UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE SECRETARY

FAX TRANSMITTAL

TO: Bill Galston

ORGANIZATION:

PHONE NUMBER:

FAX NUMBER: 456-2878

FROM: Mike Smith / Bret Scott

PHONE NUMBER: 401-2140

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MESSAGE:

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UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE UNDER SECRETARY

MEMORANDUM

To: Bo Cutter
Bill Galston
Gene Sperling

From: Marshall S. Smith Marshall S. Smith

Date: January 27, 1994

Last month's meeting on Learning and the Economy was an informative and productive discussion of the issues that effect our economy, our workplaces and our citizens. I also think it helped us begin to conceptualize ways that we can use both legislation and the bully-pulpit to try to maximize the kind of learning that can help our workers become adaptive, skilled members of the workforce, and to encourage American companies to adjust to new, global economic conditions as well.

Attached please find a copy of notes generated out of the meeting. Please feel free to comment on their accuracy, or any of the issues they raise. In addition, if I can provide any further information, please do not hesitate to call.

I will be working with Bonnie Deane, Paul Dimond and Larry Katz to devise some next steps, and will keep you apprised of any developments.

Attachment

cc: Elizabeth Cohen
Margarita Colmenares
Joe Conaty
Jack Donahue
Bonnie Deane
Paul Dimond
Alan Ginsburg
Larry Katz
Madeleine Kunin
Leslie Loble
Doug Ross

Brainstorming Session on Learning and the Economy
Meeting Notes
December 20, 1993

Relationship between learning and national competitiveness

o Need for longer term focus on learning issues.

o Need to look at importance of learning beyond national competitiveness as well.

o Needs and demands of the "new economy" versus the "old economy" -- new economy is global, highly competitive, knowledge-intensive.

o New definition "education" in the new economy -- how do new definitions and needs differ from previous conceptions of "schooling"?

o How to create a more rational, coordinated system of education, training and employment? It may be in the national interest to have a national -- not federal -- system that links these elements.

Changes in the economy and the structure and work of organizations

o Technology -- did away with organizational advantages of the old system and led to increased global activity and competition. Technology is the sector in which productivity is likely to increase the most.

o Innovation and advances in technology and industry opened the American economy; increased trade and globalization puts pressure on American companies to become efficient, innovative members of a global economy. International competition may, some feel, also make macro economic policies less effective as global conditions constrain fiscal and monetary policies.

o Changes in the economy and the nature of industry and production have contributed to changes in the attributes of successful businesses -- productivity is improved through efficient use of all resources, not just an increase in scale, as was true in the old economy.

o In the new economy, stability is generated through flexibility, which is generated either through improving productivity or cutting costs; firms often cut costs through wage adjustments.

o Opening our economic and industrial system will encounter increased opposition unless more people are able to take advantage of it.

Skill-level demands of the workplace

o GM's decision to de-skill its workforce by hiring workers with little training to perform simple operations led to a decline in its international competitiveness; other firms combined the capacity of leading edge technology with skilled workers to manipulate it.

o Central to the flexibility issue is the notion of continuous improvement -- flatter organization requires fewer and fewer thinker-managers, while it increases the need for people at the front lines who have higher order thinking skills.

o The tendency of many businesses to cut costs by cutting their workforce reduces workers' motivation to invest in themselves and their jobs because they often do not see a consistent relationship between skills and quality of work and job security.

o Training opportunities firms do provide are often firm- or task-specific, which does not necessarily help a worker become more flexible or adaptable.

Learning -- how to help people develop and adapt skills

o How can we help people who do not go on to college develop higher order thinking skills that will help them adapt to new workplaces and conditions?

o How can we get schools to use what we know about learning so as to better equip all high school graduates with critical thinking skills?
o Maintaining wage levels will require us to educate all students to standards few can meet today.

o Similar to industry, the productivity of learning needs to increase, but increased funds to stimulate that productivity are unlikely to be available.

o While some people are eager to upgrade their skills, the existing "hodgepodge" of opportunities in our system complicates access.

o Standards -- a set of entry-level skill standards common to certain fields, with more specific subsets of standards could build systemic efficiency, and guide firm investment in training, school curriculum and pedagogy, while helping people to better see the connections between knowledge and skills and their occupation. Tax breaks for industries that develop and use standards might help build such a system.

o Retraining issues -- knowledge of what it takes to get a job, or to find a new one, might provide a powerful incentive for long-term learning, especially in times of high unemployment.

Productivity of Learning

o Motivation of people to learn – need to think harder about what motivates people to work hard and take hard courses. People need to feel that investment in their education is going to make a difference in their life. Motivation comes from both "outside" and "inside" -- based on the messages people receive and the incentives they see, as well as their experiences in school and at the workplace. While we know a great deal about how to teach children learning skills such as reading and writing, by the fourth grade, many lose interest in school. Eventually, we may need higher stakes for students in order to help motivate them.

o Productivity of providers -- what incentives operate on providers to raise the achievement levels of students? How can we harness technology to increase learning productivity? How do we organize such an incentive-driven, technologically advanced system?

o Learning environment – learning takes place in school and at the workplace -- some would argue that they learned more at work than they did in school. We may be focusing on the wrong environments when looking for improvements and investments in learning.

o Policy and motivation -- in our schools (especially secondary schools) more than any other country, we send a message to students and teachers that a diploma can be earned by seat time alone -- there is no message that hard work can lead to a better life.

o Technology -- can increase productivity, but should be used to its fullest only after standards are in place to guide its use. Technology should be used to increase productivity, not cut costs. Also, working on computers can be largely isolated activities; children benefit greatly from relationships with peers and adults -- technology should be used in ways that promote, not inhibit, interaction with others. Scarce funds may not be best spent on technology, because more gains in student achievement have been show with other types of interventions/resources.

o Use of existing institutions – community organizations, libraries, families are mechanisms for continual learning. Family is the single best indicator for learning. Parents need to be seen not as adjuncts to school but as having the potential to act as teachers themselves, and as key actors in increasing educational productivity.

o Equity concerns -- children spend over 90% of their time outside of school. Children in high-poverty areas are at a considerable disadvantage to their wealthier peers in terms of neighborhood resources and activities that promote learning.

o Use of resources -- how can scarce resources best be leveraged to effect change? Are short-run pilot programs of intensive intervention more efficient and effective than long term projects? Is it better to target more resources at fewer people or to try to spread dollars widely?

Why learn?

o Issue of complacency -- for a long time, what you had was largely unconnected to what you knew -- unskilled laborers were able to afford comfortable, secure lifestyles.

o Positive incentives -- rewards for learning, need to move beyond short term concern about whether educational investment will make a difference.

What to learn?

o Learning how to learn -- need for skills and knowledge that allow people to be flexible in what they do and how they work.

o Standards -- motivate, establish a way to evaluate the system and gauge systemic efficiency. How can standards be conceptualized as goals for which people strive at all ages?

o Communication/interpersonal skills -- need for learning systems beyond your immediate school.

o Entrepreneurship -- the growth rate of existing, large companies has slowed; much growth and investment is now in small business -- what skills do students need to undertake their own ventures.

THE WHITE HOUSE

WASHINGTON

January 28, 1994

MEMORANDUM FOR BO CUTTER
BILL GALSTON
GENE SPERLING

FROM: PAUL DIMOND PD
BONNIE DEANE BD

SUBJECT: WORKFORCE, LEARNING, and the ECONOMY
--Priorities for White House and interagency collaboration--

SUMMARY: Pursuant to our previous discussions with you and the joint recommendations of Larry Katz, Jack Donohue, and Mike Smith, we propose combining -- with the full cooperation and participation of the Secretaries of Labor and Education -- the DPC/NEC work on Workforce, Learning and the Economy. The concerted effort of this group can then be focussed on three, related activities in 1994:

(i) assist in passing pending legislation with a coherent message to make 1994 the "Year of Education and Training." Passage of the pending legislation with a unified Presidential message provides the political foundation for the human capital agenda; and if the White House supports this effort fully, we will build the kind of cooperative relationship and sense of team success with the Secretaries and the Agencies that will move forward the rest of the agenda.

(ii) assist in implementing key policies to ensure that they create a whole which is larger than the sum of the parts. For example, skills standards, one-stop shopping, school-to-work, and income-contingent loans can create a consumer driven market for training if these initiatives properly reinforce each other.

(iii) assist in developing lifelong learning opportunities and motivating people to use them. We must convince the workforce of today and tomorrow to upgrade their skills, compete, and win in the global economy. At present, our policies fall short of the goals set by the Secretaries and the President to increase the skills of the American workforce. The consensus of the interagency Workforce Policy Group -- like our own informal NEC consensus -- is that real increases in Lifelong Learning may be the most promising point of leverage for improving the wages of workers, the competitiveness of firms, and living standards of families.

1) COORDINATED LEGISLATIVE ACTION TEAM. In the first quarter of 1994, the NEC, DPC and White House Legislative Affairs should play a key role in coordinating the enactment of the following authorizing legislation and securing the necessary appropriations:

- Workforce Security Act (Reemployment, Dislocated, UI, One-Stop)
- GOALS 2000: Educate America Act
- Reauthorizations with high priority changes (ESEA, Higher Ed, JTPA)
- School-to-Work
- [Welfare-to-Work]

A firm White House legislative and policy commitment, regular point of contact, a coherent theme and consistent message, and coordination with DOL and DoEd on timing in the crowded legislative calendar are essential. A regular process for meeting of legislative and policy staff from the agencies with a White House counterpart can help us to augment rather than get in each other's way. We must all keep our eyes on this legislative prize first: if we succeed in making this the Year of Education and Training, we will build a broader political and policy foundation for improving the skills of our workforce, the competitiveness of our firms, and the wages and living standards for all American families.

2) COORDINATED IMPLEMENTATION. Our initiatives center on a vision of a more effective and more responsive market for employment and skills investment. Coordinating the implementation of each of our new initiatives is essential. A small group (e.g., Bill Galston, Doug Ross, Jack Donohue, Mike Smith and Paul Dimond) could be given responsibility for identifying issues and options for review by the Secretaries and you:

-- Can we implement ATP, TRP, AARPA, DOD and other federally funded or operated R&D programs to stimulate the development of a new industry of active learning programming for pre-schoolers, youth, families and incumbent workers which can be used in the home, as well as in schools, libraries, museums, interactive learning centers, colleges, firms and the military?

-- Can we coordinate implementation of the new reemployment system, school-to-work, and welfare reform (a) to maximize the development of customer responsive, performance-driven networks for job or training advice and (b) to empower active learners to more effectively manage their own careers in a more rapidly changing, turbulent -- and rewarding -- economy?

-- Can we implement world class learning/occupational skills standards as a lever to promote continuously improving schools and active learning, as well as more effectively functioning labor markets and individual career and learning choices among incumbent workers?

-- Can we implement the reauthorization of Chapter One of ESEA [and Headstart] so that schools in poor communities work in a new way with families and firms to enable disadvantaged children, youth and young adults to become active learners -- with the habits of mind and motivation -- to meet and establish world class learning standards and to connect successfully to the rewards of work and learning opportunities in the mainstreams of the new economy?

-- Can we make income contingent loans sufficiently flexible and visible to spur far larger demand among incumbent workers and firms for lifelong learning, far higher quality providers of active learning, new arrangements for sharing learning in key competencies?

3) LIFELONG LEARNING. Our Workforce Group also concluded that lifelong learning, because of its potential high pay-off for American workers and firms in the years ahead, merits further exploration. A small interagency group (e.g., Bill Galston, Bo Cutter, Gene Sperling, Larry Katz or Jack Donohue, Doug Ross, Mike Smith, Ev Ehrlich, David Ellwood and Paul Dimond) could join with the Secretaries to brainstorm additional options to promote lifelong learning. The range of options might involve scanning tax laws, accounting standards, institutional investor information, technology policy, or urban policy--not just labor and education policy. Examples could include:

-- evaluating whether new investor disclosure and accounting requirements regarding investment in employee skills would create a more favorable climate for lifelong learning in firms

-- examining whether there are regulatory or anti-trust changes to encourage firms and workers to invest in improving skills after formal schooling ends -- e.g., through firms joining with one another or with community colleges and universities to form learning consortia to continuously upgrade the skills of incumbent workers and to share learning "credits."

-- exploring how to make better use of the time not in school or not on the job to promote continuous, active learning -- e.g., the NII, Distance Learning, the next generation of PBS and interactive learning programming.

Our working hypothesis in each of these examples is that such a new generation of levers for learning -- much like the learning and skills standards or the new customer responsive labor market tools discussed in the second section on "Coordinated Implementation" above -- may create new conditions to promote active learning in schools, workplaces and firms far more effectively than any federal program targeted directly at the school, workplace, or firm. Such an exploration may also help DOL, DoED, and Commerce continue to come together in defining their mission, programs, and inter-agency activities to serve a whole new set of lifelong learning customers from the families, workers and firms who want to manage their own pathways to success in the new economy. Finally, such an exploration needs to address what are the available and new means for persuading or encouraging opinion leaders and decision-makers, workers, firms and families to embrace a new commitment to lifelong learning at home, in school, in the firm, on the job, in the community.

UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE SECRETARY

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FAX COVER SHEET

TO: Patrick Lester

FAX: 456-2878

FROM: Britt Scott 401-2140

NUMBER OF PAGES TO FOLLOW, INCLUDING COVER SHEET: ______

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MESSAGE:

Patrick
Could you or Jeff give me a call on this
Thanks
Britt

UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE UNDER SECRETARY

THE UNDER SECRETARY

MEMORANDUM

To: Bo Cutter
Bill Galston
Gene Sperling

From: Mike Smith

Subject: Working Group on Learning and the Economy

My staff has been working with Paul Dimond and Bonnie Deane to organize a brainstorming session to discuss issues raised in your memo to Secretaries Reich and Riley on a joint Labor-Education-White House Working Group on Learning and the Economy (the original proposal is attached). The meeting would include members of the Working Group, as well as several representatives from the field.

Larry Katz, Jack Donahue, Doug Ross and I will attend with several members of our staff. Other attendees will include: Marc Tucker, President, National Center on Education and the Economy; Shep White, from Harvard University; Ray Marshall, from the Lyndon B. Johnson School of Public Policy at the University of Texas; and David Thornberg, from the Thornberg Center for Professional Development.

The meeting will take place on Monday, December 20, from 12:00 to 4:00 in room 230 at the OEOB. I hope you will be able to attend some or all of the session, and I look forward to seeing you then.

COB Wednesday
. Agenda for the year
. Projects that need crosscutting resources

Attachments

cc: Paul Dimond
Bonnie Deane

400 MARYLAND AVE., S.W. WASHINGTON, D.C. 20202-4100

cc: ODS
Billy Webster
Mike Cohen
Terry Peterson
Patti Pearson

THE WHITE HOUSE

WASHINGTON

October 27, 1993

NOV 23 PM 1993

OS/ES/CCS

MEMORANDUM FOR SECRETARY REICH AND SECRETARY RILEY

FROM: **BO CUTTER, BILL GALSTON, AND GENE SPERLING**

SUBJECT: **WORKING GROUP ON LEARNING AND THE ECONOMY**

OVERVIEW. Both of you have recommended that a crucial part of the President's agenda -- learning as the key to economic growth — needs to be elevated within the White House and throughout the country. By working together with you, we believe that we can accomplish this goal. We therefore want to meet with you to explore the formation of a joint Labor–Education–White House Working Group on **Learning and the Economy.** What follows is a tentative framework for doing this. We solicit your comments, reactions, refinements and any proposed alternatives.

PROPOSAL. We propose that the three of us work together with your designees to form a Steering Committee for the Joint Working Group on Learning and the Economy. This would create an ongoing process:

- to elevate within the White House the related learning–economy issues on which you are working

- to ensure that people at the White House are up to speed on the key issues and goals in this area

- to ensure that our best policy thinking on learning and the economy is fully integrated

- to provide a forum that you two, as well as Bob Rubin and Carol Rasco, could use to brainstorm on new ideas, to review interagency policy initiatives and to promote interagency cooperation related to learning and the economy.

We are particularly interested in looking at how learning and economic policies should be considered in view of new trends and directions in the economy. The Steering Committee would meet with the two of you on a regular basis and would be as expansive as you desire in calling Working Group meetings on the full range of related topics.

FRAME OF REFERENCE. The President, and both of you, have made clear that early childhood nurture and continuous, lifelong learning for young people, the work force, and firms will play an important role in the transition from the old mass production, cold–war economy to a new, globally competitive American economy. Key parts of the

Administration's learning agenda — such as Head Start, Goals 2000, School-to-Work, National Service, Direct/Income-Contingent Student Loans, and Adult Literacy — provide impetus for major reform of the access to and accountability for investments in education. Major training initiatives -- such as the Comprehensive Dislocated Workers program, One Stop Shopping, and Unemployment Insurance Reform -- provide a framework for a re-employment system emphasizing human capital investment and responsiveness to individual choice and consumer demand. These new initiatives all reflect a common vision of putting people first.

The tightness of the discretionary caps throughout the first term will, however, require creativity and prioritization in meeting our investment goals. We also need to determine the extent to which other federal programs and a range of state, local, and private sector initiatives may contribute to productive investment in learning. Finally, we need to explore the full potential of diverse Administration and private sector communication and technology initiatives to make learning for all a bridge for a successful crossing to the new economy.

PROCESS. The working group could be organized and proceed in three phases:

- **Initial phase of analysis and inquiry.** At the outset, the Working Group would include the Departments of Education and Labor, the NEC and DPC. Attached is a list of possible areas for inquiry and analysis. At its initial meeting with you, the Steering Committee could plan how best to proceed. Key staff from your agencies can provide research, analysis and insight; Paul Dimond, assisted by Bonnie Deane and Tom Kalil, can staff the effort for the White House. Key players from other agencies and experts from the outside may be consulted as appropriate.

- **Second stage of consensus building.** The working group could be expanded to include key players from HHS, Commerce, DOD, CEA, Treasury, OMB and OSTP with expertise on learning and the economy. Exploratory discussions could be conducted with key constituencies. This would lead to a policy vision and framework to be presented to the President, hopefully for his use in the State of the Union message.

- **Third stage of policy elaboration and outreach.** The working group could then oversee the elaboration and implementation of policy and assist in shaping the vision so that the President may lead an on-going dialogue with the American people on learning and the economy. This stage could include (1) considering any new initiatives and the connection between existing initiatives, (2) assisting in developing a series of major Presidential addresses and statements of the message by the Secretaries, and (3) using a variety of new means to engage the people in a truly interactive dialogue with the President and the Secretaries, a veritable national seminar on learning and the economy.

We believe that such a process provides a real opportunity to help the President issue an historic call on the nation to make learning the lever to empower all Americans to make the successful leap to the increasing responsibilities, opportunities, and rewards of the new economy.

I. HOW DOES LEARNING BOOST NATIONAL COMPETITIVENESS?

Which skills, which jobs: Which skills will be needed most in the new economy? What do the jobs look like? What do they pay? What do career ladders look like? What skills permit lateral transfers or reemployment in other firms?

How: Can we predict the economic effects of increasing the supply of symbolic analysts and of increasing the relevant skills of all other workers? on our standard of living? on GDP? on relative wages? Are there increasing returns to the nation for investments in learning? What kinds of learning contribute to upward mobility, innovation, productivity?

How much: Can we estimate the shares of national income which are highly dependent on high-value, continuous learning? Is learning a key to boosting service sector productivity?

II. CAN WE HELP CATALYZE A MAJOR ADVANCE IN THE PRODUCTIVITY OF LEARNING?

Institutional change: Who are the potential providers throughout the age-span: 1-5, 6-17, 17-24, 24-60+? To what extent will existing institutions (such as public schools, community colleges and universities, TV-Cable, multimedia-games) adapt to new roles and interactions? Will new institutions or partnerships evolve? Will employers invest more? How far will skills standards and Goals 2000 drive institutional reform and technology advances?

Process re-engineering: If the vast majority of time for toddlers through high school is spent away from school, how can we promote using some of the non-school time for learning? For adults, how can learning be fit into and around the daily work and home routine? Are there effective, two-generation (parent-child) and peer or other team learning approaches that will become increasingly widespread?

Technology: Are we on the cusp of a technological revolution in information, communication, entertainment and continuous learning? Can we shift the isoquant frontier for the productivity of learning at all ages? Will the National Information network allow customized, convenient and active learning for all ages?

III. EVOLUTION OF COMMUNITIES, FAMILIES, AND FIRMS.

In the old economy, we learned as kids and worked as adults. The new economy learning may demand that adults (including teachers and parents) and children play many, mutually supportive roles: teacher, learner, coach and mentor. What new partnerships are needed among families, schools, communities, and firms? How can we get parents involved in their children's learning? How can we get kids engaged in active learning? How can we catalyze firms to engage in providing training, increasing skills, and team learning for workers?

IV. FINANCING AND INCENTIVES.

Who pays: Will the government, individuals, or firms pay for more learning? Can we use federal money either to improve the incentives for or to stimulate the demand of the other parties? Are the market failures (such as the prisoner's dilemma, non-transferability, and measurement problems) exacerbated by the changes in the new economy? Should the government pay where current markets and providers fail, seek to regulate or repair the market, or seek to stimulate a larger market?

How: Can we stimulate investment demand for learning by all adults by building upon the basic framework for self-financing provided by future earnings (income-contingent learning loans) or by savings from previous work (re-employment insurance)? Can we stimulate parents, teachers, and other providers to engage all children (including adolescents) in productive learning endeavors within schools, throughout the community, and at home?

V. THE PRESIDENT'S BULLY PULPIT.

Educate firms: How can we best make the case for continuous learning on the job provided by firms (even if workers change jobs several times during their careers)?

Challenge communities: Should we create a national "Learner's challenge" competition involving firms, schools, families and individuals?

Open a direct dialogue: Are there ways to conduct an effective national seminar, led by the President and Secretaries, on learning as the means to make a successful crossing to the challenges, opportunities, and rewards of the new economy?

Forge a popular consensus: Are there ways that the President and the Secretaries can forge a popular consensus with the States, business and labor, and the American people to make learning the bridge to enable all Americans to make the successful crossing to the rewards, opportunities, and responsibilities of the new economy?

Learning and the Economy
Participant List

White House Policy Advisors and Staff
Bo Cutter, Deputy Assistant to the President, National Economic Council
Bill Galston, Deputy Assistant to the President, Domestic Policy Council
Gene Sperling, Deputy Assistant to the President, National Economic Council
Paul Dimond, Special Assistant to the President, National Economic Council
Bonnie Deane, Director to the National Economic Council

Department of Education
Mike Smith, Under Secretary
Linda Roberts, Technology Advisor
Alan Ginsburg, Deputy Assistant Secretary for Policy and Planning
Joe Conaty, Director, Office of Research

Department of Labor
Larry Katz, Chief Economist, Office of the Secretary
Jack Donahue, Assistant Secretary for Policy
Doug Ross, Assistant Secretary for Employment and Training
Leslie Loble, Special Assistant to the Secretary

Other Participants
Sheldon White, Professor, Harvard University
Marc Tucker, President, Center for Education and the Economy
Ray Marshall, Professor, Lyndon B. Johnson Graduate School of Public Policy
David Thornberg, Thornberg Center for Professional Development

Agenda

1. Discussion of issues and ideas on two page list of questions.

   o Add new areas -- -- eg. Knowledge about learning.

   o Consider how to expand the discussion of these issues.

2. Discussion of next steps:

   o Who else to consult with? Outside and inside government.

   o Government role beyond Bully pulpit?

   o FY 1996 budget?

   o Legislation??

(Take a break at 1:30 - 1:50 for those who have not had lunch)

Improve productivity of work   invest or direct?

- organization
- technology
- education & training

  * what do we do for young people who don't go on to college?

Improve productivity of learning

- raise motivation to learn
  * kids must believe they have a future
  * must realize that educ is the key to that future
- productivity of providers in schools
  * incentives
  * technology
  * organization

motivation
* internal
* external

EDUCATION AND THE NII

1. What is the National Information Infrastructure?

   - Composed of communications networks, information appliances, databases and information services, and the skills required to use it.

2. What's the opportunity?

   - Education is a $400 billion service industry conducted by primitive means

   - Productivity in the information technology sector increasing at at least 25–30 percent per year

   - Access to networked multimedia information can be a powerful tool for learning by:

     - Increasing "attentive time on task";

     - Showing transitions and motions directly;

     - Allowing students to both (a) follow main narrative of instructional materials; and (b) use it as a doorway to a world full of browsable information.

3. "Communities and schools that have met the most success in their use of technology have done so when they made sure that it was used to improve the way the entire school works, from the way that parents and teachers interact, to the way that student attendance and performance information is collected and used, to the way children work and learn together."

EDUCATIONAL APPLICATIONS OF NII

1. Classroom–to–classroom collaborative projects

   Example: The Global Lab Project links students from over 101 schools in 27 states and 17 foreign countries. All over the world, students establish environmental monitoring stations to study climate change and monitor pollutants and UV radiation. Students share the data with each other and with scientists to make comparisons, conduct analyses, and gain a global perspective.

2. Individual student research

3. Distance Learning

4. Access to educational research results

   Example: Teachers, administrators, and parents can "e–mail" an education question to "AskERIC" and get an answer within 48 hours.

5. Electronic commerce in educational materials

   "Rather than being tied to obsolete textbooks, courses point to information that is continuously updated by profit and nonprofit organizations distributed through out the NII."

6. Communities of educators

7. Greater parental involvement in education

[Source: BBN, Department of Education]

RALPH BUNCHE SCHOOL

"THE RALPH BUNCHE public school sits squarely in Harlem, surrounded by the splintered glass and concrete trappings of inner-city life. Nearby avenues echo with police sirens, blaring music, and angry shouts. But upstairs in room 409, Hamidou Diori is exploring another world altogether -- by way of electronic networks.

On the Macintosh screen before him, the 13-year-old seventh-grader maneuvers his computer mouse across a collection of icons that represent stored files and programs. With a few quick clicks, Hamidou has hooked into Internet, the sprawling electronic highway system that by a recent estimate connects more than 15 million people and thousands of universities, government offices, and businesses in 60 countries. Another click and Hamidou has called up a gopher, a kind of electronic guide. Once programmed to search for information on a given subject, it will burrow through databases and bulletin boards that are connected to Internet but reside on computers scattered around the globe.

Hamidou's goal: Find a topic for a science project on recycling. He gives the gopher a few key words; in seconds the program makes a preliminary search and flashes a list of possible sources on his screen. Soon Hamidou is scanning feisty, fact-filled messages posted on the bulletin boards by graduate students, professors, and managers in many countries, debating the merits of recycling. If those exchanges don't provide the inspiration Hamidou needs, he will float a few questions of his own across the network. "I use a whole bunch of databases," he nonchalantly tells a visitor. "You ask these people for help -- and they give it to you."

[Source: Fortune Magazine]

EXISTING INITIATIVES AT FEDERAL LEVEL

1. Department of Commerce
   - Information Infrastructure Grant program. $100 million in FY95.
2. Department of Defense:
   - DODDS (Department of Defense Dependent Schools)
3. Department of Education
   - "Star Schools" Program. $22 million grant program.
4. Department of Energy
   - Labs provide educational experiences for students and training for teachers.
5. NASA
   - On-line services such as Space-Link
6. NSF
   - Networking Infrastructure for Education, Statewide Systemic Initiative
7. TRP
   - R&D for multimedia authoring tools

POTENTIAL NEW INITIATIVES

1. Identify "content" that government can provide (e.g. put information generated by "Mission to Planet Earth" or National Biological Survey, special collections of Library of Congress on-line)

2. Establish some national goal in use of educational technology that would support "Goals 2000" (e.g. all schools on-line by date certain) -- get support for goal from Governors, teachers, private sector, etc.

3. Explore impact that Chapter 1 program has on educational software market

4. Make greater effort to transition technologies developed for Defense or HPCC (e.g. simulation, authoring tools, virtual reality, information discovery and retrieval, digital libraries) to education sector

5. Challenge private sector to develop "edutainment" software that runs on Nintendo and Sega.

6. Make use of educational technology part of professional development and teaching standards

7. Use events with Cabinet Secretaries and President to highlight "best practices" at state and local level

8. Determine whether existing programs are (a) effective; (b) funded adequately; (c) coordinated.

THE WHITE HOUSE

WASHINGTON

October 27, 1993

MEMORANDUM FOR BO CUTTER

FROM: PAUL DIMOND
BILL GALSTON

SUBJECT: **FINAL DRAFT (?)**, LEARNING AND THE ECONOMY

My cover note on the previous draft concerning the leadership of the working group stirred Gene's basic instincts. The attached draft incorporates Gene's adroit suggestions for making clear how this working group can be structured and will work to help Secretaries Reich and Riley in the White House and with the President. The modification in form and tone can help us get off to a flying start on our mission. If you agree, we're ready to transmit and to set up a meeting to discuss with the Secretaries. Let me know your thoughts. Thanks!

cc Gene Sperling

THE WHITE HOUSE

WASHINGTON

October 27, 1993

MEMORANDUM FOR SECRETARY REICH AND SECRETARY RILEY

FROM: **BO CUTTER, BILL GALSTON, AND GENE SPERLING**

SUBJECT: **WORKING GROUP ON LEARNING AND THE ECONOMY**

OVERVIEW. Both of you have recommended that a crucial part of the President's agenda -- learning as the key to economic growth -- needs to be elevated within the White House and throughout the country. By working together with you, we believe that we can accomplish this goal. We therefore want to meet with you to explore the formation of a joint Labor-Education-White House Working Group on **Learning and the Economy.** What follows is a tentative framework for doing this. We solicit your comments, reactions, refinements and any proposed alternatives.

PROPOSAL. We propose that the three of us work together with your designees to form a Steering Committee for the Joint Working Group on Learning and the Economy. This would create an ongoing process:

- to elevate within the White House the related learning-economy issues on which you are working

- to ensure that people at the White House are up to speed on the key issues and goals in this area

- to ensure that our best policy thinking on learning and the economy is fully integrated

- to provide a forum that you two, as well as Bob Rubin and Carol Rasco, could use to brainstorm on new ideas, to review interagency policy initiatives and to promote interagency cooperation related to learning and the economy.

We are particularly interested in looking at how learning and economic policies should be considered in view of new trends and directions in the economy. The Steering Committee would meet with the two of you on a regular basis and would be as expansive as you desire in calling Working Group meetings on the full range of related topics.

FRAME OF REFERENCE. The President, and both of you, have made clear that early childhood nurture and continuous, lifelong learning for young people, the work force, and firms will play an important role in the transition from the old mass production, cold-war economy to a new, globally competitive American economy. Key parts of the

Administration's learning agenda -- such as Head Start, Goals 2000, School-to-Work, National Service, Direct/Income-Contingent Student Loans, and Adult Literacy -- provide impetus for major reform of the access to and accountability for investments in education. Major training initiatives -- such as the Comprehensive Dislocated Workers program, One Stop Shopping, and Unemployment Insurance Reform -- provide a framework for a re-employment system emphasizing human capital investment and responsiveness to individual choice and consumer demand. These new initiatives all reflect a common vision of putting people first.

The tightness of the discretionary caps throughout the first term will, however, require creativity and prioritization in meeting our investment goals. We also need to determine the extent to which other federal programs and a range of state, local, and private sector initiatives may contribute to productive investment in learning. Finally, we need to explore the full potential of diverse Administration and private sector communication and technology initiatives to make learning for all a bridge for a successful crossing to the new economy.

PROCESS. The working group could be organized and proceed in three phases:

- **Initial phase of analysis and inquiry**. At the outset, the Working Group would include the Departments of Education and Labor, the NEC and DPC. Attached is a list of possible areas for inquiry and analysis. At its initial meeting with you, the Steering Committee could plan how best to proceed. Key staff from your agencies can provide research, analysis and insight; Paul Dimond, assisted by Bonnie Deane and Tom Kalil, can staff the effort for the White House. Key players from other agencies and experts from the outside may be consulted as appropriate.

- **Second stage of consensus building**. The working group could be expanded to include key players from HHS, Commerce, DOD, CEA, Treasury, OMB and OSTP with expertise on learning and the economy. Exploratory discussions could be conducted with key constituencies. This would lead to a policy vision and framework to be presented to the President, hopefully for his use in the State of the Union message.

- **Third stage of policy elaboration and outreach**. The working group could then oversee the elaboration and implementation of policy and assist in shaping the vision so that the President may lead an on-going dialogue with the American people on learning and the economy. This stage could include (1) considering any new initiatives and the connection between existing initiatives, (2) assisting in developing a series of major Presidential addresses and statements of the message by the Secretaries, and (3) using a variety of new means to engage the people in a truly interactive dialogue with the President and the Secretaries, a veritable national seminar on learning and the economy.

We believe that such a process provides a real opportunity to help the President issue an historic call on the nation to make learning the lever to empower all Americans to make the successful leap to the increasing responsibilities, opportunities, and rewards of the new economy.

I. HOW DOES LEARNING BOOST NATIONAL COMPETITIVENESS?

Which skills, which jobs: Which skills will be needed most in the new economy? What do the jobs look like? What do they pay? What do career ladders look like? What skills permit lateral transfers or reemployment in other firms?

How: Can we predict the economic effects of increasing the supply of symbolic analysts and of increasing the relevant skills of all other workers? on our standard of living? on GDP? on relative wages? Are there increasing returns to the nation for investments in learning? What kinds of learning contribute to upward mobility, innovation, productivity?

How much: Can we estimate the shares of national income which are highly dependent on high-value, continuous learning? Is learning a key to boosting service sector productivity?

II. CAN WE HELP CATALYZE A MAJOR ADVANCE IN THE PRODUCTIVITY OF LEARNING?

Institutional change: Who are the potential providers throughout the age-span: 1-5, 6-17, 17-24, 24-60+? To what extent will existing institutions (such as public schools, community colleges and universities, TV-Cable, multimedia-games) adapt to new roles and interactions? Will new institutions or partnerships evolve? Will employers invest more? How far will skills standards and Goals 2000 drive institutional reform and technology advances?

Process re-engineering: If the vast majority of time for toddlers through high school is spent away from school, how can we promote using some of the non-school time for learning? For adults, how can learning be fit into and around the daily work and home routine? Are there effective, two-generation (parent-child) and peer or other team learning approaches that will become increasingly widespread?

Technology: Are we on the cusp of a technological revolution in information, communication, entertainment and continuous learning? Can we shift the isoquant frontier for the productivity of learning at all ages? Will the National Information network allow customized, convenient and active learning for all ages?

III. EVOLUTION OF COMMUNITIES, FAMILIES, AND FIRMS.

In the old economy, we learned as kids and worked as adults. The new economy learning may demand that adults (including teachers and parents) and children play many, mutually supportive roles: teacher, learner, coach and mentor. What new partnerships are needed among families, schools, communities, and firms? How can we get parents involved in their children's learning? How can we get kids engaged in active learning? How can we catalyze firms to engage in providing training, increasing skills, and team learning for workers?

IV. FINANCING AND INCENTIVES.

Who pays: Will the government, individuals, or firms pay for more learning? Can we use federal money either to improve the incentives for or to stimulate the demand of the other parties? Are the market failures (such as the prisoner's dilemma, non-transferability, and measurement problems) exacerbated by the changes in the new economy? Should the government pay where current markets and providers fail, seek to regulate or repair the market, or seek to stimulate a larger market?

How: Can we stimulate investment demand for learning by all adults by building upon the basic framework for self-financing provided by future earnings (income-contingent learning loans) or by savings from previous work (re-employment insurance)? Can we stimulate parents, teachers, and other providers to engage all children (including adolescents) in productive learning endeavors within schools, throughout the community, and at home?

V. THE PRESIDENT'S BULLY PULPIT.

Educate firms: How can we best make the case for continuous learning on the job provided by firms (even if workers change jobs several times during their careers)?

Challenge communities: Should we create a national "Learner's challenge" competition involving firms, schools, families and individuals?

Open a direct dialogue: Are there ways to conduct an effective national seminar, led by the President and Secretaries, on learning as the means to make a successful crossing to the challenges, opportunities, and rewards of the new economy?

Forge a popular consensus: Are there ways that the President and the Secretaries can forge a popular consensus with the States, business and labor, and the American people to make learning the bridge to enable all Americans to make the successful crossing to the rewards, opportunities, and responsibilities of the new economy?

THE WHITE HOUSE

WASHINGTON

October 19, 1993

MEMORANDUM FOR BO CUTTER
BILL GALSTON
GENE SPERLING

FROM: PAUL DIMOND
BONNIE DEANE

SUBJECT: DRAFT 2, LEARNING AND THE ECONOMY

Thanks for your comments and suggestions on the first draft of the memo to the two Secretaries and attached issue list. We have tried to incorporate your suggestions and to respond to your concerns in the second draft. Let us know whether we have hit the right mark.

Please also consider the bracketed material in the first paragraph of the draft memo. Subject to other process issues with which you may be more familiar, we believe that such an approach would provide a firm basis for assuring the full support of the two Secretaries.

Bill -

I'm not sure the redraft of the issues is any more generic, but it may be organized for easier review. Thoughts?

Thanks.

Paul D

7604

THE WHITE HOUSE

WASHINGTON

October 19, 1993

MEMORANDUM FOR SECRETARY REICH AND SECRETARY RILEY

FROM: **BO CUTTER, BILL GALSTON, AND GENE SPERLING**

SUBJECT: **WORKING GROUP ON LEARNING AND THE ECONOMY**

OVERVIEW. Both of you have recommended that a crucial part of the President's agenda -- learning as the key to economic growth -- needs to be elevated within the White House and throughout the country. By working together, we believe that we can accomplish this goal. We therefore want to meet with you to explore the formation of a joint Labor–Education and White House Working Group on **Learning and the Economy** [to be co-chaired by you.] What follows is a tentative framework for doing this. We solicit your comments, reactions, refinements and any proposed alternatives.

MISSION. The joint working group would develop the policy, the message, and the means of communication to enable the President to persuade the American people and firms that continuous learning can provide many pathways for our generation to make a successful crossing to a new economy that will provide greater opportunity and prosperity for all.

FRAME OF REFERENCE. The President, and both of you, have made clear that early childhood nurture and continuous, lifelong learning for young people, the work force, and firms will play an important role in the transition from the old mass production, cold–war economy to a new, globally competitive American economy. Key parts of the Administration's learning agenda -- such as Head Start, Goals 2000, School–to–Work, National Service and Direct, Income–contingent Student Loans -- provide impetus for major reform of the access to and accountability for investments in education. Major training initiatives -- such as the Comprehensive Dislocated Workers program, One Stop Shopping, and Unemployment Insurance Reform -- provide a framework for a re–employment system emphasizing human capital investment and responsiveness to individual choice and consumer demand. These new initiatives all reflect a common vision of putting people first.

The tightness of the discretionary caps throughout the first term will, however, require creativity and prioritization in meeting our investment goals. We also need to determine the extent to which other federal programs and a range of state, local, and private sector initiatives may contribute to effective investment in learning. Finally, we need to explore the full potential of diverse Administration and private sector communication, multi–media and technology initiatives to make learning for all a better bridge for a successful crossing to the new economy.

STRUCTURE AND PROCESS. The working group could be organized and proceed in three phases:

- **Initial phase of analysis and inquiry**. At the outset, the core of the Working Group could include the Departments of Education and Labor, the NEC and DPC. Your designees (e.g., Doug Ross, Larry Katz, and Mike Smith) would join with us to form the steering committee for the working group. Key staff from your agencies can provide research, analysis and insight; Paul Dimond, Special Assistant to the President for Economic Policy, assisted by Bonnie Deane and Tom Kalil, can staff the effort for the White House. Key players from other agencies and experts from the outside may be consulted as appropriate. Attached is a list of possible areas for inquiry and analysis. The resulting analysis will provide the policy foundation for a rigorous and compelling statement of the case for learning as a key to economic growth.

- **Second stage of policy formation and consensus building**. The working group could be expanded to include key players from HHS, Commerce, DOD, CEA, Treasury, OMB and OSTP with expertise on learning and the economy. Exploratory discussions could be conducted with key constituencies. This would lead to a policy vision and framework to be presented to the President, hopefully for use by the President in his State of the Union message.

- **Third stage of policy elaboration and outreach**. The working group could then oversee the development and implementation of policy and assist in shaping the vision so that the President may lead an on-going dialogue with the American people on learning and the economy. This stage could include (1) considering any new initiatives and the connection between existing initiatives, (2) assisting in developing a series of major Presidential addresses and statements of the message by the Secretaries, and (3) using a variety of new means to engage the people in a truly interactive dialogue with the President and the Secretaries, a veritable national seminar on learning and the economy.

The objective of the working group is to determine how the President and both of you can most effectively call on the nation to join in making learning the lever to empower all Americans to make the successful leap to the increasing responsibilities, opportunities, and rewards of the new economy.

CONCLUSION. We look forward to meeting with you to discuss the potential, mission, issues, structure, and plan for a working group on learning and the economy.

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In the old economy, we learned as kids and worked as adults. The new economy learning may demand that adults (including teachers and parents) and children play many, mutually supportive roles: teacher, learner, coach and mentor. What new partnerships are needed among families, schools, communities, and firms? How can we get parents involved in their children's learning? How can we get kids engaged in active learning? How can we catalyze firms to engage in providing training, increasing skills, and team learning for workers?

ASKING THE RIGHT QUESTIONS ABOUT EDUCATION, SCHOOLING AND TRAINING?

BACKGROUND:

1. The discussion about reforming education, schooling and training in this country focusses on improving the quality of the teachers, the organization and responsiveness of the schools, and the curriculum; lowering class size; integrating more services; raising standards for teacher and student performance, etc. The focus is improving the means of schooling, education and training--whether in adding a year to head start, expanding head start to cover all eligible children, improving k-12 education or training for school-to-work, welfare-to-work, dislocated worker-to-work, or career transitions. Even those who tout choice and market mechanisms as an alternative speak primarily in terms of improving the means of schooling.

2. This focus on improving the means of production--seen as education, schooling or training--has not led to any measurable increase in the efficiency of schooling this century. Yes, we have had major increases in the numbers of students who attend K-12 and graduate from high schools in this century, as we have made schooling universal. Yes, we have made progress in providing some increased portion of eligible pre-school children with a Head Start, as funding has gone up. But all of these improvements have been incremental not exponential: as we add schools and centers for care or training, as we add teachers and providers, as we add resources, there is sometimes a proportional increase in the numbers of persons trained, schooled or nurtured.

3. Compared to virtually any other industry in the twentieth century, education has had at best minimal gains in productivity. Consider that we grow and distribute more and better food today at a lower cost with only a fraction of the farmers that tilled the land at the turn of the century. We build better products, more efficiently, on a much more customized basis, with less environmental pollution, and with far fewer workers per unit of output than at the turn of the century; and, where we are not as efficient, responsive, and effective, we lose production overseas. We have whole new industries--entertainment, information, services--barely imagined at the turn of the century. We have an increasing variety of new technologies that have revolutionized industries, old and new alike, and that are remaking our nation and the world as a new economy unfolds all around us. Yet education, training, and schooling look, act, and produce much the same way they did at the turn of the century.

THESIS:

IT'S LEARNING, STUPID!

In a Lever of Riches, Joel Mokyr begins:

> Technological creativity, like all creativity, is an act of rebellion.

We need to consider whether such an act of rebellion is essential if we are to transform the skills of all of our people. We need to consider whether we are on the cusp of a technological revolution that will enable us to choose a new direction.

Consider three, related shifts in thinking:

1. It's Learning: Let the Learning Lever Begin. It is learning--not education, training, or schooling--that is at issue. From this perspective, the major problem is that we know that every person is different and unique. If we could invent efficient and effective means of learning, therefore, we would not be satisfied just by finding the common needs of most learners. Instead, we would try to customize the means of learning to serve each learner and to allow learners to proceed at their own pace, in their own styles, including by working at learning with one another in pairs or larger groups, as well as alone. Howard Gardner, and others, have begun to speak to such a different conception.

Such a reinvented vision of learning might seem to depend on having a wide variety of tutors for virtually every learner. Yet the primary work is done by the learner, not by the tutor. As a result, we can begin to imagine a system where the learner connects up with tutors at various times, but can also do much of the work of learning on her own (or, together, with peers and parents). What would be most helpful to such a reinvented system of learning are a wide variety of levers to assist the learner (and peers, parents and tutors) along a wide variety paths to learning. We, therefore, call these new tools: Learning Levers.

2. It's technology: Let the Rebellion Begin. For such a learning revolution to succeed, of course, we will need a technological revolution as well. And, one is on the horizon if not already upon us. To date, most computers have been linear--yes-no, stringing words and bits together in a line, computing numbers, most triggered by a numerical/alphabetical keyboard or a mouse. But images, sounds, non-linear information and insights, rolling frames and stop action, interactive multi-media are all coming together. Miniaturization, compacting of data, new means of transmitting images, sound and information, and so much more are upon us. The potential for creating all variety of Learning Levers is a rebellion in the making.

3. It's Interactive Entertainment: Let The Games Begin. Finally, the smashing rebellion is that the real variety (and payoff) is not in the hardware or the systems software of Learning Levers: it's in the content, the program, the entertainment, the production of the plays and the provision for the interactions. Current estimates are that 1% of the revenues, profits, and jobs are in making the hardware, up to 4% in the systems software, and something like 95% in the content. Imagine if CD's, games, entertainment, interactive multi-media, and all manner of engaging content all came together with the revolution in technology and a revolution in learning!

As an added bonus, here is a burgeoning new industry where the U.S. has a competitive edge on the rest of the world. If the 21st Century is to be an American Century as Ben Wattenburg argues, Learning Levers could be one of the major keys to translating what he assumes is our current cultural dominance into a major economic advance. Learning Levers could become the means to revolutionize learning--for all ages--in America, and around the world. Learning could become the biggest growth industry of the new information age: non-polluting, creative, entertaining, creating thousands of new products and markets, millions of jobs, while serving the needs of learners of all ages everywhere.

So, how does such a vision inform our review of policy?

- We should explore how we can create an environment where such a revolution can proceed apace in a democratic fashion. We should make sure that Chapter I, Head Start, Apprenticeship, dislocated worker, other transitional training, and family assistance include some provision for allowing persons in need full access to Learning Levers.

- We should be cautious about betting all of our programs and dollars on improving the old means of education, training, and schooling.

- We should invest some of our programs and dollars in demonstrations of Learning Levers.

- In setting standards, we need to make sure that they are receptive to achievement through the use of learning levers

- We may need to rethink how we organize Healthy Start, Head Start, K-12, transitional training so as to be open to a greater variety of means of delivering services. States, localities, and public and private providers may all be affected dramatically.

- We may want to consider how far along such a revolution in learning may be, and what we can do to nurture it, including by creating a hospitable and rewarding intellectual property environment.

- We ought to begin planning for a major learning conversion with all variety of teachers, trainers, educators, nurturers, and other public servants.

- We should consider whether President Clinton could use his bully pulpit (and make available the existing resources of our government) to call on the private sector to make Learning Levers one of America's major contributions to the twenty-first century. For example, a national competition could be conducted annually to award the Presidential Prize for the most innovative Learning Lever for early childhood, childhood, early adolescence and adolescence, young adult and adults; for families, schools and libraries of the future, career transitions and lifelong learning; for interactive and portable learning games for the home, school, work and new, one-stop learning and career centers; etc.

Joel Mokyr documents that, over the centuries, major technological advances have provided what most economists fail to comprehend: a veritable "free lunch" in economic growth -- but only for those societies smart enough to embrace the new innovation and to withstand the inevitable dislocations as the means of production change and the pre-existing equilibrium is disrupted. Learning Levers offers our country such a Lever of Riches -- but only if we are smart enough to seek the liberating prize of learning for life for every person and bold enough to embrace the economic reward of constant personal, family, and community renewal.

ASKING THE RIGHT QUESTIONS ABOUT <u>FINANCING</u> LIFELONG LEARNING?

1. Federal financing of post-secondary education and training is now premised on a hodge-podge of programs and separate funding streams, e.g., for apprenticeship and student loans from DoEd, Job Training Partnership Act from DOL, JOBS from HHS, etc. With the exception of the revised student loan program, all are premised on the federal government (often in partnerships with the States) funding post-secondary education and training from current appropriations for grants to individuals or to providers. This means that the recipient of the education and training service is given a hand-out by current taxpayers and has no obligation to share in any resulting increase in earnings; and, given current budget constraints and competing priorities, there is virtually no room for meaningfully increasing investments in people's learning after secondary school.

2. The National Service Trust offers the beginnings of an alternative mechanism for financing education: income contingent loans to students. If structured properly under federal credit reform, the only impact on the current federal budget of such direct federal loans or guarantees is the total present value of (a) any federal subsidy in the interest rate, (b) any guarantee, and/or (c) any projected defaults on principal and interest repayments. (In addition, the direct federal loans are a debt owing to the U.S. government and, therefore, can be collected directly by IRS through withholding taxes and annual tax returns and can be subject to other collection procedures and penalties if not paid.) This means that the recipient of the education and training service financed by the federal government has an obligation to share in any resulting increase in earnings; <u>and</u> there is <u>no</u> budgetary limit on the amount of investments that the federal government may make available to <u>qualified</u> individuals who <u>choose</u> to borrow to invest in their own learning to increase their future earnings potential.

3. In a world where the means of production and the nature of work, employment, and firms are so rapidly changing, we need to find a fiscally responsible, administratively feasible, and economically sound means to finance learning for all interested persons throughout the lifespan that fits our culture and maximizes our potential. Given the lack of evidence that any particular form of post-secondary education or training is particularly well-suited to provide the necessary opportunities for meaningful learning throughout the lifespan in the turbulent decades ahead, why not empower each qualified individual to invest in his or her own future? In a nation where federal and state budget constraints do not permit government to spend more for lifelong learning, alternative means of financing must be found. Is there any better way than for the federal government to establish a means to finance the opportunity for every individual to take responsibility for investing in their own future, learning what each individual will find most rewarding through out his or her own life, and repaying that investment through a share in their own lifetime earnings?

THESIS:

Not only is it lifelong learning, stupid!
It's also stupid not to have
the primary beneficiary of learning pay for it,
particularly when no one else has as much stake in the outcome.

A Universal Personal LIFetime learning Trust could provide the means to finance lifetime learning through direct, income contingent federal loans to all interested and qualified learners. First, UPLIFT would substitute direct loans to qualified post-secondary learners at any time in their life for the plethora of current federal training and education programs and bureaucracies that seek to provide education to some for a college education and job training for a few to transition from one job to another or from welfare to a job. UPLIFT would permit the financing of <u>all</u> lifetime learning, without regard to current federal, state or local budget constraints: we could put people first by empowering them to invest in their own learning throughout their lives.

Second, UPLIFT would place the responsibility for paying for learning on those to whom it matters the most -- the learner who will get out of the education experience only what he or she puts into it. The supply of learning experiences would then be driven by what the whole host of learners demand, not what current providers offer or what any government believes is the next wave of the future. Rather than bet on the interlocking webs of firms with lifetime employment as in Japan or on the federally mandated, public-private training and central bank financing of business as in Germany, UPLIFT would encourage all of our people to invest in themselves and in our future through taking responsibility for their own learning in tens of thousands of public, private, for-profit and non-profit, on-campus and remote learning experiences throughout their lives.

Finally, in addition to stimulating demand for learning and supply of diverse learning experiences, UPLIFT would also stimulate a variety of private market alternatives to finance one or another niche in lifelong learning. Market safeguards could be included to assure some quality control: for example, requiring providers of learning experiences to disclose costs, short-term outcomes, long-term value added; sanctioning providers who misrepresent or leave a trail of participants who default on their income-contingent repayment obligations; or encouraging independent evaluation, grading, and reporting of the results of providers' services. What a shock it might be to all of our preconceptions to prove what we now only tout: that investment in human capital -- i.e., learning -- pays a market rate of return.

In sum, UPLIFT would provide a real legacy from the Clinton-Gore Administration to future generations -- the federal government using its financial muscle, with both smarts and prudence, to finance the opportunity of all persons to take responsibility for investing in their own learning for life!

Bill,

I heard a rumor that you and Bob Rubin were thinking about starting up some project involving learning and economic growth (don't worry, it's not a pervasive rumor -- I heard it from a NEC staffer). If this is true, I would love to help out in whatever way you need -- it is a subject that I have been interested in for some time. As a PMI working in Human Resources, the concept of the "learning organization" was one of the central themes of my rotations. This concept was also the focus of the Conference on the Future of the American Workplace that I worked on last spring and summer. I would love to see how this concept could be applied on a broader level and linked to economic growth.

Please give me a call if this rumor is true and I can lend a hand!