

CORPORATION
FOR NATIONAL
★ SERVICE

January 22, 1998

80TV
COPY
cc Julie Fernandes
Bill Kincaid
+ Elena + Bruce
FMI.
Diana

Dear Mr. President,

As I alerted you at Cardozo, this missive is inspired by Andrew Marvel's 17th century poem about "time's winged chariot," and by the realization that you have a little more than a thousand days left in your presidency.

*Had we but world enough, and time,
This coyness, Lady, were no crime...
But at my back I always hear
Time's winged chariot hurrying near,
And yonder all before us lie
Deserts of vast eternity.*

* * *

*Now therefore, while the youthful hue
Sits on thy skin like morning dew...
Rather at once our time devour
Than languish in his slow-chapt power.
Let us roll all our strength and all
Our sweetness up into one ball...
Thus, though we cannot make our sun
Stand still, yet we will make him run.*

As you may guess, my proposition is that the time has come for you to do everything in your power to roll all your "strength" and all your "sweetness" up into one ball. And that the time to begin trying to do that is your State of the Union address. My pitch goes beyond AmeriCorps and national service – though they are central and the reauthorization for the Corporation for National Service needs your championship in the address to Congress and months to follow. I write here not so much as an agent for AmeriCorps but, if I may be so bold, as a coach for America's future and for the next thousand days of your Presidency.

As an old civil rights hand and a veteran not only of national service, but also of the Peace Corps and higher education over the years, I see you on the brink of truly becoming the Education President, the Citizen Service President, and the President who leads us into the new millennium on the road to One America. The three themes of education, service and One America already run through your record as President and in the years before that. They are three themes that people know run deep in you. They are your special trinity.



Now is the time, in an even fuller and stronger measure, to roll your efforts in these three vital areas into one commanding vision and one unified strategy. If you succeed, the whole will be recognized as far greater than the sum of the parts. The parts are not small, but so far most people fail to see how they come together in something very powerful and fundamental.

As of now, one might predict that historians will acknowledge you as a President who, with indomitable spirit, under unprecedented continuous assault, made progress in many increments on many different fronts. If that is all you did, it would be very good. But what I imagine, and more importantly what the spirit of the nation needs, is far more – that you speak and act in these next three years so you stand tall in history as the one who in the last half of this century ushered in a truly great transformation.

Roosevelt led such a transformation in the crucible of the Great Depression. Lincoln did it in the Civil War. You can do it in our more complicated time, even though, as you have noted, it is very difficult when there is not an inescapable, galvanizing crisis.

Yet, as you know, there is a quiet crisis of the American spirit – the civic spirit that made America great. There is the slow-burning crisis of American youth – especially for the 15 million or more who lack the fundamentals for success. There is the profound crisis of American unity – of the two cities of rich and poor, and the divisions of race.

To galvanize the country for action to deal with this compound crisis, I urge you to embrace the strategy we used to organize the Presidents' Summit – which is now our strategy in the post-summit campaign for America's Promise. That is, to focus on the key problems for children and youth and work to bring together all the forces of our society, including citizen service and government at all levels, to solve these problems. And to do it by embracing and giving priority to the measurable goals set at the summit, around which America's Promise and our national service network are mobilizing people, state-by-state, and community-by-community.

The Five Summit Goals encompass the themes of good education for all, citizen service for youth and service by all young people, and common work by young and old, across all the lines that divide us, to build One America. The Goals include a healthy start and access to health care for all children, which is also needed to make America one, and for which you have also done so much.

And the overarching vision is the one you have been articulating so well – One America. It is that vision which connects the three themes. Education is the great equalizer, but to achieve One America that succeeds in self-government, it must be education in the full sense, not just in the classroom and in training for jobs. It must also be education in citizenship, in the ethic and practice of citizen service.

Morally and strategically this focus on children and youth, on their education and on service to and by youth, is the right strategy for our time. It is a common ground on which people of common sense can rally for the common good.

When Martin Luther King and Robert Kennedy were killed the goals set by the Summit were the ones they were pointing to. The nation has paid a terrible price in not achieving those goals for millions of young people who came of age in the last thirty years. If you use the Bully Pulpit of the Presidency, with all your extraordinary power of persuasion, you can make the next years the beginning of Civil Rights II.

In delivering his Dream on the steps of the Lincoln Memorial, Martin said, "We have come to this hallowed spot to remind America of the fierce urgency of now." And he spelled out our mission: "Now is the time to open the doors of opportunity for all of God's children."

The Capitol is not so hallowed a spot, but the State of the Union is the right occasion to summon up the "better angels of our nature."

You conveyed so well the essence and centrality of this vision and strategy in your from-the-heart, stirring words to the volunteers at Cardozo. You also articulated this clearly in your December interview with the New York Times, when you said your Race Initiative "needs to be seen in the context also of what I have tried to do since I got here on citizen service, the whole idea of AmeriCorps, participating in the Presidents' Summit on Service, all that." And your goal in a "larger sense," you said is, "to create an ethic of service across racial lines so that when we begin this new century and when I leave office and go off into the sunset, the typical American will have at least three opportunities for constructive engagement with people of other races – one at work, one at school, and one in community service working on common problems. So I intend to try to work to sort of integrate all that."

With the vision of One America and that strategy for education and service, and with your strong and sustained leadership, I believe you can yet bring this country together around the great, unifying national cause we need.

With respect, warmly,

A handwritten signature in black ink, appearing to read "Harris", with a stylized, sweeping underline.

Bill Kincaid

220 060B

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UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE SECRETARY

January 23, 1998

1-800-5ky gram
Pin# 1161133

Pager →

(4-703-684-9285)

NOTE TO KATIE BUTTON

FROM: LESLIE T. THORNTON

SUBJECT: YOUNG TEACHERS

Per our conversation this morning, we recommend the following great young teachers:

Our first choice:

(I've spoken with him directly)

Scott McCue - *caucasian*

Graduated from Harvard in 1996

Columbia Teachers College 1997, Masters

23 years old

First Year Teacher (began this fall) at Satellite Academy in Jamaica, Queens teaching some of the toughest highschool kids in the area including teenage parents and kids who have been kicked out of other schools.

Salary \$33,000

Went to school wanting to be a doctor but spent a lot of time at Harvard working at a after-school program in a housing project and found he really wanted to spend his life doing good, working with young people. So, he decided to be a teachers. Also directed after-school program. Parents are both lawyers in Chicago; he went to a public high school.

Lives in Queens near Jamaica

(718) 847-5874 (home number)

Our second choice/s would be any of the teachers listed on the attached sheet.

Outstanding New Teachers

Davia Franklyn

- African-American woman
- First year teacher
- undergraduate degree from Ithaca College
- Master's degree in Computers in Education from Bank Street College in NY (one of the best teacher education colleges in the country)
- Dewitt-Wallace/Reader's Digest Fund Pathways to Teaching Scholar
- teacher at the New York Lab School, an alternative public school in NYC
- teaches humanities and computer technology
- telephone 718-209-1940

Rachel Carr

- Stanford undergrad
- African-American woman
- Graduate of the Bank Street College of Education in NY (one of the best teacher education colleges in the country)
- teaches in a NYC public school
- telephone 718-857-3646

Three teachers from Cambridgeport Elementary School in Cambridge, MA
(Principal = Lynn Stewart, member of the National Commission on Teaching and America's Future. For more info on any of the following three teachers, call her at 617-349-6587) :

Sarah Fiarman

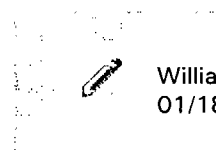
- second-year elementary school teacher
- very gifted
- white woman
- undergraduate degree from Stanford
- telephone 617-661-0538

Ben Monahan

- math/science elementary school teacher
- white man
- Dartmouth grad
- former engineer
- telephone 617-441-2911

Frederick Clark

- Asian American man
- elementary special ed teacher
- University of Massachusetts graduate
- very gifted teacher
- 617-643-9370



William R. Kincaid
01/18/98 07:20:42 PM

Record Type: Record

To: Michael Waldman/WHO/EOP

cc: Jordan Tamagni/WHO/EOP, Michael Cohen/OPD/EOP, Jose Cerda III/OPD/EOP, Leanne A. Shimabukuro/OPD/EOP

Subject: SOTU Factoid: Home alone/drugs

Here's a possible factoid for SOTU that helps illustrate the need for after-school programs:

Middle school students who stay home alone after school two or more days per week are more than twice as likely to have smoked or used alcohol in the past month, and are more than four times as likely to have used marijuana.

Source: Mulhall and Stone, Home Alone: Is it A Risk Factor For Middle School Youth and Drug Use?, Journal of Drug Education, Vol 26(1) 39-48, at 44.

	<u>Latchkey</u>	<u>Non-Latchkey</u>
Smoking/last month	14.1%	6.3%
Alcohol/last month	10.1%	3.6%
Marijuana (ever)	7.5%	1.6%

I'll send the back-up to Jordan.

UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE SECRETARY

FAX TRANSMITTAL

TO: Allison / Bill Kmcau

ORGANIZATION: _____

PHONE NUMBER: _____

FAX NUMBER: _____

FROM: Kevin Sullivan

PHONE NUMBER: _____

MESSAGE: Drug Study - I am
Navy Don Vereen and NIDA
read this to see if it stands
up - he is a drug expert.**CONFIDENTIALITY NOTICE**

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PAGES TO FOLLOW

<1>

Accession Number

Journal Article: 34-76051.

Authors

Mulhall, Peter F; Stone, Donald; Stone, Brian.

Institution

U Illinois Urbana-Champaign, Inst of Government & Public Affairs, Ctr for Prevention Research & Development, Urbana, IL, US.

Title

Home alone: Is it a risk factor for middle school youth and drug use?.

Source

Journal of Drug Education. Vol 26(1) 39-48, 1996.

Abstract

Studied the relationship between middle school/junior high students latchkey status and early experimentation and use of alcohol, tobacco, and other drugs. 636 male and female 5th-7th graders were surveyed about the frequency (number of times per week) and quantity (number of hours per day) of unsupervised after school days in an average week. Ss were also asked regarding their experiences with the "gateway" drugs, inhalants, and steroids. The survey instrument used in this study was part of a Project Drug Free questionnaire. Chi square analysis was used to test the strength of association. Results indicated that latchkey youth who were home alone 2 or more days per week were 4 times more likely to have gotten drunk in the past month than those youth who have parental supervision 5 or more times a week. Also, significant differences were observed for latchkey youth with respect to cigarette smoking, inhalants, and marijuana use. (PsycINFO Database Copyright 1997 American Psychological Assn, all rights reserved).

Key Phrase Identifiers

latchkey status, alcohol & tobacco & drug use, 5th-7th graders.

Subject Headings

*Alcohol Drinking Patterns

Adolescence

*Child Self Care

Childhood

*Drug Usage

School Age Children

*Tobacco Smoking

J. DRUG EDUCATION, Vol. 26(1) 39-48, 1996

HOME ALONE: IS IT A RISK FACTOR FOR MIDDLE SCHOOL YOUTH AND DRUG USE?*

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DONALD STONE, ED.D.

University of Illinois, Champaign

BRIAN STONE, PH.D.

Wichita State University, Kansas

ABSTRACT

This study examined the relationship between middle school/junior high student latchkey status and early experimentation and use of alcohol, tobacco, and other drugs. Students were queried about the frequency (number of times per week) and quantity (number of hours per day) of unsupervised after school days in an average week. Questions were also asked regarding their experiences with "gateway" drugs, inhalants, and steroids. Chi square analysis was used to test the strength of association. The results of this study indicated that latchkey youth (LKY) who were home alone two or more days per week were four times more likely to have gotten drunk in the past month than those youth who had parental supervision five or more times a week. Also, significant differences were observed for LKY with respect to cigarette smoking, inhalants, and marijuana use. Other findings and demographic variables were discussed as they pertain to LKY as well as suggested strategies for healthy self-care alternatives.

*This material is based upon work supported by the U.S. Office of Education under project number S-207-A-10019-92. The authors gratefully acknowledge the support provided by the schools and the assistance of Tamara Reiss, Community Relations Specialist for Project Drug Free.

The importance of understanding risk factors and the socio-cultural environment that fosters substance abuse and other problem behavior is essential for prevention and health education planning. In recent years there has been growing concern among parents, health professionals, and the media about the possible deleterious consequences of children caring for themselves after school hours [1].

The increase in the number of dual-career and single-parent families accompanied by the decrease in traditional, extended family arrangements for child care have resulted in increasing numbers of children caring for themselves (latchkey youth [LKY]) during out-of-school hours. It is estimated that approximately two to six million youth under thirteen years of age regularly care for themselves [2]. However, this estimate is considered to be relatively low due to the reluctance of some parents and students to disclose that their children are left unsupervised after school. Furthermore, this estimate may be biased in that it is relatively unclear as to what criteria define self-care in terms of the amount of time youth spend alone, whether that time is spent at home or away from home or whether older or younger siblings are present.

Unsupervised time after school of LKY has become a concern of health researchers and others since there is some evidence of a direct relationship between the number of hours spent in after-school-self-care and the risk of using alcohol, tobacco, and other drugs (ATOD) [3]. Richardson et al. found in their study of 4,932 eighth graders that LKY who took care of themselves for eleven or more hours per week were at twice the risk of ATOD use compared to non-LKY [2].

Unfortunately, there is a paucity of research concerning the effects of self-care on substance use or on other potentially dangerous behaviors by LKY; also some limited studies on LKY have reached different conclusions in regards to the specific risks involved. For instance, Long and Long found that LKY were more fearful and depressed [4]. Another study found no difference in academic achievement between LKY and those children cared for by adults [5]. Finally, a third study found no difference on measures of self-esteem, locus of control, or social competence between LKY and those at home under adult supervision [6].

During early adolescence, youth face a critical period of trial and error during which many first experiment with alcohol and drugs. Johnston, O'Malley, and Bachman reported that 45.1 percent of youth said that their first use of cigarettes occurred in the middle grades with 69.3 percent also reporting experimentation with alcohol and 28.6 percent reported using other illicit drugs (marijuana, inhalants) during these formative years [7]. Also, more and more youth are becoming sexually active, risking sexually transmitted diseases or pregnancy and the birth of unhealthy, low-birthweight babies. Furthermore, substantial numbers of American youth are becoming vulnerable to multiple high-risk behaviors and school failures [8].

Other researchers have suggested that increased adolescent drug use is associated with poorer communication within the family and that the youth who

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identify less with their parents and have less affectionate relationships with their parents are more likely to initiate substance use [9-11]. Clearly, it would appear that the more self-care, the less is the opportunity for interaction and communication with parents. However, prior studies have not thoroughly examined the relationship between self-care and use of ATOD.

METHODS

Sample

The purpose of this study was to examine the relationship between middle school student latchkey status (LKS) and early experimentation and reported use of ATOD. A sample of over 600 middle grades youth were surveyed in 1993 as part of a larger study. The participants in the study were enrolled in three different middle school districts located in both urban and rural areas in a midwestern state. Subjects were classified as LKY if they reported that they spent two or more days alone after school without adult supervision. Approximately 60 percent of the students were enrolled in grade six with the fifth and seventh grade comprising approximately equal percentages (20%). Fifty-two percent of the subjects were male and 76.8 percent were white while 14.6 percent were of African American heritage.

Approximately 62 percent of the males and 57 percent of the females indicated that they spent two or more school days alone after school in a week without adult supervision. Also, over twice as many LKY lived with either a single parent or a parent and a step-parent (see Table 1).

Approximately 43.9 percent of non-LKY lived with both parents, 31 percent with a single parent, and 40 percent with a parent and step-parent. Significant differences were obtained when analyzed by number and days spent home alone after school and by family living arrangements for LKS.

Survey Instrument

The survey instrument utilized in this study was part of a Project Drug Free questionnaire that was employed in a larger study. Part one of the instrument recorded personal information on the subjects, such as their age, sex, ethnicity, school grade, academic grades, family living arrangement, and parents' education. Also, the students were asked about the frequency (number of times per week) and quantity (number of hours per day) of unsupervised after-school days in an average week. Part two employed a drug use instrument which was modified from a validated questionnaire developed by the Institute for Health Promotion, University of Southern California and was approved by the U.S. Department of Education for this project [12]. Questions were asked regarding the subjects' experiences with "gateway" drugs (alcohol, cigarettes, and marijuana), inhalants,

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Table 1. Demographic Profile of Middle School Students (N = 636)

Variable	Percent (N = 636)	LKY Status (N = 383)	Non-LKY (N = 253)
Sex			
Male	51.7	62.2	37.8
Female	48.3	57.4	42.6
Ethnic Group			
White	76.8	58.1	43.9
African American	14.8	78.0	22.0
Other	8.8	61.1	38.9
Living Arrangement			
With both parents	58.2	58.1	43.9
With single parent	23.4	69.0	31.0
With parent and step-parent	18.4	60.5	39.5
Grade			
Fifth	18.6	52.1	47.9
Sixth	61.0	55.9	44.1
Seventh	20.4	78.0	22.0

and steroids. The survey instrument used in the larger study contained questions relating to student attitudes and knowledge of drugs as well as self-esteem, peer pressure, and perceptions of their school environment.

Study Design and Procedures

The study team made contact with the school administrators by mail and by telephone three months prior to carrying out the actual survey, explaining the objectives of the study, the purpose and utilization of the data. A copy of the questionnaire was also submitted for the school's inspection and informed consent letters were sent to the parents. All parents agreed to have their children participate in the study.

Upon approval of the school administration, the investigators went to the various school sites and met with all of the teachers involved. Strict anonymity of data utilization was assured to encourage honesty of the students' replies. All grade five-through-seven students attending school on the date of the survey participated in the study, totalling 636 subjects. All questions were read aloud and

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explained by the investigators to the subjects in an attempt to overcome any reading problems which might affect the survey results. For the purpose of this article, only the demographic information as well as the data concerning the students' drug use patterns were used in the analysis.

Statistical Analysis

Results are based on youths' responses to questions concerning their demographic characteristics, latchkey status, perceived academic performance, living arrangements, and reported drug usage. Descriptive statistics such as frequencies and percentages were calculated to summarize the responses of all the students for each survey item. Chi-square was employed to investigate any possible association between self-care arrangement and youth drug use patterns, as well as their interrelationship with different demographic variables.

RESULTS

Drug Usage

The drug of choice reported by all users regardless of LKS was alcohol (21.6%) followed by inhalants (17.3%), cigarettes (13.2%), smokeless tobacco (8.0%), marijuana (5.8%), and steroids (4.6%). Of particular interest was that 13.8 percent reported they had been intoxicated during their lifetime and 7.2 percent said they drank to intoxication in the last month.

Table 2 displays the data reported by the subjects concerning their reported drug usage by LKY status.

Alcohol Use by LKS

Combining the data into two categories by latchkey status, significant differences were obtained between the groups by alcohol use ever and within the past month ($p < .001$, $< .01$). Further analysis revealed that this relationship also was significant for both males and females. Also, when examining lifetime alcohol consumption by no usage, one to ten drinks and eleven or more times a significant difference was observed ($p < .01$). It is interesting to note that children who reported no adult supervision for five days displayed the heaviest alcohol consumption.

When examining the variable of drinking to intoxication by the categories of ever ($p < .001$), past month ($p < .001$), and by days spent home alone ($p < .001$), highly significant differences were observed. Once again, children who reported being left home alone for five days showed the highest percentage of drinking to intoxication.

Table 2. Reported Drug Use of Middle School Students
by LKY Status (N = 638)

Variable	LKY	Non-LKY	Significance
Alcohol use ever	25.7	13.1	xxx
Alcohol last month	10.1	03.6	xx
Drunk ever	18.9	05.9	xxx
Drunk past month	09.1	02.4	xxx
Marijuana use ever	07.5	01.6	xx
Marijuana use past month	04.5	00.8	xx
Inhalants ever	18.4	12.8	x
Considered using steroids	10.7	09.2	ns
Steroid use ever	04.3	02.6	ns
Cigarette use ever	15.7	09.1	x
Cigarette smoking past month	14.1	08.3	xx
Smokeless tobacco ever	07.4	07.1	ns

xxx = $p < .001$

xx = $p < .01$

x = $p < .05$

ns = nonsignificant

Inhalant and Marijuana Use by LKS

When examining if youth ever used inhalants during their lifetime, a significant difference was observed ($p < .05$) between LKY and non-LKY. Also, significant differences were found for these same youth groups for ever smoking marijuana ($p < .01$) and using marijuana in the past month ($p < .01$).

Steroid Use by LKS

No significant differences were observed with respect to steroid use between LKY and non-LKY children. However, it should be noted that a relatively small percentage of both groups reported that they had used or were considering using steroids.

Cigarette Smoking by LKS

Significant differences were observed when comparing LKY and non-LKY children on cigarette use ($p < .05$). Also, a significant difference was obtained by comparing LKY and non-LKY children by cigarettes smoked in the past month ($p < .01$).

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Smokeless Tobacco by LKS

No significant differences were observed between LKY and non-LKY children and smokeless tobacco use. Smokeless tobacco use was relatively infrequent in both groups.

Ethnic Groups and Living Arrangements by LKS

Table 3 presents the data obtained with respect to ethnic groups and days spent alone after school without adult supervision. Approximately 8 percent of the respondents were classified as "other" and were of Asian or Hispanic origin. Seventy-seven percent classified themselves as white and 15 percent as African Americans. A significant difference was obtained ($p < .001$) by LKS and ethnic group with a higher percent of African Americans reporting going without adult supervision for five days after school.

Reported School Grades by LKS

Subjects were asked to indicate their overall grade point average for the current school year. Students who responded that they were either "B" or "C" students were combined into a single category for purposes of analysis; since only a few students classified themselves as "C" students. A significant difference ($p < .01$) was obtained. Approximately 53 percent of LKY who spent five days alone after school reported that they were "D" students as compared to 23 percent of "A" students. Correspondingly, 44 percent of the non-LKY reported that they were "A" students and 34.5 percent indicated they were "D" students.

Table 3. Number of Days Alone after School by Ethnic Group and Latchkey Status ($N = 636$)

Days Alone	White (%)	African American (%)	Other (%)
Zero (non-latchkey status)	43.9	22.0	38.9
2 days	18.9	16.6	16.7
3 days	7.3	5.5	13.0
4 days	4.0	6.6	1.9
5 days	26.0	49.5	29.6

$$\chi^2 = 28.36$$

$$p < .001$$

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Table 4. Number of Days Alone after School by Self-Reported Grades
(N = 636)

Self-Reported School Grades	Zero (%) Non-LKY	2 Days (%)	3 Days (%) LKY	4 Days (%)	5 Days (%)
A	44.0	21.0	8.0	4.0	23.0
B & C	39.9	18.0	8.2	4.6	29.2
D	34.5	5.5	3.8	3.8	52.7

$$\chi^2 = 21.47$$

$$p < .01$$

DISCUSSION

In summary, significant differences were found for LKY by:

1. alcohol use in the past month, amount of alcohol consumed, and drinking to intoxication. Also, LKY were four times more likely to have gotten drunk in the past month than non-LKY
2. inhalant use, smoking marijuana ever and in the past month
3. cigarette smoking and use in the past month
4. ethnic group and self-reported school grades

Based on these findings, it would appear that LKY are at greater risk for ATOD usage and other drugs as well as exhibiting academic performance. The trend of increasing LKY is disturbing as it appears to create a climate by which children are placed at greater risk for ATOD usage at an earlier age. It is well documented that children who abuse drugs early in life are more prone to suffer serious consequences later. Several reported studies have suggested that at least some types of problem behavior of young adolescents can be associated in part to the time that youth spend without adult supervision after school [13, 14]. In this regard, Richardson et al. suggests that the following variables may mediate latchkey status and increased risk of alcohol and other drug use:

- Lack of parental supervision during crucial after-school hours
- Self-care may result in more unnoticed solitary trials and peer related trials of ATOD
- Self-care may lead youth to perceive themselves as risk takers leading to ATOD abuse
- Many LKY live in economically depressed areas where drugs are readily obtainable
- Alcohol and other drug use by parents and friends, attendance at parties, and being offered cigarettes may have a greater influence on LKY

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- Lack of homework completion and other problems in school performance. Such situations may have a negative impact such as lowering of one's self-esteem, increased absenteeism, and other negative behaviors.
- Youth who are angry, fearful, and feel that their parents are absent too much may be more likely to use ATOD than non-LKY (2).

Weaknesses in using self-reported data and the inability to more fully assess the quality of parent-child relationships in a broader social context dictate caution in drawing conclusions regarding LKY and ATOD use. Demographic trends continue to show escalating numbers of single-head household, highly mobile families who live away from grandparents and other relatives, and increasing numbers of working parents (15). Thus, prudence would suggest that we need to develop strategies for healthy self-care alternatives for our adolescents.

Such strategies could include extended after care programs at school or other community sites such as libraries, youth centers, churches, or other locations. In addition, programs developed for LKY could focus on academic enrichment, sports, fine arts, or community service projects. Such statistics can provide the opportunity for schools and communities to address these problems through a variety of school and community-based after-school or youth development programs. Supervised time after school can also provide opportunities for early adolescents to connect with positive role models and contribute to community service. A recent publication by the Carnegie Council on Adolescent Development *A Matter of Time* delineated the importance of youth development in non-school hours (16).

Finally, larger scale studies are needed to more fully assess the risk of LKY and ATOD as well as to evaluate the effectiveness of proposed or ongoing latchkey programs in the community. Furthermore, it should be noted that latchkey status represents only one variable in the matrix of factors related to middle school substance usage behavior. As such, more studies need to be conducted to fully understand the influence of parent-child relationships and their influence on ATOD usage as well as other high risk behaviors such as juvenile delinquency and criminal behavior (17).

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UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE SECRETARY

FAX TRANSMITTAL

TO BILL KINCAID

PHONE _____

FAX 456-5581FROM KEVIN SULLIVANPHONE 401-3026FAX 202-401-0596PAGE(S) TO FOLLOW 27

MESSAGE: _____

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The Role of Premarket Factors in Black-White Wage Differences

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Many attempts to measure the wage effects of current labor market discrimination against minorities include controls for worker productivity that (1) could themselves be affected by market discrimination and (2) are very imprecise measures of worker skill. The resulting estimates of residual wage gaps may be biased. Our approach is a parsimoniously specified wage equation that controls for skill with the score of a test administered as teenagers prepared to leave high school and embark on work careers or postsecondary education. Independent evidence shows that this test score is a racially unbiased measure of the skills and abilities these teenagers were about to bring to the labor market. We find that this one test score explains all of the black-white wage gap for young women and much of the gap for young men. For today's young adults, the black-white wage gap primarily reflects a skill gap, which in turn we can trace, at least in part, to observable differences in the family backgrounds

We appreciate the assistance of Jane Arabian of the Department of Defense. We also acknowledge very useful comments by Joe Altonji, Rebecca Blank, Francine Blau, Steve Cameron, Arthur Goldberger, James Heckman, Bo Honore, Joe Hotz, Larry Kahn, Alan Krueger, Bruce Meyer, Ed Olsen, Randy Olsen, Sherwin Rosen, Jon Skinner, James Smith, Steve Stern, Robert Topel, Finis Welch, and workshop participants at McMaster, NBER, Northwestern, and the Universities of Chicago, Illinois, Toronto, Virginia, and Wisconsin and anonymous referees. Neal gratefully acknowledges support by the John M. Olin Foundation both from its grant to the Center for the Study of the Economy and the State and from the Olin Faculty Fellowship. Johnson thanks the Bankard Fund for support. A substantial portion of this research was completed while Johnson was visiting the Department of Economics at the University of Chicago. Opinions and remaining errors are ours alone.

(Journal of Political Economy, 1996, vol. 104, no. 5)
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and school environments of black and white children. While our results do provide some evidence of current labor market discrimination, skill gaps play such a large role that we believe future research should focus on the obstacles black children face in acquiring productive skill.

The analysis of the black-white wage gap typically assigns some responsibility to the observable productive characteristics each group of workers brings to the labor market and treats the remaining residual of unexplained wage differences as a measure of current labor market discrimination. Most studies conclude that although differences in worker characteristics are important sources of black-white wage differentials, current labor market discrimination accounts for at least one-third to one-half of the overall gap.

In this paper we attempt to address two well-known problems that have plagued numerous previous empirical studies of black-white wage gaps. First, some do not account for the fact that many productive characteristics are endogenous and can be affected by labor market discrimination.¹ In empirical studies of black-white wage differences, researchers have included controls for characteristics such as occupation, postsecondary schooling, part-time work, marital status, geographical location, and actual labor market experience (see Corcoran and Duncan 1979; Reimers 1983; Smith and Welch 1986; O'Neill 1990; Blau and Beller 1992; Oaxaca and Ransom 1994). Since all these variables are subject to worker choice and could be contaminated by current labor market discrimination, controlling for them in wage regressions may misstate the wage effects of current discrimination.

At the same time, most studies do not adequately address the fact that, on average, blacks and whites enter the labor market with different levels of skill. Although years of school is typically used as a measure of worker skill, this variable is less than satisfactory. To begin, years of schooling is an inherently noisy measure of worker skill because it measures an input, not an outcome.² Moreover, years of school may systematically overstate the relative skill of blacks. Evidence from standardized tests indicates that black children exhibit

¹ Blinder (1973) was the first to distinguish between and to estimate structural and reduced-form wage equations in the context of discrimination. Cain's (1986) survey of the literature on estimating wage discrimination also discusses this issue.

² Because blacks receive less formal schooling than whites, it is straightforward to show that this source of measurement error creates a bias toward overstating the magnitude of the black-white wage gap.

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and white children. While our current labor market discrimination that we believe future black children face in acquiring

gap typically assigns some relative characteristics each group and treats the remaining residual as a measure of current labor market discrimination. We conclude that although different sources of black-white wage discrimination accounts for the overall gap.

Two well-known problems that empirical studies of black-white wage gaps face are the fact that many productive characteristics can be affected by labor market conditions and the possibility of black-white wage differences due to characteristics such as part-time work, marital status, labor market experience (see Corcoran and Welch 1986; O'Neill and Ransom 1994). Since the choice and could be contaminated, controlling for them the effects of current discrimination

do not adequately address the fact that the labor market with different schooling is typically used as a less than satisfactory. To be a noisy measure of worker skill and income.² Moreover, years of relative skill of blacks. Evidence that black children exhibit

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lower levels of achievement than white children in the same grade.³ As a consequence, analyses that rely on schooling as a measure of skill will likely overstate the effect of current labor market discrimination on wages and confuse the barriers that black children face in acquiring human capital with the obstacles that black adults face when they enter the labor market.

We use the National Longitudinal Survey of Youth to examine the black-white wage gap among workers in their late twenties. In our regressions, we control for a single measure of skill, the Armed Forces Qualification Test (AFQT). We argue that our approach improves on previous work in this area because the test is taken by our sample before market entry and is therefore less likely to be contaminated by worker choices or labor market discrimination. Further, as we show later on, independent studies verify that the AFQT is a racially unbiased measure of basic skills that helps predict actual job performance.

Our results can be interpreted as estimates of the portion of the overall racial wage gap attributable to human capital formation before the age of 16-18. Even though we do not observe every aspect of skill, our estimates will not overstate this portion unless blacks surpass whites in unobserved productive characteristics.

The first half of the paper presents the basic wage regressions and shows their robustness to alternative specifications or interpretations of the data. The second half of the paper explores some of the reasons black youths acquire less skill than whites. Family background variables that affect the cost or difficulty parents face in investing in their children's skill explain roughly one-third of the racial test score differential. Measures of school environment account for part of the remaining gap in test scores.

While we find some evidence of labor market discrimination, we conclude that the disadvantages young black workers now face in the labor market arise mostly from the obstacles they faced as children in acquiring productive human capital. Our analysis suggests that public policy should focus on the plight of black children in acquiring skills valued by the labor market.

I. The Basic Result

The model underlying our empirical results views the amount of human capital youths have attained by their late teens as a predetermined

³ Data from the High School and Beyond Survey of 1980 (by the National Center for Educational Statistics) show that among high school students in the same grade, mean scores for black children fall well below the means for whites on not only tests of math and verbal achievement but also tests of writing, science, and civics achievement.

and to estimate structural and discrimination. Cain's (1986) survey of 100 discusses this issue. For whites, it is straightforward to test a bias toward overstating the

mined initial condition that constrains the future path of human capital and, hence, future wages. After the late teens, further investments in human capital, work experience, and occupation are endogenous choices that affect wages but are constrained by the initial level of human capital. Therefore, using postsecondary education, experience, and occupation as regressors in a wage equation would bias our estimate of the effect of race on wages if discrimination against blacks causes them to choose jobs and training opportunities different from those chosen by whites. Instead, we look at reduced-form wage equations that include only variables that are exogenous or determined before labor market entry: ethnicity, gender, age, and test score. These reduced-form wage equations are appropriate because we are primarily interested in the total effect of race on wages after age 18, not the partial effect conditioning on endogenous covariates. We can then estimate the share of the total racial wage gap determined by the time a young person is in his or her late teens.

Ideal data for estimating the effect of labor market discrimination on black-white wage gaps could be generated by a social experiment that observes a group of identically skilled teenagers both toward the end of secondary school and later during their labor market careers. Everything relevant for wages that happens to them after secondary school could be affected by discrimination: postsecondary schooling, marriage, occupation, on-the-job learning, and so on. Under the assumption that there are no racial differences in discount rates or willingness to supply labor, the wage gaps observed during their careers would then represent the cumulative effects of labor market discrimination.

Instead of ideal experimental data, we use a sample of individuals for whom we have a good measure of skill that is not directly affected by career choices or labor market discrimination because the measurement is taken just before these workers enter the labor market or make important choices about schooling. Such a sample can be found in the National Longitudinal Surveys of Youth (NLSY), a panel data set of 12,686 young people born between 1957 and 1964.⁴ The NLSY consists of both a nationally representative cross-section sample and a supplemental sample designed to oversample blacks, Hispanics, and low-income whites. The oversamples of blacks and Hispanics represent random samples for the black and Hispanic populations. Our analysis combines the cross-section sample and the supplemental samples of blacks and Hispanics. The resulting sample contains ran-

⁴The data are described in more detail in App. table A1. A data file is available from the authors on request.

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the future path of human capital late teens, further investments and occupation are endogenous and strained by the initial level of secondary education, experience. A wage equation would bias our results if discrimination against blacks provides opportunities different from whites. At reduced-form wage equations, are exogenous or determined by gender, age, and test score. This is appropriate because we are controlling for race on wages after age 18, and endogenous covariates. We can estimate the racial wage gap determined by experience late teens.

of labor market discrimination is generated by a social experiment that led teenagers both toward the labor market and their labor market careers. This opens to them after secondary education: postsecondary schooling, experience, and so on. Under the assumption of differences in discount rates or time preferences observed during their career, the relative effects of labor market

we use a sample of individuals that is not directly affected by discrimination because the measure of experience enters the labor market before schooling. Such a sample can be found in the National Longitudinal Survey of Youth (NLSY), a panel study between 1957 and 1964.⁴ The representative cross-section sample oversample blacks, Hispanics, and Asians. The sample of blacks and Hispanics and the supplemental sample and the supplemental sample contains ran-

See table A1. A data file is available

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dom samples within racial or ethnic groups, although as groups blacks and Hispanics are overrepresented.

In 1980, the Armed Services Vocational Aptitude Battery (ASVAB) was administered to over 90 percent of the members of the NLSY panel. This is a set of 10 tests, of which a subset of four constitutes the AFQT.⁵ The military services use the AFQT for enlistment screening and scores on various parts of the entire ASVAB for job assignment within the military. When the AFQT was administered in 1980, the NLSY panel members, born between 1957 and 1964, ranged from 15 to 23 years old. The older youths in this group had already entered the labor force as full-time workers or proceeded to postsecondary education. Job experience and postsecondary education surely enhance human capital and will therefore increase test scores. If discrimination limits access to these human capital investments, then postentry discrimination contaminates the test scores. To reduce this possibility, we restrict the sample to those younger members whose schooling choices were constrained by compulsory schooling laws until at least 1978 and who likely would not have entered the labor market full-time by 1980. We analyze respondents born after 1961 who would have been 18 or younger when they took the AFQT. Most of this group had neither entered the labor market full-time nor started postsecondary schooling when they were tested.⁶ As a consequence, discrimination either in the labor market or in postsecondary education could not directly affect the test performance of blacks in this young cohort.

The results presented in the paper pertain to this younger subset of the NLSY panel, which we feel provides the cleanest estimates of residual wage gaps. However, when we estimate every specification using the full sample, we find that the implied black-white differences in the means of the conditional wage offer distributions are slightly smaller. This result is expected if discrimination adversely affects access to learning opportunities in the labor market or postsecondary

⁵ There are two different scoring systems for the AFQT. The 1980 version employs ASVAB scores from the paragraph comprehension, arithmetic reasoning, word knowledge, and numerical operations tests. The 1989 version employs the mathematics knowledge score instead of the numerical operations score. Here, we use the 1989 scoring system. In an earlier version of this paper, we reported results based on the 1980 version. In almost every specification, black-white wage gaps are slightly smaller when the 1980 version is used as a control for premarket skill. Further, the correlations between wages and the 1980 version are a little stronger for all racial groups. Nonetheless, we employ the 1989 version because the military validation studies relating to racial fairness are more exhaustive for this later version.

⁶ No respondent in this sample had completed a year of schooling beyond high school by May 1980 and less than 1 percent had even enrolled in college by this date. The AFQT was administered in the summer of 1980.

education. Then the AFQT scores of older blacks will in part reflect the consequences of discrimination.

Columns 1 and 4 of table 1 show simple regressions of log wage rates in 1990 and 1991 (when this sample was aged 26–29) on age and ethnic or racial group dummies for men and women, respectively.⁷ The coefficients on black, $-.244$ and $-.185$, are measures of the unadjusted log wage gaps between blacks and whites. We seek to explain these gaps.

Using the AFQT score as the measure of skill in the log wage regressions produces our central results, shown in columns 3 and 6 of table 1.⁸ Since panel members took the AFQT at different ages and scores clearly rise with age, we adjusted the raw AFQT score for age at the test date and also normalized the score so that the sample mean is zero and the standard deviation is one. Our normalized AFQT variable is highly significant in the wage regression and reduces the magnitude of the coefficient on black to $-.072$ for men and $.035$ for women. This test score explains nearly three-quarters of the racial wage gap for young men and all of the gap for young women. Moreover, when wage rather than $\log(\text{wage})$ is used as the dependent variable, unreported results show small statistically insignificant racial differences in wages for either sex when AFQT is included.⁹

The wage regressions in columns 3 and 6 show that the average marginal effect of a standard deviation of test score on log wages is roughly .2 for both men and women. Since the black mean test score for each sex is about a standard deviation lower than the corresponding white mean, the test score gaps account for large portions of the black-white log wage gaps of $-.18$ and $-.24$ found for women and men, respectively.

Our estimates show that when AFQT is held constant, black and Hispanic women earn more than white women. In fact, Hispanic women earn about 15 percent more, and the estimated differential is clearly statistically significant. We do not have a good explanation for this result, but we do offer two observations. First, Murnane, Willett, and Levy (1995) report a similar result when they examine

⁷ The wage variable is the log of the mean of real wages in 1990 and 1991 for workers who worked in both years and the log of the real wage in the year of employment for workers who worked in only one year. Those who worked in neither year have no wage data and are excluded from these regressions.

⁸ The square of AFQT, intended to capture deviations from log-linearity, is not significant here but is included to preserve comparability with later specifications. In a few instances, the deviation from linearity is significant.

⁹ In these regressions, similar to those in table 1, black men earn \$0.27 per hour less than white men and black women earn \$0.03 per hour more than white women, but neither difference is statistically significant.

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TABLE 1
LOG WAGE REGRESSIONS BY SEX

	MEN (N = 1,593) χ^2			WOMEN (N = 1,446) χ^2		
	(1)	(2)	(3)	(4)	(5)	(6)
Black	$-.244$ (.026)	$-.196$ (.025)	$-.072$ (.027)	$-.185$ (.029)	$-.155$ (.027)	$.035$ (.031)
Hispanic	$-.113$ (.030)	$-.045$ (.029)	$.005$ (.030)	$-.028$ (.033)	$.057$ (.031)	$.145$ (.032)
Age	$.048$ (.014)	$.046$ (.013)	$.040$ (.013)	$.010$ (.015)	$.009$ (.014)	$.023$ (.015)
AFQT	...	...	$.172$ (.012)	...	...	$.228$ (.015)
AFQT ²	...	...	$-.013$ (.011)	...	...	$.013$ (.013)
High grade by 1991	...	$.061$ (.005)	...	...	$.088$ (.005)	...
R ²	.059	.155	.168	.029	.191	.165

NOTE.—The dependent variable is the log of hourly wages. The wage observations come from 1990 and 1991. All wages are measured in 1991 dollars. If a person works in both years, the wage is measured as the average of the two wage observations. Wage observations below \$1.00 per hour or above \$75 are eliminated from the data. The sample consists of the NLSY cross-section sample plus the supplemental samples of blacks and Hispanics. Respondents who did not take the ASVAB test are eliminated from the sample. Further, 163 respondents are eliminated because the records document a problem with their test. All respondents were born after 1961. Standard errors are in parentheses.

skill-adjusted gaps among 24-year-old women.¹⁰ Second, it is possible that selection effects contaminate the estimates of racial wage gaps for women. For all women, the mean of observed wages likely overstates the mean of the wage offer distribution. If this selection effect is most acute in the minority samples, the results in table 1 will understate the wage costs of racial discrimination suffered by women. Such a result seems likely if highly skilled minority women have less non-earned income than their white counterparts.

However, since we have no direct evidence concerning the extent of selection bias in the three samples of women, we focus most of our attention on men. We present parallel results for women, but a complete analysis of the racial wage gaps observed among women remains a topic for further research.

The usual approach is to control for skill with a schooling variable. When years of schooling (in 1991 when wages are observed) is used instead of AFQT as the measure of skill (as shown in cols. 2 and 5 of table 1), it reduces the unadjusted wage gap by only one-fifth for men and only one-sixth for women.

¹⁰ Murnane et al. report a Hispanic-white wage gap of .105 among women. Their approach differs from ours not only because they look at younger workers but also because they include numerous controls for work history and family background.

Some have argued that our specification should include controls for both AFQT and either years of total schooling or years of schooling following the AFQT. We prefer the AFQT only specification for several reasons. Given AFQT, schooling measures serve as proxies for skills that either are not captured by AFQT or are acquired after the test date. In either case, schooling is an indirect measure of these skills, and it is straightforward to show that given the other controls in our specification, this source of measurement error introduces a bias toward overstating the black-white wage gap. Further, as we noted previously, this bias will be magnified if years of schooling is not only a noisy measure but also one that systematically overstates the relative skill of blacks.

Finally, in our sample, schooling completed after the AFQT is primarily schooling completed beyond the age of compulsory attendance and is therefore endogenous. Postsecondary schooling decisions are based in part on expected pecuniary returns from further educational investments, which will, in turn, be affected by patterns of discrimination in the labor market. Our goal here is not to document all the ways that discrimination might affect career paths, but instead to provide a summary measure of the effect of current labor market discrimination on wages.¹¹

Nonetheless, for completeness, we provide an Appendix table with results from three different specifications that include controls for both AFQT and measures of either total schooling or schooling completed after the AFQT.¹² Because the estimated returns to schooling conditional on AFQT are significantly greater for blacks than for whites, we estimated each of the specifications separately for blacks and whites. Then, for each specification, we formed two estimates of the black-white wage gap, one based on the sample means of observed characteristics in each sample. Our six estimates of the conditional log wage gap range from $-.054$ to $-.093$. The median of these estimates is $-.075$. Among women, the estimated black-white gaps are small conditional on these measures of education, and in five of six cases, they are statistically insignificant. So, while we prefer the specification without any schooling variables, results from the specifications that include them support our main conclusions.

It is useful to compare these results with those of other studies, many of which use different data sets and a wider range of ages than

¹¹ Separate analyses of the black and white samples show that among students with identical age-adjusted AFQT scores, blacks earn higher returns to additional schooling and, in fact, complete about two quarters more of additional post-AFQT schooling.

¹² In App. table A2, we employ (i) total grades completed by 1991, (ii) grades completed after taking the AFQT, and (iii) dummies for high school and college graduation.

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on should include controls for schooling or years of schooling. AFQT only specification for seven measures serve as proxies for AFQT or are acquired after the indirect measure of these that given the other controls measurement error introduces a wage gap. Further, as we verified if years of schooling is that systematically overstates

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les show that among students with her returns to additional schooling additional post-AFQT schooling. completed by 1991. (ii) grades completed high school and college gradu-

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we do. O'Neill's (1990) study employs the 1980 version of the AFQT as a measure of skill in wage equations on NLSY data. O'Neill derives black-white wage gaps for men between 22 and 29 years of age. Her regressions of log wages on total years of schooling, potential experience, region, and AFQT imply estimates of the residual black-white gap that range from $-.046$ to $-.101$. When she includes in her regressions additional controls for industry, occupation, and actual work experience, the black-white wage gap disappears.

All of O'Neill's specifications include controls that may be affected by current labor market discrimination.¹³ In addition, it appears that her analysis included the NLSY supplementary sample of economically disadvantaged whites. For these reasons, O'Neill's results may understate the effects of current labor market discrimination.¹⁴

Oaxaca and Ransom (1994) used Current Population Survey data on men over 25 and found a log wage gap between blacks and whites of $-.221$, which fell to $-.125$ with controls for observable characteristics. Reimers (1983) found an unadjusted log wage difference of $-.233$ in the Survey of Income and Education data on men of all ages, with an adjusted gap of $.132$. Corcoran and Duncan (1979) estimated the residual black-white wage gap for men of all ages in 1975 using an extensive list of variables from the Panel Study of Income Dynamics but could explain only 53 percent of it. Even though all these studies use many independent variables as controls, we can account for a greater portion of the unadjusted wage gap with a single measure of skill.

Cutright's (1973) study relating AFQTs for Korean War draftees to their earnings in 1964 yields results roughly similar to ours for whites, but a much lower payoff to skill for blacks. As a result, he finds that AFQT explains only a quarter of the black-white wage gap, which is a much smaller fraction than our results in table 1 suggest. The contrast between our results for 1990-91 wages and Cutright's results for 1964 is consistent with the well-documented advance in the relative wages of blacks that occurred after the civil rights legislation of the mid-1960s (see Freeman 1981; Donohue and Heckman 1991).

¹³ In O'Neill's sample, AFQT is endogenous because she includes people who were aged 19-25 when they took the test and therefore may have started postsecondary schooling or full-time work.

¹⁴ Further, O'Neill includes in her wage regressions workers who are 22-25 years of age, ages at which wage differences are likely to understate lifetime differences in earning capacity. The hypothesis that O'Neill's results understate the black-white wage gap is supported by the fact that the unadjusted wage gap is smaller in her sample than in our study and others similar to it. In related work on returns to educational quality, Maxwell (1994) also notes that, among men, controls for AFQT reduce black-white wage gaps substantially.

We now discuss possible objections to our interpretation of the results in table 1.

Is the AFQT Racially Biased?

An obvious objection to our interpretation of table 1 is that the AFQT is a racially biased test in the sense that its scores underpredict productivity or job performance for blacks compared to whites. For many tests, it would be impossible to judge the validity of such an assertion because we typically have no way of directly measuring job performance and relating it to the test scores received. However, in 1991 the National Academy of Sciences (NAS) completed an exhaustive study with the Department of Defense of the validity of the AFQT with special emphasis on the racial fairness of the test. The unique aspect of the NAS study is that job performance was measured without using either supervisor evaluations or written tests, two methods that could be seen as introducing racial bias. Instead, for several military occupational specialties, direct measures of performance on the tasks constituting the job were undertaken. As an example, the job of infantry rifleman in the Marine Corps was broken into 15 tasks and each task further divided into subtasks. Subtasks were small enough that performance could be evaluated by a (1, 0) yes-no scoring system, which ensured a high degree of consistency across evaluators. Military job experts designed a weighting system that translates the subtask scores into a composite job performance measure.¹⁵ Then these "hands-on" measures of job performance were regressed on the AFQT score of the individual at the time he or she enlisted in the military.

How well does AFQT predict military job performance? For the 23 military occupations studied, the correlations between AFQT scores and job performance ranged from .13 to .49, with a median correlation of .38.¹⁶ The more important question, however, concerns racial bias, a key issue for the NAS panel. It concluded that AFQT does not systematically underpredict black job performance relative to white performance: "for practical purposes the same regression lines predicted performance about as well for both groups" (Wigdor

¹⁵ Examples of tasks tested are land navigation, squad automatic weapons, first aid, night vision device, rifle, live fire, etc. (see Wigdor and Green 1991, vol. 1).

¹⁶ These correlations are likely to understate the correlation between AFQT and a general skill or capacity to learn a specific task because selection into military occupational specialties is accomplished in part with test scores. Hence the range of test scores for any particular job is truncated. Since AFQT is also used to select individuals into the military, any observations about racial differences in the power of AFQT to predict military job performance apply only to the individuals joining the military.

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and Green 1991, p. 179).¹⁷ If anything, test scores slightly overpredict job performance by blacks. We view the NAS findings as strong independent verification that the AFQT can be considered a racially unbiased predictor of success in acquiring new skills in the military, and we have no reason to believe that the AFQT would be a racially biased predictor of success in acquiring civilian job skills.

Do Blacks Underinvest in Skill Because the Return Is Lower?

Models of discrimination developed by Arrow (1973) and Lundberg and Startz (1983) yield discriminatory equilibria from black-white differences in the return to acquiring skill. In both models, blacks with more skill have more difficulty distinguishing themselves to employers than high-skill whites, and therefore the payoff to acquiring skill is lower for blacks. Our results in table 1 indicate that blacks and whites earn different wages in large part because they typically begin their careers with different levels of human capital. These models of discrimination highlight the possibility that black youths enter the labor market with relatively few skills simply because they anticipate that the returns from acquiring skills will be low.

We investigate this possibility in tables 2 and 3. While we have no direct evidence about the expectations of these youths, we can look for differences among blacks, whites, and Hispanics in the realized effects of AFQT scores on civilian wages. The regression equations reported in column 1 of both tables 2 and 3 include an interaction between black and AFQT. For men, there is some indication that black men fare relatively better at the high end of the AFQT distribution. For women, the opposite is true. However, for both sexes, the estimated coefficients on the interaction terms are jointly insignificant.¹⁸ The remaining results in tables 2 and 3 show the marginal effect of AFQT on log wages for each racial group. There are small, statistically insignificant black-white differences for men in table 2, and columns 2 and 3 of table 3 show that AFQT exerts an almost identical effect on the wages of black and white women. For both black and white men and women, the law of one price roughly holds for skill as measured by AFQT. Nonetheless, since the Cutright (1973) study found that the return to skill investment was lower for

¹⁷ At the mean level of black test scores, the average overprediction of black performance, in standardized units, is .15 when the job includes at least 75 blacks tested (Wigdor and Green 1991, p. 178). Overprediction also occurs on average for jobs with smaller samples of blacks.

¹⁸ Under the null hypothesis that the coefficients on both interaction terms are zero, the *F*-statistics for the male and female regressions are 2.20 and 2.17, respectively.

TABLE 2
TESTING FOR RACIAL DIFFERENCES IN THE RETURN TO AFQT: MEN

	All Races (N = 1,595) (1)	White (N = 825) (2)	Black (N = 466) (3)	Hispanic (N = 302) (4)
Black	-.107 (.035)	...	...	...
Hispanic	.003 (.029)	...	...	...
Age	.038 (.013)	.052 (.017)	.047 (.025)	-.014 (.035)
AFQT	.172 (.015)	.183 (.017)	.208 (.031)	.124 (.031)
AFQT ²	-.023 (.013)	-.018 (.015)	.031 (.025)	-.066 (.031)
Black x AFQT	.037 (.031)	...	...	...
Black x AFQT ²	.056 (.028)	...	...	...
R ²	.170	.155	.129	.074

NOTE.—The "all races" sample includes all men from the sample described in table 1. All respondents were born after 1961. Standard errors are in parentheses.

TABLE 3
TESTING FOR RACIAL DIFFERENCES IN THE RETURN TO AFQT: WOMEN

	All Races (N = 1,446) (1)	White (N = 726) (2)	Black (N = 428) (3)	Hispanic (N = 292) (4)
Black	.079 (.037)	...	...	...
Hispanic	.137 (.034)	...	...	...
Age	.023 (.015)	.017 (.022)	.015 (.024)	.055 (.030)
AFQT	.212 (.019)	.189 (.030)	.223 (.029)	.202 (.030)
AFQT ²	.031 (.016)	.059 (.025)	-.039 (.030)	-.025 (.029)
Black x AFQT	-.011 (.038)	...	...	...
Black x AFQT ²	.071 (.037)	...	...	...
R ²	.168	.137	.166	.154

NOTE.—The "all races" sample includes all women from the sample described in table 1. All respondents were born after 1961. Standard errors are in parentheses.

2 THE RETURN TO AFQT: MEN

	Black (N = 466) (3)	Hispanic (N = 302) (4)
...	...	...
...	...	...
52	.047	-.014
(17)	(.025)	(.035)
35	.208	.124
(17)	(.031)	(.051)
8	.031	-.066
(5)	(.025)	(.031)
...	...	...
...	...	...
5	.129	.074

Sample described in table 1. All respondents were born

THE RETURN TO AFQT: WOMEN

	Black (N = 428) (3)	Hispanic (N = 292) (4)
...	...	...
...	...	...
...	.015	.055
...	(.024)	(.030)
...	.223	.202
...	(.029)	(.030)
...	-.039	-.025
...	(.030)	(.029)
...	...	...
...	...	...
...	.166	.154

Sample described in table 1. All respondents were

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blacks in 1964, we cannot rule out the possibility that the young black adults in the NLSY or their parents expected lower returns to skill when they chose levels of investment. Our data cannot address this issue.

Although Hispanic women earn returns to AFQT that resemble the returns for black and white men and women, it is puzzling that Hispanic men earn substantially lower returns. We do not have an explanation for this result, but we can report that our estimate of the conditional black-white wage gap changes little when we drop Hispanics from the sample.

What about the Labor Market Dropouts?

The work of Butler and Heckman (1977) and Brown (1984) has alerted labor economists to the importance of considering differences in labor force participation by race when estimating wage differences. Since market wages for nonparticipants are not observed, they are typically dropped from standard wage equations (as they were from the regressions reported in tables 1, 2, and 3). In the male sample, labor market dropouts are disproportionately black and are likely to have relatively low wage offers. Figure 1 shows that, at most levels of AFQT, labor force participation rates for black men are lower than the rates for white men.¹⁹ The exclusion of nonparticipants could understate the effect of race on the mean of the male wage offer distribution. One way to address the selection problem is to model the labor force participation decision explicitly and estimate a structural model of wage offers and participation. However, the difficulty of identifying such a model led us to consider other approaches.²⁰

We cannot make inferences about the wage offer distribution without some assumption concerning the wage offers of nonparticipants. Suppose that all nonparticipants have wage offers below the median offer made to workers with comparable skills. In this case, we can estimate medians of conditional log wage offer distributions by assigning nonparticipants an arbitrarily low wage.²¹ Under the addi-

¹⁹ A participant is defined as someone who reported in either 1990 or 1991 that he or she had worked at some time since the last NLSY interview. Interviews are about a year apart. This definition is not the same as the Current Population Survey definition, which is whether one worked last week. Our measure will, of course, yield higher rates of participation.

²⁰ Identification is achieved in such models with either exclusion restrictions or assumptions about the functional form of the error term. Exclusion restrictions are problematic in the case of male workers because it is difficult to conceive of a variable that affects participation but does not affect the market wage.

²¹ We do not pursue a similar strategy with the female sample, in part because this assumption seems implausible for women. The women in our sample are in their late

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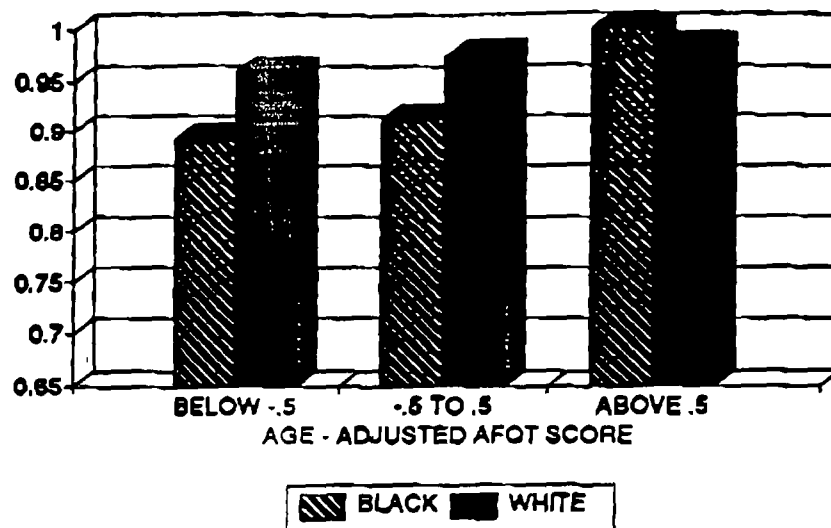


FIG. 1.—Male participation rates, 1990–91

tional assumption that the means and medians of the conditional log wage offer distributions are equal, this approach yields a consistent estimate of the black-white gap in mean log wage offers.

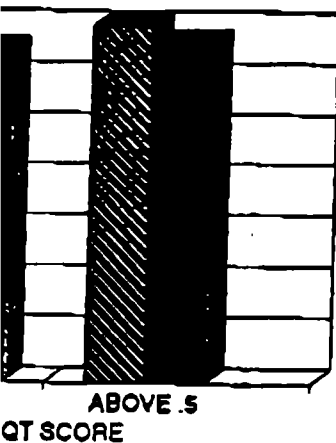
To illustrate, suppose that the best wage offer for worker i is a log-linear function of characteristics:

$$\ln(\text{wage offer}_i) = \beta_w \text{white}_i + \beta_b \text{black}_i + \beta_h \text{Hispanic}_i + \alpha \text{AFQT}_i + \epsilon_i, \quad (1)$$

where ϵ_i is an independent draw from a distribution $G(\epsilon_i)$ whose mean and median are both zero. The effect of race on the mean of the log wage offer distribution is the same as the effect of race on the median of the log wage offer distribution, namely $\beta_b - \beta_w$. Consider a group of individuals with identical characteristics. If all the nonparticipants in that group have wage offers less than the median wage offer for the group and if more than half participate, then the median of the log wage offer distribution is the same as the median of the distribution formed by adding the nonparticipants to the bottom of the observed market log wage distribution.²² Therefore, we

twenties. For this group, child care demands may be an important factor in participation decisions. Therefore, the link between wage offers and participation may be weakened.

²² Even at very low AFQT scores, our data show participation rates of men well above 50 percent.



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ates, 1990-91

medians of the conditional log wage offers. The approach yields a consistent log wage offers. The wage offer for worker i is a

$$\beta_{\text{black}} + \beta_{\text{Hispanic}}; \quad (1)$$

a distribution $G(\epsilon_i)$ whose effect of race on the mean of the distribution is the same as the effect of race on the mean of the distribution, namely $\beta_{\text{black}} - \beta_{\text{white}}$. Conditional characteristics. If all the workers have less than the median wage offer, then the distribution is the same as the median of the distribution. Therefore, we

an important factor in participation rates and participation may be

participation rates of men well

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TABLE 4
MEDIAN LOG WAGE REGRESSIONS: MEN
($N = 1,674$)

	(1)	(2)
Black	-.352 (.029)	-.134 (.035)
Hispanic	-.180 (.034)	-.007 (.038)
Age	.067 (.015)	.055 (.017)
AFQT	...	.206 (.015)
AFQT ²	...	-.010 (.014)

NOTE.—The dependent variable is log hourly wages. The sample is the sample described in table 1 plus the sample of nonparticipants. Nonparticipants include workers who report not working between their 1969 and 1991 interviews. Nonparticipants also include workers who did not work between their 1969 and 1990 interviews and were not interviewed in 1991. Some respondents are excluded from the previous regression analyses solely because their wage observations are invalid. These respondents are also excluded from this analysis. All respondents were born after 1961. Standard errors are in parentheses.

construct our sample of log wage offers by assigning log wages of zero (hourly wages of one cent) to all male nonparticipants. This strategy ensures that our imputed offers for nonparticipants always fall below the relevant conditional medians. Table 4 presents median regression results based on this sample.

The racial wage gap at the median moves from $-.352$ to $-.134$ when AFQT is added to the regression. Whether we condition on AFQT or not, these median regressions show a larger negative effect of being black than the regressions on participants in table 1, where the adjusted gap for men was $-.072$. The contrast between the results at the mean and at the median supports the view that looking only at participants masks some discrimination. Nonetheless, over 60 percent of the difference in medians is explained by our one measure of skill.

Smith and Welch (1986) use a different method to estimate the racial difference in the conditional means of the wage offer distributions. They observe that the mean of the wage offer distribution, $E(w)$, is a weighted average of the mean wage offers for participants and nonparticipants:

$$E(w) = \text{LFPR} E(w|\text{participate}) + (1 - \text{LFPR}) E(w|\text{don't participate}). \quad (2)$$

The ratio of the means of the wage offer distributions facing two groups, i and j , can therefore be written as

$$\frac{E(w_i)}{E(w_j)} = \left[\frac{E(w_i | \text{participate})}{E(w_j | \text{participate})} \right] B, \quad (3)$$

where B , the selection bias, is equal to

$$B = \frac{(1 - k_i) \text{LFPR}_i + k_i}{(1 - k_j) \text{LFPR}_j + k_j}, \quad (4)$$

and

$$k_i = \frac{E(w_i | \text{don't participate})}{E(w_i | \text{participate})}.$$

Conditional on the sample labor force participation rates of each group, we can derive B for various values of k , the ratio of the means of nonparticipant wages to participant wages.²³ If $k_w = k_b$, then k must be .1 or less in order to generate the selection bias implied by the difference between our mean and median regression results. To see this, note that the mean gap of $-.072$ log point implies a black/white wage ratio of .931, and the median gap of $-.134$ yields a selection corrected ratio of .875. The ratio of these two is .94. If we assume that $k_b = k_w = .1$ and use the sample labor force participation rates (.91 for black men and .975 for white men) as proxies for the true probabilities of participation, the Smith-Welch bias formula gives $B = .94$.

The difference between the race effects in the mean and median regressions shows that selection bias may contaminate our ordinary least squares estimates of black-white wage gaps. However, using the Smith-Welch method, we cannot generate such a large correction for selection bias unless we are willing to assume that the mean wage offer of nonparticipants is only one-tenth of the mean offer among observationally similar participants. Since equation (4) follows directly from basic statements about conditional expectations, we feel comfortable viewing the $-.134$ gap as an upper bound on the absolute value of the black-white gap in mean wage offers.

This section began with a discussion of median regression. We have also examined the black-white wage gap at the seventy-fifth and nine-

²³ It is obviously difficult to measure this quantity directly. Smith and Welch compare the wages of individuals who participate intermittently with those who participate all the time, but their measure is probably upwardly biased because those who do not participate at all, whose wages are never observed, likely have the lowest wage offers. Another approach is to make distributional assumptions about the wage offer distribution and then infer the unobserved lower tail from the observed accepted wages.

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offer distributions facing two
ten as

$$\left. \begin{array}{l} \text{participate)} \\ \text{participate)} \end{array} \right\} B, \quad (3)$$

$$\frac{PR_i + k_i}{PR_j + k_j} \quad (4)$$

participate)
participate)

ce participation rates of each
ues of k , the ratio of the means
at wages.²³ If $k_u = k_b$, then k
e the selection bias implied by
median regression results. To
.072 log point implies a black/
an gap of -.134 yields a selec-
of these two is .94. If we assume
labor force participation rates
(men) as proxies for the true
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on the observed accepted wages.

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tieth percentiles of the wage distribution. For men, both the condi-
tional and unconditional black-white log wage gaps are smaller at
these percentiles than at the median. In fact, the estimated condi-
tional gap at the ninetieth percentile is only -.042 and is statistically
insignificant. Thus there is no evidence that the black-white gap in
mean offers is driven by the systematic exclusion of blacks from the
best jobs available to workers of a given skill level. Conditional on
AFQT, the gap in median log wages between blacks and whites is
much greater than the gap at the ninetieth percentile of the distribu-
tions.

How Well Does the Wage Gap at Age 30 Represent the Lifetime Gap?

Our data restrict us to looking at labor market outcomes for workers
in a fairly narrow age range (ages 26-29). One might object that
evidence on wages of young adults cannot be used to make inferences
about the wage gap for the rest of the life cycle. If the lifetime trajec-
tories of log wages for whites and blacks were parallel, one could
extrapolate the results here to say something about lifetime earnings.
However, if discrimination in the labor market prevented blacks from
investing heavily in on-the-job experience, then blacks may have flat-
ter log wage trajectories and the log wage gap may widen with age.
Unfortunately, there is contradictory evidence about the black-white
log wage gap over the life cycle. Smith and Welch (1986) generally
find narrowing of the unadjusted gap in decennial census data
through 1980 as a cohort ages. However, Booser, Krueger, and Wal-
kon (1992, p. 317) include 1990 data and show that for older cohorts
(born before 1940) the gap has narrowed over the life cycle; for
younger cohorts, the reverse is true. Whether the pattern of these
younger cohorts will be maintained over time is an open question.
Further, for a given cohort, trends in the overall black-white wage
gap may be different from trends in the gap conditional on premar-
ket skill.

II. The Determinants of AFQT Scores

Now that we have established the importance of the AFQT score as
a measure of the skills young workers bring to the labor market and
as an explanation for lower wage rates among blacks, the following
natural question arises: Why do blacks score lower on this test? Fig-
ures 2 and 3 show the sample distributions of test scores by race for
men and women, respectively. Over 35 percent of black men score
below -1.0 but less than 10 percent of white men do. Again, we

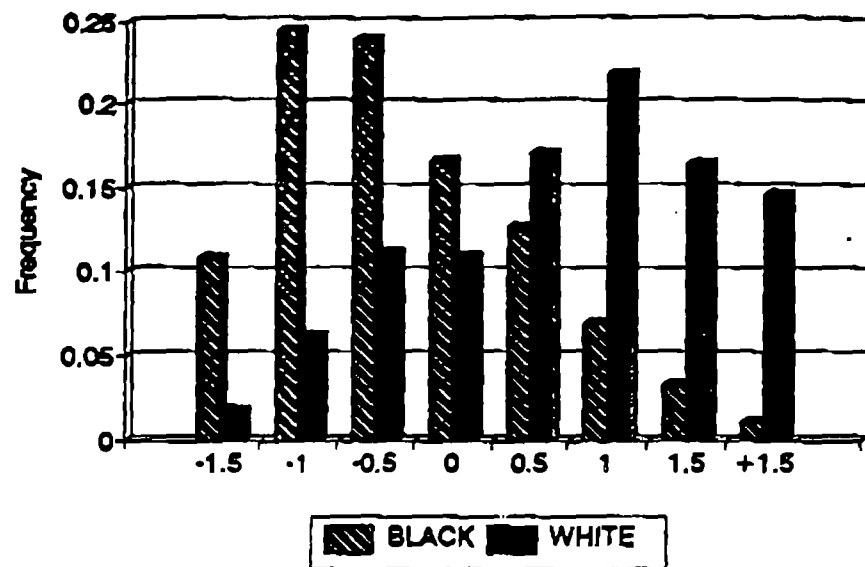


FIG. 2.—Age-adjusted AFQT scores: men

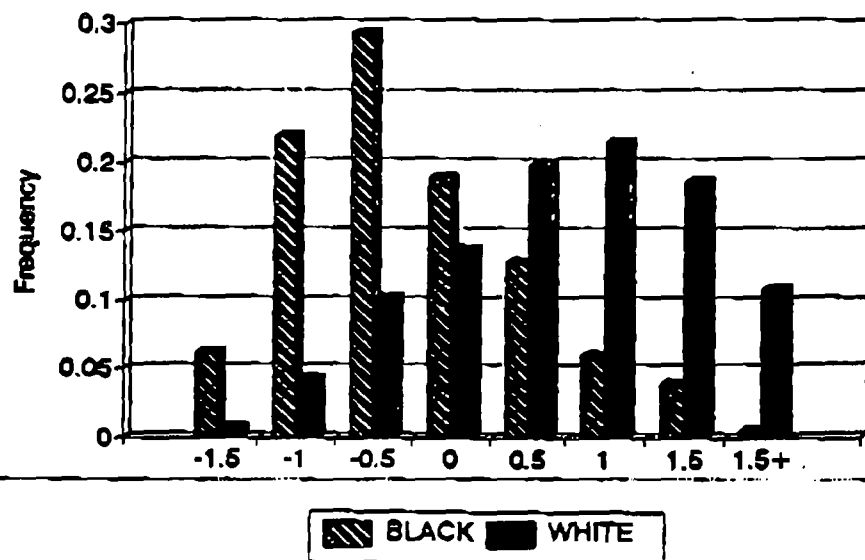
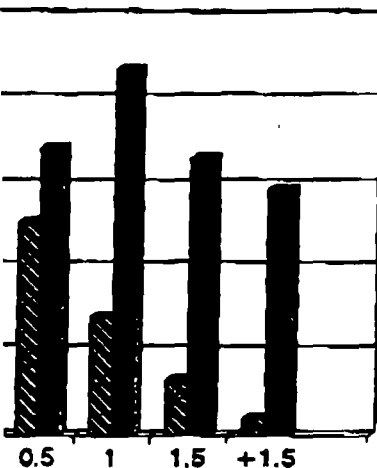


FIG. 3.—Age-adjusted AFQT scores: women



WHITE

QT scores: men



WHITE

scores: women

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stress that we view the test as a test of achievement and learned skill, not of innate ability, so we seek reasons that black youths have acquired less skill than white youths. Since the payoff to acquiring skill is roughly the same for black and white women and men, we conclude that the investment differential between the races is likely to be driven by differences in the costs of acquiring skill. Why do black youths (and their parents) find it more costly to invest in skill than white youths? Obviously, past and current discrimination against black families affects the constraints black parents face in investing in their children. For example, if education and high income make it easier to invest in children's human capital, then part of the racial difference in AFQT scores can be attributed to racial differences in parental education and income.

Table 5 documents the extent to which observed aspects of family background account for the observed black-white gap in AFQT scores for men. Column 1 of table 5 sets the stage by estimating the unexplained score differences for men in the sample we have used for tables 1-4, those born after 1961. As column 1 shows, the mean black score is one standard deviation below the mean white score, with Hispanics about .7 of a standard deviation below. The corresponding result for women, in table 6, shows only a slightly smaller black-white score differential.

The NLSY data include many variables describing the household in which the respondent was raised. In column 2, we present results from a specification that includes controls for the parents' capacity to provide human capital for their children. The results show that the achievement of children on the AFQT varies positively with the education and professional status of their parents. Further, given these controls, the black-white gap in scores falls to $-.70$ for men and $-.72$ for women.

These measures of family background serve only as rough measures of parental resources, and although it would be difficult to construct precise measures, we do know that parental resources affect optimal choices of family size and child quality. Column 3 introduces additional controls for family size and parental investment. Both number of siblings and two measures of family reading materials are strongly correlated with test scores. Further, the black-white gaps in scores fall to $-.62$ for women and $-.57$ for men when they are included.

Schools differ in many observed dimensions, and residential segregation by race may also affect parents' capacity to invest in their children. Column 4 in tables 5 and 6 reports an AFQT regression with several school characteristics included: student/teacher ratio, dis-

TABLE 5
DETERMINANTS OF AFQT: MEN

	FULL SAMPLE (N = 1,873)			VALID RESPONSE TO SCHOOL SURVEY (N = 954)
	(1)	(2)	(3)	(4)
Black	-1.03 (.05)	-.70 (.05)	-.57 (.05)	-.42 (.07)
Hispanic	-.70 (.06)	-.31 (.05)	-.22 (.05)	-.02 (.08)
Mother high school graduate	...	.36 (.04)	.26 (.04)	.18 (.06)
Mother college graduate	...	.21 (.08)	.16 (.08)	.09 (.11)
Father high school graduate	...	.32 (.05)	.25 (.05)	.22 (.06)
Father college graduate	...	.32 (.07)	.30 (.07)	.31 (.09)
Mother professional	...	.20 (.07)	.17 (.07)	.08 (.10)
Father professional	...	.26 (.06)	.23 (.06)	.21 (.08)
Number of siblings	...	...	-.05 (.01)	-.05 (.01)
No reading materials	...	...	-.19 (.06)	-.31 (.09)
Numerous reading materials	...	...	.25 (.04)	.27 (.06)
Student/teacher ratio	...	...	...	-.017 (.006)
Disadvantaged student ratio	...	...	...	-.002 (.001)
Dropout rate	...	...	...	-.004 (.001)
Teacher turnover rate	...	...	...	-.005 (.003)
R ²	.219	.382	.415	.392

NOTE.—The dependent variable is the age-adjusted AFQT score. In all specifications, the sample excludes respondents with invalid AFQT scores. In specification 4, the sample also excludes respondents with invalid responses to the school survey being employed in col. 4. Specifications 3 and 4 also include dummies for whether or not the respondent has knowledge of the educational background of his or her mother or father. Specification 4 also includes a private school dummy. The estimated coefficient is positive but not statistically significant. All background information comes from the 1979 wave of the NLSY. The dummy variables for reading materials are constructed from information about magazines, newspapers, and library cards in the home. "Numerous" means all of the above. "No" means none of the above. All respondents were born after 1961. Standard errors are in parentheses.

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TABLE 6

DETERMINANTS OF AFQT: WOMEN

AFQT: MEN		VALID RESPONSE TO SCHOOL SURVEY (N = 954)
(2)	(3)	(4)
-.70	-.57	-.42
(.05)	(.05)	(.07)
.31	-.22	-.02
(.05)	(.05)	(.08)
.36	.26	.18
(.04)	(.04)	(.06)
.21	.16	.09
(.08)	(.08)	(.11)
.32	.25	.22
(.05)	(.05)	(.06)
.32	.30	.31
(.07)	(.07)	(.09)
.20	.17	.08
(.07)	(.07)	(.10)
.26	.23	.21
(.06)	(.06)	(.08)
...	-.05	-.05
...	(.01)	(.01)
...	-.19	-.31
...	(.06)	(.09)
...	.25	.27
...	(.04)	(.06)
...	...	-.017
...	...	(.006)
...	...	-.002
...	...	(.001)
...	...	-.004
...	...	(.001)
...	...	-.005
...	...	(.003)
382	.415	.392

score. In all specifications, the sample excludes respondents with invalid responses 3 and 4 also include dummies for whether or not of his or her mother or father. Specification 4 is positive but not statistically significant. All t. The dummy variables for reading materials are 1 if there are any books in the home. "Numerous" means more than 100. Standard errors are in parentheses.

	FULL SAMPLE (N = 1,791)			VALID RESPONSE TO SCHOOL SURVEY (N = 926)
	(1)	(2)	(3)	(4)
Black	-.99	-.72	-.62	-.59
	(.04)	(.04)	(.04)	(.06)
Hispanic	-.77	-.45	-.37	-.30
	(.05)	(.05)	(.05)	(.07)
Mother high school graduate	...	.29	.20	.20
		(.04)	(.04)	(.06)
Mother college graduate	...	.33	.32	.24
		(.08)	(.08)	(.11)
Father high school graduate	...	.24	.18	.12
		(.04)	(.04)	(.06)
Father college graduate	...	.32	.29	.31
		(.07)	(.07)	(.09)
Mother professional	...	.15	.09	.16
		(.07)	(.07)	(.09)
Father professional	...	.15	.13	.07
		(.05)	(.05)	(.07)
Number of siblings	...	...	-.027	-.026
			(.007)	(.010)
No reading materials	...	...	-.29	-.21
			(.06)	(.08)
Numerous reading materials	...	...	.23	.23
			(.04)	(.05)
Student/teacher ratio	...	...	...	-.0043
				(.0025)
Disadvantaged student ratio	...	...	...	-.002
				(.001)
Dropout rate	...	...	...	-.003
				(.001)
Teacher turnover rate	...	...	...	-.003
				(.003)
R ²	.244	.390	.419	.431

NOTE.—See table 5.

advantaged student ratio, student dropout rate, and teacher turnover rate.²⁴ Each works in the expected direction, and together they further reduce the unexplained AFQT gap between blacks and whites. The residual gap falls to -.42 for men and -.58 for women.²⁵

²⁴ The NLSY school survey obtained information directly from the high school the respondent last attended. Unfortunately, the sample sizes are smaller for this analysis because many schools did not respond. Only .45 of the black students have valid responses for the items used here. The corresponding figure for whites is .57.

²⁵ Booser et al. (1992) argue that black students suffer from racial isolation in school and less access to computers, both of which act to reduce their wages as adults. In contrast, Grogger (1996) finds little direct effect of school characteristics on the racial

Even with our controls for both family and school environment, sizable black-white gaps in AFQT remain. However, we can account for a significant fraction of the overall gap using only a few measures of family background and secondary school environment. For example, elementary school environments may also be important, but we have no measure of them.

Although we believe that the black-white gap in AFQT scores reflects differences in acquired skills, Herrnstein and Murray (1994) have generated significant controversy recently by using AFQT as a measure of inherent ability. Specifically, they claim that AFQT is a nearly exogenous measure of cognitive ability that is not greatly affected by additional schooling or other human capital investments. However, our investigation generated two sets of results that are inconsistent with the claims made by Herrnstein and Murray.

Appendix table A3 presents four regressions of standard AFQT scores on dummies for race and year of birth. The regressions provide estimates of the black-white gaps in standard scores not only for the sample of respondents who took the test at age 18 or younger but also for those who were between 19 and 23 at the time of the test. To the extent that AFQT scores measure immutable individual traits, racial gaps in these scores should be constant across age groups. However, in both the male and female samples, the estimated racial gaps in scores are larger in the sample of older respondents.²⁶ Since differences between blacks and whites in both work experience and years of schooling grow with the age of the respondents, our results are consistent with the hypothesis that differential investment contributes to the black-white gap in scores.

Appendix table A3 provides indirect evidence that human capital investments affect AFQT scores. We also provide more direct evidence on the link between schooling and AFQT scores. We ran instrumental variables regressions of standard AFQT scores on dummies for year of birth, dummies for race, and grades of school completed by May of 1980 (the test was administered during the summer of 1980). Again, we use only respondents born after 1961 and run separate regressions for males and females. Following Angrist and Krueger (1991), we use quarter of birth as an instrument for grades completed.²⁷

wage gap. However, his analysis includes controls for variables that are outcomes of school quality, such as test scores and postsecondary schooling.

²⁶ In a sample that includes both cohorts, the standard deviation of AFQT scores is 38.01 for men and 35.27 for women. The four estimated age differences in racial gaps range from -3.5 to -7.05 and are statistically significant at the 10 percent level.

²⁷ In our sample of teenagers, the effect of birth quarter on schooling arises primarily from restrictions on the age at which students may enter school. Most localities have

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family and school environment, main. However, we can account for the gap using only a few measures of the school environment. For example, the school environment may also be important, but we

black-white gap in AFQT scores reported by Herrnstein and Murray (1994) is explained recently by using AFQT as a measure of ability, they claim that AFQT is a measure of ability that is not greatly affected by human capital investments. The two sets of results that are inconsistent with Herrnstein and Murray.

The regressions of standard AFQT scores on birth cohort show that the regressions provide standard scores not only for the test at age 18 or younger but also for the test at age 19 and 23 at the time of the test. This measure of immutable individual ability should be constant across age groups. In the samples, the estimated racial gap is smaller for older respondents.²⁶ Since the gap is smaller in both work experience and in the respondents, our results suggest that differential investment contributes to the gap.

The evidence that human capital investments also provide more direct evidence on AFQT scores. We ran regressions of standard AFQT scores on dummies for race, and grades of school completed. The test was administered during the test for respondents born after 1961 for males and females. Following Angrist and Pischke (1994), we use quarter of birth as an instrument

for variables that are outcomes of schooling. The standard deviation of AFQT scores is estimated age differences in racial gaps are significant at the 10 percent level. The quarter on schooling arises primarily from the time to enter school. Most localities have

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These results cast more doubt on Herrnstein and Murray's claims that AFQT measures an inherent trait. For both sexes, the estimated coefficients on grades completed are large and statistically significant. The coefficient estimates imply that an additional year of schooling raises AFQT scores for men and women by .22 and .25 standard deviations, respectively.²⁸ Thus the black-white gap in mean scores is roughly equivalent to the skill-building effect of just over four years of secondary schooling.²⁹

III. Conclusion

Our results echo a common theme in much of the recent literature on wage determination. Recent studies indicate that the return to measured skills is large in today's labor market. Although earlier research often failed to detect a strong relationship between wages and test score measures of achievement or aptitude, recent work by Bishop (1991) and by Murnane et al. (1995) finds that, during the 1980s, the labor market return to skills as measured by test scores rose dramatically.

After decades of narrowing, the unadjusted black-white wage gap has either widened or failed to shrink further since 1980.³⁰ Considerable disagreement exists about the causes of this recent pattern, but several studies emphasize the interaction between black-white skill gaps and the rising value of skill in the 1980s. Our results cannot directly address the question of changes in the racial wage gap over time because the limited span of birth years in the data limits our ability to observe changes in the relationship between test scores and wages for workers in their late twenties. Nonetheless our results are

rules or guidelines concerning the age a child must be to enter school, and children born in the last quarter of the year often start school a year later than students born earlier in the same calendar year. In our data, the average of grades completed at the time of the AFQT declines slightly over the first three quarters of a given birth year and falls substantially between the third and fourth quarters.

²⁶ By contrast, Herrnstein and Murray claim that an additional year of schooling raises scores by only .07 standard deviation (1994, p. 591). Ceci (1991) reviews studies of the effect of schooling on measured IQ and concludes that there is an important causal link between exposure to formal schooling and measured intelligence.

²⁸ Bound, Jaeger, and Baker (1995) demonstrate that even in large samples, instrumental variables estimates may be seriously biased if the instruments are weakly correlated with the potentially endogenous variable. Our partial R^2 's for the quarter of birth dummies in the first-stage regressions are .074 for men and .046 for women. Our F -statistics on the significance of the quarter of birth dummies in the first-stage regressions are 46.6 and 29.3, respectively. According to the criteria set forth by Bound et al., the implied bias is quite small for both males and females.

²⁹ See Bishop (1991), John Murphy, and Pierce (1991), Bound and Freeman (1992), Card and Krueger (1992), Ferguson (1993), and Smith (1993) for treatments of this issue.

consistent with the view that blacks have suffered relative to whites from recent increases in the market price of skill.

While our results do provide some evidence of current labor market discrimination, our primary finding is that large skill gaps between blacks and whites are an important determinant of the black-white wage differences. Future research on the determinants of the black-white wage gap should focus on the obstacles black children face in acquiring productive skill.

Appendix

TABLE A1
DESCRIPTIVE STATISTICS

	MEN			WOMEN		
	Black	Hispanic	White	Black	Hispanic	White
Age-adjusted AFQT score	-.621 (.815)	-.284 (.893)	.422 (.895)	-.524 (.743)	-.298 (.825)	.465 (.779)
High grade completed by 1991	12.458 (1.954)	12.156 (2.238)	13.248 (2.511)	12.873 (1.984)	12.328 (2.239)	13.347 (2.388)
Mother high school graduate	.490	.336	.757	.457	.280	.714
Father high school graduate	.493	.369	.717	.474	.372	.717
Mother college graduate	.065	.041	.112	.063	.032	.110
Father college graduate	.062	.074	.210	.071	.067	.187
Mother professional	.076	.061	.106	.103	.064	.104
Father professional	.042	.090	.287	.066	.106	.270

NOTE.—These sample means pertain to persons who were born between 1962 and 1984 and have valid responses to the relevant questionnaire items. Blacks account for approximately 30 percent of the total observations. Hispanics account for 20 percent. The total sample size is roughly 3,400, but the total number of observations varies across survey items. Standard deviations are in parentheses.

JOURNAL OF POLITICAL ECONOMY
have suffered relative to whites
price of skill.
evidence of current labor mar-
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rtant determinant of the black-
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41

STATISTICS

WOMEN			
White	Black	Hispanic	White
.422	-.524	-.298	.465
(.895)	(.743)	(.825)	(.779)
13.248	12.873	12.328	13.347
(2.511)	(1.984)	(2.239)	(2.388)
.757	.457	.280	.714
.717	.474	.372	.717
.112	.063	.032	.110
.210	.071	.067	.187
.106	.103	.064	.104
.287	.066	.106	.270

n between 1982 and 1984 and have valid responses
only 30 percent of the total observations. Hispanics
but the total number of observations varies across

TABLE A2

A. LOG WAGE REGRESSIONS WITH SCHOOLING AND AFQT: MEN

	BLACKS (N = 466)			WHITES (N = 825)		
	(1)	(2)	(3)	(1)	(2)	(3)
Constant	4.566 (.688)	4.086 (.752)	5.011 (.679)	4.926 (.464)	4.743 (.504)	5.333 (.452)
Age	.051 (.025)	.091 (.027)	.059 (.025)	.054 (.017)	.075 (.018)	.053 (.017)
AFQT	.122 (.033)	.157 (.031)	.159 (.031)	.125 (.020)	.154 (.019)	.191 (.019)
AFQT ²	-.024 (.025)	.022 (.025)	-.012 (.025)	-.030 (.015)	-.030 (.015)	-.036 (.016)
High grade in 1991	.059 (.012)			.035 (.007)		
School years since AFQT		.050 (.012)			.024 (.008)	
High school graduate			.094 (.044)			.074 (.036)
College graduate			.270 (.067)			.187 (.038)
R ²	.175	.159	.170	.178	.165	.186

B. IMPLIED BLACK-WHITE GAP

Specification	X = Black Sample Mean	X = White Sample Mean
1	-.093 (.029)	-.073 (.038)
2	-.077 (.030)	-.057 (.038)
3	-.080 (.029)	-.054 (.038)

NOTE.—The dependent variable is log hourly wages. All respondents were born after 1981. Standard errors are in parentheses.

TABLE A3

RACIAL GAPS IN STANDARD AFQT SCORES BY SEX AND COHORT

	MALES		FEMALES	
	Born 1962-64 (N = 1,882)	Born 1957-61 (N = 2,579)	Born 1962-64 (N = 1,806)	Born 1957-61 (N = 2,807)
Black	-39.25 (1.76)	-46.28 (1.57)	-37.52 (1.64)	-40.92 (1.38)
Hispanic	-27.26 (2.10)	-31.82 (1.84)	-28.85 (1.87)	-35.85 (1.63)
R ²	.23	.27	.25	.28

NOTE.—The dependent variable is the standard AFQT score. Scores range from 95 to 258. In the cross-section subsample of the NLSY, the mean score is 196.5 and the standard deviation is 36.66. Each regression includes dummies for year of birth.

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William R. Kincaid
01/19/98 10:07:35 AM

Record Type: Record

To: Michael Waldman/WHO/EOP

cc: Jordan Tamagni/WHO/EOP, Michael Cohen/OPD/EOP, Robert M. Shireman/OPD/EOP, Julie A. Fernandes/OPD/EOP

Subject: Another SOTU factoid: education/race/earnings

Ending discrimination in the workplace is vital, but if we are going to reduce racial inequality in our society, the most important place to start is education. For example, economists have found that when levels of educational achievement are equal, the wage gap between black and white males is cut by 3/4, and the gap between black and white females essentially disappears. We must improve our schools so all kids will have the skills they need to succeed in the 21st Century economy.

Source: Derek A. Neal and William R. Johnson, The Role of Premarket Factors in Black-White Wage Differences, Journal of Political Economy, vol. 105, no. 5, 869, 874-75.

(Study analyzes longitudinal wage data while controlling for scores on the Armed Forces Qualifying Test (AFQT). Will send backup to Jordan.

WOW FACTS: CONTINUED

1. "A National Institute for Drug Abuse (NIDA) study in 1993 indicated that if a child is home alone for 10 hours a week, that child's risk of getting involved in dangerous drugs doubles, regardless of ethnic background, household income, or location." This explains why after-school is important.

source p 4/5 -- Bringing Tomorrow into Focus; Demographic Insights into the Future, Harold Hodgkinson, January 1996 monogram

2. I would urge you to look at the last baby boom echo report which has some nifty facts: between 1997 and 2007 for school construction/class size

a. public high school enrollment will increase by 13% (1.7 million kids) while elementary enrollment is project to increase by less than one percent. This suggests that you might give some leeway to local school districts in terms of how they use their class size \$\$\$.

b. the number of high school graduates will increase by 18% and full time college enrollment will increase by 21%. The point here is that the majority of kids making up the baby-boom echo will be teenagers. In the last decade the enrollment pressure was at the elementary level, now it is in middle school and high school. California, for example, will have 558,000 additional high school students in the next 10 years -- that an increase of 35.3%. Imagine all the schools you have to build to accomodate all those kids! High school costs more then twice (\$15.3 million) as much as elementary schools (\$6.3.million) on average.

c. teachers to meet the demand: NYC and LA both hired at least 3,000 teachers at the start of this school year. Las Vegas, the fastest growing school district hired 1,400 teachers. The number of elementary school teachers will increase by 5% over the next ten years while the number of high school teachers will have to increase by 14% --which may lead to an increasing gap in math and science instruction. Right now for example 6,800 teachers in NYC out of 65,000 lack certification.

3. over a working life time, a college graduate can expect to earn more than \$600,000 more than their contemporaries whose formal education ended with a high school diploma.

4. women now make up the majority of students in America's colleges and universities in addition to making up the majority of people getting master's degrees. The United States stands alone and is a world leaders when it comes to openign up the doores of higher education to women. (Link this fact to the closing the economic gap between black and white women that I sent you.) This from our Title IX 25th anniversary brochure that you should have.

Kevin

Forward Header

Subject: SOTU factoids

Author: William_R_Kincaid@oa.eop.gov at Internet

Date: 1/10/98 10:26 AM

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*Don't seem qd
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Message Creation Date was at 10-JAN-1998 10:26:00

Kevin --

Thanks for these. I agree with you that #2 and #3 have significant potential. In addition to the links you point out (with urban and child care -- especially the Head Start expansions), I think #3 could make a pretty good hook for the rationale for both continued support for America Reads and for the new class-size initiative -- the figures suggest the urgent need for low-income kids to have small classes with well-trained teachers in early grades supplemented by well-trained volunteers/extra assistance outside the regular school day.

Could you please send over what you think we should have of the backup material you get on this? Then we can pass stuff along to the speechwriters.

Thanks.

-- Bill

Bill,

I think number #2 and #3 have some potential. Kevin

#2 -- gets to the heart of the race initiative/ affirmative action debate and this weeks Quality Counts report on urban schools. The message is -- education makes a powerful difference. Reporters will look at the difference between females/males but even with that difference the education factor remains powerful and having a discussion about female/and black males is important. The reality is that white women have gained the most from affirmative action, black women are second, and black men are always last. There is a message here that the average person can understand in terms of what education can do for you.

#3 goes to all of new money we are putting into the budget that can go to urban schools. It speaks to the child care initiative as well.

More to come. Kevin

Forward Header

Subject: "extraordinary factoids"
Author: John Ralph at WDCN01
Date: 1/9/98 3:43 PM

Friday 3:45

Kevin:

Following our phone conversation, here are three "extraordinary factoid" candidates:

If I were President...

1. I'd first mention my visit(s) to schools in Fairfax County Virginia (in connection with the PRI) and make the case that the racial and ethnic makeup of schools -- even in places like Virginia (not

California, not Florida, not New York, but Virginia) -- has changed dramatically over the last ten years. The best statistic here would be a "local statistic," not the kind of national number that we have... but a number directly from the Fairfax County schools -- such as, how many different languages are spoken by their students in 1998 compared to 1988 and 1978.

2. I'd follow that with a point about how important good schools are... and especially so for minority students. Derrick Neal and William Johnson, two economists (University of Chicago and University of Virginia), have found that black females with levels of educational achievement similar to white females earn the same wages. Wage inequality disappears. For black males, the wage gap with white males is reduced by 3/4 -- when blacks and whites have similar levels of educational achievement.

Call Ken
for more
pages

Contrary to what Christopher Jencks and others were saying 20 years ago, good schools and school skills are now seen as critical factors (by Jencks and others) for reducing racial inequalities. (Neal's article is long. I'm faxing a few pages and sending a copy by dept mail.)

3. If good schools and school skills are important, the question for policymakers is when and how to intervene. The answer is: at the earliest possible stages. Reading achievement data from NCES show that as early as the end of first grade, students in low-achieving schools were over a year behind (1.1 years) their peers in high-achieving schools. In mathematics, first-graders in low-achieving schools were nine-tenths of a year behind.

In other words, the average student in bottom-ranked schools will not reach, after a full year of the second grade, the achievement levels of first grade students in top-ranked schools. Similarly, by the end of second grade, math achievement for students in bottom-ranked schools will just about equal first graders' performance in top schools.

(I'm faxing the Issue Brief with these numbers -- and it is also on NCES's website: "First Graders' Achievement in Top and Bottom Schools," January, 1998.)

Hope this helps.

John Ralph 219-2270
(I'm out on Monday; home: 703-534-7976)

UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE SECRETARY

FAX TRANSMITTAL

TO: _____

Allison / Bill Kincaid

ORGANIZATION: _____

DPC.

PHONE NUMBER: _____

FAX NUMBER: _____

FROM: _____

Kevin Sullivan

PHONE NUMBER: _____

MESSAGE: _____

~~THE~~ The WIDA drug expert.
says that the study holds up
but urges us to make the link -
when kids have a poor
relationship with their parents
drug use goes down & vice versa

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2 PAGE(S) TO FOLLOW

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Prevention Principles

FOR CHILDREN
AND ADOLESCENTS

Prevention programs should be designed to enhance "protective factors" and move toward reversing or reducing known "risk factors."

Prevention programs should target all forms of drug abuse, including the use of tobacco, alcohol, marijuana, and inhalants.

Prevention programs should include skills to resist drugs when offered, strengthen personal commitments against drug use, and increase social competency (e.g., in communications, peer relationships, self-efficacy, and assertiveness), in conjunction with reinforcement of attitudes against drug use.

Prevention programs for adolescents should include interactive methods, such as peer discussion groups, rather than didactic teaching techniques alone.

Prevention programs should include a parents' or caregivers' component that reinforces what the children are learning—such as facts about drugs and their harmful effects—and that opens opportunities for family discussions about use of legal and illegal substances and family policies about their use.

Prevention programs should be long-term, over the school career with repeat interventions to reinforce the original prevention goals. For example, school-based efforts directed at elementary and middle school students should include booster sessions to help with critical transitions from middle to high school.

Family-focused prevention efforts have a greater impact than strategies that focus on parents only or children only.

Community programs that include media campaigns and policy changes, such as new regulations that restrict access to alcohol, tobacco, or other drugs, are more effective when they are accompanied by school and family interventions.

Community programs need to strengthen norms against drug use in all drug abuse prevention settings, including the family, the school, and the community.

Schools offer opportunities to reach all populations and also serve as important

settings for specific subpopulations at risk for drug abuse, such as children with behavior problems or learning disabilities and those who are potential dropouts.

Prevention programming should be adapted to address the specific nature of the drug abuse problem in the local community.

The higher the level of risk of the target population, the more intensive the prevention effort must be and the earlier it must begin.

Prevention programs should be age-specific, developmentally appropriate, and culturally sensitive.

Effective prevention programs are cost-effective. For every dollar spent on drug use prevention, communities can save 4 to 5 dollars in costs for drug abuse treatment and counseling.

For additional information about NIDA send e-mail to Information@lists.nida.nih.gov

This page last updated Wednesday, April 2, 1997.

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The Role of Premarket Factors in Black-White Wage Differences

Derek A. Neal

University of Chicago and National Bureau of Economic Research

William R. Johnson

University of Virginia

Many attempts to measure the wage effects of current labor market discrimination against minorities include controls for worker productivity that (1) could themselves be affected by market discrimination and (2) are very imprecise measures of worker skill. The resulting estimates of residual wage gaps may be biased. Our approach is a parsimoniously specified wage equation that controls for skill with the score of a test administered as teenagers prepared to leave high school and embark on work careers or postsecondary education. Independent evidence shows that this test score is a racially unbiased measure of the skills and abilities these teenagers were about to bring to the labor market. We find that this one test score explains all of the black-white wage gap for young women and much of the gap for young men. For today's young adults, the black-white wage gap primarily reflects a skill gap, which in turn we can trace, at least in part, to observable differences in the family backgrounds

We appreciate the assistance of Jane Arabian of the Department of Defense. We also acknowledge very useful comments by Joe Altonji, Rebecca Blank, Francine Blau, Steve Cameron, Arthur Goldberger, James Heckman, Bo Honore, Joe Hotz, Larry Kahn, Alan Krueger, Bruce Meyer, Ed Olsen, Randy Olsen, Sherwin Rosen, Jon Steinert, James Smith, Steve Stern, Robert Topel, Finis Welch, and workshop participants at McMaster, NBER, Northwestern, and the Universities of Chicago, Illinois, Toronto, Virginia, and Wisconsin and anonymous referees. Neal gratefully acknowledges support by the John M. Olin Foundation both from its grant to the Center for the Study of the Economy and the State and from the Olin Faculty Fellowship. Johnson thanks the Bankard Fund for support. A substantial portion of this research was completed while Johnson was visiting the Department of Economics at the University of Chicago. Opinions and remaining errors are ours alone.

[*Journal of Political Economy*, 1996, vol. 104, no. 8]

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education. Then the AFQT scores of older blacks will in part reflect the consequences of discrimination.

Columns 1 and 4 of table 1 show simple regressions of log wage rates in 1990 and 1991 (when this sample was aged 26-29) on age and ethnic or racial group dummies for men and women, respectively.⁷ The coefficients on black, $-.244$ and $-.185$, are measures of the unadjusted log wage gaps between blacks and whites. We seek to explain these gaps.

Using the AFQT score as the measure of skill in the log wage regressions produces our central results, shown in columns 3 and 6 of table 1.⁸ Since panel members took the AFQT at different ages and scores clearly rise with age, we adjusted the raw AFQT score for age at the test date and also normalized the score so that the sample mean is zero and the standard deviation is one. Our normalized AFQT variable is highly significant in the wage regression and reduces the magnitude of the coefficient on black to $-.072$ for men and $.035$ for women. This test score explains nearly three-quarters of the racial wage gap for young men and all of the gap for young women. Moreover, when wage rather than log(wage) is used as the dependent variable, unreported results show small statistically insignificant racial differences in wages for either sex when AFQT is included.⁹

The wage regressions in columns 3 and 6 show that the average marginal effect of a standard deviation of test score on log wages is roughly .2 for both men and women. Since the black mean test score for each sex is about a standard deviation lower than the corresponding white mean, the test score gaps account for large portions of the black-white log wage gaps of $-.18$ and $-.24$ found for women and men, respectively.

Our estimates show that, when AFQT is held constant, black and Hispanic women earn more than white women. In fact, Hispanic women earn about 15 percent more, and the estimated differential is clearly statistically significant. We do not have a good explanation for this result, but we do offer two observations. First, Murnane, Willett, and Levy (1995) report a similar result when they examine

⁷ The wage variable is the log of the mean of real wages in 1990 and 1991 for workers who worked in both years and the log of the real wage in the year of employment for workers who worked in only one year. Those who worked in neither year have no wage data and are excluded from these regressions.

⁸ The square of AFQT, included to capture deviations from log-linearity, is not significant here but is included to preserve comparability with later specifications. In a few instances, the deviation from linearity is significant.

⁹ In these regressions, similar to those in table 1, black men earn \$0.27 per hour less than white men and black women earn \$0.03 per hour more than white women, but neither difference is statistically significant.

NATIONAL CENTER FOR EDUCATION STATISTICS

ISSUE BRIEF

First-Graders' Achievement in Top and Bottom Schools

January 1998

Most people believe that schools differ widely from one another in their students' achievement, but little is known about the magnitude of these differences, particularly at the early grades of schooling. Drawing on data from *Prospects: The Congressionally Mandated Study of Educational Growth and Opportunity*, we can now address questions in this area.

To describe the magnitude of reading and mathematics differences in top and bottom schools, we ranked a nationally representative sample of *Prospects* schools by the test scores of their students at the end of first grade; then we compared the scores and characteristics of the students in the top- and bottom-ranked quarters of these schools. Since there is no single standard way to compare the scores and characteristics of the students in the top and bottom quarters of these schools, we make the comparison four ways.

The first method compares the percentile ranks of the average student in the top and bottom quarters of schools at the end of first grade. The second approach converts the test score differences between students in the top and bottom quarters of schools into a widely used measure called effect size. The third approach determines the number of years of schooling the bottom school students are behind the top school students at the end of first grade. The fourth method shows how students in the bottom quarter rank on average at the end of first grade relative to students in the top schools and vice versa. We then look at the educational and economic backgrounds of the students attending the top and bottom quarters of schools in achievement.

Achievement Differences Between Top and Bottom Schools

Each of the four approaches shows large differences in reading and mathematics achievement at the end of first grade between students in the top and bottom scoring schools.

The first comparison shows that the average achievement of students attending the top quarter of schools equals that of a student at the 71st percentile in reading and the 70th percentile in mathematics (table 1, line 1). The average achievement of students attending the bottom quarter of schools equals that of a student at the 24th percentile in both reading and mathematics (line 2). Thus, there are 46-47 percentile point differences in achievement between average students in top and bottom scoring schools.

The second comparison converts the average test scores of students in the top and bottom quarters of schools (table 1, lines 1 and 2) into a measure of the size of the difference called an effect size. The effect size is the average achievement difference between students in the top and bottom quarters of schools (line 2 minus line 1) divided by the standard deviation of all students' achievement. The effect size for the achievement difference between students in the top and bottom quarters of schools is 1.15 in reading and 1.13 in mathematics (line 3). Effect sizes of 0.8 and greater are generally considered large. An effect size of 0.8, for example, corresponds to the average difference between the heights of 13-year-old and 18-year-old girls.

Table 1.—First-graders' reading and mathematics achievement in top and bottom schools in spring of first grade

	Reading achievement (and percentile)	Mathematics achievement (and percentile)
1. Average achievement (and percentile) of students attending top quarter of schools	588 (71)	556 (70)
2. Average achievement (and percentile) of students attending bottom quarter of schools	524 (24)	479 (24)
3. Effect size: Achievement difference between students in top and bottom quarter of schools divided by first grade standard deviation	1.15	1.13
4. Achievement difference between students in top and bottom quarter of schools divided by average gain from spring of first grade to spring of second grade	1.10	0.95

NOTE: In reading, the n for top schools is 30 and for bottom schools is 30. In mathematics, the n for top schools is 30 and for bottom schools is 31.

SOURCE: U.S. Department of Education, *Prospects: The Congressionally Mandated Study of Educational Growth and Opportunity*, 1981, 1982.

The third approach to comparing achievement in the top and bottom schools looks at the difference in achievement between the top and bottom schools at the end of first grade, compared to the average achievement growth in reading and mathematics the next year. The difference in reading achievement between the top and bottom schools at the end of first grade is 1.1 times as large as the reading gain experienced by the average student through the end of second grade (table 1, line 4). The difference in mathematics is 0.95 times as large as the next year's gain. These results imply that the average student in the bottom-ranked schools—if this student gains at the average growth rate of all students—will not reach, after a full year of second grade, where students in the top-ranked schools were at the end of their first grade in reading. By the end of second grade, in the bottom-ranked schools, the average student will just about equal end-of-first-grade performance in the top schools in mathematics.

The fourth comparison shows that the average first-grader among all students achieves at a level exceeding 27 percent of the first-graders in the top quarter schools, but has a score higher than 75 percent of the first-graders in the bottom quarter schools (table 2, lines 1 and 2). Perhaps more striking, the average first-grader in the top schools has achievement exceeding 88-89 percent of the first-graders in the bottom schools, while the average student in the bottom schools exceeds 7-9 percent of the students in the top schools (table 2, lines 3 and 4).

Table 2.—First-graders' achievement percentiles in top and bottom schools

	Reading achievement	Mathematics achievement
1. Percentile an average student overall would have among students in top quarter of schools	27	27
2. Percentile an average student overall would have among students in bottom quarter of schools	75	76
3. Percentile an average student in top quarter of schools would have among students in bottom quarter of schools	68	69
4. Percentile an average student in bottom quarter of schools would have among students in top quarter of schools	7	9

NOTE: In reading, the n for top schools is 38 and for bottom schools is 38. In mathematics, the n for top schools is 38 and for bottom schools is 41.

SOURCE: U.S. Department of Education, *Progress: The Nationally Monitored Study of Educational Growth and Opportunity*, 1991, 1992.

Table 3.—Family background differences of first-grade students in top and bottom schools

	Reading achievement		Mathematics achievement	
	Top quarter of schools	Bottom quarter of schools	Top quarter of schools	Bottom quarter of schools
1. Percent of households with average education above high school	48	31	63	31
2. Average household income in 1991	\$46,147	\$22,773	\$48,623	\$21,616

SOURCE: U.S. Department of Education, *Progress: The Nationally Monitored Study of Educational Growth and Opportunity*, 1991, 1992.

Conclusions

These results show a largely stratified American education system at the end of the first grade—stratified both in achievement and in backgrounds of the students attending them. Such achievement and family differences may be associated with substantial differences between schools in curricular demands, school climates, and levels of parental support.

These differences raise important policy questions that deserve further investigation. Do these large differences in achievement at the end of first grade reflect differences students bring with them upon entering school, differences that occur after starting school, or both? Are the top schools "better" schools than the bottom schools? If this is the case, these results indicate that first-graders in top-ranked schools are much more likely to come from better educated and wealthier backgrounds than first-graders in bottom-ranked schools.

If the top schools have higher achievement than the bottom schools only because they have more privileged educational and economic inputs, and not because the top schools are "better" than the bottom ones, then the wide achievement differences between top and bottom schools reflect educational and economic differences in students' backgrounds even before the end of the first grade.

Family Background Differences Between Students in Top and Bottom Schools

The results in tables 1 and 2 show that students in the top and bottom quarters of a representative sample of American schools differ greatly in reading and mathematics achievement in first grade. Table 3 shows they also differ greatly in the educational and economic backgrounds of their families.

About half the students in the top schools come from households where the average education exceeds high school, while about one-third of the students from the bottom schools come from households where the average education exceeds high school (table 3, line 1). Students in the top schools also come from households with significantly higher incomes than students in bottom schools (table 3, line 2).

This Issue Brief was prepared by John Ralph and Mary Fries of the National Center for Education Statistics; James Groun, professor of Educational Studies at the University of Delaware in Newark; and William Thompson of AET Associates, Inc. Data source: U.S. Department of Education, *Progress: The Nationally Monitored Study of Educational Growth and Opportunity*. For more information regarding this Issue Brief, please contact John Ralph at (202) 219-2270. To order additional copies of this Issue Brief or other NCES publications, call 1-800-424-1616. It may also be found on the Internet at <http://www.ed.gov/NCESpubs/>.



Julie A. Fernandes

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Record Type: Record

To: William R. Kincaid/OPD/EOP

cc:

Subject: Re: "extraordinary factoids" 

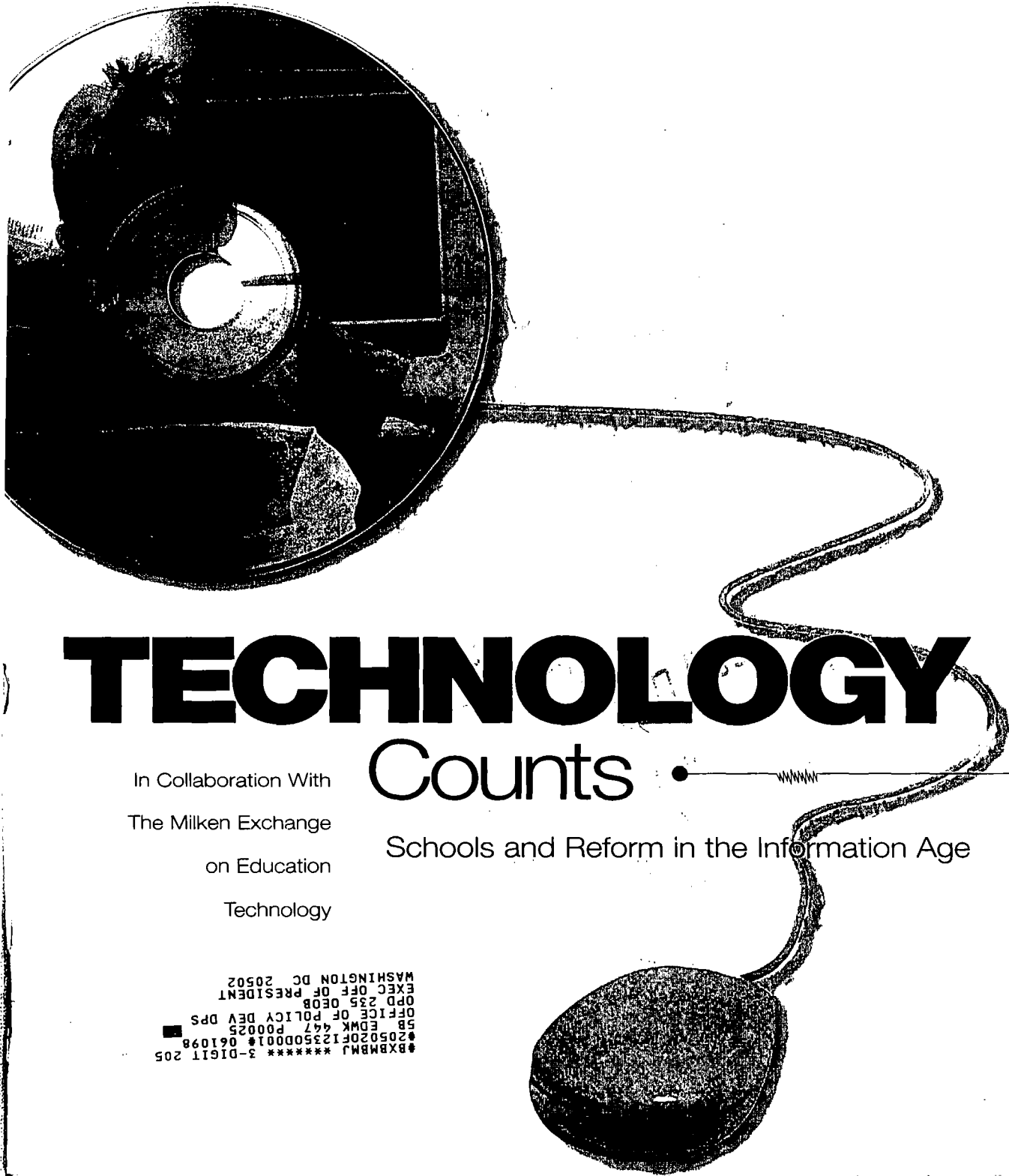
I think #2 is powerful in two ways. Certainly anything that speaks to the advantage associated with a quality education is great. However, the fact that equal educational attainment results in Black males earning 3/4 of what White males earn speaks very loudly about discrimination and the kind of access issues that are associated with racial isolation (contacts, etc.). What about our racial politics leads Black women to be able to much more significantly close the gap?

On another note, I will call Wed. at 2:15 ET for our conference re: the self-assessment guide. If you need to reach me, I will have a skypager (1-800-SKYPAGE, pin # 2168036). Thanks.

Julie

EDUCATION WEEK

American Education's Newspaper of Record • Vol. XVII, Number 11 • November 10, 1997 • © 1997 Editorial Projects in Education • \$6.00

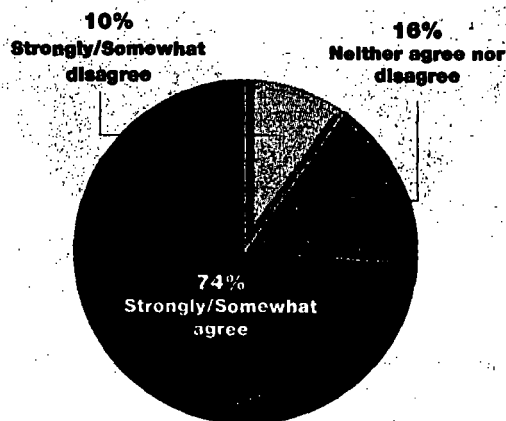


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on Education
Technology

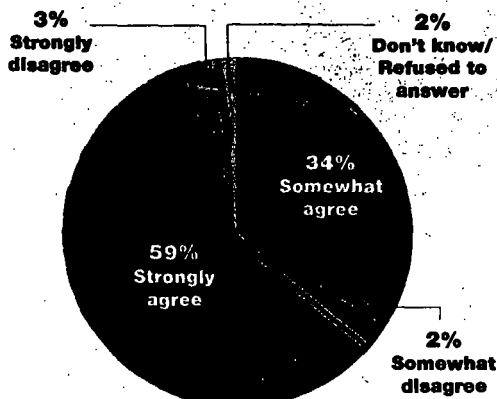
Schools and Reform in the Information Age

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WASHINGTON DC 20502



SOURCE: National Computing Survey, Microsoft/Intellquest, 1995.
Note: 2,802 people polled by telephone.

improved teaching and learning in my school district.



SOURCE: Global Strategy Group for Jostens Learning Corp., 1997.
Note: 582 teachers and 419 superintendents polled by telephone.

are flawed.

Henry Jay E. Irvine education survey is prone to QED consistently by about 25 per

A census surveying representative surveys are mu

A number of searchers have QED's survey.

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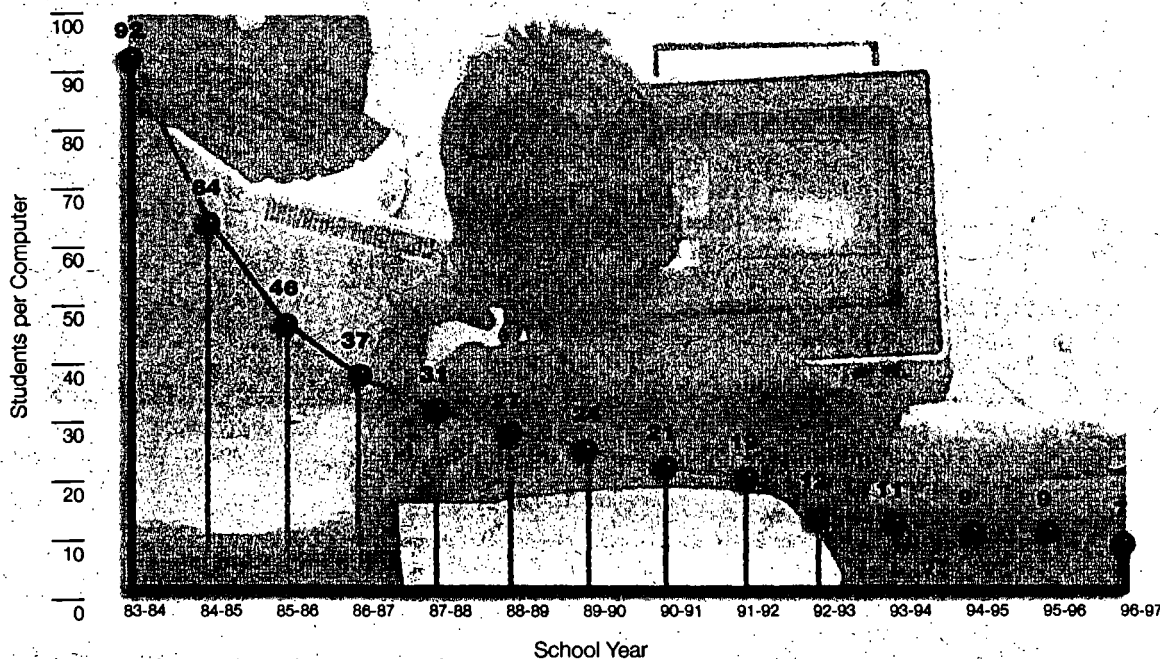
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multimedia the past two should be clo

"Whenever mered in the firefight rat to be doing."

MDR, which schools in its

Computer Availability Over Time



SOURCE: Market Data Retrieval, 1997.

Continued from Page 7

and business interests do," says John Cradler, a technology consultant and a former technology director of the Council of Chief State School Officers in Washington. "It's like how your state compares on SAT scores."

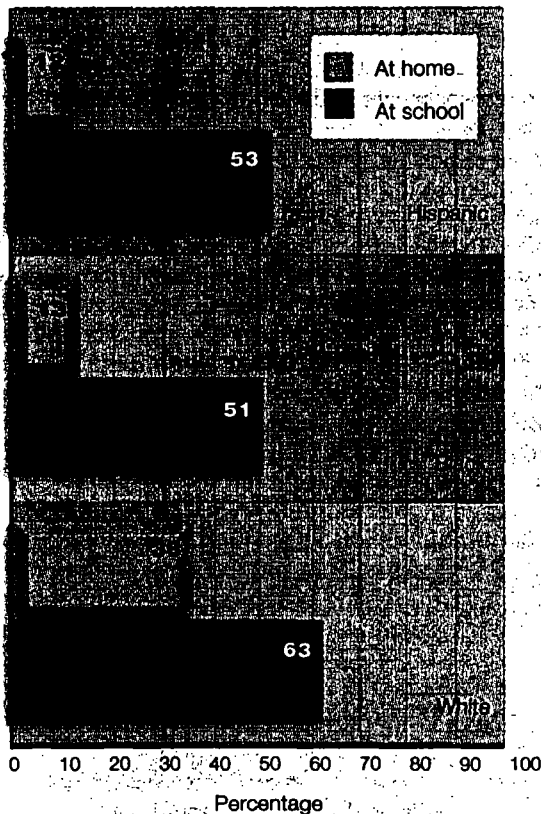
Two of the main sources for state data are Quality Education Data and Market Data Retrieval, commercial marketing firms that collect information on

technology and sell it to technology manufacturers. QED, which has its headquarters in Denver, is a division of Peterson's Guides Inc. MDR, based in Shelton, Conn., is owned by Dun & Bradstreet Corp.

Both companies conduct mail and telephone surveys of schools throughout the nation, asking for laundry lists of their high-tech equipment and purchasing plans. Their results are supplemented by information from the Education Department and other surveys.

The Race Factor

Percentage of 3- to 17-year-olds with home or school computer access, by race and ethnicity.



SOURCE: Current Population Survey, Education and Social Stratification Branch, U.S. Bureau of the Census, 1993.

Key Reports

The following are among the most informative recent reports on educational technology:

- "Advanced Telecommunications in U.S. Public Elementary and Secondary Schools, Fall 1996," National Center for Education Statistics, U.S. Department of Education, 1997. See www.nces.ed.gov/NCES/pubs/.
- "Beyond Bells and Whistles: How to Use Technology to Improve Student Learning," American Association of School Administrators, 1996. (301) 617-7802.
- "Computers and Classrooms: The Status of Technology in U.S. Schools," Policy Information Center, Educational Testing Service, 1997. (609) 734-5694.
- "Fostering the Use of Educational Technology: Elements of a National Strategy," RAND, 1996. (310) 393-0411. See www.rand.org/publications/MR/MR682/contents.html.
- "Getting America's Students Ready for the 21st Century: Meeting the Technology Literacy Challenge," U.S. Department of Education, 1996. See www.ed.gov/pubs/

*"Students who use Learning Technology
are getting super results.
It's wonderful to see the progress."*

Joyce Poklikuhua, Mathematics Teacher
Point Pleasant High School, NJ

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PROVEN RESULTS

Suggested Substitute for Education Section -- Revised Draft January 13, 1998:

To keep opportunity alive, we need a new ethic of education based on high standards, real choice, strict accountability and improved quality in our nation's public schools.

The most important thing we can do is to make sure our children master the basics. America is moving toward high national standards, and we must have national tests so that every parent can tell if their student and school measures up to the highest expectations. Too many young people still graduate without being able to read their diploma. In an economy as demanding of skills as this one, it is simply wrong to move a child from grade to grade if he or she has not mastered the basics. It is time to stop social promotion in America's schools. Some say asking a child to repeat a grade may hurt their self-esteem, but there is nothing more damaging to self-esteem than wanting a job, a promotion, or a raise and not having the skills necessary to get it.

As every teacher and parent knows, the best way to give every student a solid foundation in the basics is to start them off in small classes with qualified teachers. This should be the norm in America, not the exception. So tonight I propose the beginning of a national effort to reduce class size in the earliest years. My balanced budget will hire an additional 50,000 first and second grade teachers to reduce class size, initially to an average of 19. We won't stop until we reach a national average of 18 (in grades 1, 2 [and 3]). We will insist that these new teachers are well trained and meet state standards, including passing rigorous competency tests. And because our children deserve nothing less than the best, we will help the states raise their standards for becoming a teacher.

But we must do even more. To expand choice for parents and students, we must continue to increase support for public charter schools that only stay open as long as they do a good job; in 1992, there was only one charter school in America -- by the end of this school year there will be close to 1000. And to help parents make good choices, I will propose legislation to Congress requiring every public school in America to provide parents and the community with an annual report card containing reliable, easy-to-use information on student achievement, class size, safety, and other important indicators of school quality. These report cards will empower parents to choose the best school for their child and to help schools meet the needs of students.

We must also ensure that our students attend safe, modern schools, staffed by teachers who can take advantage of today's technology and where students get the extra help they need. That's why I'm again proposing a national investment in local school construction; our children cannot learn when the ceiling is crumbling around them. Congress must also approve my plan for recruiting and preparing teachers in underserved areas, and tonight I propose a new initiative to train teachers in the latest technology. And I will continue to work with Congress on America Reads, our national campaign to insure that between parents, teachers, and skilled tutors, all kids can read by the end of 3rd grade. I call on all Americans to do their part.

We also need to redouble our efforts to keep our young people's future from being limited by the scourge of drugs and violence. I propose a major new effort to support drug and violence prevention coordinators at over 6,000 middle schools across the country. These coordinators will work with parents, teachers and the community to assess local problems and help schools identify and adopt research-based practices that work.

High standards, choice, and accountability, combined with extra help for kids who most need it: these are principles that are important for all our nation's students. But they are especially important for students in our urban and poor rural school districts. While some city school systems are making progress, all too many are failing our children. So I have proposed a new initiative to support Education Opportunity Zones -- urban and rural school districts that are committed to tough-minded reforms like fixing failing schools, an end to social promotion, and greater choice of public schools for parents. Cities like Chicago are beginning to prove that this kind of approach can turn around struggling school systems, but we need to give them our encouragement and support for a disciplined approach.

Our purpose is not to hold any child back, but to lift every child up. To make sure every child knows that he or she can achieve the dream of going to college, I am proposing a new initiative to form partnerships between colleges and universities, middle schools and high schools, giving [over one million] students in low-income areas caring mentors and good information beginning in the 7th grade, helping to make sure that they take the right courses and stay on the right track.

One other barrier has for too long kept many students from going on to college: the cost. But now, finally, a college education is financially available to any student willing to work hard for it. Our mission is to make the 13th and 14th year of education as universal as a high school degree is today, and that is achievable (transition to postsec).

[Also, somewhere in the speech, need to acknowledge that space travel, the internet, and all the other glittery aspects of the millenium are only achievabable as far as education will carry us.]

Sub in for what I had

To keep opportunity alive, we need a new ethic of education based on high standards, real competition [choice], strict accountability and improved quality in our nation's public schools.

The most important thing we can do is to make sure our children master the basics. America is moving toward national standards, and we must have national tests so that every parent can tell if their student and school measures up to the highest expectations. Too many young people still graduate without being able to read their diploma. In an economy as demanding of skills as this one, it is simply wrong to move a child from grade to grade if he or she has not mastered the basics. It is time to stop social promotion in America's schools [need another line about self-esteem--don't worry about self esteem of kid held back, worry about self esteem if unskilled adult on welfare]

As every teacher and parent knows, the best way to give every student a solid foundation in the basics is to start them off in small classes with qualified teachers. This should be the norm in America, not the exception. So tonight I propose the beginning of a national effort to reduce class size in the earliest years. My balanced budget will hire an additional 50,000 first and second grade teachers to reduce class size, initially to an average of 19. We won't stop until we reach a national average of 18 (in grades 1, 2 and 3?). We will insist that these new teachers are well trained and meet state standards, including passing rigorous competency tests. And because our children deserve nothing less than the best, we will help the states raise their standards for becoming a teacher.

We must do even more.

Middle school

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Possible substitute for education section:

If the next millenium is to be the American millenium, we must make the most of the abilities of every child in this nation, and that begins with high expectations for every student. That's why I've called for high national standards and national tests in reading and math.

We must insure that all students in the early grades master the basics. Research shows that students learn best in smaller classes. That's why I am proposing a national effort to reduce class sizes by hiring teachers who have passed a tough state test of teaching readiness. My balanced budget will hire an additional 50,000 first and second grade teachers to reduce class size to an average of 19. And I will continue to work with Congress to support America Reads, to help insure that between the efforts of parents, teachers in school, and skilled tutors, all kids can read by the end of 3rd grade, and I call on all Americans to do their part.

We must ensure that our students attend safe, modern schools, staffed by skilled teachers. That's why I'm asking Congress again to take action on school construction; our children simply cannot learn when the ceiling is literally crumbling around them. Congress must also approve my plan for recruiting and preparing teachers in underserved areas, and tonight I am proposing an important new initiative to train teachers in technology.

We must adopt a new ethic of education based on high standards, real competition, strict accountability, and extra help for kids who need it. That's why I have proposed a new initiative to support Education Opportunity Zones -- urban and rural school districts that are committed to tough-minded reforms like fixing failing schools, an end to social promotion, and greater choice of public schools for parents.

That's also why I am asking Congress to increase funds for public charter schools that only stay open as long as they do a good job; in 1992, there was only one in America -- by the end of this school year there will be close to 1000.

Our purpose is not to hold any child back, to to lift every child up. To make sure every child knows that he or she can achieve the dream of going to college, I am proposing a new initiative to form partnerships between colleges and universities, middle schools and high schools, giving hundreds of thousands of students in low-income areas caring mentors who will follow them from 7th grade into college, helping make sure that they take the right courses and stay on the right track.

One other barrier has for too long kept many students from going on to college: the cost. But now, finally, a college education is financially available to any student willing to work hard for it. Our mission is to make the 13th and 14th year of education as universal as a high school degree is today, and that is achievable (transition to postsec).

[Also, somewhere in the speech, need to acknowledge that space travel, the internet, and all the

other glittery aspects of the millenium are only achievabable as far as education will carry us.
Need to tie back to millenium.

poet Langston Hughes wrote: "O, yes,/I say it plain,/America never was America to me./And yet I swear this oath --/America will be!" In this new century, we have the greatest opportunity ever to be America. Here is how we can do it.

NEW OPPORTUNITY IN THE NEW ECONOMY

We begin with the economy – for economic growth has always been our engine of opportunity. And while once the wealth of our nation came mainly from the gold in the ground, the abundance of our farmland, the output of our factories. Now it will come from the skills of our people and the power of our imagination.

Today, more Americans work in the computer industry than worked in the auto industry at its height in the 1950s. In Silicon Valley, 11 companies are created every week. The American auto industry is once again the strongest in the world for the first time since the 1970s. And in the cutting edge industries that the global economy -- from semiconductors and supercomputers to aerospace and biotechnology, America leads the world.

Americans have been the pioneers of this new economy. Its flexibility, its creativity, and its enterprise are qualities at the core of the American character. And we have brought it into being with a comprehensive economic strategy of fiscal discipline, world economic leadership, and investment in our people.

Fiscal responsibility

First and foremost, economic growth demands fiscal discipline. Yet in the twelve years before I took office, deficits exploded and our nation quadrupled its national debt. \$2 trillion dollars, wasted. High interest rates that kept our economy down.

In 1993, the deficit for this year was projected to be \$357 billion. That year, we acted to set this nation on a new fiscal course. Today, our deficit is virtually gone. And next year, we will bring the deficit to zero. I will submit to Congress for 1999 the first balanced budget in 30 years.

Turning a sea of red ink into black is no miracle. It is the product of hard work and sacrifice by the American people. This is an accomplishment of which both parties can be proud.

Now, the question we face is not one of fiscal policy but fundamental direction. As we enter the new century, will we move forward with a new economic strategy that has brought new prosperity -- or move backward to the failed policies of the past?

You know, it seemed as if the prospect of a surplus was only minutes old before some old, bad habits began to reappear. We must not go back to shortsighted spending, or shortsighted tax cuts, that risk reopening the deficit.

[*Social Security decision, to come*]

Leading the global economy

[*To come: Discussion of globalization, Asian markets, and trade, possibly incl. fast track*]

Investing in people

By imposing fiscal discipline and embracing the world economy, we have created the conditions for sustained growth. But America has never been defined merely by the growth of its economy, but by expanding horizons of opportunity for our people. Today, high skill jobs are growing at four times the rate of lower skilled jobs. The income gap is in reality an opportunity gap. That is a gap we can and must close.

In the 21st Century, there are five keys to opportunity for all.

Education that continues through a lifetime.

Health care that doesn't disappear when you need it the most.

Child care so parents can take responsibility at home and at work.

Training and assistance so working people know that they will be the winners of economic change. — ?

Retirement security so a lifetime of hard work will be rewarded with dignity.

These are the things a strong nation can do to give meaning to opportunity for all. They are the elements of the American Dream. We found a way to promote them in this century, and we must find a way to promote them the next century.

First and foremost, every American must have access to the best education in the world. In so many ways, this is not an information age. It is an education age, in which skills determined how much you earn and a diploma is only as valuable as the skills behind it.

Our mission has been to make the 13th and 14th years of education — the first two years of college -- as universal today as a high school degree is today. In the 19th Century opportunity came from a land grant. In the 21st Century opportunity will come from a Pell Grant.

On January 1 of this year, broad new tax cuts took effect to help families pay for college: the \$1500 Hope Scholarship for the first two years of college; new IRAs for education; tax cuts for learning throughout a lifetime. Over the past five years, we have doubled scholarships, — ?

expanded work study, and given 100,000 young people the chance to earn money for education by serving their country through AmeriCorps. Today, for the first time in our history, we can say to every young American: if you work hard, you can go to college — and money will not bar the door.

Our universities and colleges are the best in the world. But you know, and I know, that our elementary schools and high schools are ailing. To keep opportunity alive, we need a new ethic of education based on high standards, real competition, strict accountability in our nation's public schools.

We know that smaller classes matter — and they matter most for children who need help the most. So tonight I propose a national effort to reduce class size in the earliest years. My balanced budget will hire an additional 50,000 first and second grade teachers to reduce class size to an average of 19. And we will insist that these new teachers pass rigorous state *proficiency* [competency] tests before they are hired. Every parent of a child starting school should have confidence that their child's class is small enough to learn -- and the teacher is skilled enough to teach.

We must do even more. My balanced budget will help connect every classroom to the information superhighway, help repair or build thousands of new schools, teach millions of children to read by the 3rd grade.

But the most important thing we can do is to make sure our children master the basics. America is moving toward national standards, with a test that will be ready next September. Too many children are passed from grade to grade without ever learning the skills they need to move on. Too many young people graduate without being able to read their diploma. In an economy as demanding of skills as this one, it is simply wrong to move a child from grade to grade if he or she has not mastered the basics. It is time to stop social promotion in America's schools.

Let's be clear: Our purpose is not to hold anyone *back* down, but to lift everyone up. Let us say to failing schools: If you stop promoting children who don't learn, we will give you the resources *[?]* you need to make sure they do.

[Public school choice/charters] *[Mentoring]*

The second key to expanding opportunity is health care, and protecting families in changing times.

We have made health care portable through the Kennedy Kassebaum law. Last year, we extended health care to up to 5 million children. And working together across party lines, we secured Medicare for a decade. Soon we will strengthen the program for the long run.

Today I challenge Congress to take two more steps that respond to the rapidly changing world of health care.

Millions of Americans now receive health care through managed care plans that can cut costs and improve service. Patients should be treated as people, not as dollar signs on a ledger. I challenge Congress to enact a Health Care Consumer Bill of Rights that says: You have the right to be informed about your health plan in plain English. You have the right to know all your medical options -- not just the cheapest. Traditional care or managed care, no American should receive inferior care.

And millions of Americans between 55 and 65 have fallen through the cracks of the health care system and have lost their insurance after a lifetime of work. I challenge Congress to enact legislation giving these millions of hardworking Americans the chance to buy into the Medicare system.

Third, we must help all our people meet their responsibilities at work and at home. The new economy imposes new demands on working families. Most parents work; and more parents are working harder than ever. They need more time with their children. And they need to know that their children are receiving quality care.

The Family and Medical Leave Act has given [15] million Americans time off from work to care for a child or a family member. But newborns need more. I ask you to extend Family Leave so that new mothers and fathers can take six months off from work.

Choose to

to put back to work

Child care is the next frontier for the American community. [*acknowledge First Lady*] I call upon Congress to pass a comprehensive and fiscally-responsible plan to make child care more affordable and accessible, doubling the number of children we help and giving incentives to businesses and tax cuts to millions of working families. We should offer scholarships for good caregivers, and insist on tough background checks to find bad ones. And we must expand before-and after-school programs. Most juvenile crimes are committed between the hours of 3 and 6. We must give our children somewhere to go other than the streets.

Fourth, [*training and adjustment to come*][*possibly minimum wage*]

No - shd be part of education

(?)

Fifth, [*retirement; brief declaration of principle to come*]

Climate change

The economy of the 21st Century must be an economy that protects the environment and promotes prosperity. Today, our economy is the strongest in a generation -- and our air and water are the cleanest in a generation. We must continue this approach, with dramatic new efforts to clean our rivers.

The greatest environmental challenge we will face in the decades ahead is to stop the coming crisis of global warming. The vast majority of the world's scientists have emphatically concluded that if we do not reduce emissions of greenhouse gases, we will alter our climate, undermine our economy, and harm our society. The verdict is in. It is time to act.

In December, we signed an historic treaty that unleashes the full force of the free market to cut greenhouse gases, rather than imposing new taxes or government regulation. The Kyoto Treaty limits emissions by developed countries; next, we must secure meaningful participation from developing countries, because this global problem requires a global solution.

But we should not wait; we must take the steps within our power to address global warming here at home. I propose \$6 Billion in tax cuts to spur innovation and help Americans create and use more energy-efficient technologies. We must also restructure the energy industry, reducing greenhouse gases and saving American consumers an estimated \$20 Billion a year.

The economic imperative is clear. We can do better. Earlier this month, Ford, GM, and Chrysler unveiled high-performance cars that get three times the gas mileage of the typical models today. We can do this in every industry in America.

On this date in 1880, January 27, the first patent for a light bulb was awarded to Thomas Edison. I am confident that the nation that invented that created the light bulb and the telephone, the airplane and the semiconductor, can create an economy that uses less energy.

But more important by far, the moral imperative is clear: we must pass on the Earth that God gave us to future generations.

NEW RESPONSIBILITY IN A NEW ERA

As our economy must be based on opportunity, our society must be based on responsibility.

It's hard enough for parents to pass on their values, to protect their children from harm. And it's harder still when the mass media and the market send our children messages that can undo all the good done in church or at the kitchen table.

We need to help parents take responsibility to protect their children from the single greatest health threat young people face, smoking -- an epidemic spread by ^{multimillion} billion dollar marketing campaigns. Already, my administration has moved forward, restricting the advertising that can seduce our children.

Now, this year, we have an historic opportunity to pass bipartisan, landmark legislation to curb teen smoking. This will change the way tobacco companies do business, and will raise the price of a pack of cigarettes by up to \$1.50 over the next ten years. I challenge the Congress to

if youth smoking does not go down.

work together across party lines and make this tobacco legislation the law of the land.

For five years, we have worked to put these values of responsibility and family, work and respect for law, at the center of our social policy. And after decades in which it seemed as if the crime rate would rise forever, we have begun to make remarkable progress.

With 100,000 new community police on the streets, tougher punishment, and more prevention, we have spread throughout the nation a community based crime fighting strategy that works. For five years in a row, crime is down, all across America.

Now we must press on. For there is still far too much crime. Drug use among young people is still too high. Far too many children are raising themselves on the streets. We cannot go strong into the 21st Century if children are killing children ... if children are selling drugs to children ... if children are having children. We have a moral responsibility to take the guns out of their hands and to teach them right from wrong.

Here's what we must do next.

Congress should finally pass the juvenile crime bill. [*description to come*]

- prosecutors?

And we should recognize that 80% of crime is linked to drugs or alcohol. Too often our prisons are training academies for a life of crime. I ask you to give the states added ability to expand drug testing and drug treatment throughout our criminal justice system. Nothing will do more to prevent crime.

And the law must be enforced -- strongly, effectively, swiftly. Every criminal knows that trial and punishment can drag on for years due to clogged courts. Yet the refusal of the Senate even to vote on dozens of judges has left one in ten of the nation's judgeships vacant. Chief Justice Rehnquist was right when he wrote, and I quote, "[These] vacancies cannot remain at such high levels indefinitely without eroding the quality of justice." I ask this Congress to heed Justice Rehnquist's plea, and vote on these judges, up or down.

And we have acted to apply our oldest values to perhaps our most stubborn social problem. In 1996, we ended a welfare system that had trapped generations of Americans in a cycle of dependency, and replaced it with a new system based on work and responsibility. Last year, from this podium, I challenged our nation to take the next step, and move two million more Americans off of welfare by the year 2000. Well, I am pleased to report that goal has been met -- not in three years, but in one year.

Think about what that means. Think of those children whose mothers now go to work, who have the dignity of a paycheck instead of the indignity of a welfare check, who are now connected to mainstream America and the world of work. Think of the neighborhoods where hope is replacing despair.

And we must do more -- increasing child support collections even further, providing vouchers to help families move closer to where the jobs are. And ^{I challenge} above all, thousands more businesses ^{3,000?} must join the [2,000] companies in our welfare-to-work partnership, to give a chance to someone who is willing to work their way off welfare.

[cities/empowerment -- tell story of South Bronx revival]

FOREIGN POLICY

[To come -- NATO, Bosnia, new threats (incl. Biological Weapons Convention, Comprehensive Test Ban Treaty, Terrorism, UN and IFI arrears, and other issues)]

BUILDING A MORE PERFECT UNION

Two centuries ago, we the people of the United States of America proclaimed to the world that we had come together to form not just a new nation, but "a more perfect union."

*[campaign finance reform/free TV time challenge to FCC
["democracy agenda" of 2 day voting, voting by mail]
[success of reinventing government]*

Our mission remains to form a more perfect union, to become One America in the 21st Century. The face of America is changing. And we must make our growing diversity our greatest strength in the 21st century.

We must begin by ^{and obligations} recognizing that for all our differences, we are united by the same aspirations and principles. Education, health care, child care, jobs -- these are the issues that weigh heavily on the minds of families everywhere. So when we extend opportunity to all Americans and demand responsibility from all Americans, we build a community of all Americans united by values that transcend skin color, religion or heritage.

Let us be honest with ourselves: It is a plain fact that discrimination still exists. We must continue to vigorously enforce the laws that make it illegal.

But we must remember this: We have torn down the walls in our laws -- but not the walls in our hearts. In so many ways, we still hold ourselves back. We retreat into comfortable enclaves of ethnic isolation. Far too many communities -- too many schools -- too many cafeteria lunch tables -- are all white, all black, all Latino, all Asian. Too many Americans of all races have begun to give up on the idea of integration and the search for common ground. Segregation is no longer the law, but too often, separation is still the rule. Any nation that indulges in destructive separatism will not be able to meet and master the challenges of the 21st century.

I have asked the American people to join in a great national dialogue on these issues. I believe it is vitally important that we move past stereotypes and face these issues with stark honesty.

But tonight I say: As we talk together, we must work together -- toward goals that have nothing to do with race, but everything to do with America. For only on the forge of common enterprise have Americans of all backgrounds ever hammered out a common identity.

That is why the United States military, the world's strongest and most skilled fighting force, has become a proving ground for racial progress and unity. That is the lesson learned every day by thousands of AmeriCorps members of all races and backgrounds. They learn that what matters is not the color of your skin, but whether you get the job done. Tonight I challenge every religious organization in America to take up the standard of service. I ask you to join with other of different races through their churches and synagogues and mosques, in common endeavor. *[possible race & service announcement]*

EEOC

| = ?

TOWARD THE MILLENNIUM

Tonight, let us look forward to our future -- toward the millennium ahead. We see today that this new era will be shaped by science, driven by knowledge, and powered by technology. It will be a time of bold exploration and extraordinary promise -- and it will carry grave new responsibilities as well.

In the new millennium, we will explore inner space, unlocking the mysteries of the human body.

If the past century was the age of physics, the next century will be the age of biology. In the early years of the new century, we will finish mapping the structure of human genes. We will build on discoveries of genes for breast cancer and diabetes. We will continue to bring down the death rate for cancer.

Even these breakthroughs will be just the beginning -- but only if we maintain our sustained commitment to research and development. Tonight, I propose a 21st Century Fund -- a substantial new initiative to support pathbreaking research at our nation's premiere scientific institutions. Let this year be remembered as the year that in the war against cancer, waged for so many decades, we began to win.

Research

make it sound bigger

But as we go forward, technological development divorced from values will not bring us one step closer toward meeting the challenges or reaping the benefits of the 21st Century. I ask the Congress to ratify the overwhelming consensus of the scientific and religious community, and ban human cloning. And I ask the Congress to prevent the use of genetic

tests to discriminate against any American.

In the new millennium, we will continue to explore cyberspace. It seems hard to believe, but five years ago, there was no such thing as a web page on the Internet. Today 50 million people in 150 countries are connected to the Information Superhighway.

Within a matter of years, it will be the largest international marketplace in history -- not only of products and services, but ideas. I call on all the nations of the world to make the Internet a global free-trade zone: no discriminatory taxes, no unfair tariffs.

We must understand that in the future, access to technology will define access to democracy. Within a generation, the Web can bring every book ever written, every painting ever painted, and every symphony ever composed within reach of our children with the click of a mouse. We are only beginning to understand its potential. And we should never forget that it was created in America.

And with daring and wonder, in the new millennium, we will continue the great mission of exploring outer space.

Throughout the course of human history, mankind has had only one place to call home -- Earth. Beginning this year, 1998, for the first time in the history of the world, men and women will build a new home -- a permanent space station, big as a football field, with as much electrical power as a small city. Inside its vast compartments, scientists, engineers, and entrepreneurs from 15 nations will build our future. On [date], the first construction ship will be launched from Cape Canaveral, Florida -- piloted by a Russian. On [date], the second ship will be launched from [site], Russia -- piloted by an American.

We are joined tonight by the leader of America's science lab, the National Institutes of Health -- Nobel Prize winner Dr. Harold Varmus. We are joined by the Gutenberg of cyberspace: Tim Berner-Lee, who invented the World Wide Web -- and whose work has done more to shape and create the world our children will inherit than any invention since the printing press. And we are joined by Commander [name] -- the first American pilot to the permanent international space station.

They are the pathfinders, the American pioneers of the new century. We salute them. And I ask them to stand.

[Transition into Millennium] Our nation was founded by men and women who believed deeply in the power of science to transform their lives -- and in the values that bound them together as a people. As the Year 2000 draws near, we must ask ourselves how we will keep those values alive in new times -- in a new century and a new millennium. And what gifts will we give to the future.

EDUCATION STATS FOR STATE OF THE UNION: I

January 6, 1998

New Economy

- On average, persons who attend some college can expect lifetime earnings in the \$1 million range. Receiving a bachelors' degree adds on nearly another one-half million.
 - Census Bureau Statistical Brief, More Education Means Higher Career Earnings, August 1994.
- Most new jobs today have substantial initial skill requirements, with 56% requiring daily computer usage and 68% requiring daily math, reading and writing.
 - Harry J. Holzer, "Is there a Gap Between Employer Skill Needs and the Skills of the Work Force," in National Research Council, Board on Testing and Assessment, Transitions in Work and Learning: Implications for Assessment, 1997, at 18 (survey of 3,200 employers in Atlanta, Boston, Detroit and L.A.)

Class-Size Figures (Expect to have more on this tomorrow).

Average class size in grades 1 and 2 is 22.5

Number of first and second grade students (1994 data): 6,958,315

Current number of first and second grade teachers: 390,519

Average public school class size (1993-94 data) in selected states:

Michigan -- 27.6

Utah - 28.7

Arizona - 26.7

Minnesota - 26.4

(Note -- California used to have the highest at 30.1 -- but this data is from before their recent class size initiative)

Percentage of students in grades K-3 in classes larger than 20 in selected states:

Arizona -- 80%

Florida -- 87%

Michigan -- 83%

Utah - 87%

(Note -- again this includes CA at 93% -- before their own class size initiative)

ALL DATA ABOVE FROM NCES -- DEPARTMENT OF EDUCATION

Class Size Proposal

Over 5 years the \$7.3 billion dollar proposal would enable us to hire 49,055 teachers and reduce class size to an average of 19.3

Over 7 years would provide funds to hire a total of 78,487 teachers, reducing class size in grades 1 and 2 to an average of 17.8

NOTE: at this point, the details of this initiative are still VERY tentative; moreover, these two estimates of impact are VERY SOFT -- b/c crucial unsettled issues like how the money will flow to states/districts could have an impact on what the average class size will be as a result of the initiative.

Accomplishments

See separate document.

CLINTON ADMINISTRATION EDUCATION AGENDA: HELPING STUDENTS REACH HIGH STANDARDS

[T]he struggle for excellence for all must be our great mission. We must demand high standards of every student; our schools and teachers must meet world-class standards. But we must demand that every child be given the opportunity to meet those standards. Every child must have a chance to succeed in this new economy.

President Clinton, Speech to the NAACP National Convention,
July 17, 1997

High Expectations for All Students and Resources to Help Them Learn

A hallmark of President Clinton's efforts to improve American education has been that we should have high expectations for every student. He has urged states and school districts to adopt challenging academic standards in all core subjects, and to adopt high national standards in the basics of reading and mathematics. The President has strengthened existing federal programs and fought for new resources to improve local schools and help students reach these standards. President Clinton's Budget Agreement with Congress includes the largest increase in our investment in education in 30 years and the largest single boost in college aid since the G.I. Bill. But we still have much to do in order to meet the President's goal of insuring that all Americans have the best education in the world.

Strengthening Existing Programs

- **Expanding Head Start to Reach 1 Million Children a Year.** President Clinton has made Head Start an Administration priority. For over 30 years, Head Start has helped low-income families create an environment where their children are ready to learn by taking a comprehensive approach to child development - improving children's learning skills, health, nutrition, and social competency. The Appropriations Act signed by the President provides nearly \$4.4 billion for Head Start, keeping on track to meet the President's goal of serving one million children. With this \$374 million increase, Head Start funding will have increased 57% since 1993. The program will serve an estimated 836,000 children in 1998.
- **Raising Standards for Over Ten Million Low Income Students.** The Clinton Administration's Improving America's Schools Act of 1994 overhauled Title I, which provides extra help with basic and advanced skills to disadvantaged students in elementary and secondary schools. As a result of this Act, states now hold more than ten million low income students to the same high standards set for all other students in the state, and hold schools accountable for the results. The new law also provides funds for teacher training, and strengthened requirements for parental involvement. The FY 98 Appropriations Act signed by the President provides nearly \$7.4 billion in Title I to support extra help in basic and advanced skills for more than ten million disadvantaged students in elementary and secondary schools. Under the Clinton Administration, investment in Title I has grown by over \$ 1 billion.
- **Making Schools Safe, Disciplined and Drug Free.** The Clinton Administration passed the Safe and Drug-Free Schools and Communities Act and successfully fought Republican efforts to cut this program, which supports school security, drug prevention and education programs.

- **Expanding Opportunity for Disabled Children.** President Clinton signed legislation reauthorizing the Individuals with Disabilities Education Act (IDEA), strengthening and reaffirming our nation's 20-year commitment to disabled children and their parents. The Appropriations Act signed by the President provides \$3.8 billion for Special Education Grants to States, an increase of \$700 million.
- **Bilingual and Immigrant Education.** The FY 98 Appropriations Act includes a *35% increase* in bilingual and immigrant education secured by the President in the Balanced Budget Agreement. The bilingual education funding will help school districts teach English to more than a million limited English proficient children, as well as provide some 4,000 teachers with the training they need to do their jobs better. The Immigrant Education program will help more than a thousand school districts provide supplemental instructional services to 875,000 recent immigrant students.

New Initiatives Already Working to Strengthen Local Schools

- **America Reads.** The bill provides nearly \$300 million in new funding towards the President's comprehensive strategy for involving teachers, families and communities in ensuring that all children learn to read well and independently by the end of third grade. These resources will be used to build on current AmeriCorps and college work-study tutoring efforts (more than 800 colleges have already committed to use Federal work-study slots for reading tutors).
- **Goals 2000.** Goals 2000, President Clinton's education reform initiative enacted in 1994, helps States establish standards of excellence for all children, and plan and implement steps to raise achievement. Communities in every state are using Goals 2000 funds to upgrade curriculum, improve teaching, increase parental involvement in schools, and make greater use of computers in the classroom. The FY 98 Appropriations Act provides \$491 million for this program. Since 1994, over \$1.3 billion has been invested in this vital initiative.
- **Strengthening the Skills of Classroom Teachers.** Under the Clinton Administration, funding for the Eisenhower Professional Development Program has increased by over 25%, strengthening the ability of teachers to improve their teaching skills in math, science and other core subjects. In addition, the FY 98 Appropriations Act provides \$18.5 million in support of the President's plan to help 100,000 teachers nationwide -- at least one for every school -- seek certification as Master Teachers by the National Board for Professional Teaching Standards.
- **Expanding school choice and accountability in public education.** The President has challenged every state to let parents choose the right public school for their children. The Clinton Administration is helping teachers, parents and community groups start charter schools -- innovative public schools that stay open only as long as they produce results and meet the highest standards. In the FY 98 Appropriations Act, the Public Charter Schools Program received a *57 percent increase*, from \$51 million to \$80 million. This program provides start-up funding for public schools that parents, teachers, and communities create -- and that States free from most rules and regulations while holding them accountable for

raising student achievement. By the end of next year, the Department of Education will be funding nearly 1,000 locally-designed charter schools, accelerating progress toward the President's goal of developing 3,000 new charter schools by early in the next century.

- **Expanding Access to Educational Technology**

Bringing Computers to the Classroom. The President's 1997 Budget Agreement with Congress doubles the funding for America's Technology Literacy Challenge, catalyzing private-public sector partnerships to put the information age at our children's fingertips. The President is committed to helping communities and the private sector ensure that every student is equipped with the computer literacy skills needed for the 21st century. For 1998, the Appropriations Act provides \$425 million, more than twice as much as the \$200 million appropriated last year.

Linking Schools and Libraries to the Internet. The Clinton Administration is implementing a plan to create an "E-Rate," provided for in the Telecommunications Act, a discounted education rate for telecommunications services so schools and libraries will be able to bring technology into the classroom, set up phone lines and access the Internet at a fraction of the cost. The FCC has already approved a plan to make discounts worth \$2.25 billion annually available to our schools and libraries, with low-income schools eligible for discounts of up to 90%.

- **Expanding School-To-Work.** The Clinton Administration is providing hundreds of thousands of students with school-to-career opportunities, where they experience work-based learning and gain access to pathways from high school to good jobs and post-secondary education. In 1994 and 1995, over 500,000 young people in 1,800 schools throughout the nation, as well as 135,000 employers, participated in school-to-work systems that integrate academic and vocational instruction and provide work-based learning.
- **Creating after-school safe havens in communities across the country.** The Appropriations Act signed by the President provides \$40 million to support hundreds of after-school centers in rural and urban schools across the country that will provide academic enrichment, tutoring, and other learning opportunities while giving students a safe haven during the often-dangerous after-school hours.

New Proposals to Improve Student Learning

- **Attracting and Preparing Tomorrow's Teachers.** President Clinton has proposed a 5-year initiative to attract nearly 35,000 talented people of all backgrounds into teaching at low-income urban and rural schools across the nation, and to dramatically improve the quality of training and preparation given to future teachers. The President's initiative will help recruit and prepare teachers nationwide to help our neediest students succeed in the 21st century.
- **School Construction.** The Administration will continue its push to help address the serious need for renovating and building schools nationwide.

Widening Access to College and Lifelong Learning

- **The largest Pell Grant increase in 20 years.** President Clinton increased Pell Grants from \$2,300 in 1993 to \$2,700 in 1997. These grants provide a total of 3.7 million low-income students the opportunity to attend college. And for FY 1998, Congress adopted President Clinton's proposal to increase the maximum Pell Grant to \$3,000 -- *the largest increase in two decades*. Approximately 3.7 million students will receive this year's \$300 increase, and an additional 220,000 low- and moderate-income families that were not previously eligible will receive Pell Grants.
- **Higher education tax cuts.** The balanced budget agreement calls for roughly \$35 billion in tax cuts to help families pay for college. Congress has enacted the President's \$1,500 HOPE Scholarship tuition tax credit, to make the first two years of college universally available. Students beyond the first two years, or part-time students seeking to improve or acquire job skills, can now receive a 20% lifelong learning tax credit for up to \$5,000 of tuition and required fees through 2002, and \$10,000 thereafter.
- **Expanding Educational Opportunity Through Service.** The Clinton Administration has enabled 70,000 volunteers to earn money for college by serving their communities and their country in the AmeriCorps program since the inception of the program.

3RD STORY of Level 1 printed in FULL format.

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THE DALLAS MORNING NEWS

December 21, 1997, Sunday, HOME FINAL EDITION

SECTION: NEWS; Pg. 1A

LENGTH: 1170 words

HEADLINE: School uniforms chafe some, cheer others in San Antonio District is state's largest to impose dress code

BYLINE: David McLemore, San Antonio Bureau of The Dallas Morning News

DATELINE: SAN ANTONIO

BODY:

SAN ANTONIO - Sal Luna and Arturo San Miguel sum up their school's mandatory school uniform policy in a few words.

"If we have to wear a uniform, so should the teachers," said Arturo, 13. Sal, a fellow eighth-grader at Mark Twain Middle School, nods his head with studied coolness.

Both said they'd rather wear Tommy Hilfiger shirts and baggy-legged Jenko jeans than the black pants and white shirt the school now requires.

That uniformity of dress that explodes in a rush of Mark Twain students hurrying to catch a ride home on a bright, crisp afternoon is the look of the future for San Antonio school kids.

Earlier this month, the San Antonio School District unanimously approved making school uniforms mandatory next fall for all 60,000 students in its 94 elementary, middle and high schools.

The look-alike policy makes San Antonio the largest district in the state - and possibly the nation - to forcibly take the guesswork out of what to wear to school.

Last year, the Eagle Pass Independent School District became the first in the state to impose a district-approved uniform on students. The Long Beach Unified School District in Southern California was the first large district in the nation to require a school uniform, in 1994.

"We think it's a very reasonable step, one designed to reduce distractions and refocus on learning," said Dave Splitek, the San Antonio district's associate superintendent for planning. "This is a progression of a modification last August of the district's dress code, which banned spiked hairstyles, baggy clothes and body piercing."

The districtwide policy tentatively calls for all students to wear khaki bottoms and a white shirt, although individual schools have the option to adopt a different color shirt or blouse. Schools such as Mark Twain and four others that already had mandatory dress policies can keep their color scheme.

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A committee made up of district officials, teachers and parents will meet early next month to iron out other details of the new policy.

The clothing change has been supported overwhelmingly by parents. A district survey earlier this year of 6,900 district parents showed 82.6 percent approved of a mandatory uniform policy, Dr. Splitek said.

A pilot program this year requiring school uniforms at two elementary schools, two middle schools and one high school was successful enough to warrant making the change districtwide, he said.

At Mark Twain, the first San Antonio school to establish a uniform policy, the change has paid off for teachers, as well as for the 960 students and their parents, said principal Martin Bera.

"We knew it would be important for the kids to remove gang-related clothing as a safety concern," Mr. Bera said. "This is an inner-city school, and some kids felt threatened if they wore certain colors associated with gangs."

The policy change also helped reduce the impact of peer pressure on clothing decisions, he said.

"A basic set of the required white shirt and black pants or skirt can be bought for \$ 27," Mr. Bera said. "Compare that to the Jenkos, which can cost \$ 67, or high-priced designer shirts. We've had parents come up to thank us for helping reduce their school clothing bills."

The change in policy also affected teachers.

"This was the real eye-opener for us," Mr. Bera said. "We've found that teachers now treat the kids with equal respect. They don't know who's in a gang - or who they think is. And the kids are more respectful of the teachers."

"Now, teachers and students don't let clothes establish the relationship. They can both focus on learning."

Since the mandatory dress policy was installed at the start of the fall term, attendance has increased by 2 to 3 percent, and discipline problems have fallen 30 to 40 percent, Mr. Bera said.

"Our in-school suspension program had anywhere from 12 to 20 students in it every day last year. Now, it's about six. And we didn't have to open it until the second half of the semester," he said.

Not all the credit goes to everyone wearing same-color clothes, however, Mr. Bera said.

"Clothing helped change the climate of learning. But it all works because of the tremendous involvement and support by the parents and the commitment by our teachers," he said.

After numerous meetings, Mark Twain officials surveyed nearly every parent. Those who didn't respond to the survey were telephoned. More than 96 percent said they favored the uniform requirement.

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Nancy Rodriguez, interviewed as she waited to pick up her 13-year-old son, Rudy, said the uniform policy simplifies her job as a parent.

"The clothes cost less, and it doesn't take my son an hour to decide what he wants to wear," Mrs. Rodriguez said. "And I think it makes it safer. He complains about his clothes, but I tell him, There's always the weekend." "

School officials readily acknowledge that not everyone likes the new policy. Parents of two children took their kids out of Mark Twain because they didn't like the imposition of clothing standards, Mr. Bera said. Several students have transferred to the school, however, because of the clothing policy, he said.

At Thomas Jefferson High School, where about 200 students walked out of classes earlier this year to protest the dress code, opinions on the uniform requirement are decidedly mixed.

"I hate it," said Jason Cisneros, 16, decked out in a fashionably baggy sweater and equally baggy jeans as he walked across campus at the end of school. "I want to wear the clothes I like, not something somebody else picked out."

His friend, Cesar Morales, 16, shakes his head. "It doesn't matter to me," he said. "I like to dress preppy already. I have plenty of khaki pants to wear."

The students understand full well that teachers and parents stand solidly behind the uniform policy.

"Of course they like it," Jason said. "They don't have to wear the clothes."

San Antonio school officials hold no illusions that the uniform policy will be universally loved.

"We fully expect some students to feel their individuality is being attacked," Dr. Splitek said. "We see this, however, as a means of improving the educational experience, not as an infringement of individual rights or free expression."

Texas law gives districts the right to adopt rules requiring uniforms as long as students are allowed to wear items important to religious or philosophical beliefs. State and federal courts also have long ruled that uniform requirements are not an abridgment of free expression.

In 1996, President Clinton threw his support behind mandatory uniform policies by directing the Department of Education to advise the nation's 16,000 public schools on how to enforce school-uniform policies if a school district decides to adopt one.

"Our experience is that a uniform policy works," Mr. Bera said.

"It helps students feel more comfortable at school and helps both teachers and students to focus on what's important: learning. After all, that's why we're here."

GRAPHIC: PHOTO(S): (Associated Press) Students in uniform enjoy a game of basketball on the playground of San Antonio's Mark Twain Middle School. The

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look-alike policy makes San Antonio School District the largest in the state - and possibly the nation - to forcibly take the guesswork out of what to wear to school.

LANGUAGE: ENGLISH

LOAD-DATE: December 22, 1997

Points for Education Stump Speech

January 7, 1998

PRE-SCHOOL

We need to make sure students are ready to learn when they begin school.

- This week I proposed the single largest child care investment in the history of our nation. The plan will make child care more affordable and accessible, to raise the quality and assure the safety of care for millions of American families.
- The plan includes \$3 billion over five years to establish an Early Learning Fund that helps local communities improve the quality and safety of child care. The initiative also increases investment in Head Start and doubles the number of children served by Early Head Start.
- In addition, the initiative provides after-school care for up to half a million children a.
- We have already increased funding for Head Start 57% since 1993, and will serve over 800,000 children across the country in 1998.

K-12 SCHOOLS

- We need to improve public education by raising standards, providing more choice for parents, demanding greater accountability for achievement and providing opportunity for students to succeed.

Standards

We need to have high standards for every student.

- I have proposed high national standards and voluntary national tests for 4th graders in reading and 8th graders in math, to insure that all students have mastered basics.
- These tests will be overseen by an independent national governing board and will be given for the first time in 2000.
- These tests, for the first time ever, will provide reliable, easy-to-understand information to parents, teachers, and schools on which students need extra help and what problems they got right and wrong. We will even post the test questions and answers on the web each year so families can discuss them together.
- My administration has also invested over a billion dollars in raising state standards in core academic subjects, and under Title I states now hold more than ten million low income students to the same high standards in basic subjects set for all other students.

- *This week E.J. Scott Elementary in Houston was recognized by a national publication for its "relentless focus on student achievement and high standards."*
- *Scott, a 60 percent Hispanic and 40 percent African American school, located in a neighborhood with a 43% child poverty rate -- with one third of its students considered limited English proficient -- was one of just over 10% of Texas elementary schools rated exemplary, meaning that 90% of its students passed each section of the state assessment.*

Accountability

We need to hold students, teachers and schools truly accountable for improving student achievement.

- I have proposed that we establish a number of high poverty urban and rural school districts to be Education Opportunity Zones, that can get extra funds if they adopt tough reform measures -- like those adopted in Chicago -- that make administrators, principals, teachers, and students truly accountable for success or failure. Districts would have to:
 - provide students and parents with choice within the public school system;
 - hold schools accountable for helping students reach academic standards, including rewarding schools that succeed and intervening in schools that fail to make progress;
 - hold teachers and principals accountable for quality, including rewarding outstanding teachers, and implementing processes for fairly and quickly removing ineffective teachers.
 - require students to meet academic standards at key transition points in their academic careers.

We need to provide parents and students with more choice in public education.

- We must help teachers, parents and community groups start charter schools -- innovative public schools that stay open only as long as they produce results and meet the highest standards.
- Keep in mind that, when I was elected in 1992, there was just a single charter school in the entire nation.
- By the end of the current school year, we will be assisting over 800 public schools nationwide under the Public Charter Schools program that we enacted in 1994 -- well on our way to my goal of creating 3,000 charter schools by early in the next century.

- This is the right way to expand choice for students and their families.

Opportunity

We need to insure that our schools are safe, disciplined and drug free and instill basic American values.

- My administration passed the Safe and Drug-Free Schools and Communities Act and successfully fought Republican efforts to cut this program, which supports vital school security, drug prevention and education programs.
- I am proud that many, many schools across the country have taken on my suggestion to adopt school uniforms.
 - *Last month the San Antonio district adopted a mandatory school uniform policy for all of its 60,000 elementary and secondary students.*

We need to make sure that students have talented, dedicated teachers to help them reach high standards.

- We need to provide the opportunity for 100,000 master teachers, -- one for every school -- to be certified by the national board for professional teacher standards. This can transform our schools.
- Sometimes schools where kids need help the most have the hardest time attracting and retaining good teachers. I have also proposed a \$350 million initiative to recruit and prepare teachers in some of our nation's poorest urban and rural areas.
- We also need to ensure that we reward good teaching, and that bad teachers are counseled to improve and, if they don't, removed fairly and quickly from the classroom.

We also need to make sure we give kids the extra help they need to succeed, and safe havens to study in:

- My America Reads program is a comprehensive strategy for involving teachers, families and communities in ensuring that all children learn to read well and independently by the end of third grade.
- More than 800 colleges have already committed to use Federal work-study slots for reading tutors. We also have secured nearly \$300 million in new funds for this strategy that will help train and recruit skilled volunteers and provide teachers with the latest information on effective reading instruction.
- Congress needs to pass this legislation in the coming session to insure that volunteers have all the training they need and work effectively with parents and classroom teachers.

- I am also proud that Congress has approved my proposal to devote \$40 million to high quality after-school programs, giving kids safe, productive places for them to learn and relax in safe and secure surroundings.

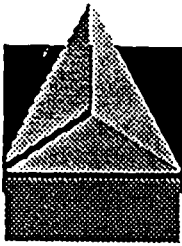
We need to insure that no student has to try study in a school that is literally falling down around him, and to make sure that every classroom is connected to the Internet by the year 2000.

- This year I will continue to push for a school construction initiative.
- This past year we doubled funding for America's Technology Literacy Challenge, helping put the information age at our children's fingertips.
- I am also proud of our work in creating an "E-Rate," provided for in the Telecommunications Act, to help schools and libraries get technology into the classroom, set up phone lines and access the Internet at a fraction of the cost.

POST-SECONDARY EDUCATION (should get some more from Bob)

Finally, we need to insure that all of our students begin to think about college-going early.

- With increases in Pell Grants, the new HOPE Scholarships and Lifetime Learning Tax Credit, and work-study funds, the first two years of college are clearly available to all students who take tough courses and work hard for it.



The EQW National Employer Survey

Designed by the National Center on the Educational Quality of the Workforce

Administered by the Bureau of the Census

Sponsored by the Office of Educational Research and Improvement, U.S. Department of Education

I. Employer Practices

Skill Requirements

Percentage of Establishments That Have Increased, Decreased, or Not Changed Their Skill Requirements

Derived from Question 14: In the last three years, have the skills required to perform production or support jobs (*primary or front-line services or support jobs*) at an acceptable level increased, decreased, or remained the same in your establishment?

Change in Skill Requirements	%
Increased	57%
Decreased	5%
Remained the same	39%

'97 DEC 19 PM 1:1

THE WHITE HOUSE
WASHINGTON

December 18, 1997

THE PRESIDENT WAS SEEN
12-30-97

MEMORANDUM TO THE PRESIDENT
FROM RAHM EMANUEL
SUBJECT EXECUTIVE ACTIONS AND ACCOMPLISHMENTS

Attached is the document that you requested concerning all executive actions and legislative accomplishments. Please let me know if you feel there is any initiative missing from this list and if you believe there is something else we should do in this document.

*Tobacco
- Pension*

*This is good
but almost too
much explanation
we left a few things
out - but as
good - need to discuss
how to meet*

*Also working on
Pensions → \$01 (K)
+ Pension Protection
Sec. order notes on
minors*

*copied
Emanuel
Bowles*

and 18 have mandatory policies. Source: Department of Education

School to Work

- *School-to-Work Program.* Helped prepare students to succeed in the new economy by connecting what goes on in the classroom to future careers, real work situations, and opportunities for post-secondary education training.
 - ▶ Local Partnerships report that between December 1995 and June 1996, the number of businesses participating in school-to-work partnerships increased by 50% from 135,000 to 200,000. The number of work-based learning opportunities offered by businesses increased from 53,000 in December 1995 to 119,000 in June 1996. Source: Department of Labor.
 - ▶ Of the approximately 13 million secondary school students in the country, state data indicate that one million, or 8%, participated in one or more school-based school-to-work activities between January and June 1996. Based on the national evaluation study, 250,000 of these students could be described as having participated in comprehensive school-to-work activities, i.e., a career major with integrated curricula, and paid or unpaid work experience linked to school. Source: Department of Labor.
 - ▶ Of the 111,500 elementary and secondary schools in the U.S., state data indicate that 23 percent offer at least one component of school-to-work as of June 1996. Source: Department of Labor.

Literacy

- *America Reads.* Recognizing the importance of involving all Americans in the lives of the nation's children, the President challenged colleges and universities to commit work-study students as reading tutors. Over 800 colleges and universities have already committed to provide tens of thousands of work-study students as reading tutors in the current school year as part of America Reads.
 - ▶ Americorps members are working in 94 programs across the country to tutor and mentor, set up after-school and summer programs, and recruit parents and community volunteers as tutors. In the District of Columbia, over 1,000 college students, volunteers, seniors, and parents will tutor first grade children in 16 of the neediest schools in the City. The Corporation for National Service is also launching a new "Seniors in Schools" initiative in nine cities using 700 senior volunteers as literacy tutors in some of the nation's poorest elementary schools.
- *Read*Write*Now! Summer Pilot Program*
 - ▶ The Department of Education distributed 1.5 million basic *Read*Write*Now!* Kits for grades K-6 as part of the program to have children read throughout the summer. In addition, 120,000 Spiderman workbooks, 63,022 Early Childhood Family Kits, and 23,121 Early Childhood Caregiver Kits were distributed. Thousands of black and white versions of the above products were also distributed, and the kits were also

**EXECUTIVE ACTIONS AND
ACCOMPLISHMENTS OF THE CLINTON ADMINISTRATION**
DRAFT, December 19, 1997

The following data describes specific effects of significant executive orders, memorandums, and actions. Each section briefly lists the relevant Administration program, its goals, and the results it has produced. The information is divided into the following topic areas: education; children and families; crime; welfare reform; environment; service and volunteerism; consumer protection; farming and the food supply; and aid to small businesses.

I. Education

Charter Schools

- *Advocating and Funding Charter Schools.* When President Clinton took office there was one charter school in existence, as of the 1997-1998 school year, there are more than 800 charter schools.
 - ▶ By the end of the 1997-98 academic year, there will be more than 900 charter schools in existence, with the Administration supporting more than 800 of these schools. Source: Department of Education.
 - ▶ The average size of charter schools is 200 students. With over 800 schools currently operating, there are over 160,000 students in charter schools. Source: Department of Education's National Study of Charter Schools.
 - ▶ The Administration has met approximately 70% of the estimated need for start-up funding for charter schools. These federal funds represent about 6% of the total operating costs for charter schools. Source: Department of Education.

School Uniforms

- *Memorandum on the School Uniforms Manual, Memorandum for the Secretary of Education* (February 23, 1996). Helped to deter school violence, promote discipline, and foster a better learning environment by promoting school uniforms. Disseminated *Manual on School Uniforms* to 15,000 school districts in 1996. In addition, 9,167 copies of the manual were distributed to persons who requested them.
 - ▶ In Miami, 196 out of 328 public schools now require school uniforms. Source: Department of Education.
 - ▶ In New York City, it is expected that 25% of all public schools will require school uniforms by the end of the 1997-98 school year. Source: Department of Education.
 - ▶ In Chicago, 4 out of 5 public schools require school uniforms. Source: Department of Education.
 - ▶ In Boston, out of 125 schools, 58 have voluntary school uniform policies

available on the Internet.

- ▶ There were fourteen summer pilot sites throughout the country. These sites served 85,000 children with help from schools, colleges, churches, literacy organizations, and hundreds of other community organizations.

Prayer in School

- *Memorandum on Religious Expression in Public Schools, Memorandum for the Secretary of Education and the Attorney General* (July 12, 1995). Protected the religious expression of students by distributing a statement of principles addressing religious activity and expression in public schools. This statement of principles, *Religious Expression in Public Schools*, was sent to every public school superintendent; the leadership of private elementary and secondary schools; national religious and school organization leadership; and all chief state school officers.
 - ▶ Following the development of *Religious Expression in Public Schools*, the National School Boards Association reported that inquiries regarding how Christmas celebrations can be accommodated in public schools decreased dramatically.

Internet-Based Education Resources.

- *Promoting the Wiring of Schools.* Helping to connect every school and classroom in America to the information superhighway. A telecommunication survey in 1994 showed only 9% of schools and 3% of classrooms wired to the Internet.
 - ▶ 65% of schools and 14% of classrooms are now wired for the Internet. Source: National Center for Education Statistics.
 - ▶ 72% of schools and 29% of classrooms have access to the Internet. Source: Quality Education Data (OED).
- *Memorandum on Expanding Access to Internet-based Educational Resources for Children, Teachers, and Parents* (April 18, 1997).
 - ▶ The Department of Education is chairing an interagency effort to create a gateway to all federal educational resources that will debut in early 1998.
 - ▶ A segment of the Justice Department web page entitled *Hateful Acts Hurt Kids*, which promotes the discussion of prejudice and discrimination among children, parents, and teachers, was unveiled during the White House Conference on Hate Crimes on November 10, 1997. During its first week, the web page received nearly 10,000 hits.
- *Educational Technology: Ensuring Opportunity for all Children in the Next Century, Executive Order 12999* (April 17, 1996). Providing access to modern computers for all teachers and students. Launched the "Computers for Learning" program, which is a unique partnership between federal agencies, schools, and non-profits across the country to move more than 70,000 computers into the nation's neediest classrooms.

- *Directive on Federal Resources OnLine in Education.* More than 30 agencies are participating in the working group and the pilot site will be unveiled in early 1998. The Department of Education's web site receives over 6 million hits a month from over 300,000 computers.
- *Internet Summit.* Assisting parents in learning about the Internet. The *Parents Guide to the Internet* was released at the Internet Summit on December 2, 1997. Approximately 200,000 copies of the guide will be distributed by the Education Department's toll-free number request service, Family Partnership for Learning members, and the Consumer Information Center.

Student Loans

- *Direct Lending.* A total of 2.36 million borrowers have received Direct Loans. 1.86 million of these borrowers were students, 260,000 were parents, and 240,000 were borrowers consolidating their FFEL loans into Direct Consolidation Loans. Source: Department of Education Management Information Reports.
- *Reforming Student Loans.* Through the period fiscal years 1994-97, student borrowers have saved \$1.657 billion from changes in the Student Loan Reform Act. For the period fiscal years 1994 through 2002, the Department estimates total student borrower savings to be approximately \$5 billion. Source: Department of Education.
 - ▶ An estimated 374,000 borrowers have selected the income contingent repayment plan. Of those who consolidated into Direct Loans, more than one-third chose income contingent repayment. About 41 percent of consolidation loans made as of September 30, 1997, were for borrowers that had previously defaulted on a FFEL loan. Source: Department of Education.
 - ▶ During the period fiscal year 1996-98, the Department of Education will spend \$407 million for Direct Loan administration, out of a total post-secondary education management budget of \$1.8 billion. Source: Department of Education.

Quality Education

- *Directive on Improved Teaching.* The Department of Education developed *Excellence and Accountability in Teaching: A Guide to U.S. Department of Education Programs and Resources.* This guide has been widely distributed, including to the Chief State School Officers and to approximately 600 individuals and organizations interested in teacher quality issues; and has been included in the Department of Education's web site. [The Department of Education will soon release a publication that describes the most promising practices in teacher recruitment, preparation, initial licensing, ongoing professional development, teacher recognition, and accountability measures in teaching. In addition, the Department will issue a biennial report on teacher quality beginning next year to report on the nation's progress.].

- *New Resources for Teachers.* Funded two new centers to improve the quality of teaching: a \$7.5 million Center for the Study of Teaching and Policy to serve as a resource to policy makers and a \$23 million Partnership for Excellence and Accountability in Teaching that will launch a comprehensive national effort to support and sustain long-term improvements in teaching and learning.

- *Keeping Schools Open Late.* Provided additional safe havens and extended learning opportunities for children and their families at schools around the country. The Department of Education has developed a guidebook of promising practices and ideas on how to start and organize after-school programs entitled *Keeping Schools Open as Community Learning Centers*. In fiscal year 1998, the Administration will be able to fund 300 after-school programs serving a total of 30,000 children.
- *Memorandum on Preparing Students to Meet National Standards of Excellence in Eighth Grade Math and Improving Math and Science Education, Memorandum to the Secretary of Education and the Director of the National Science Foundation* (March 6, 1997). Produced an action strategy for improving mathematics and science education. [The National Science Foundation and the Department of Education plan to formally submit the strategy to the White House in early 1998 and to publicly release it shortly thereafter.] NSF and the Department of Education have each requested an additional \$40 million for fiscal year 1999 to support the initiatives laid out in the action strategy.

Pell
H. Stuart

Directive on Fixing Failing Schools (October 28, 1997). By early next year, the Department of Education will make available in print and on the Department's web page, a guide for how to turn around low-performing schools.

II. Children and Families

Child Support

- *Tax Offset.* In 1997, over \$2.1 billion has been collected, of which over \$1.2 billion is child support debt and nearly \$950 million is federal debt. Source: Department of Treasury.
- *Memorandum on the Child Support Initiative, Memorandum for the Secretary of Health and Human Services* (June 18, 1996). Strengthened child support operations by toughening paternity establishment requirements for applicants for welfare and by enabling states to locate, and withhold wages from, obligors who have taken a job in another state -- reforms that became law along with other tough new rules as part of welfare reform. The Clinton Administration collected a record \$12 billion in child support in 1996 through tougher enforcement, an

increase of \$4 billion, or nearly 50%, since 1992. In 1996, the number of child support cases with collections also rose to 4 million, an increase of 43%, from 2.8 million in 1992. In 1996, the number of paternities established rose to nearly 1 million, almost double, from 516,000 in 1992.

- *Requiring HHS and the U.S. Postal Service to implement a policy of posting "Wanted Lists" in post offices of parents who owe child support* (1996). In 1997, the following 12 states displayed "Wanted Lists" for delinquent child support offenders: California, Connecticut, Indiana, Kansas, Maryland, Massachusetts, Mississippi, Nevada, New Hampshire, North Carolina, Oregon, and South Dakota.
- *Child Support Enforcement System Web Site* (1996). Used the Internet to help people access the child support enforcement system more easily and effectively -- and to help find those parents who are not paying the child support they owe. In 1997, the Child Support Enforcement web page received over 238,000 hits.
- *Supporting Families: Collecting Delinquent Child Support Obligations, Executive Order 13019* (September 28, 1996). Facilitated the collection of delinquent child support obligations from persons who may be entitled or eligible to receive certain federal payments or assistance. The first administrative offset was taken on June 10, 1997. To date, 843 payments have been offset, and \$186,581 has been collected through the Administrative Offset Program.

Child Care

- *Memorandum on Improving the Quality of Child Care in the United States, Memorandum for the Secretary of Defense* (April 17, 1997). Directed the Department of Defense to share the expertise and lessons learned from the Military Child Development Programs with Federal, State, tribal, and local agencies, as well as with private and nonprofit groups, that are responsible for providing child care. The October 15 Interim Report to the President on this initiative cited a variety of steps taken, including creation of a toll free number (1-888-CDP-3040) for civilian programs to order DOD training materials and training over 100 personnel to serve as speakers for the DOD Child Development Program Speakers' Bureau.

Protecting Children

- *Memorandum on Child Safety Lock Devices for Handguns* (March 5, 1997). Required that a child safety lock device be issued to every Federal employee who carries a firearm on official duty. By October 1997, all federal agencies with law enforcement agents reported that they were in compliance with the President's directive, including approximately 30,000 Justice Department employees from the FBI, DEA, INS, and Marshals Service, and about 20,000 Treasury law

enforcement personnel. Source: Department of the Treasury; Department of Justice.

- ▶ Under the President's leadership, 8 major handgun manufacturers who make the vast majority of handguns in the country, have agreed to provide child safety devices with each handgun sold.
- *Memorandum on the Development of a National Sexual Offender Registration System, Memorandum for the Attorney General* (July 25, 1996). Improved the safety and protection of children through creation of a national sex offender registry. As of December 1, 1997, 20 states, representing 44.2% of the U.S. population, have contributed to the national registry which now includes information on approximately 27,000 offenders.

Balancing Work and Family

- *Memorandum on Expanded Family and Medical Leave Policies* (April 11, 1997). In April 1997, the President asked federal agencies to implement his expanded leave policy immediately for federal workers. Source: Department of Labor.
 - ▶ In years 1995 and 1996, a total of 226,554 employees took leave under FMLA at the Department of Defense, of which 134,768 (59.5%) were men and 91,786 (40.5%) were female. Source: Department of Defense.
 - ▶ In 1995, 33,218 Department of Treasury employees used 410,373 hours under FMLA for family care or bereavement purposes. In 1996, the number increased to 44,060 employees and 535,515 hours. Source: Department of Treasury.
- *Memorandum on Implementing Federal Family Friendly Work Arrangements* (June 21, 1996). Supported agencies in promoting family-friendly work arrangements including alternative work schedules, "flexiplace" (telecommuting), job sharing, career part-time employment, child care, leave sharing, transportation subsidies, and employee assistance programs.
 - ▶ Approximately 46% of the Department of Commerce workforce are working under some form of alternative work schedule. Source: Department of Commerce.
 - ▶ Over 50% of the Department of Defense workforce are working under some form of alternative work schedule. Over 300,000 Department of Defense employees are on flex time, and approximately 3,000 employees telecommute. Source: Department of Defense.
 - ▶ Eighty-five% of the Department of Labor's employees are on some form of alternative work schedule (flexitime or compressed schedule). In addition, 22% telecommute. Source: Department of Labor.
 - ▶ Approximately 95% of the Department of Transportation's employees are eligible for some form of alternative work schedule (flexitime or compressed schedule). In addition, there are currently over 900 employees who telecommute at least once a week. Source: Department of Transportation.

- ▶ Over 70,000 employees at the Department of the Treasury use the various types of flex time. Source: Department of Treasury.

Health Care

- *Immunization.* As a result of the President's 1993 Childhood Immunization Initiative, childhood immunization rates have reached an historic high. According to the Centers for Disease Control and Prevention, 90% or more of America's toddlers in 1996 received the most critical doses of each of the routinely recommended vaccines -- surpassing the President's 1993 childhood vaccination goal.
 - ▶ *Immunization-Child Care Initiative* (July 23, 1997). Continued to improve child immunization through beginning work on an integrated immunization registry system so that when children change doctors, the new doctor will have access to the child's immunization record. In 1997, the President also announced that all children in federally-subsidized child care centers are required to be immunized.
- *Ending Drive-Thru Deliveries* (1996). Spearheaded legislation requiring insurance companies to cover at least 48 hour hospital stays following most normal deliveries and 96 hours after a Caesarean section. [For the most part, this is being implemented by the states, and HHS will have no direct program data.]
- *Expanded FDA Review and Approval of New Drug Products.* Under the reinventing government initiative, U.S. drug approvals are now as fast or faster than any other industrialized nation. Average drug approval times have dropped since the beginning of the Administration from almost three years to just over one year. In 1997, virtually all breakthrough drugs will be approved within six months without compromising safety standards.
- *Ensuring the Safety of Medications Used To Treat Children* (August 13, 1997). Unveiled a new FDA regulation that will protect children by requiring manufacturers to study the safety and appropriate dosage levels of drugs for pediatric populations and requiring proper labeling of drugs for use in children. Even though many drugs affect children differently than adults, most drugs have not been tested on pediatric populations. Many drugs commonly given to children have not been tested on children including: Ritalin, and drugs for asthma, allergic reactions, HIV/AIDS, and ear infections. These drugs, taken together, are given to over five million children each year. The percentage of drugs being tested on children decreased by over one-third between 1991 and 1996.
- *Eliminated Gag-Rules in Medicare and Medicaid* (February 20, 1997). Ensured that Medicare and Medicaid beneficiaries have the right to know all their treatment options by making it illegal for health plans to prohibit doctors from

discussing options with their patients. Protected 13 million Medicaid beneficiaries in managed care plans -- children, people with disabilities and elderly Americans -- and 5.7 million Medicare beneficiaries in managed care plans.

- *Moratorium on Home Health Providers* (September 15, 1997). Placed moratorium on home health providers to allow HHS to enact strong new regulations to keep fly-by-night providers out of the system. This action was consistent with strong evidence that the best way to stop fraud and abuse in Medicare program is to prevent bad providers from entering the program. Home health care is the most rapidly expanding part of Medicare, with nearly 100 new home health providers entering Medicare each month.
- *Covered Millions of Uninsured American Through Medicaid Waivers*. Approved 18 Medicaid waivers to cover more than two million previously uninsured Americans.
- *Memorandum on Importation of RU-486, Memorandum for the Secretary of Health and Human Services* (January 22, 1993). Directed assessing initiatives by which the Department of Health and Human Services can promote the testing, licensing, and manufacturing in the United States of RU-486 or other antiprogestins. On September 18, 1996, the Food and Drug Administration (FDA) issued an approval letter to the Population Council for mifepristone (commonly referred to as RU-486), when used in combination with misoprostol, for the termination of early pregnancy. The Population Council has not yet submitted the manufacturing control or chemistry information identified as required in the approval letter. When the FDA receives all the information identified in the approval letter, it will have up to six months to make a decision on the application.

Child Worker Labels

- *Child Worker Labels* (August 1996). Because the child labor labeling programs are relatively recent, and definitive data on costs and benefits as well as consumer demand are not available, the newest report does not attempt to make quantitative assessments of their effectiveness.

Adoption

- *Memorandum on Adoption and Alternative Placement of Children in the Public Child Welfare System, Memorandum for the Secretary of Health and Human Services, the Secretary of the Treasury, the Secretary of Labor, the Secretary of Commerce, the Director of the Office of Personnel Management* (December 14, 1996). Bipartisan legislation, the Adoption and Safe Families Act of 1997, was based largely on the recommendations of the Administration's Adoption 2002

report. The legislation will help thousands of children waiting in foster care move more quickly into safe and permanent homes. The Act makes clear that the health and safety of children must be the paramount concerns of state child welfare services.

- *Children With Special Needs.* Signed the Small Business Job Protection Act of 1996, which provides a \$5,000 tax credit to families adopting children, and \$6,000 tax credit for families adopting children with special needs. Since President Clinton took office, the number of children with special needs who have been adopted with federal adoption assistance has risen by 60%.

Teen Pregnancy

- *National Strategy to Reduce Teen Pregnancy.* Since 1993, President Clinton has supported innovative teen pregnancy strategies. The National Campaign to Prevent Teen Pregnancy, a private non-profit organization, was formed in response to the President's 1995 State of the Union. HHS-supported programs reach about 30% or 1,410 communities in the United States. Data shows that we are making progress in reducing teen pregnancy.
 - ▶ The U.S. birth rate for teenagers in 1996 was 54.7 births per 1,000 women aged 15-19 years, down 4% from 1995 (56.8). The teenage birth rate has declined by 12% since 1991 (62.1). Source: National Center for Health Statistics, preliminary 1996 statistics (September 1997).
 - ▶ Birth rates for teenagers 15-19 years declined between 1991 and 1995 in all states and the District of Columbia, echoing the national trends during this time. Rates fell by 12% or more in 12 states; declines in 5 states exceeded 16%. Source: National Center for Health Statistics, preliminary 1996 statistics (September 1997).

Domestic Violence

- *Violence Against Women.* Legislation provides for hiring more prosecutors and improving domestic violence training among prosecutors, police officers, and health and social services professionals. Established a nationwide 24-hour domestic violence hotline providing immediate crisis intervention and local shelter referral to victims that has received over 140,000 calls since February 1996. The Clinton Administration has granted states, territories, and Native American tribes nearly \$300 million to support the system of 1,400 emergency shelters, safe homes, and related services nationwide.

Housing Opportunity

- *FHA Fees.* The President has cut FHA home mortgage insurance premiums four times. One reduction, applying to all first-time home buyers, will save home buyers \$200 in closing costs on the average FHA mortgage of \$85,000. Another will save first-time home buyers in central cities who participate in home ownership counseling an additional \$200. In all, cuts approved by President

Clinton have lowered average FHA closing costs for first-time home buyers by \$1,200 around the country and will cut closing costs by \$1,400 in central cities. Last year, FHA provided financing for 800,000 homeowners, many of whom were first-time home buyers.

- ▶ *Making It Easier to Qualify for Mortgage Loans.* The FHA has eliminated unnecessary and overly strict requirements under its loan program that made it difficult for many families to qualify for mortgage loans.
- *Financing.* Provided financing to help 40,000 rural people buy single-family homes, including the construction of 14,000 homes under the Self-Help Housing program, in which low-income people gain "sweat equity" by participating in the construction of their own homes. USDA also financed the building of 7,900 units of multiple-family housing. In total, USDA's Rural Housing Service invested more than \$2.6 billion either as loans, guaranteed loans, or grants in rural housing last year. More than 58,000 jobs were created as a result of housing construction generated by USDA programs. Source: U.S. Department of Agriculture.
- *Rental Assistance.* Provided \$540 million in rental assistance to help nearly 40,000 rural, low-income households obtain well-built, safe housing. Fifty percent of the rental program beneficiaries were elderly, with average annual income of less than \$7,300. Source: U.S. Department of Agriculture.

III. Welfare

- *Memorandum on Government Employment for Welfare Recipients* (March 8, 1997). In seven months, 2,229 employees have been hired off of public assistance by the federal government, about one-fifth of the goal of hiring 10,000 persons by the year 2000. **These numbers have not been released yet.**

Welfare-to-Work Commitments and Hires through November 22, 1997 as Reported by the U.S. Office of Personnel Management

AGENCY	Total Commitment Thru 2000	1997 Hires Reported Thru 10-22-97	% of Total Year 2000 Commitment Hired Since 3-8-97
Commodity Futures Trading Commission	---	2	---
Department of Agriculture	375	127	34%
Department of Commerce	4180	80	2%
Department of Defense	1600	375	23%
Department of Education	21	7	33%

Department of Energy	55	12	22%
Department of Health & Human Services	300	148	49%
Department of Housing & Urban Development	200	41	21%
Department of the Interior	325	69	21%
Department of Justice	450	68	15%
Department of Labor	120	54	45%
Department of State	220	10	5%
Department of Transportation	400	106	27%
Department of the Treasury	405	57	14%
Department of Veterans Affairs	800	635	79%
Environmental Protection Agency	120	32	27%
Equal Employment Opportunity Commission	---	5	---
Executive Office of the President	6	6	100%
Federal Emergency Management Agency	125	27	22%
General Services Administration	121	50	41%
National Aeronautics & Space Administration	40	8	20%
National Credit Union Administration	---	4	---
National Labor Relations Board	---	1	---
Office of Personnel Management	25	31	124%
Railroad Retirement Board	---	1	---
Securities & Exchange Commission	10	6	60%
Small Business Administration	120	33	28%
Social Security Administration	600	218	36%
U.S. Information Agency	20	15	75%
U.S. Nuclear Regulatory Commission	---	1	---
TOTAL	10638	2229	21%

- *Coalition to Sustain Success.* Vice President has led a new partnership of civic organizations that is working with state and local government to mentor families seeking to leave welfare for work.
- *The Welfare to Work Partnership.* Mobilized over 2500 businesses to hire

welfare recipients.

- *Small Business and Welfare to Work.* SBA has received 800 pledges from small businesses willing to hire former welfare recipients through the work of Small Business Development Centers.

Food Stamp Fraud

- *Anti-Fraud Program.* Issuance error rates for food stamps have declined in each of the past three years, resulting in total savings of \$660 million. In June 1997, the 1996 error rate dropped to 9.2% from the previous year's 9.7%, resulting in a single-year savings of more than \$85 million for the program.
- *Pre-Authorization Screening of Retailers; Tougher Post-Authorization Controls; and Stiffer Penalties for Violators.* During fiscal year 1997, the Food Stamp Program conducted 4,627 investigations of stores, and fired or disqualified 1,584 retailers for program violations. Of those, 712 retailers, with redemptions of \$79.5 million, were identified as having engaged in trafficking, or having exchanged food stamps for cash.
- *Operation Talon.* Organized a nationwide sting to arrest more than 2,100 fugitives felons who were illegally receiving food stamps. This initiative will save millions of taxpayer dollars. "Operation Talon" was made possible by the welfare reform law which permits local food stamp offices to release the addresses of fugitive felons to law enforcement officers.

IV. Crime

Guns

- *Memorandum on Implementation of the Youth Crime Gun Interdiction Initiative* (July 8, 1996). Traced approximately 93,477 guns from 27 communities (17 original sites and 10 new sites) through the use of an innovative computer software system that examines crime gun trace information and provides law enforcement officers with crucial investigative leads about the sources of these guns. Source: Department of Treasury. **Note: These numbers are updated from the numbers released in July 1997.**
- *Memorandum on Gun Dealer Licensing, Memorandum for the Secretary of the Treasury* (August 11, 1993) This initiative strengthened the system of licensing gun dealers, and assured their compliance with applicable rules. The Brady law and the Violent Crime Act of 1994 codified the directive and further reformed the gun dealer licensing system. As of December 10, 1997, the total number of federal firearms licensees (FFLs) is 106,997, down from 279,839 in April 1994, and the total number of FFL dealers is 88,590 down from 252,799. Source: Department of the Treasury.

Note: We don't think these numbers have been released.

- *Memorandum on Enforcing the Youth Handgun Safety Act, Memorandum for the Secretary of the Treasury* (June 11, 1997). A notice of proposed rulemaking concerning warning signs on guns and juveniles to be posted by federally licensed gun dealers was published in the Federal Register on August 27, 1997. Final regulations are being drafted and are expected to be completed in early 1998.
- *Enforcing Zero Tolerance for Guns and Other Weapons in Schools*. In October 1994, President Clinton signed into law the Gun-Free Schools Act, and issued a Presidential Directive later that month to enforce "zero tolerance" for guns in schools -- if a student brings a gun to school, that student will be expelled for a year. Under the President's Zero Tolerance gun policy, preliminary estimates show that approximately 6,000 students have been expelled for bringing weapons to schools, and the vast majority of those expulsions involved guns.
- *Presidential Initiative Requiring Greater Proof of State Residency Before Purchasing a Firearm* (March 5, 1997). Following the February 23 shooting at the Empire State Building, the President asked the Secretary of the Treasury to examine what might be done to prevent unlawful firearms purchases by aliens legally in the United States. ATF responded on April 21, 1997 by amending the firearms purchase form and related regulations to require purchasers to declare their citizenship status, and to require aliens to present photo identification and documentary evidence establishing their 90-day residence in the state of purchase. [Data, however, is not available on this initiative as gun dealers are not required to report information on denial rates.]
- *Ban on Chinese Assault Weapons and Ammunition*. In 1994, the President used his authority under the Arms Export Control Act to stop the potential importation of millions of assault-type rifles (SKS) and high-capacity magazines.

Housing

- *Memorandum on the "One Strike and You're Out" Guidelines, Memorandum for the Secretary of Housing and Urban Development* (March 28, 1996). Denied admission to applicants and evicted tenants in public housing authorities (PHAs) who have engaged in illegal drug use or other criminal activities. The guidance permits PHAs to institute and enforce tough rules to protect the safety of families living in public housing.
 - ▶ Of the 1,859 out of 3,192 (58%) total PHAs responding to the Department of Housing and Urban Development's Office of Public and Indian Housing March 1997 survey, 1,392 PHAs had implemented "One Strike" programs. These 1,859 PHAs completed 3,847 evictions in the six months after "One Strike" took effect. [It should be noted that these evictions did

not necessarily result from PHAs' One Strike practices, and no eviction statistics for prior years are available for comparison purposes. The responding PHAs also reported that 19,589 people were denied admission to public housing for criminal or drug-related activity in the six months following enactment of One Strike. Again, these actions did not necessarily result from One Strike, and no figures for comparison are available.] Source: Department of Housing and Urban Development's Office of Public and Indian Housing survey (March 1997).

- *Boosting Homeownership and Fighting Crime.* The "Officer Next Door" program provides incentives for police officers to live in the communities where they work by offering a 50% discount on the purchase of HUD-owned foreclosed properties in designated revitalization areas. HUD has accepted 261 sales contracts and closed 59 deals in HUD-held properties under this initiative.
- *Zero Tolerance for Waste, Fraud, and Abuse in Housing.* The "Get Tough" campaign has resulted in the debarment of nearly 90 bad landlords -- compared with only 15 in 1996; the debarment of 26 bad public housing officials -- a 100% increase over 1996; and more than 1,400 arrests for crime and drugs in public housing.
- *Memorandum on Federal Arrestee Drug Testing* (December 18, 1995). Increased drug testing of criminal defendants. In fiscal year 1997, data from 24 districts indicated that 9,308 defendants, or 56% of defendants, were tested, which is a dramatic increase over the 4,929 defendants, or 28% of defendants, tested in fiscal year 1996. 1,252 defendants received drug treatment, which is an 190% increase over the 431 defendants treated in fiscal year 1996. Source: Department of Justice.
- *National Community Policing Number of Non-Emergency Calls (311)* (July 23, 1996). Assisted in more efficient use of police resources by encouraging use of 311 for non-emergency calls. During its first year of operations in Baltimore, 911 calls for police services have declined 24.8% and 50,000 hours of police officer time has been saved. Dallas and San Jose, CA, have recently announced they are launching 311 systems.
- *Promoting Curfews.* Promoted increasing the number of curfews in American cities, by disseminating a bulletin entitled *Curfew: An Answer to Juvenile Delinquency and Victimization?* 71% of 1,649 respondents to the Justice Department's Office of Juvenile Justice and Delinquency Prevention's October 1997 survey of recipients of the curfew bulletin reported that they live in a jurisdiction with a curfew. Source: Justice Department Office of Juvenile Justice and Delinquency Prevention survey (October 1997).
 - ▶ In 1997, 276 of 347 cities (80%) have a nighttime curfew, and 72 have a daytime curfew as well. In 1995, 272 of 387 cities (70%) had a nighttime

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curfew. Source: U.S. Conference of Mayors Survey (1997).

- 88 percent (263) of the cities reported that curfew enforcement helped make streets safer and 83% (222) reported that curfews helped curb gang violence. Source: U.S. Conference of Mayors Survey (1997).

- Cracking Down on Truancy.* The Administration has provided a *Manual to Combat Truancy* to the 15,000 school districts in the country and to 51,000 other persons who requested copies. A copy of the manual has also been placed on the Safe and Drug Free Schools' web page.

V. Environment

Parks

- Saving Yellowstone from Mining.* In August 1996, President Clinton announced an agreement to protect Yellowstone National Park from a proposed mine just outside the park which would have endangered the quality and quantity of waters flowing into the park.
- Memorandum Ordering Planning (with DOI) for Demonstration Transportation Systems in 3 Parks* (April 22, 1996) On Earth Day 1996, President Clinton asked the Secretary of the Interior and the Secretary of Transportation to develop a plan to enhance resource protection and the quality of the visitor experience in national parks through innovative transportation planning. Plans are in place for parks at Zion, Yosemite, and the Grand Canyon.

Protection of the Old Growth California Redwoods. The United States and State of California are acquiring the Headwaters Forest -- the largest privately held stand of old growth redwood trees. Together with buffer areas, the governments will preserve 7,500 acres of significant habitat for several endangered species, including the marbled murrelet and coho salmon. [Negotiations are continuing on the Habitat Conservation Plan.]

Toxics and Pesticides

- Memorandum on Community Right-to-Know Initiatives, Memorandum for the Administrator of the Environmental Protection Agency and the Heads of Executive Departments and Agencies* (August 8, 1995). President Clinton directed EPA to consider whether to add to the list of industries covered under the Community Right-to-Know Toxic Release Inventory reporting program. EPA published a final rule on May 1, 1997 which added seven industries to the list of industries covered under the reporting program: metal mining; coal mining; electric generating facilities that combust coal and oil; hazardous waste treatment facilities regulated under Resource Conservation and Recovery Act Subtitle C; wholesale chemical distributors; wholesale petroleum distributors; and solvent

recovery facilities.

- *Restrictions on Pesticides.* In 1993, the Clinton Administration stated its commitment to safer biological and reduced-risk pesticides. In 1996, President Clinton signed into law the Food Quality Protection Act (FQPA) which includes a consistent, health-based standard for pesticide residues, use of an additional safety factor to ensure protection of children, and revisions to the pesticide risk assessment process. Since FQPA was passed, EPA has registered 29 new pesticides, 20 of which were safer reduced-risk and biological pesticides.
- *Protection of Children from Environmental Health Risks and Safety Risks, Executive Order 13045* (April 21, 1997). The executive order directed EPA to ensure that the Agency's regulatory actions address the disproportionate risks to children from environmental threats. In May 1997, Administrator Browner created the Office of Children's Health Protection. In September 1997, EPA hosted the first-ever national conference on "Preventable Causes of Childhood Cancer." In September 1997, EPA and HHS announced \$10 million in joint funding for six research centers to examine children's environmental health issues. EPA has drafted regulatory guidance for the Agency to ensure adequate protection of children from environmental threats.

VI. Service and Volunteerism

- *Presidents' Summit for America's Future.* The 1997 Summit brought together private sector, non-profits, and state and local government in a campaign to promote service. Over 150 cities and states are holding mini-summits.
 - 77 organizations answered the President's challenge and offered to sponsor 10,000 new AmeriCorps members. In June, the Corporation approved 8,900 of these scholarships, ahead of a first-year plan for 5,000 scholarships.
- *Cell Phones for Community Watch Groups.* The President helped launch Communities on Phone Patrol (COPP) with cell phones donated by the wireless technology industry. One year later, in October 1997, 7,850 watch patrols had received almost 9,000 phones -- allowing 300,000 volunteers to use COPP phones to help protect 50 million Americans.
- *National Service Scholarships.* Awarded to over 1,600 high school students with outstanding records of community service. Next year, the Administration hopes that 10,000 high schools in the nation will participate -- almost half of all high schools.
- *Memorandum on Public-Private Partnerships for Protection of the National*

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Parks (April 26, 1996). In the past five years, the 376 National Park units have benefitted from hundreds of new partnerships. The National Park Service is aided by 93,000 volunteers, 65 cooperating associations, over 150 Friends groups and numerous corporate and philanthropic supporters. Overall, gifts of time and money are worth over \$100 million to the National Parks every year.

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VII. Consumer Protection

Food Safety

- *Comprehensive Food Safety.* The President has implemented a comprehensive initiative to improve the safety of nation's food supply and detailed a \$43 million food safety program, including measures to improve surveillance, outbreak response, education, and research. Other significant actions:
 - ▶ August, 1996 -- Signed Safe Drinking Water Act of 1996. The law requires drinking water systems to protect against dangerous contaminants like cryptosporidium, and gives people the right to know about contaminants in their tap water.
 - ▶ July, 1996 -- Announced new regulations that modernize the nation's meat and poultry inspection system for the first time in 90 years. New standards help prevent E.coli bacteria contamination in meat.
 - ▶ December, 1995 -- Issued new rules to ensure seafood safety. Utilizes HACCP regulatory programs to require food industries to design and implement preventive measures and increase the industries' responsibility for and control of their safety assurance actions.

Consumer Health

- *Amendment to Executive Order 13017, Advisory Commission on Consumer Protection and Quality in the Health Care Industry, Executive Order 13040* (March 25, 1997). Established the President's Advisory Commission on Consumer Protection and Quality in the Health Care Industry which promotes and assures consumer protection and health care quality.
 - ▶ *Report.* On November 20, 1997, the Commission issued its Interim Report outlining a proposed Consumer Bill of Rights and Responsibilities.
 - ▶ *Federal Compliance.* Directed the Department of Health and Human Services, the Department of Labor, the Department of Defense, the Department of Veteran Affairs, and the Office of Personnel Management to review the programs they administer and the plans they oversee to ensure they are consistent with the consumer bill of rights recommended by the President's Health Care Quality Commission. These agencies will report back on the status of this directive by February 1998.

Increasing Seatbelt Use

- *Memorandum on Increasing Seatbelt Use, Memorandum for the Secretary of Transportation* (January 23, 1997). Requires seat belt use by federal employees on-the-job.
 - ▶ The Department is developing a Report to Congress to reflect the activity to date on the Presidential Initiative for Increasing Seat Belt Usage Nationwide. The Report will include the progress made towards reaching the new national seat belt and child safety seat goals.
 - ▶ In 1997, three primary seatbelt laws went into affect (Maryland, Oklahoma, and the District of Columbia) bringing the total to 13 states and Puerto Rico that allow a driver to be stopped primarily because the seatbelt was not being used. Source: Department of Transportation.
 - ▶ [There are no new data at this time to reflect a change in safety belt usage as a result of the Presidential Initiative for Increasing Seat Belt Usage Nationwide. Safety belt usage data will not be available until early 1998.]

VIII. Food and Farming

Nutrition and Hunger Programs

- *Goal for WIC Program to Reach Full Participation of 7.5 million.* Participation in WIC has expanded nearly 30%, from 5.7 million at the start of fiscal year 1993 to almost 7.4 million at the end of fiscal year 1997. Source: U.S. Department of Agriculture
- *Reducing WIC Costs.* WIC state agencies have contracted with infant formula manufacturers to obtain rebates on infant formula. These competitively-bid contracts have reduced food costs, increasing WIC participation without increasing WIC appropriations. In fiscal year 1997, this resulted in \$1.2 billion in savings, permitting service to 1.6 million additional participants. Source: U.S. Department of Agriculture.
- *Gleaning.* Helped to feed the hungry through the promotion of food recovery and gleaning.
 - ▶ A joint USDA-Department of Defense initiative, announced in September 1997, has recovered over \$1.4 million worth of food, and channeled it through 29 state agencies. An additional \$10 million of food is anticipated to be recovered over the next 18 months. Source: U.S. Department of Agriculture.
 - ▶ Over 15,000 pounds of food have been recovered from USDA's farmers' markets for distribution to food banks. Source: U.S. Department of Agriculture.

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Assisting Agricultural Communities

- *Loan Guarantees.* Provided loans and loan guarantees totaling \$2.3 billion to over 27,000 family-sized farmers. Direct operating loans totaling \$65 million were provided to over 1,900 socially-disadvantaged farmers (SDA), exceeding the initial targeted allocation for SDA farmers by 22%. Direct operating loans made to SDA farmers increased by 11% from fiscal year 1996. Source: U.S. Department of Agriculture.
- *Emergency Aid.* Provided \$3.5 million to nearly 4,000 farmers in North and South Dakota whose livestock were in danger of perishing due to severe winter storms. Provided over \$22 million in cost share assistance for emergency livestock feed to approximately 30,000 farmers in North Dakota, South Dakota, and Minnesota. Source: U.S. Department of Agriculture.
- *Expanded Crop Insurance and Crop Revenue Coverage.*
 - Expanded the crops covered under the crop insurance program. For the 1997 (1998 citrus) crop year, 29 different crops with permanent programs established were added to the crop insurance program in 343 counties in 25 states. For the 1998 (1999 citrus) crop year, coverage will be expanded on 25 different crops in 144 additional counties in 16 states. Source: U.S. Department of Agriculture.
 - The Federal Crop Insurance Corporation (FCIC) Board of Directors approved the expansion of Crop Revenue Coverage (CRC) for the 1997 and 1998 crop years for corn, cotton, grain sorghum, and wheat. CRC is now available on almost 90% of the corn, wheat, cotton, soybeans, and grain sorghum acres in the U.S.

Creating Rural Jobs

- *Rural Business-Cooperative Service.* Financed the start-up or expansion of 1,183 rural businesses or cooperatives, creating or preserving more than 53,000 jobs in the process. About \$936 million was extended by USDA's Rural Business-Cooperative Service as loans, guaranteed loans, or grants to rural businesses and cooperatives. Source: U.S. Department of Agriculture.
- *Rural Empowerment Zones.* Invested more than \$60 million in the nation's three rural Empowerment Zones and 33 rural Enterprise Communities. As a result of these efforts, over 7,000 jobs have been created or saved; 1,100 public service facilities have been built or renovated; and more than 700,000 rural citizens are now receiving additional services. Source: U.S. Department of Agriculture.
- *Telecommunications and Rural Americans.* Loaned \$380 million for 79 rural telecommunications projects that provided improved service to more than 211,000 rural households and businesses, including more than 43,000 new customers.

Ag Summit
Action Plan
Modus

These investments created over 8,700 new jobs. Source: U.S. Department of Agriculture.

IX. Helping Small Business

- *Increasing Small Business Access to Capital and Credit.* In 1997, SBA achieved the highest program level ever in its 7(a) business loan guarantee program. SBA guaranteed \$9.5 billion in loan guarantees. SBA's combined 7(a) business loan and 504 economic development loan approvals were also the highest ever at \$10.9 billion. A total of 49,419 small businesses received assistance in 1997.
- *Small Business Investment Companies.* SBICs invested a record \$2.4 billion in 1997. SBICs financed 2,733 small business, with more than 90% of the investments in the form of equity. Industry analysts estimate that the number of SBA supported investments is 28% more than those made by private venture capital firms.
- *SBA's One-Stop Capital Shops.* SBA now administers 15 One-Stop Capital Shops in low-income communities across the country. Small business owners and individuals hoping to start a new business can walk in the door and have access to a range of governmental services, business information, counseling and assistance, and lending services.
- *Microloans.* SBA has provided over 6,300 microloans totaling \$65 million through 103 intermediary lenders and 22 non-lending technical assistance providers.
- *Regulatory Reform.* SBA revised all of its regulations, converting them to plain English and eliminating more than half of the pages. SBA has eliminated more than two-thirds of the total pages in the Standard Operating Procedures (SOPs), from 25,000 pages to 8,000 pages.
- *Improving Customer Service.* SBA's PRO-Net system – an on-line service to link small businesses with federal procurement opportunities – has gone operational with more than 171,000 small businesses listed on the system. SBA has created ACE-Net – an on-line service that links investors with emerging small businesses seeking equity investments. Eight non-profit operators located throughout the country are now operating the system. The goals are to have an operator in each of the 50 states as issues of consistency with state securities laws are resolved.

More Education Means Higher Career Earnings

Is it worth it to stay in school and earn a higher degree? As data from the Census Bureau's Current Population Survey show, the answer is a resounding yes!

This Brief examines the relationship between education and earnings during the 1992 calendar year; it also demonstrates how the relationship has changed over the last two decades. Additionally, it provides estimates (by level of education) of the total earnings adults are likely to accumulate over the course of their working life.

You'll see that more education means greater earnings over a year's time; over the length of one's working life, these differences become enormous. Moreover, this relationship between earnings and education is now even stronger than it was back in the 1970's.

We're more educated than ever.

In 1993, about four-fifths of American adults aged 25 and over had at least completed high school; over one in five had a Bachelor's degree or higher. Both figures are all-time highs.



SB/94-17
Issued August 1994

U.S. Department of Commerce
Economics and Statistics Administration
BUREAU OF THE CENSUS

Professional degree holders have the highest earnings.

Adults aged 18 and over who worked sometime during 1992 earned an average of \$23,227 that year. But this average masked the fact that the more education they received, the more money they made. (See graph below.) Earnings ranged from \$12,809 for high school dropouts to \$74,560 for those with professional degrees (such as M.D.'s and J.D.'s).

Earnings differences compound over one's lifetime.

Using 1992 data, we estimated the earnings a person would accrue over a typical "worklife." Here's

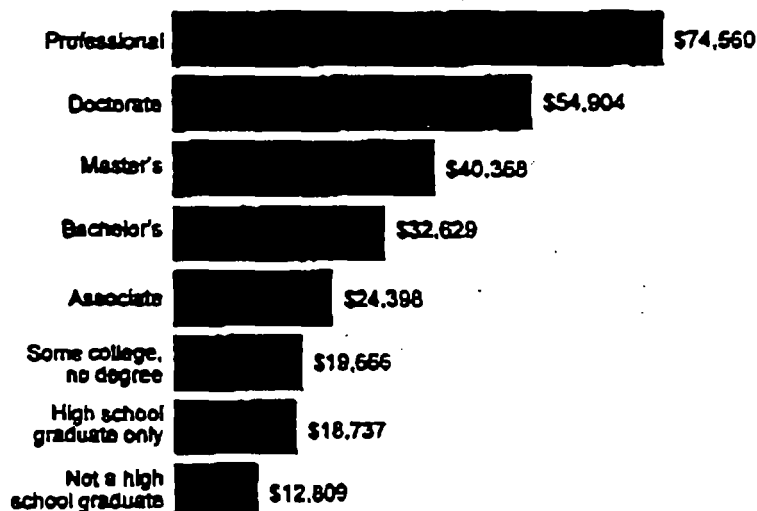
how we did it. First, we defined a worklife as lasting from ages 25 to 64 — a 40-year period. Then we began our calculations.

We started with high school dropouts. We took the 1992 mean earnings figure for persons of this group who were aged 25 to 34 and multiplied it by 10. The same thing was done for those aged 35-44, 45-54, and 55-64. Then, the four 10-year totals were added up. The result was an estimated lifetime earnings total for high school dropouts. This process was then repeated for each of the other seven educational levels.

These estimates dramatically illustrate the large earnings differences

Education Continues to be the Ticket to Higher Earnings

Mean annual earnings for persons aged 18
and over, by level of education: 1992



that develop between educational levels over the long term. As the graph below shows —

- High school dropouts would make (in 1992 dollars) around \$600,000 during their lifetime.
- Completing high school would mean about another \$200,000.
- Persons who attended some college (but did not earn a degree) might expect lifetime earnings in the \$1 million range.
- You could tack on nearly another one-half million dollars for holders of a Bachelor's degree.
- Doctorate and professional degree holders would do even better, at just over \$2 million and \$3 million, respectively.

Lifetime differences may become even more striking in the future.

These estimates of lifetime earnings assume that 1992 earnings levels will stay in effect throughout one's worklife. But the reality is that the value of the dollar continually changes. And recent history shows that the value of higher levels of education has risen faster than that of lower levels. When we compare 1975 and 1992 figures, we see that average earnings —

- Doubled for high school dropouts (from \$6,014 to \$12,809).
- Rose 2.5 times for those who were high school graduates only (from \$7,536 to \$18,737).
- Nearly tripled for holders of Bachelor's degrees (from \$11,574 to \$32,629).
- Tripled for those who held advanced degrees (from \$15,619 to \$48,653).

Keep in mind that in 1992 the consumer price index (which measures yearly changes in the value of the dollar) was 140, 2.5 times what it was in 1975. This means that the earnings of high school dropouts did not even keep up with infla-

tion, and high school graduates just barely managed to keep pace. Real wages rose only for persons with education beyond the high school level. If these patterns continue, lifetime earnings differences between low and high levels of education will become even more dramatic than current levels indicate.

More information:

Several Census Bureau reports have information on the relationship between earnings and education. These include —

- *Educational Attainment in the United States: March 1993 and 1992*, Current Population Reports, Series P20-476. Stock No. 803-005-00077-0. \$8.50.
- *What's It Worth? Educational Background and Economic Status: Spring 1990*, Current Population Reports, Series P70-32. Stock No. 803-044-00020-1. \$3.50.
- *Money Income of Households, Families, and Persons in the United States: 1992*, Current Population Reports, Series P60-184. Stock No. 803-005-30031-5. \$19.

■ *Education in the United States*, Series 1990, CP-3-4. Stock No. 003-024-08742-1. \$41.

To order any of these publications, call the U.S. Government Printing Office (202-512-1800).

Contacts:

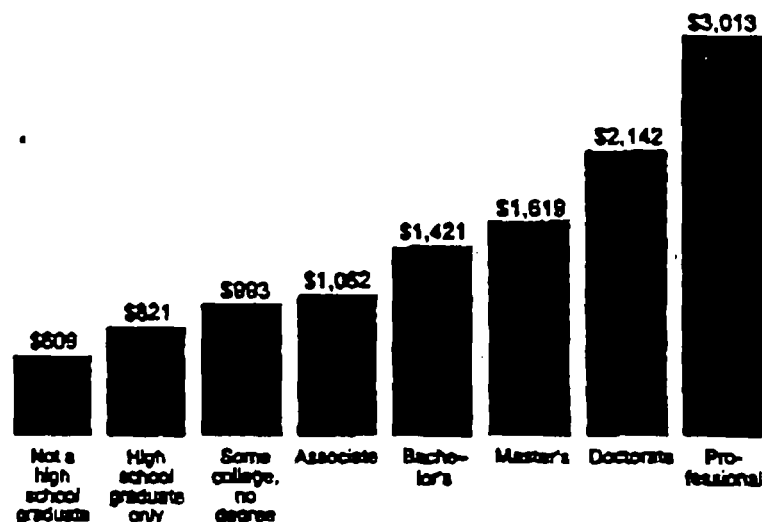
Earnings and education —
Robert Kominski
301-763-1154

Statistical Briefs —
Robert Bernstein
301-763-1584

This Brief is one of a series that presents information of current policy interest. It may include data from businesses, households, or other sources. All statistics are subject to sampling variability, as well as survey design flaws, respondent classification errors, and data processing mistakes. The Census Bureau has taken steps to minimize errors, and analytical statements have been tested and meet statistical standards. However, because of methodological differences, use caution when comparing these data with data from other sources.

Go to College, Make a \$Million

Estimates of worklife earnings, by level of education: 1992
(In thousands of dollars)



PAPERS AND PROCEEDINGS

*Transitions in Work
and Learning*

Implications for Assessment



Alan Lesgold, Michael J. Feuer, and Allison M. Black, Editors

Board on Testing and Assessment
Commission on Behavioral and Social Sciences and Education
National Research Council

NATIONAL ACADEMY PRESS
Washington, D.C. 1997

Is There a Gap Between Employer Skill Needs and the Skills of the Work Force?

Harry J. Holzer

INTRODUCTION

Discussions in the popular press and in the policy-making community frequently imply that there is a "skills gap" in the U.S. economy—a gap between the skills needed by employers and the skills of workers in the labor force. Because of this alleged gap, a wide range of policies involving education and job training are frequently advocated by various groups and individuals. But what is the evidence that such a gap truly exists? And if it does, what skills are in particularly short supply in the work force? The latter question has been especially difficult to answer, at least partly because of a lack of available quantitative data on employers and their needs.

"SKILLS GAPS" IN THE WORK FORCE: CONCEPTUAL ISSUES

If a gap truly exists between the skills that employers need and those held by the work force, can this be inferred? What would be the likely economic effects of such a gap? Why might the choices of employers and employees with respect to skill acquisition still result in such a gap?

Mismatches in the Short and the Long Run

In recent years there has been much discussion among various social scientists of a skills mismatch in the work force, with the implication that this helps to account for the low employment rates of such groups as inner-city minorities (Wilson, 1987; Kasarda, 1995). Indeed, *mismatch* is another term for what econo-

HARRY J. HOLZER

mists have often called structural unemployment, a situation in which jobs are actually available but unemployed workers cannot be hired because they lack the necessary skills, reside in the wrong area, and the like. (For a very recent description of "structural unemployment" in an introductory text, see Case and Fair 1996.)

But unemployment is not the only possible result of such a situation. To an economist, mismatch suggests a gap between the demand and supply sides of the labor market—that is, between employers and prospective employees—terms of some particular characteristic. Thus, a skills mismatch might arise because the demand for workers with certain skills (such as higher education) has increased more rapidly than the supply of such workers.

Figure 2.1A illustrates the results of such a shift in demand from less educated workers to more educated ones. As the figure shows, the demand shift should result in both lower wages and lower employment among the less educated in the short run (and the opposite for the more educated), with the exact effects depending on the elasticity of the labor supply—that is, the responsiveness of the supply of workers to wage levels.¹ The lower this is the smaller will be the loss of employment and the greater the loss of wages for this group.²

Thus, widening wage and/or employment gaps between education groups could be interpreted as a sign that relative demands have shifted between them and that some degree of mismatch exists. Widening gaps in earnings or employment between specific demographic groups with more or less education (such as blacks and whites) could also result, and, even within a group whose members have comparable amounts of education, widening gaps for other dimensions of skills (such as those measured by test scores) could also indicate relative shifts in labor demand.

This analysis is strictly short run in nature. The new and higher wage gap between education groups would imply a higher return to investment in that particular skill, which should lead to greater enrollment in higher education (Becker, 1975). In the long run the relative supply of educated workers should gradually shift out while the relative supply of less educated workers should diminish (Figure 2.1B). This will, in turn, reduce the wage gaps between the two groups.

¹This analysis assumes that the market was in equilibrium to begin with and that it will be so after the demand shifts occur. If wages are rigid, especially in the downward direction for less educated workers, the result would be somewhat less reduction in wages and somewhat more loss of employment (and a rise in unemployment) among less educated workers, but the overall implications of the analysis still hold.

²The elasticity of the labor supply is reflected in the shape of the labor supply curve; the steeper the curve, the lower this elasticity is. A low elasticity implies that people will choose to work regardless of the wage level, while a higher elasticity implies that people will choose not to work at low wage levels.

ence remains here even after these differences are controlled for. While the test scores of blacks have risen in recent years relative to those of whites (Grissmer et al., 1994), the economic returns to test scores appear to have risen even more rapidly, thus preventing any relative improvement in black-white wage rates (Bound and Freeman, 1992).

A similar story can be told about overall test scores in the population: they rebounded somewhat from their lows in the 1970s (Bishop, 1992), especially among the lowest-scoring groups. But this did not occur rapidly enough to offset the rising returns and resulting increases in inequality associated with these differences. Summary data on the National Assessment of Educational Progress test scores still indicate large fractions of the population scoring at very low levels of reading or mathematical competence (Barton and Kirsch, 1990). The lower means and higher variances in test scores among less educated workers in the United States than in several other industrial countries have also been linked to the greater relative declines in earnings that have occurred here in recent years (Bishop, 1989; Nickell, 1997) as U.S. workers have appeared to have more difficulty adjusting to recent shifts in labor demands.

A few caveats are in order here. The magnitudes of estimated relationships between test scores and earnings or job performance are not enormous—test scores generally account for little more than 10 to 20 percent of the variance in earnings or job performance (Bishop, 1995; Hunt, 1995). Some questions remain as to what the scores really measure and whether their correlations with measured job performance are real or spurious. For blacks these questions are even greater than for whites.¹⁵

Nevertheless, employer demand for cognitive abilities seems to be growing even within educational categories and is apparently growing more quickly than the supply of these skills can respond. Thus, the economic returns to these abilities appear to be rising as well.

EMPLOYERS' SKILL DEMANDS: SURVEY EVIDENCE

The Multi-City Employer Survey

While the evidence cited above clearly indicates that relative employer demand has shifted to workers with more education and better cognitive abilities, many questions remain unanswered. Exactly what skills do employers currently need among their less educated (i.e., noncollege) workers? How do employers seek these skills—that is, how do they screen for them, and what observable credentials and characteristics do they regard as signals of potential

¹⁵Hunt (1995) notes that test scores generally have even less predictive power with regard to job performance for blacks than for whites, while Rodgers and Spriggs (1995) argue that test scores are rewarded quite differently in the labor market for blacks than they are for whites.

ability? What are the consequences for workers who cannot provide these signals?

To help provide answers to these questions, I recently administered a new survey to some 3,200 employers in four large metropolitan areas: Atlanta, Boston, Detroit, and Los Angeles. (This survey is part of a larger Multi-City Study of Urban Inequality [MCSUI], funded by the Ford and Russell Sage foundations in these four metropolitan areas.) The survey was administered over the phone between June 1992 and May 1994 to individuals in the establishments who were identified as being responsible for the hiring of noncollege workers in general or workers in specific occupations. The sampling process used here generated a stratified random sample of employers who are distributed across establishment size categories in roughly the same proportions as the overall labor force.¹⁶ Because of this sampling property, the characteristics of a sample of newly filled jobs at these firms can be considered, which should fairly well represent the jobs that are now being filled by employers and which new job seekers will currently face in the labor market.

Survey respondents were asked a variety of questions about all currently filled or vacant jobs at the firm as well as the last job that they filled and the last worker hired into this job, including the skills needed, recruitment and screening methods used, and demographic characteristics of hired workers. Data regarding the latter are analyzed below.¹⁷

Table 2-1 presents data on the cognitive and social tasks that need to be performed daily on these jobs and the personal skill credentials required of people who are hired. The tasks are measured as responses to questions of how frequently each task in the list had to be performed (i.e., daily, at least once a week, once a month, or never). The credentials are based on a question of whether or not each is "absolutely necessary," "strongly preferred," etc. (The credentials are counted as "required" if they are listed as "absolutely necessary" or "strongly preferred.") These results are presented for all jobs together and separately for jobs that do and

¹⁶Roughly 30 percent of respondents were drawn from the names of employers generated by respondents to the MCSUI household surveys in these four areas: by definition, the employers in this part of the sample are weighted in proportion to where people actually work. The remainder of the sample was drawn from lists of employers generated by Survey Sampling, Inc. These lists were random samples within employer size categories, drawn to approximate the distribution of workers across these categories in the work force. The overall response rate among firms that passed the screening was 67 percent. The analysis of response rates across size categories shows little evidence of selection bias along these dimensions, thus suggesting that the ex ante sampling criteria are largely reflected in the data. See Holzer (1996).

¹⁷An employee-weighted sample of the most recently filled job at each firm will, over a reasonable period of time, also include those that were vacant for a lengthy time period. The sample will underrepresent new hires at high-turnover firms, though they will accurately measure the number of actual jobs that are filled by these many new hires. New hires at firms experiencing net employment growth will also be underrepresented here.

TABLE 2-1 Skills and Credentials Required for New Jobs (percentage)

	All Jobs	College Required	No College Required	
			White-Collar	Blue-Collar/Service
Daily task performance				
Customer contact	73%	82%	82%	51%
Reading or writing paragraphs	68	91	67	51
Arithmetic	68	77	70	56
Computer	56	74	70	20
Required credentials				
High school diploma	78	100	82	54
GED accepted	—	—	66	44
GED not accepted	—	—	16	10
General work experience	70	75	72	62
Specific work experience	64	74	64	56
Previous training or certification	43	56	39	37

NOTE: All results are sample weighted.

do not require college degrees. The latter category is also divided by occupational category: white-collar versus blue-collar and service jobs.¹⁸

The results show that credentials requirements and task performance on newly filled jobs are extensive. Almost three-fourths of these jobs involve daily customer contact (either in person or on the phone); over two-thirds require daily reading or writing of paragraph-length material and the use of arithmetic; and well over half involve the use of computers.¹⁹ Furthermore, almost two-thirds require not only general work experience but also specific experience related to the particular type of work, and over 40 percent require some type of certification of previous training.

These requirements vary with the educational requirements of the job and by occupation. Thus, jobs that require a college education generally require a higher degree of daily task performance and more experience or training than jobs that do not require college; among the latter, white-collar jobs require more than blue-collar and service jobs. But even for blue-collar and service jobs, requirements are quite extensive. Over half of these jobs require daily customer contact, reading and writing, arithmetic, general work experience, or specific work experience. Indeed, only about 5 percent of all jobs in central-city areas require none of these tasks, and the percentage requiring none of these credentials is the same (Holzer,

¹⁸Jobs are categorized as white collar if they are professional, managerial, technical, clerical, or sales jobs. Blue-collar jobs include the skilled crafts as well as machine operators and laborers. The service jobs include such categories as food service (i.e., waiters, waitresses), cleaning occupations (e.g., janitors), and various nontechnical health aides (such as orderlies or nurses' assistants).

¹⁹There were separate questions in the survey on reading and writing of paragraph-length material. Jobs requiring writing almost always require reading as well, though the converse is not true.

1996). Comparable statistics for suburban areas are just a few percentage points higher.

Of course, some questions remain about whether or not the requirements are hard and fast—in other words, whether employers really do as they say. But no such questions even seem relevant for the task performance data, which report current employee activities, and the responses to questions on hiring requirements are largely confirmed by information, where it is available, on the characteristics of the workers actually hired for these jobs.²⁰

Thus, these data cast considerable doubt on whether there are enough jobs available with very low skill requirements to absorb all potential workers with very low skills, especially if welfare recipients are soon required to seek work in large numbers (Holzer, 1996).²¹

As argued above, the tasks represent some of the actual skills needed for job performance, while the credentials are signals of a candidate's potential ability to perform a job. But employers appear to use a wide range of other screens as well to gauge these signals, and they also use a variety of attitudes about various personal characteristics in making their hiring decisions.

Table 2-2 provides data on these other screens and attitudes. It shows that written applications, personal interviews, and requests for references are almost universally used, even though there are some major doubts about their predictive power or objectivity (Karren, 1980). Nonphysical tests are now used in 29 percent of all cases, and work samples are reviewed in 21 percent; over 40 percent use at least one or the other.²² On the other hand, checks on educational or criminal backgrounds are made less than one-third of the time.

The data presented here on employer attitudes toward various personal characteristics are striking. For noncollege positions (the only ones for which these questions were asked), employers would not hire people who had been unemployed for over a year in about 30 percent of the cases; they would not hire anyone with only short-term or part-time work experience in about 50 percent of the cases; and they would not hire anyone with a criminal record almost 70 percent of the time.

The aversion of employers to hiring those with spotty work histories has been noted by Ballen and Freeman (1986), who argue that previous employment

²⁰For instance, the fraction of workers hired with educational attainments less than the stated requirements was very small (i.e., under 10 percent). Of course, the tendency of firms to hire workers should vary with the degree of tightness in the labor market and the nature of the skill or credential in question.

²¹This potential imbalance is suggested by the fact that over half of long-term welfare recipients who are those most likely to be affected by time limits or other work requirements) are high school dropouts; most can report no recent work experience, and most score in the bottom quintile of the population in tests for cognitive ability (Burtless, 1995). These women also constitute roughly 10 to 15 percent of the household heads in major central cities, and most will probably seek employment in central-city areas (owing to transportation or informational limitations).

²²Roughly one-fifth of the jobs that require either a test or a work sample require both, though there is some possibility that these categories are picking up the same activity.

**EXECUTIVE ACTIONS AND
ACCOMPLISHMENTS OF THE CLINTON ADMINISTRATION**
DRAFT, December 17, 1997 (1:40 pm)

The following data describes specific effects of significant executive orders, memorandums, and actions. Each section briefly describes the relevant Administration program, its goals, and the results it has produced. The information is divided into the following topic areas: education; children and families; crime; welfare reform; environment; farming and the food supply; and aid to small businesses.

I. Education

Charter Schools

- *Advocating and Funding Charter Schools.* When President Clinton took office there was one charter school in existence, as of the 1997-1998 school year, there ~~are~~ ^{are} more than 800 charter schools.

By the end of the 1997-98 academic year, there will be more than 900 charter schools ~~operating~~, with the Administration supporting more than 800 of these schools. Source: Department of Education.

The average size of charter schools is 200 students. With over 800 schools currently operating, there are over 160,000 students in charter schools. Source: Department of Education's National Study of Charter Schools.

The Administration has met approximately 70 percent of the estimated need for start-up funding for charter schools. These federal funds represent about 6 percent of the total operating costs for charter schools. Source: Department of Education.

School Uniforms

- *Memorandum on the School Uniforms Manual, Memorandum for the Secretary of the Education* (February 23, 1996). Helped to deter school violence, promote discipline, and foster a better learning environment by promoting school uniforms. Disseminated *Manual on School Uniforms* to nation's 16,000 school districts in 1996. In addition, 9,167 copies of the manual were distributed to persons who requested them.
 - ▶ In Miami, 196 out of 328 public schools now require school uniforms. Source: Department of Education
 - ▶ In New York City, it is expected that 25 percent of all public schools will require school uniforms by the end of the 1997-98 school year. Source: Department of Education
 - ▶ In Chicago, 4 out of 5 public schools require school uniforms. Source: Department of Education
 - ▶ In Boston, out of 125 schools, 58 have voluntary school uniform policies and 18 have mandatory policies. Source: Department of Education

helped prepare students to succeed in the new economy

School to Work

- **School-to-Work Program.** ~~Helped move persons from school to work to provide economic opportunities.~~ ^{helped improve student learning by connecting what goes on in the classroom to future careers, real work situations and opportunities for postsecondary education training.}
 - ▶ Local Partnerships report that between December 1995 and June 1996 the number of businesses participating in school-to-work partnerships increased by 50 percent from 135,000 to 200,000. The number of work-based learning opportunities offered by businesses increased from 53,000 in December 1995 to 119,000 in June 1996. Source: Department of Labor.
 - ▶ Of the approximately 13 million secondary school students in the country, state data indicate that one million, or 8 percent, participated in one or more school-based school-to-work activity between January and June 1996. Based on the national evaluation study, 250,000 of these students, or 2 percent, could be described as having participated in comprehensive school-to-work activities, i.e., a career major with integrated curricula, and paid or unpaid work experience linked to school. Source: Department of Labor.
 - ▶ Of the 111,500 elementary and secondary schools in the U.S., state data indicate that 23 percent offer at least one component of school-to-work as of June 1996. Source: Department of Labor.

Literacy

- **America Reads.** Recognizing the importance of involving all Americans in the lives of the Nation's children, the President challenged colleges and universities to commit work-study students as reading tutors. Over 800 colleges and universities have already committed to provide tens of thousands of work-study students as reading tutors in the current school year as part of America Reads.
 - ▶ Americorps members are working in 94 programs across the country to tutor and mentor, set up after-school and summer programs, and recruit parents and community volunteers as tutors. In the District of Columbia, over 1,000 college students, volunteers, seniors, and parents will tutor first grade children in 16 of the neediest schools in the city. The Corporation is also launching a new "Seniors in Schools" initiative in nine cities using 700 senior volunteers as literacy tutors in some of the nation's poorest elementary schools.
- **Read*Write*Now! Summer Pilot Program**
 - ▶ The Department of Education distributed 1.5 million basic Read*Write*Now! Kits for grades K-6 as part of the program to have children read throughout the summer. In addition, 120,000 Spiderman workbooks, 63,022 Early Childhood Family Kits, and 23,121 Early Childhood Caregiver Kits were distributed. Thousands of black and white versions of the above products were also distributed, and the kits were also

for
National
Service

available on the Internet.

- ▶ There were fourteen summer pilot sites throughout the country. These sites served 85,000 children with help from schools, colleges, churches, literacy organizations, and hundreds of other community organizations.

Prayer in School

- *Memorandum on Religious Expression in Public Schools, Memorandum for the Secretary of Education and the Attorney General* (July 12, 1996). Protected the religious expression of students by distributing a statement of principles addressing religious activity and expression in public schools on August 10, 1995. This statement of principles, *Religious Expression in Public Schools*, was sent to every public school superintendent; the leadership of private elementary and secondary schools; national religious and school organization leadership; and all chief state school officers.
 - ▶ Following the development of *Religious Expression in Public Schools*, the National School Boards Association reported that inquiries regarding how Christmas celebrations can be accommodated in public schools decreased dramatically.

Internet-Based Education Resources.

- *Promoting the Wiring of Schools.* Helping to connect every school and classroom in America to the information superhighway. A telecommunication survey in 1994 showed only 9% of schools and 3% of classrooms wired to the Internet.
 - ▶ 65 percent of schools and 14 percent of classrooms are now wired for the Internet. Source: National Center for Education Statistics.
 - ▶ 72 percent of schools and 29 percent of classrooms have access to the Internet. Source: Quality Education Data (OED).
- *Memorandum on Expanding Access to Internet-based Educational Resources for Children, Teachers, and Parents* (April 18, 1997).
 - ▶ The Department of Education is chairing an interagency effort to create a gateway to all federal educational resources will debut in early 1998.
 - ▶ A segment of the Justice Department web page entitled *Hateful Acts Hurt Kids*, which promotes the discussion of prejudice and discrimination among children, parents, and teachers, was unveiled during the White House Conference on Hate Crimes on November 10, 1997. During its first week, the web page received nearly 10,000 hits.
- *Educational Technology: Ensuring Opportunity for all Children in the Next Century, Executive Order 12999* (April 17, 1996). Providing access to modern computers for all teachers and students. Launched the “Computers for Learning” program, which is a unique partnership between federal agencies, schools, and

non-profits across the country to move more than 70,000 computers into the nation's neediest classroom.

- *Directive on Federal Resources OnLine in Education.* More than 30 agencies are participating in the working group and the pilot site will be unveiled in early 1998. The Department of Education's web site receives over 6 million hits a month from over 300,000 computers.
- *Internet Summit.* Assisting parents in learning about the Internet. The *Parents Guide to the Internet* was released at the Internet Summit on December 2, 1997. Approximately 200,000 copies of the guide will be distributed by the Education Department's toll-free number request service, Family Partnership for Learning members, and the Consumer Information Center.

Student Loans

- *Direct Lending.* A total of 2.36 million borrowers have received Direct Loans. 1.86 million of these borrowers were students, 260,000 were parents, and 240,000 were borrowers consolidating their FFEL loans into Direct Consolidation Loans. Source: Department of Education Management Information Reports.
- *Reforming Student Loans.* Through the period fiscal years 1994-97, student borrowers have saved \$1.657 billion from changes in the Student Loan Reform Act. For the period fiscal years 1994 through 2002, the Department estimates total student borrower savings to be approximately \$5 billion. Source: Department of Education.
 - ▶ An estimated 374,000 borrowers have selected the income contingent repayment plan. Of those who consolidated into Direct Loans, more than one-third chose income contingent repayment. About 41 percent of consolidation loans made as of September 30, 1997, were for borrowers that had previously defaulted on a FFEL loan. Source: Department of Education.
 - ▶ During the period fiscal year 1996-98, the Department of Education will spend \$407 million for Direct Loan administration, out of a total post-secondary education management budget of \$1.8 billion. Source: Department of Education, Quality Education
- *Keeping Schools Open Late.* Provided additional safe havens and extended learning opportunities for children and their families at schools around the country. The Department of Education has developed a guidebook of promising practices and ideas on how to start and organize after-school programs entitled *Keeping Schools Open as Community Learning Centers.* In fiscal year 1998, the Administration will be able to fund 300 after-school programs serving a total of 30,000 children.
- *Memorandum on Preparing Students to Meet National Standards of Excellence*

have taken a job in another State. The Clinton Administration collected a record \$12 billion in child support in 1996 through tougher enforcement, an increase of \$4 billion, or nearly 50 percent, since 1992. In 1996, the number of child support cases with collections also rose to 4 million, an increase of 43 percent, from 2.8 million in 1992. In 1996, the number of paternities established rose to nearly 1 million, almost double, from 516,000 in 1992.

- *Requiring HHS and the U.S. Postal Service to implement a policy of posting "Wanted Lists" in post offices of parents who owe child support* (1996). In 1997, the following 12 states displayed "Wanted Lists" for delinquent child support offenders: California, Connecticut, Indiana, Kansas, Maryland, Massachusetts, Mississippi, Nevada, New Hampshire, North Carolina, Oregon, and South Dakota.
- *Child Support Enforcement System Web Site* (1996). Used the Internet to help people access the child support enforcement system more easily and effectively -- and to help find those parents who are not paying the child support they owe. In 1997, the Child Support Enforcement web page received over 238,000 hits.
- *Supporting Families: Collecting Delinquent Child Support Obligations, Executive Order 13019* (September 28, 1996). Facilitated the collection of delinquent child support obligations from persons who may be entitled or eligible to receive certain Federal payments or assistance. The first administrative offset was taken on June 10, 1997. To date, 843 payments have been offset, and \$186,581 has been collected through the Administrative Offset Program.

Child Care

- Under President Clinton's leadership, federal funding for direct child care subsidies has increased by nearly 70 percent since he took office, providing child care services for over one million children. In 1993, the Federal Government spent approximately \$1.4 billion on the IV-A Child Care and the Child Care and Development Block Grant programs, which together served about 630,000 children. In 1997, approximately \$2.9 billion in the Child Care and Development Fund served almost 1.1 million children.
- *Memorandum on Improving the Quality of Child Care in the United States, Memorandum for the Secretary of Defense* (April 17, 1997). Directed the Department of Defense to share the expertise and lessons learned from the Military Child Development Programs with Federal, State, tribal, and local agencies, as well as with private and nonprofit groups, that are responsible for providing child care. The October 15 Interim Report to the President on this initiative cited a variety of steps taken, including creation of a toll free number

(1-888-CDP-3040) for civilian programs to order DoD training materials and training over 100 personnel to serve as speakers for the DoD Child Development Program Speakers' Bureau.

Protecting Children from Crime

- *Memorandum on Child Safety Lock Devices for Handguns* (March 5, 1997). Required that a child gun safety device to be issued to every Federal employee who carries a firearm on official duty. Approximately 30,000 Justice Department employees, including those at the FBI, DEA, INS, and the Marshals Service, have been issued an appropriate lock. Safety lock devices have also been issued for the approximately 20,000 Treasury personnel who use firearms in the line of duty.
Source: Department of the Treasury; Department of Justice.
 - ▶ Under the President's leadership, 8 major handgun manufacturers who make the vast majority of handguns in the country, have agreed to provide child safety devices with each handgun sold.
- *Memorandum on the Development of a National Sexual Offender Registration System, Memorandum for the Attorney General* (July 25, 1996). Improved the safety and protection of children through creation of a national sex offender registry. As of December 1, 1997, 20 states, representing 44.2 percent of the U.S. population, have contributed to the national registry which now includes information about approximately 27,000 offenders.

Balancing Work and Family

- *Memorandum on Expanded Family and Medical Leave Policies* (April 11, 1997). In April 1997, the President asked Federal agencies to implement his expanded leave policy immediately for Federal workers. Source: Department of Labor.
 - ▶ In leave years 1995 and 1996, a total of 226,554 employees took leave under FMLA at the Department of Defense, of which 134,768 (59.5%) were men and 91,786 (40.5%) were female. Source: Department of Defense.
 - ▶ In 1995, 33,218 Department of Treasury employees used 410,373 hours under FMLA for family care or bereavement purposes. In 1996, the number increased to 44,060 employees and 535,515 hours. Source: Department of Treasury.
- *Memorandum on Implementing Federal Family Friendly Work Arrangements* (June 21, 1996). Supported agencies in promoting family-friendly work arrangements including alternative work schedules, "flexiplace" (telecommuting), job sharing, career part-time employment, child care, leave sharing, transportation subsidies, and employee assistance programs.
 - ▶ Approximately 46 percent of the Department of Commerce workforce are

working under some form of alternative work schedule. Source: Department of Commerce.

- ▶ Over 50 percent of the Department of Defense workforce are working under some form of alternative work schedule. Over 300,000 Department of Defense employees are on flex time, and approximately 3,000 employees telecommute. Source: Department of Defense.
- ▶ Eighty-five percent of the Department of Labor's employees are on some form of alternative work schedule (flexitime or compressed schedule). In addition, 22 percent telecommute. Source: Department of Labor.
- ▶ Approximately 95 percent of the Department of Transportation's employees are eligible for some form of alternative work schedule (flexitime or compressed schedule). In addition, there are currently over 900 employees who telecommute at least once a week. Source: Department of Transportation.
- ▶ Over 70,000 employees at the Department of the Treasury use the various types of flex time. Source: Department of Treasury.

Health Care

- *Immunization.* As a result of the President's 1993 Childhood Immunization Initiative, childhood immunization rates have reached an historic high. According to the Centers for Disease Control and Prevention, 90% or more of America's toddlers in 1996 received the most critical doses of each of the routinely recommended vaccines -- surpassing the President's 1993 childhood vaccination goal.
 - ▶ *Immunization-Child Care Initiative* (July 23, 1997). Continued to improve child immunization through beginning work on an integrated immunization registry system so that when children change doctors, the new doctor will have access to the child's immunization record. In 1997, the President also announced that all children in federally-subsidized child care centers are required to be immunized.
- *Protecting Mothers and Their Newborns by ending drive-thru deliveries* (1996). Spearheaded legislation requiring insurance companies to cover at least 48 hour hospital stays following most normal deliveries and 96 hours after a Caesarean section.[HHS does not have very good statistics on how many women are helped by this. For the most part, this is being implemented by the states, and HHS will have no direct program data.]
- *Memorandum on Importation of RU-486, Memorandum for the Secretary of Health and Human Services* (January 22, 1993). Directed assessing initiatives by which Department of Health and Human Services can promote the testing, licensing, and manufacturing in the United States of RU-486 or other

antiprogestins. On September 18, 1996, the Food and Drug Administration (FDA) issued an approval letter to the Population Council for mifepristone (commonly referred to as RU-486), when used in combination with misoprostol, for the termination of early pregnancy. The Population Council has not yet submitted the manufacturing control or chemistry information identified as required in the approval letter. When the FDA receives all the information identified in the approval letter, it will have up to six months to make a decision on the application.

Housing Opportunity

- *FHA Fees.* The President has cut FHA home mortgage insurance premiums four times. One reduction, applying to all first-time home buyers will save home buyers \$200 in closing costs on the average FHA mortgage of \$85,000. Another will save first-time home buyers in central cities who participate in home ownership counseling an additional \$200. In all, cuts approved by President Clinton have cut average FHA closing costs for first-time home buyers by \$1,200 around the country and will cut closing costs by \$1,400 in central cities. Last year, FHA provided financing for 800,000 homeowners, many of whom were first-time home buyers --and many of these families would not be homeowners if it were not for the actions taken by the Clinton Administration..
 - *Making It Easier to Qualify for Mortgage Loans.* The FHA has eliminated unnecessary and overly strict requirements under its loan program that made it difficult for many families to qualify for mortgage loans.
- *Financing.* Provided financing to help 40,000 rural people buy single-family homes, including the construction of 14,000 homes under the Self-Help Housing program, in which low-income people gain "sweat equity" by participating in the construction of their own homes. USDA also financed the building of 7,900 units of multiple-family housing. In total, USDA's Rural Housing Service invested more than \$2.6 billion either as loans, guaranteed loans, or grants in rural housing last year. More than 58,000 jobs were created as a result of housing construction generated by USDA programs. Source: U.S. Department of Agriculture.
- *Rental Assistance.* Provided \$540 million in rental assistance to help nearly 40,000 rural, low-income households obtain well-built, safe housing. Fifty percent of the rental program beneficiaries were elderly, with average annual income of less than \$7,300. Source: U.S. Department of Agriculture.

Child Worker Labels

- *Child Worker Labels* (August 1996). Because the child labor labeling programs are relatively recent, and definitive data on costs and benefits as well as consumer

demand are not available, the newest report does not attempt to make quantitative assessments of their effectiveness.

Adoption

- *Special needs.* Signed the Small Business Job Protection Act of 1996, which provides a \$5,000 tax credit to families adopting children, and \$6,000 tax credit for families adopting children with special needs. Since President Clinton took office, the number of children with special needs who have been adopted with federal adoption assistance has risen by 60 percent.

Teen Pregnancy

- *National Strategy to Reduce Teen Pregnancy.* In 1998, \$50 million was allocated to state abstinence education activities. This follows several years of specific focus on reducing teen pregnancy.
 - ▶ The U.S. birth rate for teenagers in 1996 was 54.7 births per 1,000 women aged 15-19 years, down 4 percent from 1995 (56.8). The teenage birth rate has declined by 12 percent since 1991 (62.1). Source: National Center for Health Statistics, preliminary 1996 statistics (September 1997).
 - ▶ Birth rates for teenagers 15-19 years declined between 1991 and 1995 in all states and the District of Columbia, echoing the national trends during this time. Rates fell by 12 percent or more in 12 states; declines in 5 states exceeded 16 percent. Source: National Center for Health Statistics, preliminary 1996 statistics (September 1997).

Domestic Violence

- *Violence Against Women.* Legislation provides for hiring more prosecutors and improving domestic violence training among prosecutors, police officers, and health and social services professionals. Established a nationwide 24-hour domestic violence hotline providing immediate crisis intervention and local shelter referral to victims that has received over 140,000 calls since February 1996. The Clinton Administration has granted states, territories, and Native American tribes nearly \$300 million to support the system of 1,400 emergency shelters, safe homes, and related services nationwide.

III. Moving People from Welfare to Work

- *Memorandum on Government Employment for Welfare Recipients* (March 8, 1997). A total of 2229 employees have been hired off of public assistance by the federal government.

Welfare-to-Work

Commitments and Hires through November 22, 1997

as Reported by the U.S. Office of Personnel Management

AGENCY	Total Commitment Thru 2000	1997 Hires Reported Thru 10-22-97	% of Total Year 2000 Commitment Hired Since 3-8-97
Commodity Futures Trading Commission	---	2	---
Department of Agriculture	375	127	34%
Department of Commerce	4180	80	2%
Department of Defense	1600	375	23%
Department of Education	21	7	33%
Department of Energy	55	12	22%
Department of Health & Human Services	300	148	49%
Department of Housing & Urban Development	200	41	21%
Department of the Interior	325	69	21%
Department of Justice	450	68	15%
Department of Labor	120	54	45%
Department of State	220	10	5%
Department of Transportation	400	106	27%
Department of the Treasury	405	57	14%
Department of Veterans Affairs	800	635	79%
Environmental Protection Agency	120	32	27%
Equal Employment Opportunity Commission	---	5	---
Executive Office of the President	6	6	100%
Federal Emergency Management Agency	125	27	22%
General Services Administration	121	50	41%
National Aeronautics & Space Administration	40	8	20%
National Credit Union Administration	---	4	---
National Labor Relations Board	---	1	---
Office of Personnel Management	25	31	124%
Railroad Retirement Board	---	1	---

Securities & Exchange Commission	10	6	60%
Small Business Administration	120	33	28%
Social Security Administration	600	218	36%
U.S. Information Agency	20	15	75%
U.S. Nuclear Regulatory Commission	---	1	---
TOTAL	10638	2229	

IV. Crime, Gangs, and Drugs

- *Memorandum on Implementation of the Youth Crime Gun Interdiction Initiative* (July 8, 1996). Traced approximately 93,477 guns from 27 communities (17 original sites and 10 new sites) through the use of an innovative computer software system that examines crime gun trace information and provides law enforcement officers with crucial investigative leads about the sources of these guns. Source: Department of Treasury. **Note: These numbers are updated from the numbers released in July 1997 (and have not been released).**
- *Memorandum on Gun Dealer Licensing, Memorandum for the Secretary of the Treasury* (August 11, 1993) This initiative strengthened the system of licensing gun dealers, and assure their compliance with applicable rules. The initiative was largely superseded by provisions in the Brady law and the Violent Crime Control and Law Enforcement Act of 1994. As of December 10, 1997, the total number of federal firearms licensees (FFLs) is 106,997, down from 279,839 in April 1994, and the total number of FFL dealers is 88,590 down from 252,799. Source: Department of the Treasury. **Note: These numbers have never been released.**
- *Memorandum on Enforcing the Youth Handgun Safety Act, Memorandum for the Secretary of the Treasury* (June 11, 1997). A notice of proposed rulemaking concerning warning signs on guns and juveniles to be posted by federally licensed gun dealers was published in the Federal Register on August 27, 1997. Final regulations are being drafted and are expected to be completed in early 1998.
- *National Community Policing Number of Non-Emergency Calls (311)* (July 23, 1996). Assisted in more efficient use of police resources by encouraging use of "311" for non-emergency calls. During its first year of operations in Baltimore, 911 calls for police services have declined 24.8 percent and 50,000 hours of police officer time has been saved.
- *Memorandum on Federal Arrestee Drug Testing* (December 18, 1995). Increased

drug testing of criminal defendants. In fiscal year 1997, data from 24 districts indicated that 9,308 defendants, or 56 percent of defendants, were tested, which is an 89 percent increase over the 4,929 defendants, or 28 percent of defendants, tested in fiscal year 1996, and that 1,252 defendants received drug treatment, which is an 190 percent increase over the 431 defendants treated in fiscal year 1996. Source: Department of Justice.

- *Promoting Curfews.* Promoted increasing the number of American cities, including disseminating a bulletin entitled *Curfew: An Answer to Juvenile Delinquency and Victimization?* 71 percent of 1,649 respondents to the Justice Department's Office of Juvenile Justice and Delinquency Prevention's October 1997 survey of recipients of the curfew bulletin reported that they live in a jurisdiction with a curfew. Source: Justice Department Office of Juvenile Justice and Delinquency Prevention survey (October 1997).
 - ▶ In 1997, 276 of 347 cities (80 percent) have a nighttime curfew, and 72 have a daytime curfew as well. In 1995, 272 of 387 cities (70 percent) had a nighttime curfew. Source: U.S. Conference of Mayors Survey (1997).
 - ▶ 88 percent (263) of the cities reported that curfew enforcement helped make streets safer and 83 percent (222) reported that curfews helped curb gang violence. Source: U.S. Conference of Mayors Survey (1997).
- *Cracking down on truancy.* The Administration has provided a *Manual to Combat Truancy* to the 15,000 school districts in the country and to 51,000 other persons who requested copies. A copy of the manual has also been placed on the Safe and Drug Free Schools' web page.
- *Presidential Initiative Requiring Greater Proof of State Residency Before Purchasing a Firearm (March 5, 1997).* Following the February 23 shooting at the Empire State Building, the President asked the Secretary of the Treasury to examine what might be done to prevent unlawful firearms purchases by aliens legally in the United States. ATF responded on April 21, 1997 by amending the firearms purchase form and related regulations to require purchasers to declare their citizenship status, and to require aliens to present photo identification and documentary evidence establishing their 90-day residence in the state of purchase. [Data, however, is not available on this initiative as gun dealers are not required to report information on denial rates.]
- *Memorandum on the "One Strike and You're Out" Guidelines, Memorandum for the Secretary of Housing and Urban Development (March 28, 1996).* Denied admission to applicants and evicted tenants in public housing authorities (PHAs) who have engaged in illegal drug use or other criminal activities. The guidance permits PHAs to institute and enforce tough rules to protect the safety of families living in public housing.
 - ▶ Of the 1,859 out of 3,192 (58%) total PHAs responding to the Department

of Housing and Urban Development's Office of Public and Indian Housing March 1997 survey, 1,392 PHAs had implemented "One Strike" programs. These 1,859 PHAs completed 3,847 evictions in the six months after "One Strike" took effect. [It should be noted that these evictions did not necessarily result from PHAs' One Strike practices, and no eviction statistics for prior years are available for comparison purposes. The responding PHAs also reported that 19,589 people were denied admission to public housing for criminal or drug-related activity in the six months following enactment of One Strike. Again, these actions did not necessarily result from One Strike, and no figures for comparison are available.] Source: Department of Housing and Urban Development's Office of Public and Indian Housing survey (March 1997).

V. Environment

- *Memorandum on Community Right-to-Know Initiatives, Memorandum for the Administrator of the Environmental Protection Agency and the Heads of Executive Departments and Agencies (August 8, 1995).* On October 8, 1995, President Clinton directed EPA to consider whether to add to the list of industries covered under the Community Right-to-Know Toxic Release Inventory reporting program. EPA published a final rule on May 1, 1997 which added seven industries to the list of industries covered under the reporting program: metal mining, coal mining, electric generating facilities that combust coal and oil, hazardous waste treatment facilities regulated under Resource Conservation and Recovery Act Subtitle C, wholesale chemical distributors, wholesale petroleum distributors, and solvent recovery facilities.
- *Saving Yellowstone from mining.*
 - In August 1996, President Clinton announced an agreement to protect Yellowstone National Park from a proposed mine just outside the park which would have endangered the quality and quantity of waters flowing into the park.
- *Memorandum Ordering Planning (with DOI) for Demonstration Transportation Systems in 3 Parks (April 22, 1996)* On Earth Day 1996, President Clinton asked the Secretary of the Interior and the Secretary of Transportation to develop a plan to enhance resource protection and the quality of the visitor experience in national parks through innovative transportation planning. Plans are in place for parks at Zion, Yosemite, and the Grand Canyon.
- *Protection of the Old Growth California Redwoods.* The United States and State of California are acquiring the Headwaters Forest--the largest privately held stand of old growth redwood trees. Together with buffer areas, the governments will

preserve 7500 acres of significant habitat for several endangered species, including the marbled murrelet and coho salmon. [Negotiations are continuing on the Habitat Conservation Plan.]

- *Protection of Children from Environmental Health Risks and Safety Risks, Executive Order 13045* (April 21, 1997). The executive order directed EPA to ensure that the Agency's regulatory actions address the disproportionate risks to children from environmental threats. In May 1997, Administrator Browner created the Office of Children's Health Protection. In September 1997, EPA hosted the first-ever national conference on "Preventable Causes of Childhood Cancer." In September 1997, EPA and HHS announced \$10 million in joint funding for six research centers to examine children's environmental health issues. EPA has drafted regulatory guidance for the Agency to ensure adequate protection of children from environmental threats.
- *Memorandum on Public-Private Partnerships for Protection of the National Parks* (April 26, 1996). Raised a record amount of donations from park Cooperating Associations (over \$17 million last year).
 - ▶ The National Park Foundation (NPF), a non-profit, tax-exempt organization, has initiated many major programs:
 - ▶ A \$1 million commitment from American Airlines for trail restoration and accessibility projects in national parks.
 - ▶ Target Corporation raised \$5 million for the restoration of the Washington Monument.
 - ▶ A \$1 million donation from the Toyota Foundation to support the Parks as Classrooms educational program.
- *Restrictions on Pesticides*. In 1996, President Clinton signed into law the Food Quality Protection Act (FQPA) which includes a consistent, health-based standard for pesticide residues, use of an additional safety factor to ensure protection of children, and revisions to the pesticide risk assessment process. Since FQPA was passed, EPA has registered 29 new pesticides, 20 of which were safer reduced-risk and biological pesticides. In 1993, the Clinton Administration stated its commitment to safer biological and reduced-risk pesticides.

VI. Promoting Volunteerism and Service to Communities

- *Presidents' Summit for America*. April, 1997 Summit brought together private sector, non-profits, and state and local government in his campaign to promote service. A complete report of results is available. The Summit has led over 150

cities and states to hold mini-summits.

- ▶ 77 organizations answered the President's challenge and are offering to sponsor 10,000 new AmeriCorps members. In June, the Corporation approved 8,900 of these scholarships, ahead of a first-year plan for 5,000 scholarships.
- *National Service Scholarships.* Awarded to over 1,600 high school students with outstanding records of community service. Next year, the Administration hopes that 10,000 high schools in the nation will participate -- almost half of all high schools.
- *Coalition to Sustain Success.* Vice President has led a new partnership of civic organizations that is working with state and local government to mentor families seeking to leave welfare for work.
- *The Welfare to Work Partnership.* Mobilized over 2500 businesses to hire welfare recipients.
- *Small Business and Welfare to Work.* SBA has received 800 pledges from small businesses willing to hire former welfare recipients through the work of our Small Business Development Centers.

VII. Consumers and Taxpayers

Food Safety

- *Comprehensive Food Safety.* The President has implemented a comprehensive initiative to improve the safety of nation's food supply and detailed a \$43 million food safety program, including measures to improve surveillance, outbreak response, education, and research. Other significant actions:
 - ▶ August, 1996 -- Signed Safe Drinking Water Act of 1996. The law requires drinking water systems to protect against dangerous contaminants like cryptosporidium, and gives people the right to know about contaminants in their tap water.
 - ▶ July, 1996 -- Announced new regulations that modernize the nation's meat and poultry inspection system for the first time in 90 years. New standards help prevent E.coli bacteria contamination in meat.
 - ▶ December, 1995 -- Issued new rules to ensure seafood safety. Utilizes HACCP regulatory programs to require food industries to design and implement preventive measures and increase the industries' responsibility for and control of their safety assurance actions.

Consumer Health

- *Amendment to Executive Order 13017, Advisory Commission on Consumer Protection and Quality in the Health Care Industry, Executive Order 13040* (March 25, 1997). Established the President's Advisory Commission on Consumer Protection and Quality in the Health Care Industry which promotes and assures consumer protection and health care quality.
 - ▶ On November 20, 1997, the Commission issued its Interim Report outlining a proposed Consumer Bill of Rights and Responsibilities.

Increasing Seatbelt Use

- *Memorandum on Increasing Seatbelt Use, Memorandum for the Secretary of the Transportation* (January 23, 1997). Requires seat belt use by Federal employees on-the-job.
 - ▶ The Department is developing a Report to Congress to reflect the activity to date on the Presidential Initiative for Increasing Seat Belt Usage Nationwide. The Report will include the progress made towards reaching the new national seat belt and child safety seat goals.
 - ▶ In 1997, three primary seatbelt laws went into affect (Maryland, Oklahoma, and the District of Columbia) bringing the total to 13 states and Puerto Rico that allow a driver to be stopped primarily because the seatbelt was not being used. Source: Department of Transportation.
 - ▶ [There are no new data at this time to reflect a change in safety belt usage as a result of the Presidential Initiative for Increasing Seat Belt Usage Nationwide. Safety belt usage data will not be available until early 1998.]

Crackdown on Food Stamp Fraud

- *Anti-Fraud Program.* Issuance error rates for food stamps have declined in each of the past three years, resulting in total savings of \$660 million. In June 1997, the 1996 error rate dropped to 9.22 percent from the previous year's 9.72 percent, resulting in a single-year savings of more than \$85 million for the program.
- *Pre-authorization Screening of Retailers; Tougher Post-Authorization Controls; and Stiffer Penalties for Violators.* During fiscal year 1997, the Food Stamp Program conducted 4,627 investigations of stores, and fired or disqualified 1,584 retailers for program violations. Of those, 712 retailers, with redemptions of \$79.5 million, were identified as having engaged in trafficking, or having exchanged food stamps for cash.
- *Optional State-funded food assistance programs for legal citizens and childless, able-bodied adults who were made ineligible for Federal food stamp benefits under welfare reform.* Currently, eight States have chosen to implement their own

programs, and issued approximately \$13 million in benefits during August and September of 1997 (the initial months of operation) to nearly 122,000 households.

- *Talon.* USDA expects to announce in December 1997 the results of OPERATION TALON, a national law enforcement effort to apprehend dangerous fugitives involved with food stamp fraud.

VIII. Combating Hunger and Promoting Agriculture

Nutrition and Hunger Programs

- *Goal for WIC Program to Reach Full Participation of 7.5 million.* Participation in WIC has expanded nearly 30 percent, from 5.7 million at the start of fiscal year 1993 to almost 7.4 million at the end of fiscal year 1997. Source: U.S. Department of Agriculture
- *Reducing WIC Costs.* WIC State agencies have contracted with infant formula manufacturers to obtain rebates on infant formula. These competitively-bid contracts have reduced food costs, increasing WIC participation with increasing WIC appropriation. In fiscal year 1997, this resulted in \$1.2 billion in savings, permitting service to 1.6 million additional participants. Source: U.S. Department of Agriculture.
- *Gleaning.* Helped to feed the hungry through the promotion of food recovery and gleaning.
 - ▶ A joint USDA-Department of Defense initiative, announced in September 1997, has recovered over \$1.4 million worth of food, and channeled it through 29 State agencies. An additional \$10 million of food is anticipated to be recovered over the next 18 months. Source: U.S. Department of Agriculture.
 - ▶ Over 15,000 pounds of food have been recovered from USDA's farmers' markets for distribution to food banks. Source: U.S. Department of Agriculture.

Assisting Agricultural Communities

- *Loan Guarantees.* Provided loans and loan guarantees totaling \$2.3 billion to over 27,000 family-sized farmers. Direct operating loans totaling \$65 million were provided to over 1,900 socially-disadvantaged farmers (SDA), exceeding the initial targeted allocation for SDA farmers by 22%. Direct operating loans made to SDA farmers increased by 11% from fiscal year 1996. Source: U.S. Department of Agriculture.
- *Emergency Aid.* Provided \$3.5 million to nearly 4,000 farmers in North and

South Dakota whose livestock were in danger of perishing due to severe winter storms. Provided over \$22 million in cost share assistance for emergency livestock feed to approximately 30,000 farmers in North Dakota, South Dakota, and Minnesota. Source: U.S. Department of Agriculture.

- *Expanded Crop Insurance and Crop Revenue Coverage.*
 - ▶ Expanded the crops covered under the crop insurance program. For the 1997 (1998 citrus) crop year, 29 different crops with permanent programs established were added to the crop insurance program in 343 counties in 25 states. For the 1998 (1999 citrus) crop year, coverage will be expanded on 25 different crops in 144 additional counties in 16 states. Source: U.S. Department of Agriculture.
 - ▶ The Federal Crop Insurance Corporation (FCIC) Board of Directors approved the expansion of Crop Revenue Coverage (CRC) for the 1997 and 1998 crop years for corn, cotton, grain sorghum, and wheat. CRC is now available on almost 90 percent of the corn, wheat, cotton, soybeans, and grain sorghum acres in the U.S.

Creating Rural Jobs

- *Rural Business-Cooperative Service.* Financed the start-up or expansion of 1,183 rural businesses or cooperatives, creating or preserving more than 53,000 jobs in the process. About \$936 million was extended by USDA's Rural Business-Cooperative Service as loans, guaranteed loans, or grants to rural businesses and cooperatives. Source: U.S. Department of Agriculture.
- *Rural Empowerment Zones.* Invested more than \$60 million in the nation's three rural Empowerment Zones and 33 rural Enterprise Communities. As a result of these efforts, over 7,000 jobs have been created or saved; 1,100 public service facilities have been built or renovated; and more than 700,000 rural citizens are now receiving additional services. Source: U.S. Department of Agriculture.
- *Telecommunications and Rural Americans.* Loaned \$380 million for 79 rural telecommunications projects that provided improved service to more than 211,000 rural households and businesses, including more than 43,000 new customers. These investments created over 8700 new jobs. Source: U.S. Department of Agriculture.

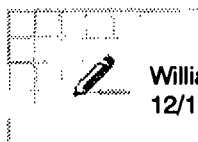
Farm Worker Safety

- *Agricultural Worker Protection.* In implementing its worker protection standard, 2.5 million agricultural workers have received specialized pesticide training on worker protection during this Administration. In 1993, EPA created the Pesticide Stewardship Program, a voluntary public/private partnership to reduce the use of and risks associated with pesticides. To date, there are 97 organizations, representing 55,000 growers and 17,300 non-agricultural pesticide users,

participating. These groups include the U.S. Department of Defense which has already reduced pesticide use by 40% and expects to reduce its pesticide use by 50% by Earth Day 1998; Gerber Products Company which established a company goal of no detectable pesticide residues in its finished products; and Monroe County Community Schools (IN) which has reduced pesticide applications by 90% and has achieved a 99% reduction in pest management costs.

X. Helping Small Business

- *Increasing Small Business Access to Capital and Credit.* In 1997, SBA achieved the highest program level ever in its 7(a) business loan guarantee program. SBA guaranteed \$9.5 billion in loan guarantees. SBA's combined 7(a) business loan and 504 economic development loan approvals were also the highest ever at \$10.9 billion. 49,419 small businesses received assistance in 1997.
- *Small Business Investment Companies.* SBICs invested a record \$2.4 billion in 1997. SBICs financed 2,733 small business, with more than 90 percent of the investments in the form of equity. Industry analysts estimate that the number of SBA supported investments is 28 percent more than those made by private venture capital firms.
- *SBA's One-Stop Capital Shops.* SBA now administers 15 One-Stop Capital Shops in low-income communities across the country. Small business owners and individuals hoping to start a new business can walk in the door and have access to a range of governmental services, business information, counseling and assistance, and lending services.
- *Microloans.* SBA has provided over 6,300 microloans totaling \$65 million through 103 intermediary lenders and 22 non-lending technical assistance providers.
- *Regulatory Reform.* SBA revised all of its regulations, converting them to plain English and eliminating more than half of the pages. SBA has eliminated more than 2/3rds of the total pages in the Standard Operating Procedures (SOPs), from 25,000 pages to 8,000 pages.
- *Improving Customer Service.* SBA's PRO-Net system – an on-line service to link small businesses with federal procurement opportunities – has gone operational with more than 171,000 small businesses listed on the system. SBA has created ACE-Net – an on-line service that links investors with emerging small businesses seeking equity investments. 8 non-profit operators located throughout the country are now operating the system. The goals are to have an operator in each of the 50 states as issues of consistency with state securities laws are resolved.



William R. Kincaid
12/12/97 10:18:08 AM

Record Type: Record

To: Robert M. Shireman/OPD/EOP, Jonathan H. Schnur/OVP @ OVP

cc:

Subject: SOTU

Monday I attended (along with Jon Orszag) a meeting with Micheal Waldman and Jordan Tamagni about information speechwriting would like to have in preparation for the State of the Union. They are looking to DPC, NEC, and a couple of other offices for the following kinds of information, which they want to put together into notebooks. They would like summarized data and anecdotes (even longer stories), with back-up, along with useful articles and speeches. They are somewhat flexible on timing but would definitely like stuff pre-Christmas.

Mike and I would like to spend some during Monday's noon meeting to do a little brainstorming on ideas for education and to think through how to get the essentials while spending the least time possible. Do you two expect to be available then? If not, we will probably try to find another time late Monday afternoon. Bob -- it may make sense to invite Orszag for this one.

Here's what they are looking for:

In general:

1. Basic back-up for policy announcements to be made, especially illustrating the concrete impact of our policies. This includes:

- a. Facts and points buttressing the policies
- b. Facts and points buttressing chances of success

2. Data, factoids, and anecdotes illustrating changes in the economy, changes in everyday life and society, and how things will continue to change in the future

- a. Example is that there is more computer power in a Ford Taurus than in the [etc, etc.]
- b. Could be something like "100 years ago..., 50 years ago..., today...."

3. Illustrations of how things have changed pre-Clinton and now.

Specifically, pertaining to education:

- 1. Proof that in the new economy you need a good education.
- 2. Concrete stuff on problems like school construction
- 3. Good news stuff as well, such as 4th grade TIMSS data.

4. # of students benefitting under our policies and magnitude of benefit (\$ savings, etc.), both current success and "gee whiz" stuff in the future

Waldman indicated that he thought the priorities for education were in proving the need for a good education now, and concrete examples of the impact of our policies as compared to before Clinton.

Also, with respect to race, they are always looking for more proof that we are becoming more diverse. In addition, they are also looking for stuff on best practices and good anecdotes, as well as good news statistics.

Thanks.

▶ **Jordan Tamagni**
01/06/98 08:20:23 AM
.....

Record Type: Record

To: Robert M. Shireman/OPD/EOP, William R. Kincaid/OPD/EOP
cc: Michael Cohen/OPD/EOP
Subject: SOTU Research

Michael Waldman is working quickly on a draft of the SOTU. I know we talked about meeting with DOE to figure out some of the research, but I decided to wait until Michael really knew what he needed and hand it off to you.

Here's what he needs; it's fairly straightforward. Turn around is VERY TIGHT. Please do drop everything and get as much of this today as possible (it's very minimal). Below is section of outline with research needs in purple.

D. Opportunity only if we invest in our people. 5 key elements to expanding opportunity and strengthening American Dream:

1. Education

Need the education facts & figures that I asked for.

Show that in the new economy you need a more advanced education to make it. Concrete stuff on accomplishments, problems. How many students have we helped with HOPE?

Key to wider opportunity in new economy. We've opened doors

to college – now, must make K-12 best in world.

*100k teachers

Need facts & figures on class size.

Need # of kids in schools.

***Need # of teachers, and overall ratio
between kids & teachers in system.***

standards – no social promotion
educational empowerment zones
mentoring
computers in classrooms

GI Bill/training/lifetime learning

Need FDR on GI Bill. (NOTE: BC did speech, I think, on anniversary of GI Bill.

You can get quote, if there is one, from there.)

Any interesting factoid comparisons that we can draw???

Please make copies
for all of us to
use at the noon
meeting.
Thanks, Bill



William R. Kincaid
12/12/97 10:18:08 AM

Record Type: Record

To: Robert M. Shireman/OPD/EOP, Jonathan H. Schnur/OVP @ OVP

cc:

Subject: SOTU

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Mike and I would like to spend some during Monday's noon meeting to do a little brainstorming on ideas for education and to think through how to get the essentials while spending the least time possible. Do you two expect to be available then? If not, we will probably try to find another time late Monday afternoon. Bob -- it may make sense to invite Orszag for this one.

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- a. Facts and points buttressing the policies
- b. Facts and points buttressing chances of success

2. Data, factoids, and anecdotes illustrating changes in the economy, changes in everyday life and society, and how things will continue to change in the future

- a. Example is that there is more computer power in a Ford Taurus than in the [etc, etc.]
- b. Could be something like "100 years ago..., 50 years ago..., today...."

3. Illustrations of how things have changed pre-Clinton and now.

Specifically, pertaining to education:

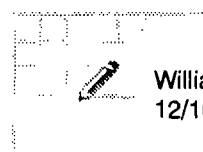
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4. # of students benefitting under our policies and magnitude of benefit (\$ savings, etc.), both current success and "gee whiz" stuff in the future

Waldman indicated that he thought the priorities for education were in proving the need for a good education now, and concrete examples of the impact of our policies as compared to before Clinton.

Also, with respect to race, they are always looking for more proof that we are becoming more diverse. In addition, they are also looking for stuff on best practices and good anecdotes, as well as good news statistics.

Thanks.



William R. Kincaid
12/10/97 11:14:55 AM

Record Type: Record

To: Michael Cohen/OPD/EOP, Tanya E. Martin/OPD/EOP
cc: Allison Balderston/OPD/EOP
Subject: State of the Union

Monday I attended a meeting with Micheal Waldman and Jordan Tamagni about information speechwriting would like to have in preparation for the State of the Union. They are looking to DPC, NEC, and a couple of other offices for the following kinds of information, which they want to put together into notebooks. They would like summarized data and anecdotes (even longer stories), with back-up, along with useful articles and speeches. They are somewhat flexible on timing but would definitely like stuff pre-Christmas.

I suggest that we do a meeting with Shireman, Schnur (neither of which was at the meeting) and possibly Jon Orszag (who was there) to do a little brainstorming on ideas and to think through how to get the essentials while spending the least time possible. Would it make sense to do something on Friday?

Here's what they are looking for:

In general:

1. Basic back-up for policy announcements to be made, especially illustrating the concrete impact of our policies. This includes:
 - a. Facts and points buttressing the policies
 - b. Facts and points buttressing chances of success
2. Data, factoids, and anecdotes illustrating changes in the economy, changes in everyday life and society, and how things will continue to change in the future
 - a. Example is that there is more computer power in a Ford Taurus than in the [etc, etc.]
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Waldman indicated that he thought the priorities for education were in proving the need for a good education now, and concrete examples of the impact of our policies as compared to before Clinton.

Also, with respect to race, they are always looking for more proof that we are becoming more diverse. In this category, which Julie will have the lead on, they are also looking for stuff on best practices and good anecdotes, as well as good news statistics.

SOTU 12/7

3 elements to research -

1. Base backdrop the policy announcements to be made
Concrete impact of policy - past or future

a. Facts / points buttressing policies

b. Facts / arguments buttressing claim of success

2. D in economy, D in society / the future world Factors
state / anecdote

Illustrate Factors

was poor

Today

D in society

Info rich vs. autos Everyday life

Need in the future

[3. Book that proves assertions]

3. D b/n pre - Creation / now - compare w/ the past
#

Topic Area

1. The new currency - prove shift to new currency

- You will doing

- D that has occurred i.e. tech / globalize

- Cost of products there have been for export

Education - * Need to show that in the new economy

2. you need a good education
- % of jobs requiring good ed

Concrete shift on probs

Good shift as well -
Times

6. # of kids benefiting under student loan
Savings etc.
Millions of people who benefit

Current Success

See where shift in the future

Social Policy -

(Work in notebook - write article / speeches)

Child Care

What: problem precisely >
Cost

Quality
Access

(One - one anecdote or full story)

Place - Proof that we are coming more diverse

stuck on web site - but problem/
modules

[Good news starts] [positive]

Family

100 years ago
50 years ago

Key Ed - - Every need now
- Concrete consequences of what done { have the Super Clinician