



UNITED STATES DEPARTMENT OF EDUCATION

THE SECRETARY

August 10, 1995

Nothing in the First Amendment converts our public schools into religion-free zones, or requires all religious expression to be left behind at the schoolhouse door. While the government may not use schools to coerce the consciences of our students, or to convey official endorsement of religion, the public schools also may not discriminate against private religious expression during the school day.

Religion is too important in our history and our heritage for us to keep it out of our schools...[I]t shouldn't be demanded, but as long as it is not sponsored by school officials and doesn't interfere with other children's rights, it mustn't be denied.

*President Clinton
July 12, 1995*

Dear Superintendent:

On July 12th, President Clinton directed the Secretary of Education, in consultation with the Attorney General, to provide every school district in America with a statement of principles addressing the extent to which religious expression and activity are permitted in our public schools. In response to the President's request, I am sending to you this statement of principles.

In the last two years, I have visited with many educators, parents, students, and religious leaders. I have become increasingly aware of the real need to find a new common ground in the growing and, at times, divisive debate about religion in our public schools. President Clinton and I hope that this information will provide useful guidance to educators, parents, and students in defining the proper place for religious expression and religious freedom in our public schools.

500 INDEPENDENCE AVE., S.W. WASHINGTON, D.C. 20202-0100

Our mission is to ensure equal access to education and to promote educational excellence throughout the Nation.

As the President explained, the First Amendment imposes two basic and equally important obligations on public school officials in their dealings with religion. First, schools may not forbid students acting on their own from expressing their personal religious views or beliefs solely because they are of a religious nature. Schools may not discriminate against private religious expression by students, but must instead give students the same right to engage in religious activity and discussion as they have to engage in other comparable activity. Generally, this means that students may pray in a non-disruptive manner during the school day when they are not engaged in school activities and instruction, subject to the same rules of order as apply to other student speech.

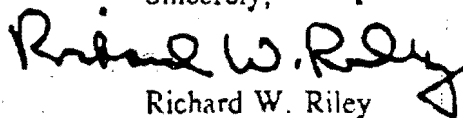
At the same time, schools may not endorse religious activity or doctrine, nor may they coerce participation in religious activity. Among other things, of course, school administrators and teachers may not organize or encourage prayer exercises in the classroom. And the right of religious expression in school does not include the right to have a "captive audience" listen, or to compel other students to participate. School officials should not permit student religious speech to turn into religious harassment aimed at a student or a small group of students. Students do not have the right to make repeated invitations to other students to participate in religious activity in the face of a request to stop.

The statement of principles set forth below derives from the First Amendment. Implementation of these principles, of course, will depend on specific factual contexts and will require careful consideration in particular cases.

Although most schools have been implementing these principles already, some problems have arisen where people are unaware of, or do not understand, these obligations. It is my sincere hope that these principles will help to end much of the confusion regarding religious expression in public schools and that they can provide a basis for school officials, teachers, parents, and students to work together to find common ground -- helping us to get on with the important work of education. I want to recognize again the efforts of religious and other civic groups who came together earlier this year to issue a statement of current law on religion in the public schools, from which we drew heavily in developing these principles.

I encourage you to share this information widely and in the most appropriate manner with your school community. Accept my sincere thanks for your continuing work on behalf of all of America's children.

Sincerely,



Richard W. Riley
U.S. Secretary of Education

RELIGIOUS EXPRESSION IN PUBLIC SCHOOLS

Student prayer and religious discussion: The Establishment Clause of the First Amendment does not prohibit purely private religious speech by students. Students therefore have the same right to engage in individual or group prayer and religious discussion during the school day as they do to engage in other comparable activity. For example, students may read their Bibles or other scriptures, say grace before meals, and pray before tests to the same extent they may engage in comparable non-disruptive activities. Local school authorities possess substantial discretion to impose rules of order and other pedagogical restrictions on student activities, but they may not structure or administer such rules to discriminate against religious activity or speech.

Generally, students may pray in a nondisruptive manner when not engaged in school activities or instruction, and subject to the rules that normally pertain in the applicable setting. Specifically, students in informal settings, such as cafeterias and hallways, may pray and discuss their religious views with each other, subject to the same rules of order as apply to other student activities and speech. Students may also speak to, and attempt to persuade, their peers about religious topics just as they do with regard to political topics. School officials, however, should intercede to stop student speech that constitutes harassment aimed at a student or a group of students.

Students may also participate in before or after school events with religious content, such as "see you at the flag pole" gatherings, on the same terms as they may participate in other

noncurriculum activities on school premises. School officials may neither discourage nor encourage participation in such an event.

The right to engage in voluntary prayer or religious discussion free from discrimination does not include the right to have a captive audience listen, or to compel other students to participate. Teachers and school administrators should ensure that no student is in any way coerced to participate in religious activity.

Graduation prayer and baccalaureates: Under current Supreme Court decisions, school officials may not mandate or organize prayer at graduation, nor organize religious baccalaureate ceremonies. If a school generally opens its facilities to private groups, it must make its facilities available on the same terms to organizers of privately sponsored religious baccalaureate services. A school may not extend preferential treatment to baccalaureate ceremonies and may in some instances be obliged to disclaim official endorsement of such ceremonies.

Official neutrality regarding religious activity: Teachers and school administrators, when acting in those capacities, are representatives of the state and are prohibited by the establishment clause from soliciting or encouraging religious activity, and from participating in such activity with students. Teachers and administrators also are prohibited from discouraging activity because of its religious content, and from soliciting or encouraging antireligious activity.

Teaching about religion: Public schools may not provide religious instruction, but they may teach about religion, including the Bible or other scripture; the history of religion; comparative religion; the Bible (or other scripture)-as-literature, and the role of religion in the history of the United States and other countries all are permissible public school subjects. Similarly, it is permissible to consider religious influences on art, music, literature, and social studies. Although public schools may teach about religious holidays, including their religious aspects, and may celebrate the secular aspects of holidays, schools may not observe holidays as religious events or promote such observance by students.

Student assignments: Students may express their beliefs about religion in the form of homework, artwork, and other written and oral assignments free of discrimination based on the religious content of their submissions. Such home and classroom work should be judged by ordinary academic standards of substance and relevance, and against other legitimate pedagogical concerns identified by the school.

Religious literature: Students have a right to distribute religious literature to their schoolmates on the same terms as they are permitted to distribute other literature that is unrelated to school curriculum or activities. Schools may impose the same reasonable time,

place, and manner or other constitutional restrictions on distribution of religious literature as they do on nonschool literature generally, but they may not single out religious literature for special regulation.

Religious excusals: Subject to applicable State laws, schools enjoy substantial discretion to excuse individual students from lessons that are objectionable to the student or the students' parents on religious or other conscientious grounds. School officials may neither encourage nor discourage students from availing themselves of an excusal option. Under the Religious Freedom Restoration Act, if it is proved that particular lessons substantially burden a student's free exercise of religion and if the school cannot prove a compelling interest in requiring attendance, the school would be legally required to excuse the student.

Released time: Subject to applicable State laws, schools have the discretion to dismiss students to off-premises religious instruction, provided that schools do not encourage or discourage participation or penalize those who do not attend. Schools may not allow religious instruction by outsiders on school premises during the school day.

Teaching values: Though schools must be neutral with respect to religion, they may play an active role with respect to teaching civic values and virtue, and the moral code that holds us together as a community. The fact that some of these values are held also by religions does not make it unlawful to teach them in school.

Student garb: Students may display religious messages on items of clothing to the same extent that they are permitted to display other comparable messages. Religious messages may not be singled out for suppression, but rather are subject to the same rules as generally apply to comparable messages. When wearing particular attire, such as yarmulkes and head scarves, during the school day is part of students' religious practice, under the Religious Freedom Restoration Act schools generally may not prohibit the wearing of such items.

THE EQUAL ACCESS ACT

The Equal Access Act is designed to ensure that, consistent with the First Amendment, student religious activities are accorded the same access to public school facilities as are student secular activities. Based on decisions of the Federal courts, as well as its interpretations of the Act, the Department of Justice has advised that the Act should be interpreted as providing, among other things, that:

General provisions: Student religious groups at public secondary schools have the same right of access to school facilities as is enjoyed by other comparable student groups. Under the Equal Access Act, a school receiving Federal funds that allows one or more student noncurriculum-related clubs to meet on its premises during noninstructional time may not refuse access to student religious groups.

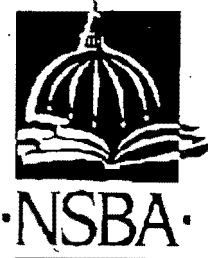
Prayer services and worship exercises covered: A meeting, as defined and protected by the Equal Access Act, may include a prayer service, Bible reading, or other worship exercise.

Equal access to means of publicizing meetings: A school receiving Federal funds must allow student groups meeting under the Act to use the school media -- including the public address system, the school newspaper, and the school bulletin board -- to announce their meetings on the same terms as other noncurriculum-related student groups are allowed to use the school media. Any policy concerning the use of school media must be applied to all noncurriculum-related student groups in a nondiscriminatory manner. Schools, however, may inform students that certain groups are not school sponsored.

Lunch-time and recess covered: A school creates a limited open forum under the Equal Access Act, triggering equal access rights for religious groups, when it allows students to meet during their lunch periods or other noninstructional time during the school day, as well as when it allows students to meet before and after the school day.

December 8, 1995

Secretary Richard W. Riley
U.S. Department of Education
600 Maryland Ave., S.W.
Washington, DC 20202-0100



*Excellence and Equity
in Public Education
through School Board
Leadership*

Dear Mr. Secretary:

I take this opportunity to thank you and the administration for distributing the *Guidelines on Religion in the Schools* last August. Local school boards and superintendents have been constantly caught in the legal and political wars between those organizations which sued to take religion out of the schools and those organizations which sued to have religion in the schools. Each group would submit its version of the free speech, free exercise and establishment clauses of the U.S. Constitution to the school district to support their position.

The *Guidelines* protect the rights of students and help school boards make decisions consistent with the U.S. Constitution. We now have evidence that this document has had an impact. In the last ten years we received numerous inquiries over the Thanksgiving and Christmas holidays on how schools can best handle these events. This year, the number of calls has dropped dramatically. We believe this reduction of concern is a result of the help they received through the *Guidelines*.

NSBA is dedicated to making sure that the *Guidelines* are implemented nationwide for years to come. In addition to the copies that you distributed, NSBA published the *Guidelines* in our legal newsletter *A Word On...*, which is distributed to 3,000 attorneys who represent local school districts and NSBA's Federation Members -- the school board association in each of the states as well as the boards of education for the State of Hawaii, the District of Columbia, the Virgin Islands, Puerto Rico and Guam. We also have the documents on our INFOFAX service. The requests on religion far exceed all other requests. I am also enclosing a copy of our publication, *Religion, Education and the U.S. Constitution* as well as the index of materials available through INFOFAX.

With the cooperation of parents, other citizens, and all interested associations and agencies, we hope to spend more of our time, money and energy on improving education and less on costly litigation. Thank you again for your leadership.

Very truly yours,

A handwritten signature in cursive script, reading "Tom Shannon".

Thomas A. Shannon
Executive Director

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CHILDREN AND FAMILIES

A RECORD OF ACCOMPLISHMENT IN PROTECTING AMERICA'S CHILDREN:

Expanding Head Start: Since ^{1993 funding levels} ~~taking office~~, the President has increased funding for Head Start by almost \$800 million to serve tens of thousands of additional children.

Documentation will be added shortly.

Investing in Education: The President has proposed a \$2 billion Technology Literacy Challenge Fund to help communities and the private sector ensure that every student is equipped with the computer literacy skills needed for the 21st century.
America's Technology Literacy Challenge Fund.

Opening the Door to College: President Clinton reformed the student loan program, making college available this year for more than 5 million students.

Fiscal Year 1997 Budget Supplement, pages 406-408.

Fiscal Year 1996 Budget Summary and Background Information, Department of Education, page 53.

In 1994 and 1995, the AmeriCorps Program enabled 45,000 student volunteers to earn money for college in return for serving their community. (Note: This figure does not include numbers from 1996.)

Corporation for National and Community Service Projected and Final Appropriation and Service Levels, 7/12/96.

AMERICA'S TECHNOLOGY LITERACY CHALLENGE FUND

"In our schools, every classroom in America must be connected to the information superhighway with computers and good software and well-trained teachers....I ask Congress to support this education technology initiative so that we can make sure this national partnership succeeds."

President Clinton, State of the Union, January 23, 1996

NATIONAL MISSION TO MAKE EVERY YOUNG PERSON TECHNOLOGICALLY LITERATE: The President has launched a national mission to make all children technologically literate by the dawn of the 21st century, equipped with communication, math, science, and critical thinking skills essential to prepare them for the Information Age. He challenges the private sector, schools, teachers, parents, students, community groups, state and local governments, and the federal government, to meet this goal by building four pillars that will:

1. Provide all teachers the training and support they need to help students learn through computers and the information superhighway;
2. Develop effective and engaging software and on-line learning resources as an integral part of the school curriculum;
3. Provide access to modern computers for all teachers and students;
4. Connect every school and classroom in America to the information superhighway.

A NEW TECHNOLOGY LITERACY CHALLENGE FUND: President Clinton has proposed the creation of a \$2 billion, five year, Technology Literacy Challenge to catalyze and leverage state, local, and private sector efforts so that our schools provide all our children with a greater opportunity to learn the skills they need to thrive in the next century.

States, communities, and the private sector face a challenge of massive proportions, in terms of effective innovation and school improvement, as well as in terms of substantial investments and reprioritizing of school budgets. The purpose of the Technology Literacy Challenge Fund is to serve as a catalyst for states, local communities, companies, universities, and individuals to work together on a common set of goals. The President has asked Congress to appropriate \$2 billion over five years for the fund. For the fund to succeed, each Federal dollar will have to be matched by dollars and in-kind contributions from state, local, and private-sector sources. The President has included the first installment of this fund -- \$250 million -- in his 1997 budget.

The fund would provide states with maximum flexibility. To receive funds, states would have to meet only these basic objectives:

- Each state would develop a strategy for enabling every school in the state to meet the four technology goals. These state strategies would address the needs of all schools, from the suburbs to the inner cities to rural areas. Strategies would include benchmarks and timetables for accomplishing the four goals, but these measures would be set by each state, not the Federal government.

- State strategies would include significant private-sector participation and commitments, matching at least the amount of Federal support. Commitments could be met by volunteer services, cost reductions, and discounts for connections under the expanded Universal Service Fund provisions of the Telecommunications Act of 1996, among other ways.
- To ensure accountability, each state not only would have to set benchmarks, but also would be required to publicly report at the end of every school year the progress made in achieving its benchmarks, as well as how it would achieve the ultimate objectives of its strategies in the most cost-effective manner.

By design, states would have tremendous flexibility. Because the states are different points in financing and using educational technology in the classroom, this flexibility is necessary so each state can address its own particular needs according to a technology plan that it develops itself.

The Technology Literacy Challenge Fund
Catalyzing State, Community, and Private Sector Efforts

To jumpstart efforts, the technology literacy challenge fund would support a wide variety of innovative efforts. For example:

- Districts and schools may provide funding for on-demand technical assistance to help technology-using teachers during the school day;
- Districts may link schools electronically to gather and maintain administrative data;
- States and districts may enter partnerships with the private sector and universities to develop software and train teachers geared to challenging state academic standards;
- States and districts may building high-speed networks carrying voice, video, text, and graphics that connect schools;
- Districts may provide incentive grants, awards, and salary increases to individual teachers who make a commitment to upgrade their knowledge of computers and technology;
- States may target funds to communities that are farthest behind in effective use of educational technology; and
- States and districts may collaborate with each other to explore the most effective ways of purchasing and using hardware and software.

CORPORATION FOR NATIONAL AND COMMUNITY SERVICE

Projected
Appropriation and Service Levels

(\$ in thousands)

	FY 1994 Enacted	FY 1995 Enacted	FY 1995 Post Rec	FY 1996 Request	1996 Final Conference	FY 1997 1st Yr. Ramp	FY 1997 House House passed	FY 1997 Senate Full Committee mark	FY 1998 2nd Yr. Ramp
NCSA PROGRAMS									
National Service Trust	\$93,250	\$145,900	\$116,270	\$189,000	\$59,000	129,096	\$0	\$59,000	132,840
AmeriCorps Grants	155,500	250,000	219,000	429,800	215,000	260,963	0	215,000	283,372
Innovation, Assistance and Other	31,900	60,200	30,000	60,200	30,000	37,375	0	30,000	38,459
Evaluations	4,600	7,000	5,500	8,000	5,000	6,544	0	5,000	6,837
National Civilian Community Corps	10,000	26,000	18,000	30,000	18,000	22,300	0	18,000	22,947
Learn and Serve	40,000	50,000	46,000	60,000	43,000	52,725	0	43,000	54,254
Points of Light	5,000	6,500	5,830	5,000	5,500	6,000	0	5,500	6,174
Program Admin	24,750	29,400	27,523	35,476	25,000	28,446	0	25,000	29,271
Subtotal NCSA	365,000	575,000	468,123	817,476	400,500	543,549	0	400,500	574,153
OFFICE OF INSPECTOR GENERAL	944	2,000	2,000	2,000	2,000	2,125	0	2,000	2,187
SUBTOTAL NCSA BA	365,944	577,000	470,123	819,476	402,500	545,674	0	402,500	576,340
DVSA PROGRAMS									
Volunteers in Service to America							House committee		
VISTA	37,715	42,678	42,678	53,800	41,385	48,500	same as 96		46,500
VISTA Literacy Corps	5,009	5,024	5,024	6,200	0	5,100	w/ rescission		5,100
Subtotal VISTA	42,724	47,700	47,700	60,000	41,385	51,600	41,235		51,600
Special Volunteer Programs	0	0	0	0	0	0	0		0
National Senior Service Corps									
RSVP	34,388	35,708	35,708	44,500	34,949	37,708	63,737		37,708
FGP	66,117	67,812	67,812	78,810	62,237	72,812	32,655		72,812
SCP	29,773	31,244	31,244	43,090	31,155	34,244	36,449		34,244
Senior Demonstration Program	0	1,000	1,000	2,000	0	0	0		0
Subtotal, Senior Programs	130,278	135,764	135,764	168,400	128,341	144,764	132,841		144,764
Program Administration	31,151	31,160	31,160	34,500	28,667	29,745	27,970		29,745
Subtotal DVSA BA	204,153	214,624	214,624	262,900	198,393	226,109	202,046		226,109
TOTAL CORPORATION BA	\$570,097	\$791,624	\$684,747	\$1,082,376	600,893	771,783	202,046		802,449
FTE TOTAL	589	603	554	603		574			574
PARTICIPANTS									
NCSA PROGRAMS									
AmeriCorps (including VISTA)	20,000	33,000	25,000	47,042	24,198	30,000	15,000		33,000
Learn and Serve	375,000	450,000	439,300	580,000	708,000	843,000	660,000		915,000
			(780,000)						
DVSA PROGRAMS									
VISTA (included in AmeriCorps above)	(3,574)				(3,238)	(4,037)	3,200		
National Senior Service Corps	486,457	488,893	488,893	526,787	400,000	478,770	400,000		478,770
TOTAL CORPORATION PARTICIPANTS	881,457	971,893	953,193	1,153,829	1,132,198	1,351,770	1,075,000		1,426,770

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APPENDIX

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BUDGET OF THE UNITED STATES GOVERNMENT

Fiscal Year 1997

General and special funds—Continued

VOCATIONAL AND ADULT EDUCATION—Continued

g. Vocational education programs			1,120
2. Adult education:			
a. State programs	252		
b. Evaluation and technical assistance	4		
c. National Institute for Literacy	5		
d. Workplace literacy partnerships	13		
e. Literacy programs for prisoners	5		
f. Adult education programs		300	
3. Unallocated amount under P.L. 104-99		1,163	
Total	1,390	1,170	1,420

Vocational and adult education.—As part of the GI Bill for America's Workers initiative, which is designed to promote lifelong learning and economic security for all Americans, the Administration proposed in fiscal year 1996 to restructure Federal workforce-related education and training programs, including those under the Carl D. Perkins Vocational and Applied Technology Education Act, the Adult Education Act, and the National Literacy Act. As proposed by the Administration, State formula grant programs for vocational education and for adult education would be consolidated into a single State grant for each program. In addition, national activities for both vocational and adult education would support State efforts through research, development, technical assistance, and evaluation. The Administration and the Congress are currently working together to ensure that new legislation in support of this initiative is enacted in 1996.

Pending enactment of the new legislation, the fiscal year 1997 budget estimate reflects funding under current law. Funds will be allocated for specific activities once new legislation is enacted.

Object Classification (In millions of dollars)

Identification code 91-0400-0-1-501	1995 actual	1996 est.	1997 est.
Direct obligations:			
11.1 Personnel compensation: Full-time permanent	1		1
25.1 Advisory and assistance services	4		4
25.2 Other services	3		3
25.3 Purchases of goods and services from Government accounts	1		1
25.5 Research and development contracts	2		2
41.0 Grants, subsidies, and contributions	1,448	60	1,416
92.0 Undistributed		1,163	
99.0 Subtotal, direct obligations	1,459	1,223	1,427
99.0 Reimbursable obligations	1		
41.0 Allocation Account—Direct Obligations: Grants, subsidies, and contributions	1		
99.9 Total obligations	1,461	1,223	1,427

Personnel Summary

Identification code 91-0400-0-1-501	1995 actual	1996 est.	1997 est.
1001 Total compensable workyears: Full-time equivalent employment	13	11	10

VOCATIONAL AND ADULT EDUCATION
(Legislative proposal, subject to PAYGO)

Program and Financing (In millions of dollars)

Identification code 91-0400-4-1-501	1995 actual	1996 est.	1997 est.
Obligations by program activity:			
00.01 Permanent appropriation			-7
10.00 Total obligations			-7
Budgetary resources available for obligation:			
22.00 New budget authority (gross)			-7
23.95 New obligations			7

New budget authority (gross), detail:

60.00 Appropriation	-7
Change in unpaid obligations:	
73.10 New obligations	-7
73.20 Total outlays (gross)	1
74.40 Unpaid obligations, end of year: Obligated balance: Appropriation	-6

Outlays (gross), detail:

86.97 Outlays from new permanent authority	-1
87.00 Total outlays (gross)	-1

Net budget authority and outlays:

89.00 Budget authority	-7
90.00 Outlays	-1

The Smith-Hughes Act authorizes a permanent appropriation for four vocational education activities: Basic Grants, the Indian and Hawaiian Natives set-aside, the Territorial set-aside, and National Programs. The permanent appropriation is proposed for repeal, and an equivalent level of funding is included in the Administration's proposal to reauthorize and restructure the Carl D. Perkins Vocational and Applied Technology Education Act.

OFFICE OF POSTSECONDARY EDUCATION

Federal Funds

General and special funds:

STUDENT FINANCIAL ASSISTANCE

For carrying out subparts 1 and 3 of part A, and parts C and E of title IV of the Higher Education Act of 1965, as amended, \$7,359,407,000, which shall remain available through September 30, 1998.

The maximum Pell Grant for which a student shall be eligible during award year 1997-1998 shall be \$2,700: Provided, That notwithstanding section 401(g) of the Act, if the Secretary determines, prior to publication of the payment schedule for such award year, that the amount included within this appropriation for Pell Grant awards in such award year, and any funds available from the FY 1996 appropriation for Pell Grant awards, are insufficient to satisfy fully all such awards for which students are eligible, as calculated under section 401(b) of the Act, the amount paid for each such award shall be reduced by either a fixed or variable percentage, or by a fixed dollar amount, as determined in accordance with a schedule of reductions established by the Secretary for this purpose.

Note.—A regular 1996 appropriation for this account had not been enacted at the time this budget was prepared. The 1996 amounts included in this budget are based on the levels provided in three continuing resolutions: P.L. 104-91, P.L. 104-92, and P.L. 104-99. Of the 1996 appropriation, ten percent is not available for obligation pending resolution of a full-year appropriation.

Program and Financing (In millions of dollars)

Identification code 91-0200-0-1-502	1995 actual	1996 est.	1997 est.
Obligations by program activity:			
Pell grants:			
01.01 Current academic year program	3,144	3,538	3,670
01.02 Prior academic year program	2,675	3,561	2,169
01.91 Subtotal, Pell grants	5,819	7,099	5,839
Campus-based aid:			
03.01 Work-study	620	617	679
03.02 Supplemental educational opportunity grants	588		583
03.03 Perkins loans: Federal capital contributions	161		158
03.04 Perkins loans: Teacher cancellations	26	20	20
03.91 Subtotal, Campus-based aid	1,395	637	1,440
04.01 State student incentive grants	64		
05.01 State postsecondary review program	13		
06.01 Unallocated amount under P.L. 104-99		1,243	
10.00 Total obligations	7,291	8,979	7,279
Budgetary resources available for obligation:			
21.40 Unobligated balance available, start of year: Uninvested balance	3,074	3,561	2,169

22.00	New budget authority (gross)	7,586	7,586	7,359
22.10	Resources available from recoveries of prior year obligations	196		
22.30	Unobligated balance expiring	-4		
23.90	Total budgetary resources available for obligation	10,852	11,147	9,528
23.95	New obligations	-7,291	-8,979	-7,279
24.40	Unobligated balance available, end of year:			
	Uninvested balance	3,561	2,169	2,249
New budget authority (gross), detail:				
Current:				
40.00	Appropriation	7,583	7,586	7,359
Permanent:				
62.00	Transferred from other accounts	3		
70.00	Total new budget authority (gross)	7,586	7,586	7,359
Change in unpaid obligations:				
72.40	Unpaid obligations, start of year: Obligated balance:			
	Appropriation	3,334	3,363	4,902
73.10	New obligations	7,291	8,979	7,279
73.20	Total outlays (gross)	-7,047	-7,440	-8,083
73.40	Adjustments in expired accounts	-19		
73.45	Adjustments in unexpired accounts	-196		
74.40	Unpaid obligations, end of year: (Obligated balance:			
	Appropriation	3,363	4,902	4,098
Outlays (gross), detail:				
86.90	Outlays from new current authority	1,334	741	1,226
86.93	Outlays from current balances	5,709	6,696	6,857
86.97	Outlays from new permanent authority	1		
86.98	Outlays from permanent balances	3	3	
87.00	Total outlays (gross)	7,047	7,440	8,083
Net budget authority and outlays:				
89.00	Budget authority	7,586	7,586	7,359
90.00	Outlays	7,047	7,440	8,083

Summary of Budget Authority and Outlays

(In millions of dollars)

Enacted/requested:	1995 actual	1996 est.	1997 est.
Budget Authority	7,586	7,586	7,359
Outlays	7,047	7,440	8,083
Adjustment to 1996 continuing resolution levels:			
Budget Authority		-453	
Outlays		-45	-394
Total:			
Budget Authority	7,586	7,133	7,359
Outlays	7,047	7,395	7,689

¹ The Ninth Continuing Resolution, P.L. 104-99, provides for a maximum Pell grant of "at least \$2,440." The preliminary Federal Pell Grant Program payment and disbursement schedules for 1996-97 are therefore calculated using a \$2,400 maximum award. However, the President's 1996 policy for the Federal Pell Grant Program calls for a maximum award level of \$2,620. The Pell grant estimates for 1996 are based on an assumed maximum award level of \$2,620. Establishing this maximum award level would require the joint agreement of the Administration and the Congress.

² Includes obligations from budget authority in the amount of \$3,165 thousand in 1994 and 1995 for benefits for participants in Operation Desert Shield/Desert Storm appropriated by transfer from the Department of Defense pursuant to P.L. 102-27, the Dire Emergency Supplemental Appropriations Act of 1991.

³ Represents budget authority for benefits for participants in Operation Desert Shield/Desert Storm appropriated by transfer from the Department of Defense pursuant to P.L. 102-27, the Dire Emergency Supplemental Appropriations Act of 1991.

Status of Direct Loans (In millions of dollars)

Identification code 91-0200-0-1-502	1995 actual	1996 est.	1997 est.
Cumulative balance of direct loans outstanding:			
1210 Outstanding, start of year	323	187	189
1251 Repayments: Repayments and prepayments	-66	-51	-50
1262 Adjustments: Discount on loan asset sales to the public or discounted	-7	-8	-8
1264 Write-offs for default: Other adjustments, net	-63	61	61
1290 Outstanding, end of year	187	189	192

Object Classification (In millions of dollars)

Identification code 91-0200-0-1-502	1995 actual	1996 est.	1997 est.
41.0 Grants, subsidies, and contributions	7,291	7,736	7,279
92.0 Undistributed		1,243	

99.9	Total obligations	7,291	8,979	7,279
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¹ Includes in all years institutional matching share of defaulted notes assigned from institutions to the Education Department.

Federal Pell Grants.—Undergraduate students establish eligibility for these grants under award and need determination rules set out in the authorizing statute and the annual appropriation act. The maximum award for FY 1997 would be \$2,700.

Federal Work-Study.—Federal grants are awarded by formula to qualifying institutions, which develop and provide part-time jobs for eligible undergraduate and graduate students with demonstrated need. Federal grants in most cases pay 75 percent of a student's hourly earnings, with the remainder paid by the employer. Hourly earnings must not be less than the Federal minimum wage. Institutions are required to spend at least 5 percent of their Work-Study allocation to pay students working in community service jobs. The President is proposing to increase funding for Work-Study over the next four years to help one million students per year work their way through college by the year 2000.

Federal Supplemental Educational Opportunity Grants.—Federal funds are awarded by formula to qualifying institutions, which use these funds at their discretion to award grants to undergraduate students, with priority for Pell Grant recipients and others with exceptional need. The Federal share of such grants may not exceed 75 percent of the total grant.

Perkins Loan Program.—Schools award loans from revolving funds, composed of Federal Capital Contributions, collections on prior year loans, and Federal payments for loan cancellations granted in exchange for specified types of teaching, military or public service.

Perkins Loans—Cancellations.—Under the Perkins Loan (formerly national direct student loan (NDSL)) cancellation program, institutional revolving funds are reimbursed for indebtedness cancelled as a result of a borrower engaging in certain public service occupations.

The Higher Education Amendments of 1992 broadened statutory cancellations in the Perkins Loan program. This has resulted in a progressive increase in the usage of cancellations provisions by Perkins Loan borrowers in recent years.

Gatekeeping in Student Financial Assistance Programs.—The Federal student aid programs will make available more than \$41 billion in grant, loan, and work-study assistance to about 7.3 million students in the academic year 1997-98. The Department of Education, together with States and accrediting agencies, works to ensure that institutions of higher education participating in the Federal student aid programs meet a basic standard of quality in the education and training of their students, and that these institutions are administratively capable and financially responsible.

Since 1993, the Department has terminated the participation of more than 300 institutions that have violated the Federal regulations. In 1997, the Department plans to complete its recertification of all institutions currently eligible to participate. It also plans to develop a system of risk analysis that will better enable the Department to identify institutions with potentially serious problems, and to improve major elements of its information management system, including the National Student Loan Data System and the Postsecondary Education Participants System.

The Department also plans to provide regulatory relief—such as less frequent recertification, less frequent submission of compliance audits, and exemption from certain regulatory requirements—to institutions that have demonstrated outstanding administration of federal programs and strong financial responsibility.

In addition, the Department helps students make better decisions by requiring schools to provide important informa-

General and special funds—Continued

STUDENT FINANCIAL ASSISTANCE—Continued

tion about their education programs. It enforces long-standing statutory requirements for institutions to inform prospective students of educational programs, college costs, and financial aid. Final regulations to implement the Student Right to Know Act, published in 1995, require institutions to disclose completion and graduation rates for students who enter the institution after July 1, 1996.

The following tables display student aid funds available, the number of aid awards, average awards, and the unduplicated count of students receiving awards, based on current law and legislation proposed for later transmittal. The tables include aid under the Federal Family Education Loan (FFEL) program, formerly the Guaranteed Student Loan (GSL) program, the William D. Ford Direct Loan (DL) Program, as well as under programs in this account. The tables include the effects of matching funds wherever applicable. Perkins loan amounts also reflect available capital in institutional revolving funds, including loan collection and loan cancellation receipts. FFEL and DL amounts reflect the capital actually loaned, not the Federal costs of those loans.

AID FUNDS AVAILABLE FOR POSTSECONDARY EDUCATION AND TRAINING

(In millions of dollars)

	1995 actual	1996 est.	1997 est.
Pell Grants	5,426	6,170	6,406
Student loans:			
Guaranteed student loans:			
Stafford loans	11,086	8,843	7,859
Unsubsidized Stafford loans	5,989	4,688	4,137
PLUS	1,445	1,229	1,198
Direct student loans:			
Stafford loans	3,181	6,229	7,750
Unsubsidized Stafford loans	1,499	3,213	4,168
PLUS	480	949	1,243
Consolidation:			
FFEL	3,117	4,031	4,510
Direct Loans	329	882	1,599
Student loans, subtotal	27,126	30,064	32,464
Work-study	760	760	837
Supplemental educational opportunity grants	738	NA	738
Perkins loans	999	NA	1,058
State student incentive grants	127	NA	
Total aid available	35,176	NA	41,503

Note: 1996 amounts not available for SEOG, Perkins loans, and SSIG pending final appropriations.

NUMBER OF AID AWARDS

(In thousands)

	1995 actual	1996 est.	1997 est.
Pell grants	3,600	3,712	3,755
Student loans:			
Guaranteed student loans:			
Stafford loans	3,392	2,592	2,197
Unsubsidized Stafford loans	1,673	1,290	1,087
PLUS	267	212	190
Direct student loans:			
Stafford loans	824	1,669	2,137
Unsubsidized Stafford loans	393	834	1,086
PLUS	81	156	200
Consolidation:			
FFEL	208	234	246
Direct Loans	32	106	140
Student loans, subtotal	6,870	7,101	7,282
Work-study	713	713	786
Supplemental educational opportunity grants	991	NA	991
Perkins loans	744	NA	788
State student incentive grants	211	NA	
Total awards	13,129	NA	13,603

Note: 1996 amounts not available for SEOG, Perkins loans, and SSIG pending final appropriations.

AVERAGE AID AWARDS

(In whole dollars)

	1995 actual	1996 est.	1997 est.
Pell grants	1,507	1,662	1,706
Student loans:			
Guaranteed student loans:			
Stafford loans	3,268	3,412	3,578
Unsubsidized Stafford loans	3,581	3,634	3,805
PLUS	5,409	5,794	6,308
Direct student loans:			
Stafford loans	3,862	3,733	3,627
Unsubsidized Stafford loans	3,814	3,854	3,837
PLUS	5,910	6,074	6,229
Consolidation:			
FFEL	15,005	16,576	18,356
Direct Loans	10,281	8,358	11,349
Work-study	1,065	1,065	1,065
Supplemental educational opportunity grants	745	745	745
Perkins loans	1,342	1,342	1,342
State student incentive grants	600	600	

NUMBER OF STUDENTS AIDED

(In thousands)

	1995 actual	1996 est.	1997 est.
Unduplicated student count	6,986	NA	7,284

Note: 1996 count data not available pending final appropriations.

The following table displays institutional administrative costs paid from program funds.

ADMINISTRATIVE PAYMENTS TO INSTITUTIONS

(In millions of dollars)

	1995 actual	1996 est.	1997 est.
Pell grants	18	19	19
Work-study	47	47	52
Supplemental educational opportunity grants	30	NA	30
Perkins loans	40	NA	42
Direct student loans	10	20	32

Note: 1996 amounts not available for SEOG, Perkins loans, and SSIG pending final appropriations.

The following table displays the status of defaulted Perkins loans held by the Department and by institutions.

DEFAULTED PERKINS LOANS

(In millions of dollars)

	1995 actual	1996 est.	1997 est.
Outstanding defaulted loans, beginning of year:			
Assigned defaulted loans ¹	323	187	189
Unassigned defaulted loans ²	744	754	764
New defaulted loans	34	159	162
Collections on assigned loans	-66	-51	-50
Collections on unassigned loans	-82	-84	-88
Write-offs for assigned loans	-7	-8	-8
Write-offs for unassigned loans	-4	-4	-4
Outstanding defaulted loans, end of year	1,263	1,140	1,156

¹ Permanently assigned to the Federal Government for collection. Does not include the following amounts in loans made to institutions to establish Perkins revolving funds: \$94 thousand in 1995, \$94 thousand in 1996, and \$94 thousand in 1997. These amounts are recorded as outstanding loans in the "Status of Direct Loans" schedule.

² Unassigned loans at institutions.

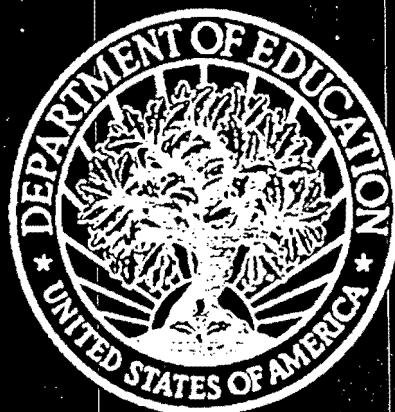
HIGHER EDUCATION

For carrying out, to the extent not otherwise provided, titles III (without regard to section 360(a)(1)(B)(ii)), IV, V, VI, VII, IX, and part A and subpart 1 of part B of title X of the Higher Education Act of 1965, as amended (HEA); and the Mutual Educational and Cultural Exchange Act of 1961, \$842,771,000, of which \$2,015,000 for endowment activities under part C of title III and \$15,673,000 for interest subsidies under title VII of HEA shall remain available until expended: Provided, That funds available for part C of title III of HEA shall be available only for awards to recipients that are title III, part B institutions, as defined in section 322(2): Provided further, That funds available for Part D of title IX of HEA shall be available to fund noncompeting continuation awards for academic year 1997-98 for fellowships awarded originally under parts B and C of title IX of HEA, under the terms and conditions of parts B and C, respectively.

Note.—A regular 1996 appropriation for this account had not been enacted at the time this budget was prepared. The 1996 amounts included in this budget are based on the

DEPARTMENT OF EDUCATION

The Fiscal Year 1996 Budget



**SUMMARY AND BACKGROUND
INFORMATION**

Number of Student Aid Awards
(in thousands)

EDUCATION DEPARTMENT

	<u>1994</u>	<u>1995</u>	<u>1996 Request</u>
Pell Grants: Degree Students	2,654 ¹	2,682 ¹	2,829
Federal Family Education Loans	6,352	4,884	2,495
Federal Direct Loans	225	1,694	4,613
Work-Study	713	713	713
Supplemental Grants	991	991	991
Perkins Loans	724	744	764
State Student Incentive Grants ²	<u>241</u>	<u>211</u>	<u>105</u>
Total awards, Education	11,900	11,919	12,510

LABOR DEPARTMENT

Skill Grants for dislocated workers	—	—	277
Skill Grants for the disadvantaged	<u>1,165³</u>	<u>1,176³</u>	<u>1,784⁴</u>
Total awards, Labor	1,165 ³	1,165 ³	2,061
Total awards, Education and Labor	13,065	13,095	14,571

Number of Students Aided

Unduplicated count, Education	6,470	6,376	6,611
Unduplicated count, Education and Labor	7,020	6,952	8,170

¹ Adjusted by reductions of 1,165 thousand in 1994 and 1,176 thousand in 1995 for comparability to the President's 1996 proposal limiting Pell Grants to degree-seeking students. The total number of students receiving Pell Grants was 3,819 thousand in 1994 and 3,858 thousand in 1995.

² Reflects the SSIG program's statutory dollar-for-dollar State matching requirement.

³ Adjusted for comparability with 1996 policy. Amounts represent estimated Pell Grants to non-degree students in 1994 and 1995.

⁴ Includes 1,242 thousand for Skill Grant recipients eligible for Pell Grants under current law, and 542 thousand eligible for JTPA assistance under current law.

Student Aid Overview

The Administration's 1996 request for the student aid programs would substantially increase the Pell Grant maximum award; would restructure and improve the delivery of grant aid to non-degree recipients through the President's GI Bill for America's Workers; and would strengthen the institutional gatekeeping process. In addition, the Department

EMPLOYER TAX INCENTIVES FOR EMPLOYEE EDUCATION

The President's FY 1997 budget announced in March, 1996 includes middle class tax cuts, including a \$10,000 deduction for education and training, and a proposal that would permit taxpayers to withdraw funds to pay for education from their IRAs without paying any penalties. The President has long supported revenue-neutral extension of Section 127 for employer provided educational assistance. Today, the President is announcing proposals that would:

- **Permanently extend the general exclusion for employer-provided educational assistance (Section 127) that expired in 1994. This new proposal is effective for taxable years ending after December 31, 1994.**
- **Small businesses would also be allowed a 10 percent income tax credit against their income taxes with respect to amounts paid for employee education and training under a Section 127 employee program. The credit would be available to employers with average receipts over the prior three years of \$10 million or less. This credit would be effective for taxable years beginning after December 31, 1996.**

Background

Under present law, employer-paid expenses for education that maintains or improves skills required for an employee's current job are not included in the taxable income of the employee. If paid for by the employee, they are allowed as an itemized deduction only to the extent that, when aggregated with other miscellaneous deductions, they exceed 2 percent of the taxpayer's adjusted gross income.

Until Section 127 expired on December 31, 1994, workers were able to exclude from their taxable income educational expenses of up to \$5,250 per year paid for by their employer. The education need not have been directly related to the employee's job. The employer had to maintain a program of educational assistance for employees that did not discriminate in favor of highly compensated employees.

Need for Proposal

Education and training builds skills and boosts the productivity of the American workforce. A permanent extension of Section 127 and the new tax credit for small business will increase educational opportunity and provide direct economic incentives for companies to invest in their workers.

The exclusion encourages employers to provide educational assistance and thereby increases the country's productivity. In addition, the exclusion simplifies the rules for employers, workers and the IRS by eliminating the need to distinguish between job related expenses and other employer-provided educational expenses.

The tax credit would provide an additional incentive to fund workforce training for small businesses that may be unable to devote sufficient resources to their employees' skill development. The White House Conference on small business identified funding of workforce training programs as a high priority. This new proposal will directly address this concern.

**REVENUE EFFECT:
EMPLOYER TAX INCENTIVES
FOR EMPLOYEE EDUCATION
(\$ millions)**

	Fiscal Years							
	1996	1997	1998	1999	2000	2001	2002	Total
Extend Section 127 permanently and provide a small business credit	-59	-1,284	-691	-744	-779	-816	-855	-5,228

May 16, 1996

EDUCATION

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President Bill Clinton
January 23, 1996

The Clinton Administration has made an unprecedented commitment to provide Americans with the educational opportunities they need to improve their skills and maximize their potential. President Clinton has fought hard to help equip students with the education, training and know-how necessary to keep America competitive.

The President has compiled an impressive record of achievement in improving the nation's education system with a series of new reform proposals. While bringing the deficit down by historic amounts and proposing a balanced budget within seven years, President Clinton has still made investing in education a top priority. Between 1992 and 1996, the dollar amount of aid to college and post-secondary students -- including loans, grants and work-study -- increased from \$22.5 billion to \$38.3 billion. In addition, the President's FY 1997 balanced budget included a 24% increase in major education and training programs over 1993 levels.

A RECORD OF ACCOMPLISHMENT:

- **National Service:** President Clinton created the AmeriCorps program -- signed into law in September 1993 -- to enable young people to earn money for college by serving their communities and their country. In the past two years, 45,000 volunteers have worked in schools, hospitals, neighborhoods and parks.
- **Head Start:** President Clinton has made expanding and improving pre-schooling a priority for helping families give their children a good start on the right course. The President has increased Head Start funding to provide early education to tens of thousands of additional children in need and is committed to funding 1 million Head Start opportunities for preschool children by 2002. Based on recommendations by the Head Start Advisory Commission, Head Start was reauthorized in 1994 with major quality improvements.
- **Direct Lending for College:** President Clinton reformed the student loan program, making college more affordable this year for 2.8 million students in the Direct Lending program who will have access to flexible repayment options, including pay-as-you-earn plans. Over 1,750 schools, representing 50% of the total amount of loans, are expected to participate in the Direct Lending program this year.

- **GOALS 2000: Raising Education Standards:** In 1994, President Clinton signed into law the Goals 2000 Act which supports the development of standards of excellence for students and encourages grassroots reforms to improve our schools. More than 45 states and thousands of schools participate in Goals 2000 and have developed their own strategic plans for educational improvement based on raising academic standards, improving teaching, increasing parental involvement and expanding the use of technology in the classroom.

- **Improving America's Schools Act:** By enacting the Improving America's Schools Act, President Clinton has given schools greater flexibility to use federal aid and develop effective teaching innovations to help students achieve their full potential. This law focuses on improvements in teaching the basics in more than 50,000 schools and has a direct impact on 7 million children.

- **School-to-Work Opportunities Act:** Signed by President Clinton in May 1994, this Act broadens educational, career and economic opportunities for students not immediately bound for four-year colleges through local partnerships among businesses, schools, community organizations and state and local governments. By equipping students with the knowledge and skills necessary to pursue work or post-secondary training, this law helps ensure that America will be capable of performing and prospering in a competitive global economy.

- **Pell Grants:** President Clinton has consistently supported increases in the minimum Pell Grant, which provides aid to help low income families pay for college. Under President Clinton, the Pell Grant has grown from \$2,300 to \$2,470. The President has also proposed an increase to \$2,700 in 1997, during which the program will provide grants to 3.8 million students.

- **Access to Advanced Telecommunications:** President Clinton enacted the Telecommunications Act of 1996 to help ensure that schools, libraries, hospitals and clinics will have affordable access to advanced telecommunications services. The Telecommunications Act can help connect each child in every classroom throughout America to the Information Superhighway -- opening up worlds of knowledge and opportunities to all students.

- **Technology Learning Challenge:** President Clinton proposed this program to challenge communities to form local partnerships between schools and private businesses to develop creative new ways to use technology for learning. Federal funds leverage local resources -- each federal dollar is matched by more than three dollars of local and private funds.

- **Religious Freedom:** President Clinton helped end 30 years of uncertainty over school prayer and the religious rights of students by directing Attorney General Reno and Secretary of Education Riley to prepare guidelines outlining the many religious rights of students in our nation's public schools. According to the National Association of Schools Boards, the result has been a marked decline in uncertainty over religious expression in our public schools.

- **Character Education:** President Clinton has been and remains a vigorous proponent of teaching basic American values and citizenship in our nation's public schools. The President has hosted two White House Conferences on Character Education and has encouraged the development of character education through the Improving America's Schools Act.
- **School Uniforms:** President Clinton has encouraged schools to consider school uniform policies to help reduce violence while promoting discipline and respect.
- **Keeping Children Safe in School:** In response to the growing problem of violence in and around our nation's public schools, President Clinton enacted the Gun-Free Schools Act, which requires the immediate expulsion for one year of any student who brings a gun to school. The President also provided funding for enhanced school security, drug prevention programs and training teachers to deal with violence through the Safe and Drug-Free Schools Act.

THE CHALLENGES AHEAD:

President Clinton remains committed to improving education and has vowed to continue helping Americans invest in their children's future. The President has made the following proposals:

- **Technological Literacy for the 21st Century:** President Clinton proposed the creation of a \$2 billion, five-year Technology Literacy Challenge to get connections to the Information Superhighway, computers, well-trained teachers and challenging educational software into every classroom. The Challenge will stimulate state, local and private sector efforts to provide all children with greater opportunity to learn the skills they need to thrive in the next century. The Technology Literacy Challenge will ensure that local innovation keeps U.S. schools on the leading edge of learning technologies.
- **Higher Education Standards for Students and Teachers:** In order to ensure America's competitive strength, President Clinton wants to see both public school students and teachers challenged by meaningful, rigorous standards and rewarded when they perform.
- **Public School Choice:** President Clinton believes that information, competition and choice among public schools should be the rule, not the exception. Any parent who is dissatisfied with either their child's performance or the school's performance should have the opportunity to choose a public school that will do better.
- **Charter Schools:** To ensure that parents have the opportunity to choose a school for their children, the President called on all 50 states to enact charter school laws. Twenty-one states currently have laws providing for the creation of charter schools -- public schools, created and managed by parents, teachers and administrators. Charter schools have greater flexibility, but are held accountable for their results through a performance-based contract with a local school board, state or other public institution.

- **Parental Involvement:** President Clinton believes strongly that parents are and should continue to be their children's first and most important teachers. Parents must take an active role in their children's education. The President has also challenged businesses and schools to be supportive and family-friendly.
- **National Service Scholarships:** President Clinton has challenged every high school student in the country to make a commitment to community service. To support this commitment, the President is asking all high schools to make service part of their basic ethic and to raise \$500 to reward a high school student who has done significant work to help his or her community. The federal government will then match the \$500 to help that student go on to college.
- **Merit Scholarships:** The President called for the creation of the largest-ever merit-based scholarship program, rewarding the top 5% of high school graduates in every school with \$1,000 grants toward the cost of college. If this proposal is enacted this year, 128,500 graduating high school seniors will receive a scholarship to help finance their college education.
- **Expand and Transform Work Study:** The President proposed a dramatic expansion of the College Work Study program. Increasing the number of students involved in work study from 700,000 to over 1 million students over the next five years will significantly expand a program that reaffirms the American ethic, rewards hard work and helps ensure that all who want a higher education are able to afford it. The President has challenged colleges to use additional work study funds to promote public service by putting students to work in the community.
- **Tuition Tax Deduction:** The President has called for a tax deduction of up to \$10,000 per year for the cost of college tuition and training. Families could deduct up to \$10,000 in tuition and fees for post-secondary education. Over 17 million students and over 14 million families stand to benefit from this proposal for tax relief to working families.
- **Employer-Paid Educational Assistance:** To increase educational opportunity and provide incentives for companies to invest in their employees, the President has proposed permanently extending the "Section 127" exclusion for employer-provided educational assistance. The section, which expired in 1994, allowed employees to exclude employer-provided educational assistance from their taxable income. In addition, the President has proposed allowing small businesses a 10% tax credit for amounts paid for employee education and training under a Section 127 program.

EDUCATION

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- **Charter Schools:** To ensure that parents have the opportunity to choose a school for their children, the President called on all 50 states to enact charter school laws. Twenty-one states currently have laws providing for the creation of charter schools -- public schools, created and managed by parents, teachers and administrators. Charter schools have greater flexibility, but are held accountable for their results through a performance-based contract with a local school board, state or other public institution.

- **Parental Involvement:** President Clinton believes strongly that parents are and should continue to be their children's first and most important teachers. Parents must take an active role in their children's education. The President has also challenged businesses and schools to be supportive and family-friendly.
- **National Service Scholarships:** President Clinton has challenged every high school student in the country to make a commitment to community service. To support this commitment, the President is asking all high schools to make service part of their basic ethic and to raise \$500 to reward a high school student who has done significant work to help his or her community. The federal government will then match the \$500 to help that student go on to college.
- **Merit Scholarships:** The President called for the creation of the largest-ever merit-based scholarship program, rewarding the top 5% of high school graduates in every school with \$1,000 grants toward the cost of college. If this proposal is enacted this year, 128,500 graduating high school seniors will receive a scholarship to help finance their college education.
- **Expand and Transform Work Study:** The President proposed a dramatic expansion of the College Work Study program. Increasing the number of students involved in work study from 700,000 to over 1 million students over the next five years will significantly expand a program that reaffirms the American ethic, rewards hard work and helps ensure that all who want a higher education are able to afford it. The President has challenged colleges to use additional work study funds to promote public service by putting students to work in the community.
- **Tuition Tax Deduction:** The President has called for a tax deduction of up to \$10,000 per year for the cost of college tuition and training. Families could deduct up to \$10,000 in tuition and fees for post-secondary education. Over 17 million students and over 14 million families stand to benefit from this proposal for tax relief to working families.
- **Employer-Paid Educational Assistance:** To increase educational opportunity and provide incentives for companies to invest in their employees, the President has proposed permanently extending the "Section 127" exclusion for employer-provided educational assistance. The section, which expired in 1994, allowed employees to exclude employer-provided educational assistance from their taxable income. In addition, the President has proposed allowing small businesses a 10% tax credit for amounts paid for employee education and training under a Section 127 program.

School Construction Initiative: President Clinton proposed a new initiative to help local communities and states rebuild the nation's schools, and build new ones to respond to growing enrollment. The General Accounting Office estimates that at least one third of all schools need extensive renovation or replacement. Under the President's proposal, states and local communities would maintain responsibility and control, while the federal investment would jump-start much needed additional investments. This \$5 billion, 4-year initiative will provide up to 50% interest subsidy for new school construction and renovation. It will support \$20 billion in school construction and renovation, increasing school construction by 25%.

Hope Scholarship: President Clinton proposed America's HOPE Scholarship -- a refundable tax credit for the first two years of college. The concept is simple: We will provide a tax cut for middle-income and working families to help pay tuition for the first two years of college. This tax credit would provide full-time students in America up to \$1,500 for their first year of college. For students who earn a B average during their freshman year, we'll provide the same thing for a second year. This proposal covers the breadth of post-secondary education -- technical schools, community colleges, public and private colleges and universities.

EDUCATION FUNDING

- Could a chart be developed outlining all the major Administration initiatives on Education by year and what specifically has been accomplished/granted/funding approved/funding proposed? Susa
- Additionally, for those programs funded through Congress can the funding be charted by year in the following way:

Susa
President's Request
House Passed Appropriations
Senate Passed Appropriations
Enacted

— This chart would need budget pages as documentation.

- How has the Administration used Title 1 funding to reduce class size? (Is Title 1 even the program that affects class size -- if not which one does and what have we done?) What statistics would support our efforts to reduce class size through this program? Is any of this information on class size available by state? If our Title 1 efforts were legislative, what action did the Administration take to ensure Congress fulfilled our request? Mike
- How can the Administration demonstrate that it has effectively used Title 1 money to improve poorer school districts?

HIGHER EDUCATION

- Cite and Documentation Needed:

"President Clinton reformed the student loan program, making college more affordable for more than 5 million students and saving taxpayers billions of dollars. And he greatly increases access to higher education through his new Direct Lending program that makes it easier for millions of students tomorrow for college and offers better repayment terms, allowing students to repay their loans as a percentage of their income."

Cite and Documentation Needed for each of the following points:

below
President's Plan for Guaranteed Access to College

The ~~above~~ initiatives build on the President's plan to guarantee that college is accessible and affordable for everyone:

The new America's HOPE Scholarship Tax Cut: \$1,500 refundable tax credit for the first two years at any college. To receive \$1,500 the second year, students must earn at least a B average the first year and remain drug-free. Works with the President's \$10,000 Education Tax Deduction -- this combined with the \$1,500 tax credit will benefit 18 million students.

* With the increased Pell Grant program support, students have access to up to \$5,100 in Pell Grants and student loans for their first year in college, and much more in future years.

* The new Direct Student Loan program enacted as part of the President's 1993 Economic Plan is allowing millions of students to borrow in a simpler, less bureaucratic way, and to pay-back their loans as a share of their income.

* New Direct Loans With Pay-As-You-Can Option: Will account for 50% of loans

* National Service -- AmeriCorps: 30,000 students earning up to \$ 4,725 for service

* Work Study Expansion: Proposes expansion to 1 million participants by FY2002

* Honors Scholarships: Proposes \$1,000 scholarship for top 5% of every high school class

* IRAs for Education: Proposal allows penalty-free withdrawals for education

* Skill Grants: Proposed \$2,600 Skill Grants to enable dislocated workers to get needed skills.

AMERICORPS

How many times has the Republican Congress tried to eliminate or cut AmeriCorp funding?

How does the Administration respond to attacks on AmeriCorp? Specifically, when the program is deemed ineffective, too expensive -- eg. "According to GAO each AmeriCorp participant cost is \$26,654.

Statistically, how can we argue that the program is a success? How many students have participated to date and how many serve each year?

SAFE AND DRUG FREE SCHOOLS

- A funding chart, similar to the one described above is needed for this program.
- The following funding information was pulled down from the Department of Education's web page? Is the information correct? If it is, it appears as though funding was reduced? If it was then why?

Susan

Funding History of the Safe and Drug Free Schools Program

Since FY 1987, more than three billion dollars has been appropriated for drug prevention activities. Specific information on funding by year follows:

Fiscal Year	Total Appropriation
-----	-----
FY 1987	\$200,000,000
FY 1988	\$229,776,000
FY 1989	\$354,500,000
FY 1990	\$538,250,000
FY 1991	\$606,341,000
FY 1992	\$623,963,000
FY 1993	\$598,227,000
FY 1994	\$487,162,000
FY 1995	\$465,981,000
FY 1996	\$349,486,000*

* Based upon current Continuing Resolution. The President requested \$500 million; the House-passed and Senate Appropriations Committee-passed appropriation bills would provide \$200 million for this program.

- (*
- State by state information and a description of what type of programs this money helps put in place is needed. Specifically, Ohio received \$10 million in Safe and Drug Free School grants and used that money to install metal detectors, hire security guards, start drug education program, etc.

HEAD START

- WHS*
- A funding chart, similar to the one described above is needed for this program.
 - How many children have benefitted from Administration efforts to improve/expand Head Start? Is this information available by state? What other statistics could be used to demonstrate our effectiveness on this issue?

Penny

SCHOOL LUNCHES

- How does the Administration respond to charges that our FY97 school lunch budget was equal to the FY96 Republican Congressional budget? Is the best distinction between the two budgets the block grant argument or are there other distinction that can be drawn?

AMERICORPS

- . How many times has the Republican Congress tried to eliminate or cut AmeriCorp funding?
- . How does the Administration respond to attacks on Americorp? Specifically, when the program is deemed ineffective, too expensive -- "According to GAO each Americorp participant cost is \$26,654.
- . Statistically, how can we argue that the program is a success? How many students have participated to date and how many serve each year?

HEAD START

- . We need a funding chart, starting with 1st Administration budget, showing:

President's request
House Passed Appropriations
Senate Passed Appropriations
Enacted
- . How many children have benefitted from Administration efforts to improve/expand Head Start? Is this information available by state? What other statistics could be used to demonstrate effectiveness on this issue?

SCHOOL LUNCHES

- . How does the Administration respond to charges that our FY 97 school lunch budget was equal to the FY 96 Republican Congressional budget? Is the best distinction between the two budgets the block grant argument or are there other distinctions that can be drawn?

School Lunches

Major Differences Between Child Nutrition Provisions in Congressional Welfare Reform Proposals and in the Administration's Work First and Personal Responsibility Act of 1996

- **HR 4 -- the Personal Responsibility Act of 1995**, as originally introduced by the Republican leadership, would have block granted Child Nutrition programs and cut them by about \$6.6 billion over five years over the Administration baseline. Block grants would have reduced food benefits for children, eliminated national nutrition standards, and eliminated the program's responsiveness to periods of recession or economic hardship. In addition, the bill contained burdensome immigrant provisions.
- **The Conference-reported HR4** eliminated the national Child Nutrition block grants and replaced them with optional School Lunch block grant demonstration projects in seven USDA regions. While an improvement over the original HR4, the proposed block grants still threatened national nutrition standards and compromised the national nature of the program. As with the earlier version of HR 4, this bill imposed a citizen/legal resident eligibility test that would require all children, including citizens, to fill out eligibility forms -- roughly doubling the number of school meal applications that would need to be filled. In addition, the bill made many other cuts in Child Nutrition programs.
- **The Administration's Work First and Personal Responsibility Act of 1996** saves \$3.2 billion over six years and makes small adjustments to Child Nutrition programs by rounding down reimbursement rates, means-testing family day care homes, and making other minor changes. It contains no block grants and no administratively-burdensome immigrant provisions.
- Currently, there are two Republican leadership welfare reform bills under consideration by Congress: **HR 3507 -- the Personal Responsibility and Work Opportunity Act of 1996 --** and **S 1795 -- the Agriculture Reconciliation Act of 1996**. Neither bill includes any child nutrition block grants. The Senate bill, in addition, has made significant improvements. It prohibits conditioning child nutrition and certain commodity program assistance on citizenship or immigrant status. The House, on the other hand, retains the immigrant provisions for Child Nutrition programs.

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COMMENTARY

Is School Privatization the Answer?

Data From the Experience of Other Countries Suggest Not

By Martin Carnoy

For conservatives and even some liberals, privatizing public schools has become the solution to the nation's "education crisis." Given American values about competition and choice, this sounds like a great idea, especially since the discussion is uncoupled by empirical data on educational systems where there is choice and privatization. Yet such systems do exist, and—contrary to present claims—their experience suggests that voucher plans promise a lot but may actually make most children in schools worse off.

According to conservatives, the main problem with public schools is that they are public—they are managed by government bureaucracies and staffed by unionized, tenured, and largely unaccountable teachers. If only we could hire private management companies to run public school districts or even better, get a "voucher" or "school choice" plan going that included public and private schools, they claim, students would learn more and schools would cost less, or at least cost no more than they do now.

The argument is persuasive because of our underlying values about monopolies and competition. The purpose of school choice and vouchers is to break the "monopoly" of the public sector over education and to increase competition in the educational sector. Allegedly, this would lower the cost of schooling for a given amount of pupil achievement, or increase pupil achievement (school quality) for a given cost. But beyond these claims, school-choice advocates claim that publicly subsidized private schooling would give the poor the same options as the rich, allowing low-income parents more equal opportunity to improve their children's education by sending them to private schools.

Fully subsidized private education has existed in Europe since the 19th century. In Belgium and the Netherlands, all schools, whether private or public, get an equal amount of funding from the government for each student enrolled. More recently, the Conservative government in Britain, although staying away from instituting a voucher plan, did develop an Assisted Places Scheme in the 1980s, designed to help youths from low-income families attend the high-cost independent private schools. And in 1991, the Conservative Party in Sweden implemented a nationwide voucher plan.

John Ambler's analysis of school-choice plans in Britain, France, and the Netherlands ("Who Benefits From Educational Choice? Some Evidence From Europe," *Journal of Policy Analysis and Management*, 1994) shows that "the primary negative effect of school choice is its natural tendency to increase the educational gap between the privileged and the underprivileged." Even though the gap already existed in public schooling, the European data suggest that providing

subsidies for private education benefits higher-income families even more.

Mr. Ambler's conclusions about the equity effects of privatization in Europe are based primarily on the socioeconomic makeup of those pupils who take advantage of private education, not what happens to different young people from various social classes when they are in public and private schools. But there is a well-developed, long-operating voucher plan in Chile where pupils have been assessed regularly. The Chilean plan, begun in 1980 under the Pinochet government as part of an overall Chilean "de-governmentalization" free-market package, marks almost all the choice with equity advocates' conditions for educational reform, including mushrooming fully subsidized, privately run, completely unregulated voucher schools competing head-on for pupils with municipality-run public schools in all metropolitan neighborhoods, from middle-class suburbs to low-income barrios.

What were the results of this reform? The first was that even when parents' contributions are included, total spending on education fell quite sharply after increasing in the early 1980s. In 1985, the federal contribution was 30 percent of total educational spending, and total spend-

ing was 5.3 percent of the gross national product. Five years later, the federal portion was 38 percent of the total, and the total had fallen to 3.7 percent of the G.N.P. So private spending rose but not quickly enough to offset an 18 percent drop in real federal contributions.

The second result was that in Chile, as in Europe, those who took advantage of the subsidized private schools were predominantly middle- and higher-income families. Of families in the lower 40 percent of the income distribution in 1990, 72 percent attended municipal public schools. In the next highest 40 percent, only 51 percent of families sent their children to public schools, with 43 percent in subsidized private schools. And in the top 20 percent of income, only 25 percent had their children in public schools, 32 percent in subsidized private and 43 percent in paid private schools. So with the 1990 reform, fewer public resources went to the poor and the middle class, but the middle class and the rich were able to meet the decline with their own resources. The poor were not.

The third result was that the increases in pupil achievement predicted by voucher proponents appear to have never occurred. Scores in Spanish and mathematics from two nationally standardized cognitive-achievement tests implemented in 1982 and 1988 for 4th graders registered a national decline of 14 percent and 6 percent, respectively. According to the World Bank economist Joan Freyre, the test scores fell most for low-income students in public schools, but they also fell for low-income students in subsidized private schools. Middle-income students had small increases in test scores whether they were in public or subsidized private schools. Subsequent tests in 1990 showed increases over 1988 of 9 percent in Spanish and 11 percent in math, but this still left scores about the same as in 1982. Middle-income students averaged higher scores on these tests in private schools than in public, but

Continued on Page 47

Martin Carnoy is a professor of education and economics at Stanford University and a fellow at the university's Center for Advanced Study in the Behavioral Sciences. He is the author of two recent books, *Paid Dreams: The Economics and Politics of Race in America* (Cambridge University Press, 1994) and *Pathways of a Certain Age* (Faber & Faber, 1995).

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LETTERS

Ravitch Clarifies Stance
On E.D. Research Funding

To the Editor:

In a recent article, you state that I advocated, in a recent *Forbes* magazine article, the abolition of federal support for education research ("Department Proposes Standards for Awarding Research Grants," June 21, 1995). This is not accurate. I recommended the elimination of the U.S. Education Department; I did not recommend the elimination of the federal role in education, nor of federally funded research in education.

What I intended to recommend was that the department be replaced by an effective, well-focused Office of Education and that certain vital federal functions be preserved, including the National Center for Education Statistics, the National Assessment of Educational Progress, Head Start, aid to disadvantaged children, and aid to college students.

Unfortunately, the *Forbes* article was edited drastically without my participation, emphasizing my criticisms of the department (for example, the regulatory burdens it imposes on schools and districts), but deleting my proposals for a streamlined, clarified federal role. As a writer, I have never had an experience like this with a publication; the copy editor called to apologize after the fact, but it was little consolation for seeing my views distorted.

There are serious issues being debated today about what the federal government should and should not be doing in education. I regret that my own views entered the debate in so truncated and unconstructive a fashion.

Diane Ravitch
Brooklyn, N.Y.Tapping Businesses for Funds
Dubbed 'Foodstuffs' at Best

To the Editor:

Christopher Cross's analysis of the corporate philanthropic climate should be required reading for governors, senators, and Congressional representatives who are slashing aid to schools ("The Downsizing of Corporate Philanthropy," *Commentary*, June 7, 1995).

The universal cry from politicians seems to be a new mandate to schools to raise funds for services through the private sector, local and regional businesses. This plan sounds simple and do-able, except if you are actually at the local level, where we are finding that businesses would like to help, but are already squeezed to the limit with demands on their charitable resources.

Traditional fund-raising targets local business through the United Way, blood drives, food drives, sponsorship of Little League, etc. PTA's help out in many ways providing additional funds for computers, library books, trips, cultural activities—but they, too, are stretched to the limit.

In a time of leaner business bud-

gets, it is foolhardy for our political leaders to direct school personnel to look to business as a continuing source of funds. Everyone is downsizing, including schools systems. Expecting fewer people to do more doesn't guarantee high-quality results. Schools are in the business of education, not fund-raising, and should do what they do best: educate today's students to be tomorrow's productive citizens.

Schools need and deserve stable, reliable, and sufficient government resources to do their important work.

Isabel Burk

Regional Drug Education Coordinator
Regional Health Education Center
Portsmouth Heights, N.C.Liberal Public Education
Includes World's Religions

To the Editor:

In your June 14, 1995, issue you ran several letters from individuals who were critical of my recent *Commentary* on religion and secular indoctrination ("Rethinking Indoctrination," May 24, 1995). Astonishingly, two writers thought I was arguing for a thesis which I explicitly rejected. A. Horwitz Rose took me to be promoting the "One True Religion" (his phrase) and Steven Morris claimed I would have only my own "mythology of Adam and Eve" (his phrase) taught in public schools.

Nothing could be further from the truth. I wrote: "It is not open to schools to promote or practice religion." I argued on constitutional grounds for neutrality in matters of religion. Indeed, the basic thrust of my *Commentary* was that a public school education must be liberal: It should provide students with some understanding of the major points of view in the most important matters of the human experience.

I did argue that "to ignore religion is to be profoundly illiberal." Unfortunately, all too many educators assume that anyone who wants religion in the curriculum must have an illiberal, unexamined, and probably fundamentalist religious agenda in doing so. This, of course, is nonsense.

To be educated one must be able to think critically about alternative ways of making sense of the world in a pluralistic culture. I argued that the systematic exclusion of religion from the curriculum results in secular indoctrination. It was my purpose to open up the marketplace of ideas, to educate students so that they could think critically about secular and religious ways of understanding the world. And I made my arguments, as I said in my *Commentary*, on liberal and entirely secular grounds.

Both Mr. Rose and Mr. Morris argued that education should be limited to the claims of reason and evidence which they can take to be on the side of secular science rather than religion. Of course this is a controversial view. Many scholars (ranging from theologians to quite different religious traditions to secular postmodernists) disagree.

My position is that when we are deeply divided about the na-

ture of truth and reality, as we are in our culture, it is obligatory for educators, particularly in public schools governed by the First Amendment, to educate students about the alternatives, rather than convey, uncritically, only secular views.

Warren A. Nord

Director
Program in the Humanities
and Human Values
University of North Carolina
Chapel Hill, N.C.'Clear Link' Between
Access to Books, Ability

To the Editor:

It must be more than coincidence that California ranks near the bottom of the country in 4th-grade reading scores and also ranks near the bottom in school-library quality ("California Facing New Tack on Language Arts," June 14, 1995). A great deal of research has shown that children who read more read better, and recent studies also show a clear relationship between reading scores and the number of books available to children in school libraries. Here are some examples:

• In a book published by Libraries Unlimited, Keith Linsen and colleagues reported that schools in Colorado with better school libraries reported higher reading scores. Mr. Linsen controlled for a number of variables, including socioeconomic status.

• I recently found information in an issue of *School Library Media Quarterly* suggesting that the number of books per student in the school library was an excellent predictor ($r=.685$) of 1992 National Assessment of Educational Progress reading scores for 41 states.

• Warwick Ellery, in his book *How in the World Students Read*, examined reading achievement in 32 countries and found a "clear link... between reading ability and the size of libraries."

Before concluding that California needs a return to "a structured, sequential program," I suggest California first do the obvious: Make sure children have access to a great deal of interesting, high-quality reading.

Stephen Krashinsky

School of Education
University of Southern California
Los Angeles, Calif.Tradition Should Guide Boyer
Regarding School Choice

To the Editor:

Your fascinating piece on Ernest L. Boyer left me with a number of troubling questions ("The Importance of Being Ernest," *On Assignment*, May 24, 1995). The story points out that Mr. Boyer is a practicing Quaker and that he places great emphasis on listening to others. He is described as believing that a "renaissance of individualism and privatism threatens to undermine the institution of public education and its historic function of unifying a diverse people." Further, he is "growing suspicious of government."

and "disturbed by the popularity of the charter-school movement in state legislatures."

What troubles me about all of this is the following: As a Quaker, Ernest Boyer, more so than others, ought to be familiar with his own tradition's suspicion of centralized power and with the role that both church and state played historically in pressuring Quakers and others to violate their consciences (what Quakers sometimes refer to as "the light within").

Mr. Boyer must also know that the founders of the common school in America were not just interested in teaching reading and other basic skills. Horace Mann and compatriots wanted to keep immigrant Catholics and other foreigners in line by enrolling their children in the common school, the melting pot that would refine away all the foreign and papist dross (or, in the case of Calvinists, for whom Horace Mann had an especially deep dislike, would help shelter children from the corrupting influence of church and parents).

Presumably Mr. Boyer also knows that the common school for most of its 160 years of existence has not been particularly

congenial to Jews, humanists, atheists, and other cognitive and religious minorities. And he must surely be aware of the crucial role independent schools have played in the life of Quakers.

Finally, if he is following his own advice about listening to others, he must know that millions of Americans maintain that government public schools violate their deepest religious and moral beliefs.

One would hope that Mr. Boyer will reflect on the fact that he lends his support to a monopoly system of school finance that permits only the rich and the well-connected to educate their children in a way that is consistent with their own deepest religious beliefs, a system that by its own admission would be in deep trouble if it permitted people to vote with their feet.

By ignoring and even opposing school choice, including the choice of independent religious schools, Mr. Boyer puts millions of Americans in a position not unlike that of Quakers three centuries ago.

Richard A. Baer Jr.

Professor of Environmental Ethics
Cornell University
Ithaca, N.Y.Voucher
Questions
From Abroad

Continued from Page 52

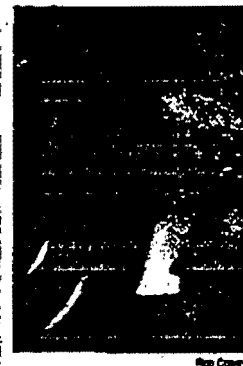
lowest-income students tended to do better in public schools. Tyrone Rumba's estimates of pupil achievement as a function of type of school, location, parents' education, and students' socioeconomic class using the 1990 test results confirm that lower-social-class students did better in public schools on both the Spanish and math tests, and middle-class students did better in subsidized private schools.

Because low-income parents were less able to add private contributions to the voucher amounts, private schools in Chile were apparently not that interested in doing any better than public schools with lower-income pupils. And if the declining scores to Chile's municipal public schools mean anything, it is that increased competition had a negative effect on teachers and children, and that the Chilean voucher plan contributed to greater inequality in pupil achievement without improving the overall quality of education.

Neither had the private schools cost any less, even though they paid their teachers lower salaries. Indeed, many teachers taught both in private and public schools, double shifting. Government made no effort to improve the curriculum, the quality of teaching, or the management of education, since this was supposed to happen spontaneously

through increased competition among schools vying for students. It did not. Yet, the test-score results suggest that the poor still made the right choice in sending their children to municipal schools, since they do better there.

There are lessons for us here in the United States are obvious, but not ones that privatization advocates want known. Voucher plans increase inequality without making schools better. Even more significantly, privatization reduces the public effort to improve schooling



Ron Green

since it relies on the free market to increase achievement, but the increases never occur.

What is most disturbing about this reality is that the privatization movement in this country is gaining just when pupils from all groups, especially those who have traditionally not done as well in school, are making significant achievement gains, and they are doing it because public education is getting better—without vouchers.

2

Lessons of Chile's Voucher Reform Movement

By Martin Carnoy

Voucher plans have been in place for many years in other countries. Contrary to the claims of pro-voucher advocates in the United States, the experience internationally suggests that voucher plans promise a lot but may actually be worse for children from low-income families, for whom the gains are supposed to be the greatest.

"The primary negative effect of school choice is its natural tendency to increase the educational gap between the privileged and the underprivileged," John Ambler, referring to voucher plans in Britain, France, and the Netherlands, wrote in the *Journal of Policy Analysis and Management* (1994).

The most interesting comparison is from Chile, which has a long-standing voucher plan where pupils have been assessed regularly. The Chilean plan began in 1980 under the Pinochet military government as part of an overall "de-governmentalization" free-market package. It meets almost all the conditions of those in the United States who advocate "choice with equity," including fully subsidized, deregulated private schools competing head-on for pupils with deregulated municipality-run public schools in all metropolitan neighborhoods, from middle-class suburbs to low-income barrios.

One key feature of the Chilean plan was privatizing teacher contracts and eliminating the teachers' union as a bargaining unit. Teachers were transferred from the public employee system to the private sector. By 1983, even public schools, meaning those schools run by municipalities, could hire and fire teachers without regard to tenure or a union contract, just like any un-unionized private company. Another feature was to release all schools from the previously strictly-defined structure of the national curriculum and from national standards.

What were the results of this reform? The first was that even when parents' contributions are included, total spending on education fell quite sharply after increasing in the early 1980s when the central government was paying thousands of teachers severance pay as part of privatizing their contracts. In 1985, the federal contribution was 80% of total educational spending, and total spending was 5.3% of Gross National Product (GNP). Five years later, the federal portion was 68% of the total, and the total had fallen to 3.7% of GNP. Private spending rose, but not quickly enough to offset the drop in real federal contributions. Most of the decrease in federal subsidies to education came at the secondary and university levels, where per student public spending dropped drastically.

The second result was that in Chile, as in Europe, those who took advantage of the subsidized private schools were predominantly middle- and higher-income families.

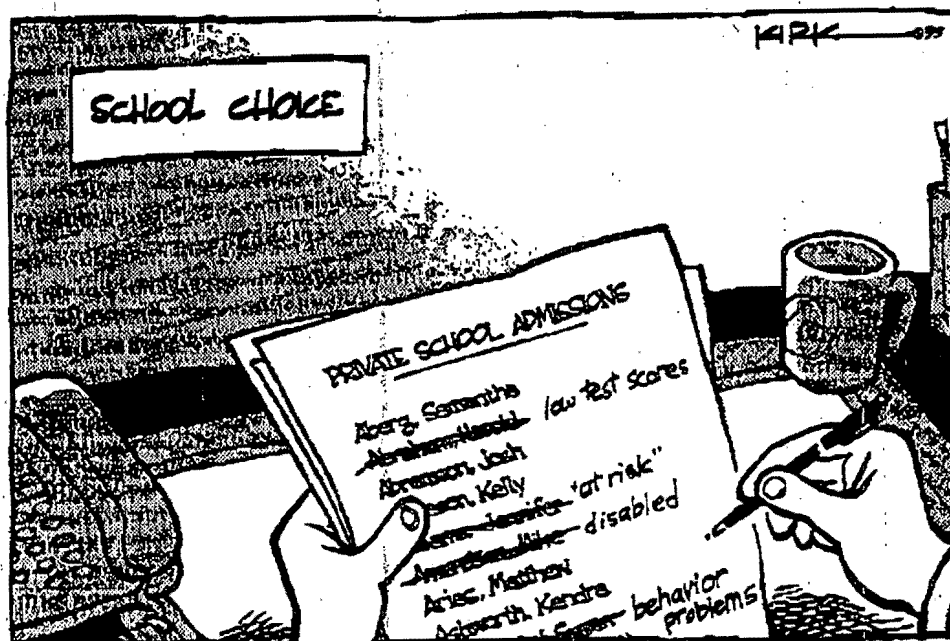
Who Goes to Private Schools?

Chile offers a voucher to all students. "Fees" often are charged at the private schools on top of the voucher, and private schools are allowed to screen students. (There are also elite private schools which do not take part in the voucher plan, where students' families pay the complete tuition.) As a result of the voucher reform, there was a massive shift of students into private schools, in particular middle-class and upper-middle-class children. By 1990, of families in the lower 40% of the income distribution, 72% attended municipal public schools. In the next highest 40% income bracket, only 51% of the families sent their children to public schools, with 43% in subsidized private schools and 6% in elite private schools where parents paid the full tuition. And in the top 20% income bracket, only 25% had their children in public schools, with 32% in subsidi-

dized private schools and 43% in elite private schools.

The third result was that the increase in pupil achievement predicted by voucher proponents appears to have never occurred. Scores in Spanish and mathematics from two nationally standardized cognitive achievement tests implemented in 1982 and 1988 for fourth graders registered a national decline of 14% and 6%, respectively. According to World Bank economist Juan Prawda, the test scores fell most for low-income students in public schools, but they also fell for low-income students in subsidized private schools. Middle-income students had small increases in test scores whether they were in public or subsidized private schools. Subsequent tests in 1990 showed increases of 9% in Spanish and 11% in math, but this still left scores about the same as in 1982. Middle-income students averaged higher scores on these tests in private schools than in public, but lowest-income students tended to do better in public schools. University of Georgia political scientist Taryn Rounds' estimates of pupil achievement as a function of type of school, location, parents' education, and students' socio-economic class using the 1990 test results confirm that lower-social-class students did better in public schools on both the Spanish and math tests, and middle-class students did better in subsidized private schools.

Because low-income parents were less able to add private contributions to the voucher amounts, private schools in Chile were apparently not that interested in doing any better than public schools with lower-income pupils. If the declining scores in Chile's municipal public schools mean anything, it is that increased competition had a negative effect on student achievement, and that the Chilean voucher plan contributed to greater inequality in pupil achievement without improving the overall quality of education.



Credit: Mark

implemented, many middle-class parents find that they like their children being separated from low-income students. Furthermore, teachers in public schools find that given the worsening conditions and lack of support, it is even more difficult to be innovative. This last lesson should spur public school advocates to support rapid and radical reforms of schools in inner cities now, and to emulate, sooner rather than later, those reforms that seem to be working for at-risk students.

Chile had a military dictatorship in the 1970s and 1980s that could impose vouchers from above and suppress opposition by force.

Some analysts in Chile claim that subsidized private schools cost less because they have somewhat higher pupil-teacher ratios and pay their teachers lower salaries. But there is no evidence that this means that private schools are becoming more "efficient" while public schools lag behind. Indeed, if private schools are consistently "creaming off" easier-to-teach students, municipal schools may have to maintain smaller classes with more highly paid teachers just to stay even academically.

The fourth result was the need to recentralize influence over the educational system once a democratic government was elected in 1990. Under the Pinochet reform, government made no effort to improve the curriculum, the quality of teaching, or the management of education, since this was supposed to happen spontaneously through increased competition among schools vying for students. It did not. Neither did municipalities or most private schools come up with incentives for improving pupil performance. Low-income municipalities were at a special disadvantage because they, even more than other municipalities, lacked the fiscal capacity and resources for school improvement. And as soon as unions were legal again, teachers reorganized themselves,

fought for higher salaries, and for the right to representation. Not surprisingly, they focused their demands on the central government, which oversees minimum salaries for both public and private schools.

Lessons for the United States

The lessons for us here in the United States are obvious, but they are not the one that privatization advocates want known. Voucher plans increase inequality without making schools better. Even more significantly, privatization reduces the public effort to improve schooling since it relies on the free market to increase achievement. But the increase never occurs. Private schools may end up producing higher achievement than public schools, but they generally do this by keeping out hard-to-manage pupils, who get concentrated in "last-resort" public schools.

There is another lesson to learn from the Chilean case. At the end of the voucher road, the case for public schools becomes more, not less, difficult. The new democratically elected government, which by U.S. standards would be considered center/left, continues to blame public school bureaucracy and lack of market incentives for the low level of achievement in municipal schools. Once a voucher plan is

implemented, it takes highly dissatisfied constituencies to produce reforms, even if they are not the ones who ultimately benefit from them. Conservatives have figured out that the most dissatisfied educational constituencies are the poor, and will use them to dismantle public education.

Ironically, the privatization movement in the United States is gaining ground just when pupils from all groups, especially those most at risk, are making significant achievement gains and just when public school reform movements are reaching into inner cities to produce real change. To cite one example: between 1975 and 1989, the difference in average reading proficiency scores between African-American and white 17-year-olds went from 50 points to 21 points, or a gain of about half a standard deviation.

The best antidote to vouchers is to spread public school reform — fast. ■

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