives aimed at expanding access to capital. They are:

- **The Low Documentation Loan Program (LowDoc)**: LowDoc features a one-page SBA application for loan guarantees of $100,000 or less. SBA also provides a quick answer to the lender, usually in 2 to 3 business days. Another feature of the LowDoc program is that loan approval focuses more on the applicant's character and ability to repay, rather than collateral. (AVAILABLE IN ALL STATES).

- **The Women's Prequalification Pilot Program:** Provides women entrepreneurs with the opportunity to have their loan applications reviewed and strengthened by SBA-designated loan packagers. If SBA determines that the application is satisfactory, we will issue a pre-authorization for the applicant to take to a participating bank. Not unlike LowDoc, this process saves the lending institution considerable time and expense. (AVAILABLE IN KENTUCKY, LOUISIANA, AND NORTH CAROLINA)

- **"FaSTrack"**: One of our newest pilots is "FaSTrack". We have made an agreement with 18 lenders nationwide which will allow them to approve, service, and liquidate loans of up to $100,000. In return, SBA will provide a smaller guarantee, not to exceed 50 percent, without a second credit review. This again, cuts paperwork and allows the SBA to assist more small business owners with smaller resources. (NATIONSBANK IS PARTICIPATING IN GA, NC, TN, AND SC, AND BARNETT BANK IS PARTICIPATING IN FL)

STATE-BY-STATE

GEORGIA: The SBA Atlanta District approved 1,007 SBA 7(a) loan guarantees to small business throughout the state, with a total value of $349 million during the past fiscal year. The SBA approved 198 of its "LowDoc" loans in Georgia in FY 1994, for $11.8 million. For first five months of FY 1995, another 256 of these simplified loans, totalling $16.7 million, were made in Georgia. NationsBank's pilot with the SBA for FaSTrack will have a major presence in Atlanta.

The SBA will establish a One-Stop Capital Shop in Atlanta's new $100 million Federal Empowerment Zone. The One-Stop facility will include SBA loan assistance, management and technical assistance, and venture capital options.

Atlanta is scheduled to receive a U.S. Export Assistance Center this year. This facility will consolidate under one roof the export programs of the SBA, the U.S. Department of Commerce, and the U.S. Export-Import Bank.

The SBA Area II Disaster Office, covering 19 states along the Eastern Seaboard, is based in Atlanta. This office coordinated a $200 million SBA assistance program for victims of tropical storm "Alberto," which brought massive flooding last July to south Georgia and parts of Alabama and the Florida Panhandle. President Clinton declared these areas a federal disaster area on July 7, 1994.

FLORIDA: SBA approved 1,203 7(a) guarantees last year in Florida, for $257 million. Women-owned businesses received 254 loans for $51 million in FY 1994, and another 267 loans for $39 million to women have been approved so far in FY 1995. Under the LowDoc program, 146 loans were approved in FY 1994 for approximately $8 million. So far in FY 1995, there have been 506 "LowDoc" loans made to small business, for approximately $28 million.

The SBA is a partner in the U.S. Export Assistance Center which opened a year ago near Miami's International Airport. The facility consolidated under one roof the export programs of the SBA, the U.S. Department of Commerce, and the U.S. Export-Import Bank.

Furthermore, the Florida Small Business Development Center (a public-private partnership between SBA and state and local government or the private sector) has set up a joint venture with Japan in the USA/Japan Trade Expansion Center (JTEC). This center conducts matchmaker trade missions and on-going counseling to increase U.S. export-ready business in Florida.

NORTH CAROLINA: SBA approved 435 7(a) guarantees last year for $98.8 million. Thus far this year, 356 loans have been approved for $56 million. Women-owned businesses received 67 loans for $10 million in FY 1994. This year, we have already surpassed our old totals, approving 104 loans for $12 million. Under the LowDoc program, 31 loans were approved in FY 1994 for approximately $1.6 million. So far in FY 1995, there have been 194 "LowDoc" loans made to small businesses, for approximately $11.4 million.

SOUTH CAROLINA: SBA approved 266 7(a) guarantees last year for $73.2 million. Thus far this year, 205 loans have been approved for $41 million. Women-owned businesses received 75 loans for $18.4 million in FY 1994. This year, we have approved 80 loans for $13.4 million.

Under the LowDoc program, 27 loans were approved in FY 1994 for approximately $1.4 million. So far in FY 1995, there have been 108 "LowDoc" loans made to small business, for approximately $6.4 million.

NationsBank and SBA are opening a Business Information Center (BIC) in Charleston. The BIC is an innovative program which provides entrepreneurs access to business software and other computer resources so that they can make informed business decisions by using up-to-date, relevant, and timely business and industry information and data. BICs offer state-of-the-art personal computers, graphic workstations, CD-ROM technology and interactive videos.

Columbia is a pilot site for a Minority Pre-Qualification program initiative. The Minority Pre-Qualification is exactly like the Women's Prequalification Program, providing minority entrepreneurs with the opportunity to have their loan applications reviewed and strengthened by SBA-designated loan packagers. If SBA determines that the application is satisfactory, we will issue a pre-authorization for the applicant to take to a participating bank. This is an opportunity for qualified minority business owners to put together solid loan applications that qualify for SBA guarantees and to signal to a bank ahead of time that they are credit-worthy.

LOUISIANA: SBA approved 820 7(a) guarantees last year for $128.7 million. Thus far this year, 484 loans have been approved for $72.7 million. Women-owned businesses received 167 loans for $18.5 million in FY 1994. This year, we have approved 116 loans for $10.6 million. Under the LowDoc program, 346 loans were approved in FY 1994 for approximately $17.6 million. So far in FY 1995, there have been 284 "LowDoc" loans made to small businesses, for approximately $15.4 million.

TENNESSEE: SBA approved 949 7(a) guarantees last year for $116 million. Thus far this year, 418 loans have been approved for $62.5 million. Women-owned businesses received 59 loans for $9 million in FY 1994. This year, we have approved 130 loans for $15.4 million. Under the LowDoc program, 52 loans were approved in FY 1994 for approximately $2.8 million. So far in FY 1995, there have been 242 "LowDoc" loans made to small businesses, for approximately $13.3 million.

NationsBank and SBA opened a Business Information Center (BIC) in Nashville last year. Again, BICs are an innovative program which provides entrepreneurs access to business software and other computer resources so that they can make informed business decisions by using up-to-date, relevant, and timely business and industry information and data. BICs offer state-of-the-art personal computers, graphic workstations, CD-ROM technology and interactive videos.
The SBA and Chamber of Commerce have an "Access" program aimed at assisting minority small business in Memphis and Nashville to review proposals and pre-loan business plans.

KENTUCKY: SBA approved 190 7(a) guarantees last year for $48.8 million. Thus far this year, 227 loans have been approved for $31.4 million. Women-owned businesses received 42 loans for $5.2 million in FY 1994. This year, we have approved 63 loans for $7.5 million. Under the LowDoc program, 15 loans were approved in FY 1994 for approximately $944,000. So far in FY 1995, there have been 153 "LowDoc" loans made to small businesses, for approximately $7.7

million

The city of Lousiville is an Enterprise Zone.

ALABAMA: SBA approved 570 7(a) guarantees last year for $147 million. Thus far this year, 332 loans have been approved for $60.3 million. Women-owned businesses received 116 loans for $22.5 million in FY 1994. This year, we have approved 72 loans for $10 million. Under the LowDoc program, 23 loans were approved in FY 1994 for approximately $1 million. So far in FY 1995, there have been 154 "LowDoc" loans made to small businesses, for approximately $8.3 million.

MISSISSIPPI: SBA approved 475 7(a) guarantees last year for $121.6 million. Thus far this year, 304 loans have been approved for $39.4 million. Women-owned businesses received 120 loans for $25 million in FY 1994. This year, we have approved 76 loans for $6.28 million. Under the LowDoc program, 66 loans were approved in FY 1994 for approximately $2.51 million. So far in FY 1995, there have been 197 "LowDoc" loans made to small businesses, for approximately $9.8 million.

ARKANSAS: SBA approved 601 7(a) guarantees last year for $98.5 million. Thus far this year, 422 loans have been approved for $60.6 million. Women-owned businesses received 113 loans for $9.4 million in FY 1994. This year, we have approved 56 loans for $5.3 million. Under the LowDoc program, 270 loans were approved in FY 1994 for approximately $12.3 million. So far in FY 1995, there have been 287 "LowDoc" loans made to small businesses, for approximately $14.1 million.

TEXAS: SBA approved 4526 7(a) guarantees last year for $799.8 million. Thus far this year, 2478 loans have been approved for $389.8 million. Women-owned businesses received 946 loans for $116.9 million in FY 1994. This year, we have approved 630 loans for $62.9 million. Under the LowDoc program, 1699 loans were approved in FY 1994 for approximately $93.4 million. So far in FY 1995, there have been 1487 "LowDoc" loans made to small businesses, for approximately $82 million.

1992 7(a) Loan Numbers

NC	299 loan approvals/ 64.6 million
SC	140 loan approvals/ 43.5 million
GA	619 loan approvals/ 222 million
FL	487 loan approvals/ 132.8 million
TN	320 loan approvals/ 93.1 million
TX	2134 loan approvals/ 535 million
KY	109 loan approvals/ 30.59 million
LA	234 loan approvals/ 62.8 million
AL	456 loan approvals/ 105.8 million
MS	316 loan approvals/ 65.8 million
AR	171 loan approvals/ 44.8 million

MEMORANDUM FOR THE PRESIDENT AND VICE PRESIDENT

Date: March 27, 1995
From: Elaine Kamarck EK

Subject: How the Administration's "Reinventing Government" Initiatives Are Contributing to Sustained Economic Growth and Job Creation

The "Reinventing Government" initiative is largely targeted at improving government operations and increasing the level of trust of Americans in their government. However, it has also made an important contribution to sustaining economic growth and creating jobs:

<u>Improving Access to Capital and New Markets</u>

-- The Department of Commerce, the Export-Import Bank, and the Small Business Administration are jointly creating "1-stop" Export Assistance Centers in locations around the country to help American small businesses establish footholds in foreign markets. We've got one already in Miami, and we plan to open centers later this year in Atlanta, Dallas, and New Orleans.

-- The Bureau of Export Administration (Commerce) has led reforms in the export control system to ensure leading U.S. defense industries are competitive in the global marketplace.

-- The Administration's community empowerment initiative helps designated communities to help themselves. These federal-state-local-private sector partnerships are designed to increase access to capital, credit, and banking services. In the past two months, 9 empowerment zones and 95 enterprise communities have been designated. These include an urban empowerment zone in Atlanta and rural empowerment zones in Kentucky, Mississippi, and Texas. The plans prepared by these communities will create thousands of new jobs over the next few years.

-- The Small Business Administration has created hassle-free loans. Starting in May 1993 with a pilot in San Antonio, SBA reduced its inch-thick application to just two pages and cut the approval time from 4 weeks to 2-3 days. It has since expanded this "LowDoc" initiative to the entire nation. In Georgia, for example, it has approved over 200 of these types of loans in the past year.

-- The landmark Procurement Reform bill signed last Fall opens new markets to small businesses that were unable or unwilling to compete for business with the federal government. For example, through the new Electronic Commerce initiative, businesses can quickly find out about new opportunities for doing business with the federal government -- and put in their bids -- electronically.

Eliminating the Hidden Costs of Red Tape and Regulation

-- Two weeks ago, the President announced that Environmental Protection Agency was cutting its paperwork by 25 percent, thereby savings businesses about 20 million hours of time spent filling out useless forms for the chemical industry. EPA will also consolidate 13 reporting forms into 1 -- saving that industry about $250 million in expenses.

-- The Comptroller of the Currency (OCC) has eliminated the 30-step application process for automatic teller machines, and now requires that bank lending limits be calculated 4 times a year, rather than 246. It streamlined procedures for a community bank exam from 1,216 pages to just 30, and other changes are in the works. According to Bankers Roundtable, OCC's changes will result in "a more efficient and competitive national bank system, better serving customers and shareholders."

-- The Food and Drug Administration will now approve medical devices and drugs quicker -- saving those industries about a half billion dollars in lost time and expenses.

-- The U.S. Customs Service is speeding cargo processing through improved customer service and creating partnerships with the business communities in places like Charlotte, NC, and Miami, FL. Customs is increasingly seen as boosting, rather than retarding, the health of international trade.

-- Additional savings from reduced red tape and regulations will be announced in the next few weeks in other areas in which the federal government regulates, such as OSHA and health care. These savings will also have a positive effect on economic growth and job creation.

Creating an Entrepreneurial Government
Boosts Economic Growth in the Private Sector

-- The auctions of electronic spectrums by the Federal Communications Commission in the past few months has reaped the federal government over $8 billion in revenues -- and the sales have been tied to over 300,000 new jobs in the private sector.

-- Fixing the antiquated Air Traffic Control system by turning it into a government-owned corporation will go a long way toward reducing airline delays and misroutings. These delays impose a cost of $3.6 billion a year on the airline industry -- more than the combined profits of all the airlines in their most profitable year!

-- Quick responses to disasters by the Federal Emergency Management Agency has helped local economies devastated by natural disasters bounce back quickly. For example, the Los Angeles economy suffered economic losses of $1 million a day when the Santa Monica Freeway collapsed in a 1993 earthquake. The federal government helped it reopen in record time by cutting red tape.

-- The federal government has over 160 job training programs. The Labor Department is in the process of creating "1-stop" assistance centers to help return unemployed workers to productive jobs more quickly.

UNITED STATES DEPARTMENT OF COMMERCE
Office of the Secretary
Washington, D.C. 20230

The National Information Infrastructure

Challenges

Since the break-up of AT&T's monopoly in 1982, competition in the telecommunications market has blossomed, driving down prices for long-distance service, stimulating investment in advanced communications technologies, and expanding choices for U.S. consumers. The challenge now is to introduce competition in those markets still dominated by monopoly, such as local telephone service and cable television.

Meanwhile, the U.S. infrastructure for communications is moving far beyond traditional telephone networks. The Internet computer network -- a building block of the emerging National Information Infrastructure (NII) now connects 20 to 30 million users all over the world. People use this network to send and receive e-mail, share information through newsgroups, and browse through on-line electronic libraries. Although this network was originally funded by the federal government for research and education purposes, the Administration has encouraged the private sector to take the lead in expanding the network on a commercial basis.

These two trends -- competition and development of new services and new technologies -- will accelerate as we move towards the 21st century. The NII, or "information superhighway," allows us to send and receive voice, video and data over high-speed networks. Your Administration has made the development of the NII a top priority and is recognized for its vision and belief that these new information and communications technologies will revolutionize the way Americans work, learn, live, and communicate with each other. This seamless web of communications networks, including computers, televisions, telephones, and satellites, has the potential to forever change the way we live, learn, work, and communicate with each other both here in the United States and around the world.

Access to advanced communications networks is already changing the way we provide for our families, educate our children receive medical care, and interact with each other. It is transforming the way American businesses and entrepreneurs manage their companies and compete world-wide. The NII will continue to spur economic growth and create jobs. Today, the telecommunications and information industries account for almost $1 out of every $10 spent in the United States. The Council of Economic Advisors has concluded that the Administration's legislative proposals, if enacted, would add more than $100 billion to our Gross Domestic Product over the next decade.

Your Administration is working to ensure that these benefits of the NII are enjoyed by all Americans -- to prevent the creation of a society of information "haves and have nots."

Solutions:

In September 1993, Vice President Gore and Commerce Secretary Brown released The National Information Infrastructure: Agenda for Action which outlines your Administration's plans for promoting the use of networking and computing technologies to give Americans unprecedented access to information and communications services. The Agenda for Action provided a vision of what the NII could be and how government should work with the private sector to ensure that all Americans benefit from the communications revolution.

During the past year and a half, your administration has taken concrete actions to accelerate the development and deployment of an advanced NII, including:

- **Creating companies and jobs** by signing into law the Emerging Telecommunications Technology Act, which gives the Federal Communications Commission the ability to auction spectrum. The Act is expected to reduce the deficit by more than $12 billion, and create new wireless industries and over 300,000 new jobs. On behalf of the American people, you received a check for $7.7 million from the FCC today.

- **Promoting the connection of every classroom, library, hospital and clinic** to the NII by the year 2000. You and Vice President Gore have set this goal and challenged the private sector to help your Administration make it a reality. This challenge has already motivated communities across the country to form partnerships between the private sector and government to meet this goal.

- **Increasing access to government information** by putting the White House and other Federal agencies "on-line." Using Internet, Americans can now send e-mail to you, Vice President Gore and Cabinet officials, take a virtual tour of the White House, and access thousands of White House and Federal agency documents. Over 10,000 people access the White House electronic information server every day.

- **Fostering use of information technologies by**: developing and transferring to industry advanced generic computing and information technologies; holding a series of nation-wide hearings to discuss the future of universal service; and proposing policies on in areas such as standards and intellectual property rights that must be resolved to promote private investment and competition in the creation and delivery of new applications.

- **Advancing a Global Information Infrastructure.** With the Vice President's speech in Buenos Aires in March, 1994, your Administration began a global dialog about the future course of information technologies around the world. At your request, the Group of Seven nations met this February in Brussels for a special ministerial on information technologies. With this ministerial, a series of other conferences, multi-lateral and bi-lateral discussions, and the recent release of the U.S. GII: Agenda for Cooperation, your Administration has demonstrated U.S. leadership and commitment and accelerated international cooperation in developing a GII that connects the world's communities.

- Working with Congress to reform the Communications Act of 1934. By promoting competition between telephone companies and cable companies and eliminating outdated regulations, this legislation will lower prices for services, give customers more choice, and accelerate private sector investment in the information superhighway. This month the Senate Commerce Committee voted out a comprehensive telecommunications deregulation bill and the issue is under discussion in the House. The Senate bill raises a number of concerns, including:

  Cable rate regulation -- the legislation would excessively deregulate cable programming rates, by stating that such rates would be "unreasonable" if they "substantially exceed the national average rate for comparable programming services." More than 90% of consumers who subscribe to expanded cable services could see significant, and unrestrained, rate increases.

  Removal of Telco-Cable anti-buyout restriction -- permitting widespread mergers between telephone companies and cable companies would destroy the likelihood of facilities-based competition between these monopoly service providers and any attendant consumer benefits.

  Foreign ownership -- the legislation ignores the Executive branch role in determining whether Section 310 (B) foreign ownership restrictions should be lifted for a particular country.

  Mandating price cap regulation -- Your Administration believes that price caps, or similar incentives, are superior to conventional rate of return regulation. Federalism suggests that States should have the flexibility to explore which forms of regulation best protect consumers, improve efficiency, and encourage development of the NII.

  Broadcasting -- Your Administration is concerned with the provision to double the license term for broadcasters from five to ten years. This would seriously weaken the FCC's ability to enforce a broadcaster's obligation to serve in the public interest. We are also concerned with a provision that would grant broadcasters' ability to use existing spectrum for purposes other than broadcasting.

  Local competition -- The bills list of preconditions for local competition must be strengthened to include assessment by the Justice Department of the state of competition prior to entry of a Regional Bell Operating Company in to long distance.

<u>Relevance to the South</u>

Over the past decade, the South has experienced strong growth in information technology-related sectors. Industry leaders such as Southwestern Bell and Cable News Network are headquartered in the South and have contributed greatly to the region's employment base and economic growth. In addition, companies in other sectors, such as NationsBank and Federal

Express, have used information technologies to dominate national and international markets and create U.S. jobs. Opportunity that information technologies and access to the information superhighway can bring, however, is not evenly enjoyed by all Southern communities. The Administration is working to ensure that those who often are left out of the economic mainstream have the information infrastructure they need to build long-term, successful economic futures. A key initiative created by the Administration to help accomplish this goal is the NII grants program (TIIAP). Under this program the Administration has awarded competitive, matching grants to promote access to the information superhighway. Grants recipients include:

- The Savannah-Chatham School District in Savannah, Georgia, which is working with two school districts in California to use teleconferencing, video on demand, and delivery of interactive multimedia courses to improve their educational resources and transform teaching methods.

- The State of North Carolina, which is linking physicians in rural hospitals with major medical centers in the state to provide video teleconsults and to transfer high-resolution diagnostic images for emergency care.

- The Indian River County School District in Florida, which is expanding its community-based education reform. Parents, teachers, and students will have access to the Florida Instructional and Research Network and the Internet.

COMMUNITY EMPOWERMENT

REBUILDING DISTRESSED COMMUNITIES -- BARRIERS TO REVITALIZATION

- While America's great cities and distressed rural communities fell into disrepair in the 1980s, Washington ignored their fate.

- Private enterprise has abandoned these distressed areas, leaving young people with few job prospects and declining hopes. Yet we know that the federal government alone cannot solve these problems.

THE CLINTON ADMINISTRATION'S COMMUNITY EMPOWERMENT POLICIES FOCUS ON HELPING PEOPLE HELP THEMSELVES

Within two years of assuming office, the President won passage of legislation to create Empowerment Zones and Enterprise Communities, a network of Community Development Banks and Financial Institutions (CDBFIs), and proposed final Community Reinvestment Act (CRA) regulations. The Clinton Administration also has launched initiatives that will promote economic opportunity and job growth in distressed communities.

COMMUNITY EMPOWERMENT STRATEGY

EMPOWERMENT ZONES (EZ) AND ENTERPRISE COMMUNITIES (EC)
Thirteen years after the first federal enterprise zone legislation was introduced, President Clinton's Empowerment Zones/Enterprise Community initiative became law.

- The President's initiative includes $2.5 billion in tax incentives and $1.3 billion in flexible grants to spur local communities to address barriers to economic growth.

- Over 500 communities across America took up the "EZ" challenge, submitting strategic plans for revitalizing their communities. Last December, President Clinton and Vice President Gore announced 105 winners -- nine urban and rural EZs, two supplemental zones, and 95 ECs, four of which received enhanced awards.

- The private/public partnerships that have developed as a result of the EZ/EC application process will be a force for change far into the future. In Detroit, for example, more than $2 billion in private-sector commitments have been pledged. And Baltimore's plan leverages $8 in outside resources for every $1 of federal funds.

COMMUNITY DEVELOPMENT BANKS AND FINANCIAL INSTITUTIONS The CDBFI Act fulfills the President's campaign promise to create a network of community development banks and financial institutions. Their primary mission is to lend, invest, and provide basic banking services in low- and moderate-income communities. This initiative will encourage the private sector to work in places it has not gone before.

- With $125 million already appropriated for 1995, and $500 million requested in the President's Budget over four years, the CDBFI Act will provide matching capital and other assistance to create and expand new and existing Community Development Banks and Financial Institutions.

- When fully leveraged with private capital, the CDBFI program will create nearly **$5 billion in new investments in low and moderate income communities.**

- The initiative will provide as many as 40,000 loans to entrepreneurs, expanding businesses, homeowners, and others who might not otherwise be able to obtain credit.

COMMUNITY REINVESTMENT ACT After hearing from banks and communities, the President issued a directive to reform CRA, the 1977 law to prevent bank redlining.

- **Performance, Not Paperwork.** Under the new regulations, banks will be **judged on performance** -- actual lending, investments, and basic banking services -- rather than paperwork. Reform will unleash billions in new credit to low- and moderate income communities.

- **Streamlined Process.** To reduce unnecessary regulatory burdens, a streamlined examination process will apply to about 80% of all banks and S&Ls.

OTHER EMPOWERMENT INITIATIVES Clinton Administration initiatives are moving millions in new private capital into underserved communities.

- The Administration permanently extended the **Low-Income Housing Tax Credit** and the **Mortgage Revenue Bond program** to encourage private investors to build affordable housing and to help first-time homebuyers.

- Up to 15 new **SBA One-Stop Capital Shops** will distribute $3 billion in loans and investment for small and minority business over the next five years.

- **Capital Gains Rollover and Exclusion** -- To encourage capital investment in small and minority-owned business, the President signed legislation to provide capital gains tax relief for investments in certain venture capital companies.

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ECONOMIC PROGRESS IN ALABAMA 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 Alabama after the first 2 years of the Clinton Administration:

Improved Economic Conditions in Alabama:

- The unemployment rate has dropped from 7.3% to 5.6%.
- 25% more new jobs **per year** -- 35,950 vs. 28,750 average during the previous 4 years. In 2 years, Alabama has added 71,900 total jobs, after adding 115,000 during the previous 4 years combined.
- 53% more new private sector jobs **per year** -- 34,200 vs. 22,400 average during the previous 4 years. In 2 years, Alabama has added 68,400 private sector jobs, after adding 89,600 during the previous 4 years combined.
- 6,100 new manufacturing jobs added in 2 years -- after almost no growth during the previous 4 years combined.
- New business incorporations have increased 4%.
- The Help Wanted Index has increased 41%.
- Business failures have dropped 19%.
- Home sales have increased 8%.
- Bankruptcy filings have dropped 11% **per year** -- after increasing 8% **per year** during the previous 4 years.

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

$10,000 OF REDUCED FEDERAL DEBT FOR EVERY FAMILY OF FOUR IN ALABAMA: By 1998, the national debt will be **$708.4 billion** lower than was projected before the passage of the President's economic plan. That's about $10,000 of reduced federal debt for each family of four in Alabama.

26 TIMES MORE ALABAMA FAMILIES RECEIVE A TAX CUT THAN A TAX INCREASE: As a result of the expanded Earned Income Tax Credit, 374,672 working families in Alabama will receive a tax cut. This compares to an increase in the income tax rate for only the 14,449 wealthiest taxpayers in Alabama.

TAX CUT FOR 17,939 SMALL BUSINESSES IN ALABAMA: The President helped entrepreneurs, proprietors, and other small businessmen and women by expanding the annual expensing allowance from $10,000 to $17,500. About 17,939 small businesses in Alabama are likely to benefit from the expansion of the expensing allowance this year alone *and many more will benefit over the coming years.*

629,000 ALABAMA 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 629,275 workers in Alabama, and protects the jobs of 37,803 workers in Alabama who are likely to use unpaid leave this year alone.

159,000 STUDENTS AND FORMER STUDENTS IN ALABAMA WILL BE ABLE TO BENEFIT FROM STUDENT LOAN REFORMS: Approximately 159,000 Alabama borrowers -- 111,300 current borrowers and 47,700 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 ARKANSAS 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 Arkansas after the first 2 years of the Clinton Administration:

Improved Economic Conditions in Arkansas:

• The unemployment rate has dropped from 6.6% to 5.3%.

• 70% more new jobs **per year** -- 41,450 vs. 24,450 average during the previous 4 years. In 2 years, Arkansas has added 82,900 total jobs, after adding 97,800 during the previous 4 years combined.

• Almost twice as many new private sector jobs **per year** -- 39,100 vs. 20,250 average during the previous 4 years. In 2 years, Arkansas has added 78,200 private sector jobs, after adding 81,000 during the previous 4 years combined.

• Almost 4 1/2 times as many new manufacturing jobs **per year** -- 11,200 vs. 2,525 average during the previous 4 years. In 2 years, Arkansas has added 22,400 manufacturing jobs, after adding 10,100 during the previous 4 years combined.

• The Help Wanted Index has increased 85%.

• Consumer confidence has increased 34%.

• Home building has increased 21%.

• Business failures have dropped by 51%.

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

$10,000 OF REDUCED FEDERAL DEBT FOR EVERY FAMILY OF FOUR IN ARKANSAS: By 1998, the national debt will be **over $600 billion** lower than was projected before the passage of the President's economic plan. That's about $10,000 of reduced federal debt for each family of four in Arkansas.

31 TIMES MORE ARKANSAS FAMILIES RECEIVE A TAX CUT THAN A TAX INCREASE: As a result of the expanded Earned Income Tax Credit, 202,759 working families in Arkansas will receive a tax cut. This compares to an increase in the income tax rate for only the 6,585 wealthiest taxpayers in Arkansas.

TAX CUT FOR 12,238 SMALL BUSINESSES IN ARKANSAS: The President helped entrepreneurs, proprietors, and other small businessmen and women by expanding the annual expensing allowance from $10,000 to $17,500. About 12,238 small businesses in Arkansas are likely to benefit from the expansion of the expensing allowance this year alone *and many more will benefit over the coming years.*

344,000 ARKANSAS 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 344,121 workers in Arkansas, and protects the jobs of 20,673 workers in Arkansas who are likely to use unpaid leave this year alone.

139,200 STUDENTS AND FORMER STUDENTS IN ARKANSAS WILL BE ABLE TO BENEFIT FROM STUDENT LOAN REFORMS: Approximately 139,200 Arkansas borrowers -- 97,400 current borrowers and 41,800 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 FLORIDA 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 Florida after the first 2 years of the Clinton Administration:

Improved Economic Conditions in Florida:

- The unemployment rate has dropped from 7.4% to 4.5%.

- Over 3 times as many new jobs **per year** -- 228,800 vs. 69,850 average during the previous 4 years. In 2 years, Florida has added 457,600 total jobs, after adding 279,400 during the previous 4 years combined.

- Over 4 times as many new private sector jobs **per year** -- 208,550 vs. 48,150 average during the previous 4 years. In 2 years, Florida has added 417,100 private sector jobs, after adding 192,600 during the previous 4 years combined.

- 2,000 new manufacturing jobs added in 2 years -- after 55,500 lost during the previous 4 years combined.

- New business incorporations have increased 5%.

- Consumer confidence has increased 8%.

- Bankruptcy filings have dropped 18% **per year** -- after increasing 24% **per year** during the previous 4 years.

- Business failures have dropped 17%.

- Home building has increased 18% and home sales have increased 23%.

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

$10,000 OF REDUCED FEDERAL DEBT FOR EVERY FAMILY OF FOUR IN FLORIDA: By 1998, the national debt will be **over $600 billion** lower than was projected before the passage of the President's economic plan. That's about $10,000 of reduced federal debt for each family of four in Florida.

10 TIMES MORE FLORIDA FAMILIES RECEIVE A TAX CUT THAN A TAX INCREASE: As a result of the expanded Earned Income Tax Credit, 895,441 working families in Florida will receive a tax cut. This compares to an increase in the income tax rate for only the 87,826 wealthiest taxpayers in Florida.

TAX CUT FOR 71,456 SMALL BUSINESSES IN FLORIDA: The President helped entrepreneurs, proprietors, and other small businessmen and women by expanding the annual expensing allowance from $10,000 to $17,500. About 71,456 small businesses in Florida are likely to benefit from the expansion of the expensing allowance this year alone *and many more will benefit over the coming years.*

2,004,000 FLORIDA 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 2,004,330 workers in Florida, and protects the jobs of 120,409 workers in Florida who are likely to use unpaid leave this year alone.

502,100 STUDENTS AND FORMER STUDENTS IN FLORIDA WILL BE ABLE TO BENEFIT FROM STUDENT LOAN REFORMS: Approximately 502,100 Florida borrowers -- 351,500 current borrowers and 150,600 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 GEORGIA 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 Georgia after the first 2 years of the Clinton Administration:

Improved Economic Conditions in Georgia:

• The unemployment rate has dropped from 6.1% to 4.4%.

• Almost 5 times as many new jobs **per year** -- 153,500 vs. 31,725 average during the previous 4 years. In 2 years, Georgia has added 307,000 total jobs, after adding 126,900 during the previous 4 years combined.

• Over 6 times as many new private sector jobs **per year** -- 140,650 vs. 22,000 average during the previous 4 years. In 2 years, Georgia has added 281,300 private sector jobs, after adding 88,000 during the previous 4 years combined.

• 35,200 new manufacturing jobs added in 2 years -- after 18,500 lost during the previous 4 years combined.

• New business incorporations have increased 12%.

• Business failures have dropped 24%.

• Home building has increased 18%.

• Bankruptcy filings have dropped 11% **per year** -- after increasing 13% **per year** during the previous 12 years.

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

$10,000 OF REDUCED FEDERAL DEBT FOR EVERY FAMILY OF FOUR IN GEORGIA: By 1998, the national debt will be **over $600 billion** lower than was projected before the passage of the President's economic plan. That's about $10,000 of reduced federal debt for each family of four in Georgia.

17 TIMES MORE GEORGIA FAMILIES RECEIVE A TAX CUT THAN A TAX INCREASE: As a result of the expanded Earned Income Tax Credit, 537,103 working families in Georgia will receive a tax cut. This compares to an increase in the income tax rate for only the 31,709 wealthiest taxpayers in Georgia.

TAX CUT FOR 33,229 SMALL BUSINESSES IN GEORGIA: The President helped entrepreneurs, proprietors, and other small businessmen and women by expanding the annual expensing allowance from $10,000 to $17,500. About 33,229 small businesses in Georgia are likely to benefit from the expansion of the expensing allowance this year alone *and many more will benefit over the coming years.*

1,180,000 GEORGIA 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 1,180,079 workers in Georgia, and protects the jobs of 70,892 workers in Georgia who are likely to use unpaid leave this year alone.

234,600 STUDENTS AND FORMER STUDENTS IN GEORGIA WILL BE ABLE TO BENEFIT FROM STUDENT LOAN REFORMS: Approximately 234,600 Georgia borrowers -- 164,200 current borrowers and 70,400 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 KENTUCKY 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 Kentucky after the first 2 years of the Clinton Administration:

Improved Economic Conditions in Kentucky:

• The unemployment rate has dropped from 6.3% to 4.8%.

• 26% more new jobs **per year** -- 38,150 vs. 30,250 average during the previous 4 years. In 2 years, Kentucky has added 76,300 total new jobs, after adding 121,000 during the previous 4 years combined.

• 42% more new private sector jobs **per year** -- 32,750 vs. 23,075 average during the previous 4 years. In 2 years, Kentucky has added 65,500 private sector jobs, after adding 92,300 during the previous 4 years combined.

• Almost 4 times as many new manufacturing jobs **per year** -- 8,900 vs. 2,300 average during the previous 4 years. In 2 years, Kentucky has added 17,800 manufacturing jobs, after adding 9,200 during the previous 4 years combined.

• New business incorporations have increased 9%.

• The Help Wanted Index has increased 41%.

• Business failures have dropped 29%.

• Bankruptcy filings have dropped 17% **per year** -- after increasing 5% **per year** during the previous 12 years.

• Home building has increased 9%.

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

$10,000 OF REDUCED FEDERAL DEBT FOR EVERY FAMILY OF FOUR IN KENTUCKY: By 1998, the national debt will be **over $600 billion** lower than was projected before the passage of the President's economic plan. That's about $10,000 of reduced federal debt for each family of four in Kentucky.

19 TIMES MORE KENTUCKY FAMILIES RECEIVE A TAX CUT THAN A TAX INCREASE: As a result of the expanded Earned Income Tax Credit, 236,592 working families in Kentucky will receive a tax cut. This compares to an increase in the income tax rate for only the 12,491 wealthiest taxpayers in Kentucky.

TAX CUT FOR 17,550 SMALL BUSINESSES IN KENTUCKY: The President helped entrepreneurs, proprietors, and other small businessmen and women by expanding the annual expensing allowance from $10,000 to $17,500. About 17,550 small businesses in Kentucky are likely to benefit from the expansion of the expensing allowance this year alone *and many more will benefit over the coming years.*

543,000 KENTUCKY 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 543,188 workers in Kentucky, and protects the jobs of 32,632 workers in Kentucky who are likely to use unpaid leave this year alone.

185,600 STUDENTS AND FORMER STUDENTS IN KENTUCKY WILL BE ABLE TO BENEFIT FROM STUDENT LOAN REFORMS: Approximately 185,600 Kentucky borrowers -- 129,900 current borrowers and 55,700 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 LOUISIANA 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 Louisiana after the first 2 years of the Clinton Administration:

Improved Economic Conditions in Louisiana:

- The unemployment rate has dropped from 7.5% to 6.7%.
- Over twice as many new jobs **per year** -- 72,700 vs. 30,875 average during the previous 4 years. In 2 years, Louisiana has added 145,400 total jobs, after adding 123,500 during the previous 4 years combined.
- Over 2 1/2 times as many new private sector jobs **per year** -- 64,100 vs. 23,250 average during the previous 4 years. In 2 years, Louisiana has added 128,200 private sector jobs, after adding 93,000 during the previous 4 years combined.
- In 2 years, Louisiana has added 5,600 total manufacturing jobs or 2,800 **per year**. During the previous 4 years combined, Louisiana added 12,900 manufacturing jobs or 3,225 **per year**.
- The Help Wanted Index has increased 85%.
- Bank lending has increased by $2.7 billion -- after dropping by $6.3 billion during the previous 4 years.
- Bankruptcy filings have dropped 38% **per year** -- after increasing 8% **per year** during the previous 12 years.
- Business failures have dropped 23%.
- Home building has increased 14%.

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

$10,000 OF REDUCED FEDERAL DEBT FOR EVERY FAMILY OF FOUR IN LOUISIANA: By 1998, the national debt will be **over $600 billion** lower than was projected before the passage of the President's economic plan. That's about $10,000 of reduced federal debt for each family of four in Louisiana.

25 TIMES MORE LOUISIANA FAMILIES RECEIVE A TAX CUT THAN A TAX INCREASE: As a result of the expanded Earned Income Tax Credit, 390,496 working families in Louisiana will receive a tax cut. This compares to an increase in the income tax rate for only the 15,672 wealthiest taxpayers in Louisiana.

TAX CUT FOR 18,281 SMALL BUSINESSES IN LOUISIANA: The President helped entrepreneurs, proprietors, and other small businessmen and women by expanding the annual expensing allowance from $10,000 to $17,500. About 18,281 small businesses in Louisiana are likely to benefit from the expansion of the expensing allowance this year alone *and many more will benefit over the coming years.*

583,000 LOUISIANA 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 582,680 workers in Louisiana, and protects the jobs of 35,004 workers in Louisiana who are likely to use unpaid leave this year alone.

201,400 STUDENTS AND FORMER STUDENTS IN LOUISIANA WILL BE ABLE TO BENEFIT FROM STUDENT LOAN REFORMS: Approximately 201,400 Louisiana borrowers -- 141,000 current borrowers and 60,400 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 MISSISSIPPI 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 Mississippi after the first 2 years of the Clinton Administration:

Improved Economic Conditions in Mississippi:

- The unemployment rate has dropped from 6.6% to 5.8%.

- Over twice as many new jobs **per year** -- 40,200 vs. 17,025 average during previous 4 years. In 2 years, Mississippi has added 80,400 total jobs, after adding 68,100 during the previous 4 years combined.

- Over twice as many new private sector jobs **per year** -- 34,150 vs. 14,800 average during previous 4 years. In 2 years, Mississippi has added 68,300 private sector jobs, after adding 59,200 during the previous 4 years combined.

- In 2 years, Mississippi has added 5,600 total manufacturing jobs or 2,800 **per year**. During the previous 4 years combined, Mississippi added 12,400 manufacturing jobs or 3,100 **per year**.

- New business incorporations have increased 27%.

- The Help Wanted Index has increased 41%.

- Bankruptcy filings have dropped 38% **per year** -- after increasing 9% **per year** during the previous 12 years.

- Business failures have dropped 40%

- Home building has increased 24%.

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

$10,000 OF REDUCED FEDERAL DEBT FOR EVERY FAMILY OF FOUR IN MISSISSIPPI: By 1998, the national debt will be **over $600 billion** lower than was projected before the passage of the President's economic plan. That's about $10,000 of reduced federal debt for each family of four in Mississippi.

50 TIMES MORE MISSISSIPPI FAMILIES RECEIVE A TAX CUT THAN A TAX INCREASE: As a result of the expanded Earned Income Tax Credit, 306,581 working families in Mississippi will receive a tax cut. This compares to an increase in the income tax rate for only the 6,082 wealthiest taxpayers in Mississippi.

TAX CUT FOR 10,718 SMALL BUSINESSES IN MISSISSIPPI: The President helped entrepreneurs, proprietors, and other small businessmen and women by expanding the annual expensing allowance from $10,000 to $17,500. About 10,718 small businesses in Mississippi are likely to benefit from the expansion of the expensing allowance this year alone *and many more will benefit over the coming years.*

333,000 MISSISSIPPI 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 332,977 workers in Mississippi, and protects the jobs of 20,003 workers in Mississippi who are likely to use unpaid leave this year alone.

124,000 STUDENTS AND FORMER STUDENTS IN MISSISSIPPI WILL BE ABLE TO BENEFIT FROM STUDENT LOAN REFORMS: Approximately 124,000 Mississippi borrowers -- 86,800 current borrowers and 37,200 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 NORTH CAROLINA 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 North Carolina after the first 2 years of the Clinton Administration:

Improved Economic Conditions in North Carolina:

• Unemployment has dropped from 5.6% to 4.6%.

• Almost 3 times as many new jobs **per year** -- 111,850 vs. 38,350 average during the previous 4 years. In 2 years, North Carolina has added 223,700 total jobs, after adding 153,400 during the previous 4 years combined.

• Almost 4 times as many new private sector jobs **per year** -- 97,500 vs. 25,125 average during the previous 4 years. In 2 years, North Carolina has added 195,000 private sector jobs, after adding 100,500 during the previous 4 years.

• 26,600 new manufacturing jobs added in 2 years -- after 28,400 lost during the previous 4 years combined.

• Consumer confidence has increased 8%.

• Bankruptcy filings have dropped 39% **per year** -- after increasing 11% **per year** during the previous 4 years.

• Business failures have dropped 25%.

• Home building has increased 18%.

• Housing sales have increased 21%.

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

$10,000 OF REDUCED FEDERAL DEBT FOR EVERY FAMILY OF FOUR IN NORTH CAROLINA: By 1998, the national debt will be **over $600 billion** lower than was projected before the passage of the President's economic plan. That's about $10,000 of reduced federal debt for each family of four in North Carolina.

21 TIMES MORE NORTH CAROLINA FAMILIES RECEIVE A TAX CUT THAN A TAX INCREASE: As a result of the expanded Earned Income Tax Credit, 524,849 working families in North Carolina will receive a tax cut. This compares to an increase in the income tax rate for only the 25,112 wealthiest taxpayers in North Carolina.

TAX CUT FOR 33,713 SMALL BUSINESSES IN NORTH CAROLINA: The President helped entrepreneurs, proprietors, and other small businessmen and women by expanding the annual expensing allowance from $10,000 to $17,500. About 33,713 small businesses in North Carolina are likely to benefit from the expansion of the expensing allowance this year alone *and many more will benefit over the coming years.*

1,250,000 NORTH CAROLINA 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 1,250,426 workers in North Carolina, and protects the jobs of 75,119 workers in North Carolina who are likely to use unpaid leave this year alone.

155,100 STUDENTS AND FORMER STUDENTS IN NORTH CAROLINA WILL BE ABLE TO BENEFIT FROM STUDENT LOAN REFORMS: Approximately 155,100 North Carolina borrowers -- 108,600 current borrowers and 46,500 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 SOUTH CAROLINA 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 South Carolina after the first 2 years of the Clinton Administration:

Improved Economic Conditions in South Carolina:

• The unemployment rate has dropped from 6.9% to 5.4%.

• Almost twice as many new jobs **per year** -- 32,500 vs. 16,500 average during previous 4 years. In 2 years, South Carolina has added 65,000 total jobs, after adding 66,000 during the previous 4 years combined.

• Almost 3 1/2 times as many new private sector jobs **per year** -- 32,750 vs. 9,525 average during previous 4 years. In 2 years, South Carolina has added 65,500 private sector jobs, after adding 38,100 during the previous 4 years combined.

• 1,100 new manufacturing jobs added in 2 years -- after 18,300 lost during the previous 4 years combined.

• The Help Wanted Index has increased 14%.

• Consumer confidence has increased 8%.

• Bankruptcy filings have dropped 12% **per year** -- after increasing 14% **per year** during the previous 4 years.

• Business failures have dropped 8%.

• Home sales have increased 10%.

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

$10,000 OF REDUCED FEDERAL DEBT FOR EVERY FAMILY OF FOUR IN SOUTH CAROLINA: By 1998, the national debt will be **over $600 billion** lower than was projected before the passage of the President's economic plan. That's about $10,000 of reduced federal debt for each family of four in South Carolina.

28 TIMES MORE SOUTH CAROLINA FAMILIES RECEIVE A TAX CUT THAN A TAX INCREASE: As a result of the expanded Earned Income Tax Credit, 306,881 working families in South Carolina will receive a tax cut. This compares to an increase in the income tax rate for only the 10,884 wealthiest taxpayers in South Carolina.

TAX CUT FOR 15,218 SMALL BUSINESSES IN SOUTH CAROLINA: The President helped entrepreneurs, proprietors, and other small businessmen and women by expanding the annual expensing allowance from $10,000 to $17,500. About 15,218 small businesses in South Carolina are likely to benefit from the expansion of the expensing allowance this year alone *and many more will benefit over the coming years.*

590,000 SOUTH CAROLINA 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 589,586 workers in South Carolina, and protects the jobs of 35,419 workers in South Carolina who are likely to use unpaid leave this year alone.

82,000 STUDENTS AND FORMER STUDENTS IN SOUTH CAROLINA WILL BE ABLE TO BENEFIT FROM STUDENT LOAN REFORMS: Approximately 82,000 South Carolina borrowers -- 57,400 current borrowers and 24,600 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.

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ECONOMIC PROGRESS IN TENNESSEE 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 Tennessee after the first 2 years of the Clinton Administration:

Improved Economic Conditions in Tennessee:

- The unemployment rate has dropped from 5.9% to 4.0%.

- Over twice as many new jobs **per year** -- 84,500 vs. 39,275 average during the previous 4 years. In 2 years, Tennessee has added 169,000 total jobs, after adding 157,100 during the previous 4 years combined.

- Over twice as many new private sector jobs **per year** -- 79,100 vs. 34,450 average during the previous 4 years. In 2 years, Tennessee has added 158,200 private sector jobs, after adding 137,800 during the previous 4 years combined.

- Over 10 1/2 times as many new manufacturing jobs **per year** -- 9,700 vs. 900 average during the previous 4 years. In 2 years, Tennessee has added 19,400 manufaturing jobs, after adding 3,600 during the previous 4 years combined.

- The Help Wanted Index has increased 41%.

- Bank lending has increased by $6.9 billion -- after dropping by $1.8 billion during the previous 4 years.

- Business failures have dropped 34%.

- Home building has increased 23%.

- Home sales have increased 23%.

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

$10,000 OF REDUCED FEDERAL DEBT FOR EVERY FAMILY OF FOUR IN TENNESSEE: By 1998, the national debt will be **over $600 billion** lower than was projected before the passage of the President's economic plan. That's about $10,000 of reduced federal debt for each family of four in Tennessee.

19 TIMES MORE TENNESSEE FAMILIES RECEIVE A TAX CUT THAN A TAX INCREASE: As a result of the expanded Earned Income Tax Credit, 384,057 working families in Tennessee will receive a tax cut. This compares to an increase in the income tax rate for only the 20,469 wealthiest taxpayers in Tennessee.

TAX CUT FOR 25,586 SMALL BUSINESSES IN TENNESSEE: The President helped entrepreneurs, proprietors, and other small businessmen and women by expanding the annual expensing allowance from $10,000 to $17,500. About 25,586 small businesses in Tennessee are likely to benefit from the expansion of the expensing allowance this year alone *and many more will benefit over the coming years.*

898,000 TENNESSEE 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 897,527 workers in Tennessee, and protects the jobs of 53,918 workers in Tennessee who are likely to use unpaid leave this year alone.

285,700 STUDENTS AND FORMER STUDENTS IN TENNESSEE WILL BE ABLE TO BENEFIT FROM STUDENT LOAN REFORMS: Approximately 285,700 Tennessee borrowers -- 200,000 current borrowers and 85,700 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 TEXAS 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 Texas after the first 2 years of the Clinton Administration:

Improved Economic Conditions in Texas:

- The unemployment rate has dropped from 7.6% to 5.1%.
- 62% more new jobs **per year** -- 247,800 vs. 152,700 average during the previous 4 years. In 2 years, Texas has added 495,600 total jobs, after adding 610,800 during the previous 4 years combined.
- 83% more new private sector jobs **per year** -- 206,650 vs. 112,925 average during the previous 4 years. In 2 years, Texas has added 413,300 private sector jobs, after adding 451,700 during the previous 4 years combined.
- Almost 12 times as many manufacturing jobs **per year** -- 20,850 vs. 1,750 average during the previous 4 years. In 2 years, Texas has added 41,700 manufacturing jobs, after adding 7,000 during the previous 4 years combined.
- New business incorporations have increased 5%.
- Consumer confidence has increased 34%.
- Bankruptcy filings have dropped 41%.
- Bank lending has increased by over $13 billion -- after declining by almost $20 billion during the previous 4 years.

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

$10,000 OF REDUCED FEDERAL DEBT FOR EVERY FAMILY OF FOUR IN TEXAS: By 1998, the national debt will be **over $600 billion** lower than was projected before the passage of the President's economic plan. That's about $10,000 of reduced federal debt for each family of four in Texas.

16 TIMES MORE TEXAS FAMILIES RECEIVE A TAX CUT THAN A TAX INCREASE: As a result of the expanded Earned Income Tax Credit, 1,441,104 working families in Texas will receive a tax cut. This compares to an increase in the income tax rate for only the 90,111 wealthiest taxpayers in Texas.

TAX CUT FOR 98,643 SMALL BUSINESSES IN TEXAS: The President helped entrepreneurs, proprietors, and other small businessmen and women by expanding the annual expensing allowance from $10,000 to $17,500. About 98,643 small businesses in Texas are likely to benefit from the expansion of the expensing allowance this year alone *and many more will benefit over the coming years.*

2,812,000 TEXAS 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 2,812,390 workers in Texas, and protects the jobs of 168,953 workers in Texas who are likely to use unpaid leave this year alone.

1.09 MILLION STUDENTS AND FORMER STUDENTS IN TEXAS WILL BE ABLE TO BENEFIT FROM STUDENT LOAN REFORMS: Approximately 1.09 million Texas borrowers -- 760,000 current borrowers and 330,000 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 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 Virginia after the first 2 years of the Clinton Administration:

Improved Economic Conditions in Virginia:

• The unemployment rate has dropped from 5.3% to 4.6%.

• Over 5 1/2 times as many new jobs **per year** -- 86,700 vs. 15,200 average during the previous 4 years. In 2 years, Virginia has added 173,400 total jobs, after adding 60,800 during the previous 4 years combined.

• Over 21 times as many new private sector jobs **per year** -- 83,650 vs. 3,950 average during the previous 4 years. In 2 years, Virginia has added 167,300 private sector jobs, after adding 15,800 during the previous 4 years combined.

• 2,900 manufacturing jobs ***LOST*** in 2 years -- after 20,200 lost during the previous 4 years combined.

• New business incorporations have increased 7%.

• Bank lending has increased by $6.5 billion -- after declining by $8.2 billion during the previous 4 years.

• Bankruptcy filings have dropped 18% **per year** -- after increasing 14% **per year** during the previous 4 years.

• Business failures have dropped 27%.

• Home building has increased 9%.

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

$10,000 OF REDUCED FEDERAL DEBT FOR EVERY FAMILY OF FOUR IN VIRGINIA: By 1998, the national debt will be **over $600 billion** lower than was projected before the passage of the President's economic plan. That's about $10,000 of reduced federal debt for each family of four in Virginia.

10 TIMES MORE VIRGINIA FAMILIES RECEIVE A TAX CUT THAN A TAX INCREASE: As a result of the expanded Earned Income Tax Credit, 332,266 working families in Virginia will receive a tax cut. This compares to an increase in the income tax rate for only the 31,689 wealthiest taxpayers in Virginia.

TAX CUT FOR 29,899 SMALL BUSINESSES IN 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 29,899 small businesses in Virginia are likely to benefit from the expansion of the expensing allowance this year alone *and many more will benefit over the coming years.*

1,050,000 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 1,050,150 workers in Virginia, and protects the jobs of 63,087 workers in Virginia who are likely to use unpaid leave this year alone.

600,800 STUDENTS AND FORMER STUDENTS IN VIRGINIA WILL BE ABLE TO BENEFIT FROM STUDENT LOAN REFORMS: Approximately 600,800 Virginia borrowers -- 420,600 current borrowers and 180,200 new borrowers in the next two 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.