

Gunderson
Best - doing Savings

~~GOODLING~~ GUNDERSON PROPOSAL

Question: What is your position on the ~~Goodling~~ Gunderson proposal?

Answer: I did not come to Washington to defend bureaucracy. I came to create a lean and effective Department.

- We are moving on our own to reduce bureaucracy, streamline, consolidate, and save taxpayers' dollars. We are interested in any proposal to help improve teaching and learning.
- The ~~Goodling~~ Gunderson proposal would create a "mega-bureaucracy" by combining the Departments of Education, Labor and EEOC. (It shifts and consolidates some functions, but does not set forth any steps to improve education.) It downgrades the importance of education and eliminates the "bully pulpit".
- Such a "mega-bureaucracy" would decrease accountability and efficiency, make education information and programs less accessible to customers, and excessively concentrate decision making.
 - For example, it would establish an Assistant Secretary for Workforce Preparation and Policy who would have responsibility for over \$38 billion in program funds, more than the entire Department of Education budget.
- Such massive bureaucracy building would distract attention from our important task of improving education. We would spend years rearranging organizational boxes rather than continuing our efforts at streamlining the Department.

- Would ^{focus} ~~focus~~ too much on regulatory functions
- Education about more Than work force preparation - vibrant democracy
- less accountability, bad for our customers
- ✓ Can get savings without consolidation

Mr. Gunderson estimates that his proposal would save \$4 billion a year. However, most of this savings would be from eliminations and consolidations of programs – savings that can be – and are being – achieved by Education and Labor.

- Claimed savings of \$4 billion:

- \$900 million cut from the consolidated total of \$1.9 billion for Eisenhower Professional Development, Charter Schools, Impact Aid, Safe and Drug Free Schools, and Innovative Education Programs

- \$100 million by reducing Bilingual Education

- \$100 million by reducing Title III Developing Institutions

- \$600 million by eliminating funding for 29 programs from ED, Labor, and other agencies

- \$200 million by reducing Workplace Safety and Employee Benefit programs

- \$2.3 billion cut from a total of \$12 billion for Workforce Preparation and Life-Long Learning programs which could be combined into 4 block grants

- \$100 million from reducing duplicate staff offices and cutting civil rights unit

Can Staff → \$19 mil. - The dislocation & loss of mission would cost (probably) more than this -

HR
Same for 1833

ALEXANDER/BENNETT/COATES PROPOSAL

Question: What is your position to the Alexander/Bennett/Coates proposal to abolish the Department?

Answer: I understand that they have proposed making education an office within a larger department and distributing many functions of the Department to other agencies. For example, student financial aid for college would go to the Treasury Department, vocational education to Labor, educational research to NSF, and so on.

- Need a national voice for education. Without a Cabinet level department education would be deemphasized at time in our history when it is more important than ever before.
- Proposal would create a bureaucratic nightmare for schools, communities, and States. Now, States, communities and others concerned with education can look to one agency. Under the proposal they would have to go all over the government. ~~CHART~~

• *Less accountability; no coherent policy; fragmentation*
Creating an office in a larger agency is not necessarily more efficient or more responsive to local concerns. When Education was in HEW

- The Office of Education had 7,700 employees. The Department currently has ~~one-third fewer~~ ^{5,000} employees;
- The Secretary of HEW could not devote much attention to education;
- The lack of attention and large HEW bureaucracy resulted in a lack of coherence and responsiveness that impeded State and local educators.

During Congressional Hearings in 1979, on whether a Department of Education should be created, Terrel Bell testified that for these reasons creating a Department of Education would reduce Federal control of education and Federal red tape.

• religious conservative antecede → ^{know} ~~that~~ where need to go — Private Schools Conference(?)

FEDERAL ROLE IN EDUCATION

HISTORY

Important federal role for over 100 years in K-12 and post-secondary.

- o land grant college system (Morrill Act, 1862)
- o established office of education in 1867 (research & statistics)
- o vocational education (Smith Hughes Act, 1917)
- o GI bill (1944 – sent 2.2 million veterans to college)
- o National Defense Education Act for math and science (1958)

NATIONAL DEFENSE

- o Armed Forces this year will recruit almost 200,000 young americans
- o To preserve military preparedness their goal is for at least 90% to have a high school diploma and at least 60% to have above average skills

STRONG ECONOMY

- o **Education foundation of better economic performance.** In this century, educational increases in the workforce accounted for almost 30% in the growth of the nation's wealth; advances in knowledge (better education, R&D, and new technologies) accounted for 55%.
- o **High returns to education for individuals.** In 1992, the average annual earnings for those with a bachelor's degree were almost twice those with only a high school diploma; and two and one-half times those who did not finish high school.
- o **America's mobile population.** Almost one-tenth of our population moves across state lines every five years. This the local quality of education has national implications—whether dealing with unemployment or promoting economic growth. Weak schools have consequences all across the nation.

EQUITY AND CIVIL RIGHTS

- o Children who are disadvantaged, disabled or have limited english proficiency must not be left behind.

FEDERAL ROLE IN EDUCATION

HISTORY

Important federal role for over 100 years in K-12 and post-secondary.

- o land grant college system (Morrill Act, 1862)
- o established office of education in 1867 (research & statistics)
- o vocational education (Smith Hughes Act, 1917)
- o GI bill (1944 – sent 2.2 million veterans to college)
- o National Defense Education Act for math and science (1958)

NATIONAL DEFENSE

- o Armed Forces this year will recruit almost 200,000 young americans
- o To preserve military preparedness their goal is for at least 90% to have a high school diploma and at least 60% to have above average skills

STRONG ECONOMY

- o **Education foundation of better economic performance.** In this century, educational increases in the workforce accounted for almost 30% in the growth of the nation's wealth; advances in knowledge (better education, R&D, and new technologies) accounted for 55%.
- o **High returns to education for individuals.** In 1992, the average annual earnings for those with a bachelor's degree were almost twice those with only a high school diploma; and two and one-half times those who did not finish high school.
- o **America's mobile population.** Almost one-tenth of our population moves across state lines every five years. This the local quality of education has national implications—whether dealing with unemployment or promoting economic growth. Weak schools have consequences all across the nation.

EQUITY AND CIVIL RIGHTS

- o Children who are disadvantaged, disabled or have limited english proficiency must not be left behind.

RESPONSE TO BRODER CHARGE THAT DEPARTMENT IS 'TOP HEAVY'

- o When I first took office, we set some priorities for what needed to be accomplished.
- o We decided that our first priority needed to be overhauling the federal role in education and key federal programs--Goals 2000, ESEA, School-to-Work, Direct Lending, overhaul of the research function, etc. recognized that the structure of the Department needed to be addressed.
- o Our second priority was streamlining the management and operation of the Department, within the existing structure. We've done this through such efforts as the development of a Department mission and strategic plan; integrated program reviews, the use of consolidated plans, and a significant reduction in regulations and paperwork in elementary and secondary education programs; restructuring the Office of Education Research and Improvement; and initiating the Direct Lending program on a sound footing.

We have a solid record of accomplishment in these areas.

- o While we knew that the basic structure of the Department also needed attention, we also recognized that a Department-wide reorganization--elimination or consolidation of offices--would be very time consuming and would demand great attention of the leadership of the Department. I believed then, and I believe now, that it was more important to focus our attention externally--on how our programs impact on students, schools and institutions of higher education, parents, teachers, and state and local education agencies--than on how we are organized internally, or how many assistant secretaries we have.
- o While our program overhaul and management improvements continue full force, we have also been working closely with Vice President Gore and the Administration's National Performance Review II to look carefully at ways in which the Department could be further streamlined. In the near future I expect to announce the steps we will take to further streamline the agency and reduce management layers.
- o Since this review is still underway within the Executive Branch, I cannot offer details on our plans yet.

OPPOSITION TO MERGING EDUCATION AND LABOR

Departments of Education and Labor and EEOC have fundamentally different missions, with little overlap:

Labor and the EEOC are primarily regulatory agencies (workplace safety, mine safety, workplace equity). ED has worked hard to move away from regulations -- to be a support agency and a partner with states and districts.

For DOL: Training accounts for only 9% of staff (2,000 of 17,000) and 27% of budget (\$7 of \$34 billion) while ED's entire mission is helping educate children and adults.

Good coordination already exists between ED and Labor on issues where the work of the two Departments is related-- e.g., School-to-Work.

The proposed savings from the merger would have to come from program cuts, not administrative savings

Of \$20 billion in proposed savings over 5 years, only \$1.6 billion would come from administrative costs; the rest would come from unspecified program cuts.

If cost savings are what Congress is after, the merger is not the most effective approach. We are already consolidating and eliminating ineffective programs.

Merger would create a mega-bureaucracy

Large bureaucracies are less responsive and accessible to parents, teachers, community and business leaders, and policymakers.

National voice for education will be diminished.

Reorganization would disrupt work to support education improvement. We would spend years rearranging organizational boxes instead of serving children's interests.

Most important test: how will this merger help children?

Booder

Many things for us to do:

- ① Get focused on real issues to improve schools & colleges
 - ② Improve mgt. - mission & strategic plan - Regs - loan depart
 - ③ NPR - 2 - Other ways to streamline dept. -
- (Some announcements this fall) -

Photo - That what is formed in a country is that what will be cultivated there -

His nos.?

from involvement
Read - White - How
A-2000
NESIC -

(2)

Freshman Republican
Fugate

HR-1883

OPPOSITION TO BACK TO BASICS REFORM ACT (FRESHMAN PROPOSAL)

- o Proposal significantly reduces, then proposes to eliminate, federal role in education

Proposes two major block grants (\$9 billion elementary/secondary; \$2 billion higher ed)

Proposes to end all federal programs by 2000
- o Proposed block grants have no clear purposes and no accountability. "It is a block and cut strategy."
- o Proposal disperses accountability, by spreading federal programs around to 5 different agencies, and by burying most programs deep within HHS.
- o Proposal will force state education officials, parents, students and community leaders to have to deal with 5 different agencies on education issues. / How will that help children?
- o Proposal ends national voice for education when education is more vital than ever for this nation.

3

Improvements since
DOE created -

THERE HAVE BEEN EDUCATION IMPROVEMENTS SINCE DEPARTMENT WAS CREATED

FACTS:

- o Students are taking more challenging courses
1982: 1.9%
1992: 23.2%
- o More students are participating in Advanced Placement Courses
1982: 140,000
1994: 450,000
- o High School drop out rate has decreased
1980: 13.0%
1993: 10.6%
- o Postsecondary enrollment increased
1980: 49.3%
1993: 62.6%
- o College Completion Up
1950: 6%
1995: 22%

o SAT Performance 1976-1994

Participation in test has expanded:

Percentage of high school graduates taking the test increased from 32% to 42%

Percentage of minorities taking the test increased from 15% to 31%

Increased Verbal Scores 1976-1994:

African-Americans: 20 point gain
Other minorities: 15 point gain

Increased Math Scores 1976-1994:

African-Americans: 34 point gain
Native-Americans: 21 point gain
Asian and Mexican Americans: 17 point gain

RESPONSE ON BLOCK GRANTS

- o Believe strongly in providing flexibility and accountability for results
- o Goals 2000 and School-to-Work already are "responsible" block grants
- o Willing to consider block grant proposals, if they:
 - o have clear national purposes, goals and objectives
 - o have clear accountability for results
 - o provide adequate funding and do not reduce overall investments in education
 - o do not hamper efforts to target funds to neediest schools and communities
- o Opposed to block grant proposals that drastically reduce funding--While block grants are intended to increase flexibility, reduced funding will, in fact, decrease flexibility
- o Limited federal dollars need to be strategically targeted for critical needs--such as children in poverty and safe schools.
→ Simply giving Federal money to states without clear goals or focus on accountability is a poor use of taxpayer's money.
(like Revenue Sharing)

EDUCATION DEPARTMENT EFFICIENCY

Department Efficiency

- o ED spends less than 2% of \$33.7 billion budget on administration. These funds are primarily focused on fiscal controls and accountability.
- o ED has smallest ratio of staff to grant volume in federal government: 1 employee per \$6 million in grants
- o The Department is the smallest of 14 Cabinet agencies with 5,131 full-time equivalent employees. Since 1981, Department employees have been reduced by 33% and we plan to cut another 8%.
- o ED has proposed savings of \$100 million in personnel costs from FY 1995 (5,131 FTE) to FY 2000 (less than 4,700 FTE)
- o In our FY 1995 and FY 1996 budgets, we have proposed eliminating 59 education programs and consolidating 27 others for a savings of 4.6 billion by 2000. We are exploring ways in which we can eliminate other programs hat do not produce results.

Flexibility

- o We have dramatically turned around the regulatory process. Recently eliminated 88 regulations--399 pages in all.
- o No regulations for Goals 2000 or School-to-Work → *Examples criteria for existing - any new regs*
- o Our new laws allow me to grant waivers to statutory and regulatory requirements.
- o Reduced paperwork--eliminated duplicative forms and encourage consolidated plans from states.

Improved Management

- o We have upgraded technology and invested in training of our employees.
- o For the first time in the Department's history, the student loan program has received an unqualified "clean" opinion from an outside auditing firm.
- o We are implementing a customer-responsive Agency with 1-800-information lines and computer help lines.

(6)

DOEd - S & E
Budget

Staffing and S & E: Why Has ED Had Increases?

- o The new Direct Student Loan program accounts for the increase in the S & E budget by 25% -- but if we don't include Direct Student Loans, the budget increase was only 2%
- o The total Department staff, (as well as the staff needed to operate the new student loan program) will be reduced over the next five years by over 400 employees, or 8.4% staff reduced

(The projected reduction in Direct Student Loan staff will be 9.5%)

①

Why We Need
DOED

WHY DO WE NEED AN INDEPENDENT U.S. DEPARTMENT OF EDUCATION

If it closed tomorrow

- o Education needs a strong national voice--a cabinet Secretary at the President's policy and budget table to focus the nation's attention on educational needs and advocate for funds and other support to address those needs.
- o A Department and a Cabinet Secretary focus the nation's attention on education. In 1983, Ronald Reagan's Secretary of Education commissioned the report, A Nation At Risk which sparked state and local school improvement efforts across the nation. / George Bush's Secretary of Education worked with the Governors to establish the National Education Goals in 1989, which provided new momentum to the state and local reforms already underway.
- o Parents, state officials, community leaders, teachers, and students need one federal agency to go to for answers to all education-related questions/needs. 1-800-USA-LEARN
ASK ERIC (Internet)
- o There will be no organized or consistent approach to education policy if the functions are spread throughout the federal government.

IF THE DEPARTMENT CLOSED TOMORROW, WHO WOULD NOTICE OR CARE?

- o The 900,000 members of the public ^{who} ~~that~~ call the Department every year for information about education.
- o Poor children and children with disabilities who are not having their needs met by their districts or states. Lim. Eng. Prog. children
- o College students who depend on the Department of Education to provide them loans.

History Standards

Question: Many of us in Congress have heard a great deal about the proposed national standards for American history and world history. What is the situation with respect to the development of these standards?

Answer: Let me start by being very clear. States and communities across this nation are developing their own academic standards for what they want children to learn. Those are the standards that count. Voluntary national standards in Civics, science, history and other areas are models for states to use if they choose to.

The nation's Governors and President Bush, when they established the National Education Goals, launched a movement focused on improving academic standards and student achievement.

Stand
Movement

Lamar Alexander

As one of the follow-up steps to establishing the Goals, then-Secretary Lamar Alexander and other members of the Administration funded several national standards projects in the areas of science, history, civics and government, English, geography, the arts, and foreign language.

Lynne Cheney

In 1991, Lynne Cheney, Chair of the National Endowment for the Humanities, in conjunction with the Department of Education selected the grantee and funded the history standards project.

The recently released history standards were produced with participation of a cross section of historians and teachers. However, the release of these documents marks the completion of only the first stage of a continuing effort.

Now →

It is my understanding that the Council for Basic Education, with support from private foundations, is convening two independent panels to consider the major criticisms that have been directed toward the history standards and propose revisions.

This is an important next step in the process of ensuring that these history standards represent the best scholarship and quality.

There has been much confusion on this issue. These standards are, and will always be, voluntary. No law requires states or districts to use them. The Goals 2000 Act asks that states develop their OWN challenging standards in core academic areas of their choosing. So, what is most important, is that a dialogue and debate about academic achievement take place in each state.

Ultimately, the value of voluntary national standards will be determined by their usefulness to communities, states, and teachers who choose to draw on them for ideas.

⑨

History Standards
6.

June 15, 1995 ■ Education Daily

P-3

Two Panels To Review National History Standards

The Council for Basic Education (CBE) is convening two panels of experts to review voluntary national history standards that brewed a storm of protest.

With an eye toward defusing the situation, CBE last week announced its plan to bring together historians and education experts to discuss the standards, their impact and the need for revisions, said Patte Barth, assistant director of the core-curriculum advocacy group.

The standards drew fire from conservatives who charged that they rewrite or ignore much of American history to give students a politically correct view of the past.

"We were concerned that all of the debate and controversy about the history standards might extend into the standards reform movement in general," Barth said.

Board members have scheduled their first meetings for June 28-30 in Philadelphia. They plan to issue a final report in October, suggesting standards revisions, as well as guidance on general standard-setting issues.

The National Center for History in the Schools, which drew up the standards, will wait for that report before issuing revised documents, Director Gary Nash said.

Barth said she hopes "we will have a general statement of principles and some consensus of the shared issues on the U.S. and world history" standards.

The two panels include members with a range of political philosophies, Barth said.

Former Minnesota Gov. Albert Quie will chair the U.S. history panel and Steven Muller, president emeritus of Johns Hopkins University, will chair the world history panel.

Members include Diane Ravitch, a former Education Department official and current education professor at New York University, and Evelyn Brooks Higginbotham, an Afro-American studies professor at Harvard University.

The Pew Charitable Trusts, the John T. and Catherine D. MacArthur Foundation and the Ford Foundation are funding the panels.
—Mary-Ellen Deily

**STATEMENT OF ROBERT B. REICH
BEFORE THE COMMITTEE ON ECONOMIC AND EDUCATIONAL
OPPORTUNITIES
TUESDAY, JULY 25, 1995**

Mr. Chairman and Members of the Committee:

Thank you for the opportunity to come before you today to discuss Congressmen Goodling and Gunderson's proposal to merge the Department of Education with the Department of Labor. I know that my friend and colleague, Secretary of Education Dick Riley, recently appeared before this committee to express his concern with this proposal.

Today, I want to augment the testimony of Secretary Riley and do so from my vantage point as Secretary of Labor, where I bear a different set of duties. Let me say at the outset that I share the specific concerns expressed by Secretary Riley about the threat such a merger would pose for our continuing efforts to ensure access to high-quality education for all Americans. I want to address the particular effect this merger proposal would have on the mission and responsibilities of the Labor Department.

The issues this proposal summons -- cost efficiency in the use of the taxpayers' money, managerial coherence and focus, organizational coordination and simplicity -- are issues very close to my heart, and very central to our agenda at the Labor Department. We are already embarked on an extensive examination and reorganization of our programs and operations. We have made significant changes to

ensure greater accountability and efficiency in what we do and how we do it. We have made the commitment to fund what works, to fix or eliminate what does not, in order to improve workers' prospects and, with them, the prospects for our country's future.

There are only two reasons for organizational change. The first is to save money, and the second is to provide better service. This proposal achieves neither.

I did not come to this conclusion without spending considerable time analyzing the proposal of the Chairman and Mr. Gunderson. I asked Donald Kettl, Professor of Public Affairs and Political Science at the University of Wisconsin and a Senior Fellow at the Brookings Institution, to analyze the implementation of the proposal and I would like to submit his findings for the record. He has three main findings: First, cost savings from restructuring would be small, and costs could actually increase. Second, the history of restructuring in both business and government shows that structure is secondary to mission in successful reform efforts. Third, a merger as proposed would raise enormous transition problems. As Professor Kettl put it, "the *Titanic* now lies at the bottom of the Atlantic because its captain pressed boldly ahead without thinking through the details." Our mission is far too vital, the stakes far too high, for anything but the most dispassionate analysis to guide decisions about how Americans learn and how Americans work.

Missions of Departments Are Fundamentally Different

The role of the Education Department is an important and broad one. In America's schools, our children learn to be good citizens, to converse and cooperate with each other, to appreciate the arts, to participate in sports. Our schools prepare our children not just for work, but for life. The Education Department works with the states and our nation's educational community to make sure that all Americans have access to safe, high-quality schools.

The Department of Labor has a fundamentally different mission. Unlike the Department of Education, the Department of Labor's mission is to serve Americans in their roles as workers. Part of this mission includes ensuring citizens access to opportunities for building their skills. But the Department of Labor goes beyond workforce preparation to encompass worker health and safety; basic labor standards; worker pension and welfare benefits; unemployment insurance; workplace information gathering; and technical support on workplace practices. The Department works with workers and managers to improve our nation's workplaces.

Reinventing the DOL

The operations and programs of the Department of Labor must be scrutinized in the light of the central challenge our country now faces: to restore America's middle-class. For the last fifteen years, too many families have been working harder but getting nowhere. The reality is that the wages of most Americans have been stuck and

for some have fallen. Families have had a harder time holding on to a decent standard of living. More and more of them have lost their grip on the middle class or their hope for entering the middle class. If we are to restore our heritage of shared prosperity, American workers need every bit of assistance we can give them in adapting to the new economy. And let me assure you that I agree with those of you who also say that Americans are rightly demanding that we provide for these needs as efficiently and creatively as possible.

We can, we have, and we will continue to streamline our operations and improve our performance. The Administration has had much success over the last few years in obtaining better value for each dollar we invest. The Department of Labor is moving ahead with a reinvention program to make the Department more responsive to the needs of our customers and to expand coordination with federal, state, and local agencies, and the private sector.

The School-to-Work program, joining students with workplaces, is a model of inter-agency coordination. This joint venture works because Congress articulated a clear vision, and the Departments of Labor and Education defined clear objectives for its implementation. Drawing on each Department's expertise, we have combined their efforts into working alliances to help states build paths from school to work for young Americans. Where the mission was clear and the commitment genuine, structure was a trivial issue: we worked it out.

Our joint innovation with School-to-Work implementation may be the best example today of real reforms undertaken without shuffling organizational charts. But there are many others, in process or already underway.

In order to meet the needs of our customers, we are replacing the traditional fragmented employment and training system with a One-Stop Career Center System. The Department of Labor, in partnership with states and local communities, is working to transform this vision of an integrated, high-quality delivery system into reality. To bolster these reforms, we are also instituting rigorous performance measures to ensure accountability. The One-Stop Career Centers let the unemployment system meet its ultimate goal, helping people learn new skills and land new jobs.

In order to make government more accountable, the Department has developed plans for reform under the Government Performance and Results Act (GPRA). Every office within the Department is working to create a system of performance measures that will let us know what's working (and what's not).

While the Department maintains its commitment to ensuring the safety of America's workers, we are also working to make regulation less burdensome and more efficient. The Occupational Safety and Health Administration (OSHA) is pursuing a new approach to safety inspections that focuses on the worst offenders while relying primarily on voluntary compliance by employers with good safety records. This

approach works. We have tried it in Maine—and we have had great success.

We are also expanding a successful pilot program in the construction industry. By identifying the most common accidents in this industry and working with employers and employees to develop worksite safety plans, OSHA can better target its resources. As a result of these new policies, OSHA inspectors can use their time to improve safety while imposing less of a burden on employers.

Moving Boxes Isn't Real Reform

We have been able to achieve such improvements by learning a simple lesson from the business world: successful reforms are goal-oriented and carefully planned. The first step is to ask what you are trying to accomplish. In order to provide better service more efficiently, we have identified specific improvements that need to be made in each program. We have planned our reforms to specifically meet these goals. Unfortunately, the same cannot be said of the merger proposal I am asked to comment on today.

Moving boxes around on an organizational chart looks impressive and satisfies our desire for action. But it does not make for good policy. The Goodling/Gunderson proposal would probably not achieve the desired results and would certainly impose a period of transitional chaos. That's what the General Accounting Office (GAO)

concluded in its report on the proposal, which warned of the risks involved in hastily merging two departments without careful analysis and study.

We should take the lessons of corporate mergers and downsizing to heart: promises of synergy between separate operations failed to materialize once the entities were merged, and many firms downsized only to find administrative savings to be elusive. Professor Kettl's report reiterates the findings of the GAO that reorganization requires careful planning.

The merger proposal puts *the cart before the horse*. The merger proposal begins with a series of percentage cuts, which leads to a departmental structure. Before deciding whether a merger is appropriate, we first must determine what we should do to improve the product of each program and then determine whether a merger is the best way to accomplish this. As evidence, Professor Kettl points out that the Department of Labor's regulatory focus is all but ignored. As I'm sure Chairman Casellas will elaborate, merging EEOC with the Department of Labor would increase the efficiency and effectiveness of the government's enforcement of equal employment opportunity. Indeed, such a merger could compromise civil rights enforcement efforts. As a result, this proposal would repeat the mistakes of countless corporations in poorly-planned and hastily-implemented reorganizations.

If this were not enough of a problem, the plan also jeopardizes the progress

that we have made and are continuing to make in streamlining our operations. A radical restructuring of the Department disrupts the careers of thousands and creates new offices without a clear idea of their mission or their structure. There can be no doubt that this upheaval will take us *back to square one*.

In an age where quick and mobile organizations are the most successful, and where the public often charges that the Federal government is clumsy and slow, why create a mammoth institution that houses many disparate functions? A mega-bureaucracy is exactly what the Federal government, preparing for the twenty-first century, needs least.

This proposal is not about eliminating waste. Of the proposed \$21 billion in cuts, the GAO could identify administrative savings of only \$320 million per year—or just 0.4 percent of the budget of the proposed mega-bureaucracy. Moreover, the GAO, while conceding that the costs exist, did not consider a single cost the merger would impose. Imagine: a cost-benefit analysis without any costs. But, experience tells us that there would be expenses: from Reduction in Force expenditures to training costs for new and current workers. Once these are factored into the equation, the \$320 million per year in savings will seem even more puny. Thus, the proposal being advanced would undermine America's capacity to build skills and serve its workers interest without even achieving significant cost savings.

So if this proposal is not about reducing inefficiency and generating cost savings, what is it about? More than 93 percent of the savings outlined in the proposal would have to come from cuts in actual services delivered to ordinary Americans. They would not be painless administrative savings. Instead of trimming the fat, this proposal clips the muscle and bone. Wittingly or not, consolidation proposals will act as procedural cover for deep cuts in lifelong learning and worker protection.

This proposal parallels recent actions in the Appropriations Committee which will lead to divestment in worker safety, pension protection, and job training for new careers. The proposal to merge Labor and Education would do nothing to reverse the sobering fact that more and more Americans are working harder for less. As Federal Reserve Chairman Alan Greenspan recently noted, an increasing unequal distribution of income threatens the fabric of our society. I believe that it is essential to overcome this trend and ensure all Americans the opportunity to earn a better life for themselves and their families. I believe that the enterprises embodied in the Department of Education and the Department of Labor are vital parts of any campaign to restore broadly-shared prosperity. Indeed, my sympathy with the stated aims of the merger proposal is precisely why I must oppose it—because I'm afraid that this proposal would turn back the clock on the progress we have made so far.

EDUCATION AND TRAINING

Why shouldn't the Departments of Education and Labor be merged?

The Departments of Education and Labor should not be merged because:

- 1) **Their missions are different.** ED's mission is education; DOL focuses on a variety of worker issues including workplace safety, unemployment compensation, and training, mainly for adults. The vast majority of the staff and budget of Labor has nothing to do with education. Mine-safety inspectors and elementary schools have nothing in common.
- 2) **Education and training are not the same thing**, and their purposes are best served if the distinction is preserved.
- 3) In the search for efficiency and effectiveness, **merging the two Departments would be counterproductive** by making a mega-bureaucracy with most functions unrelated.

These three reasons are discussed separately below.

- 1) *The missions of the Departments of Education and Labor are very different and both very important.*

In the arena of training, where there is commonality, education and training policy and programs should be closely coordinated. In fact, the Administration itself has moved in this direction through its School-to-Work initiative and in the Administration's new proposals for youth and adult workforce training.

However, most of what the Department of Labor does is unrelated to training.

- For example, of DOL's \$34 billion budget, only about \$7 billion is for the administration of employment and training programs.
- Two-thirds of DOL's budget goes to unemployment insurance, pensions and other programs totally unrelated to education and training.
- Of DOL's 17,000 staff, less than 2,000 work on employment and training issues. The remainder work on worker health and safety, enforcement of minimum wage and hour laws, laws relating to conditions in and changing needs of the workplace, labor statistics, and income-maintenance programs mentioned above.

The Department of Education's goals and the populations it serves are far broader than those of workplace training.

- The main mission of the Department of Education is to ensure educational excellence and equity. Department priorities focus on building a solid base of academics and other knowledge and skills for learners of all ages. While of course this should improve

worker performance in the long run, training in narrow workplace skills is not ED's mission.

- Of ED's \$31 billion budget, by far the biggest expenditures are for programs to improve access and achievement among educationally disadvantaged populations from the primary through the postsecondary levels. The Department focuses on students in educational institutions and settings across the country.

All of our major international competitors have separate Departments, Ministries, or Councils of Education (and among all developed nations, to our knowledge only Australia has combined the functions of Labor and Education; the consolidation was accompanied by a substantial budget increase, not a reduction).

In summary, consolidation of the two U.S. departments would merge two organizations with very different missions and would symbolically de-emphasize the importance of education at a time when educational improvement is critical for the United States.

2) *There is a fundamental difference between education and training.*

Education is defined as the development of a person's knowledge, skill, mind, and character. It involves expanding the mind; in essence, education is learning to learn. **Education is a foundation not only for work, but for all aspects of life.**

Training, on the other hand is "to instruct so as to make proficient or qualified."¹ **Training prepares a person for a specific job.**

Not only are education and training not the same thing, in some cases they may conflict.

- For example, an employer may have an immediate need for someone trained as a machine tool operator. Because education and training are expensive, there is a strong short-term incentive to train as narrowly and quickly as possible. Yet in the long run, the best employee--the one who helps the employer increase productivity, the one who eventually becomes an excellent team leader and idea generator--may well be the person who learned to analyze problems and communicate with others through a sound and broad basic education, not the person with the ability to run the machine according to the training manual. **Merging education and training will make it more likely that the short-term incentives will win out over the longer term good of both the economy and the individual.**

Through education, we promote human development as well as economic development. In a democratic society, our purpose in investing in education goes beyond the need to turn out productive workers. Societies can instill in their citizens certain facts and skills so that they can

¹ Webster's New World Dictionary of the American Language

be economically productive--but that isn't our vision of a good society or an educated citizenry. Through education, we believe we can foster personal growth, creativity, and qualities like responsibility and mutual respect that are required for a democratic society and self-sufficiency.

- 3) *Consolidating all of education and labor programs in one Department likely would produce limited savings, if any, and would decrease efficiency and effectiveness.*

You don't need to create a mega-Department to integrate overlapping programs or to coordinate programs with related purposes when most of the functions are unrelated (e.g., OSHA enforcement in Labor vs. research on how to improve student math achievement in Education). Integration and coordination are underway.

- **In the few areas where ED and DOL programs are closely related today, such as in the School-to-Work area, we are already coordinating very closely and effectively.**
- **Further, as part of the GI Bill for America's Workers, the Administration has proposed integrating some 70 programs into a few flexible state grants for education and training for youth and adults, with very close coordination between the two federal agencies and their partners in states and communities around the country.**
- **We believe that examining all programs for effectiveness--integrating or eliminating those that are duplicative and coordinating others that are related--can result in increased efficiency and effectiveness. (Of course, many of the programs on the GAO list are widely recognized not to be "training" programs and not to be duplicative; for example, Even Start family literacy and the Targeted Jobs Tax Credit.)**

The proposal to merge the two Departments, on the other hand, could create a megabureaucracy that would actually decrease accountability and efficiency.

- **Bigger isn't necessarily better. For a time, Education was an office within a larger department. This was not an efficient arrangement and involved more employees.**
- **The country has more of a focus on education with a separate Cabinet-level agency. Since 1980, the National Education Goals have been adopted and the country has narrowed the gap between minority and majority student achievement. Test scores are generally up, and dropout rates are down. Citizens across the country have become increasingly aware of the need to improve education in America.**

Massive reorganization would distract attention from the important task of improving education. There is considerable enthusiasm and energy in states, communities, and schools today to make educational improvements and to take advantage of the resources of reform consistent with Goals 2000, ESEA, and the School-to-Work Opportunities Act. For example, in a sample of 8 states, 4 times as many communities applied for Goals 2000 funds to build local partnerships and start school reforms as there is money available. Reorganizing today at the federal level could well set back the clock in all of those areas. Maintaining a spotlight on education will facilitate the country's progress in this central area.