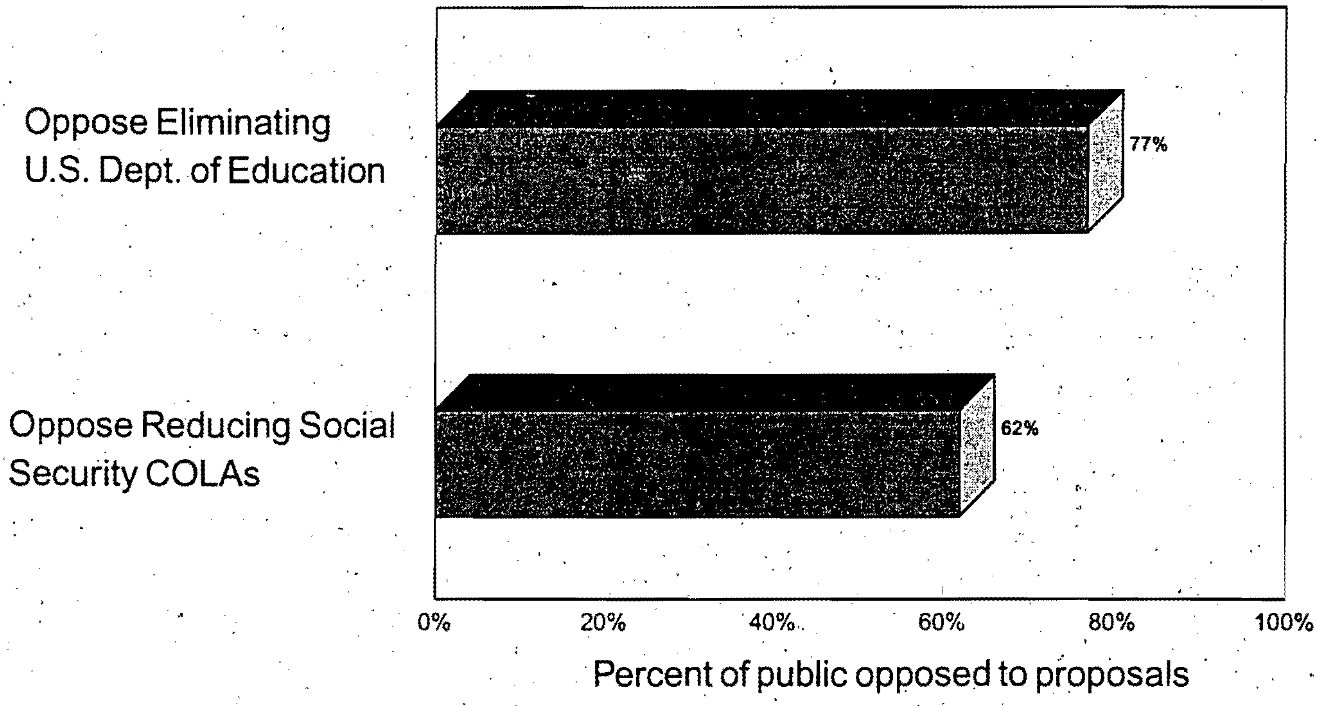
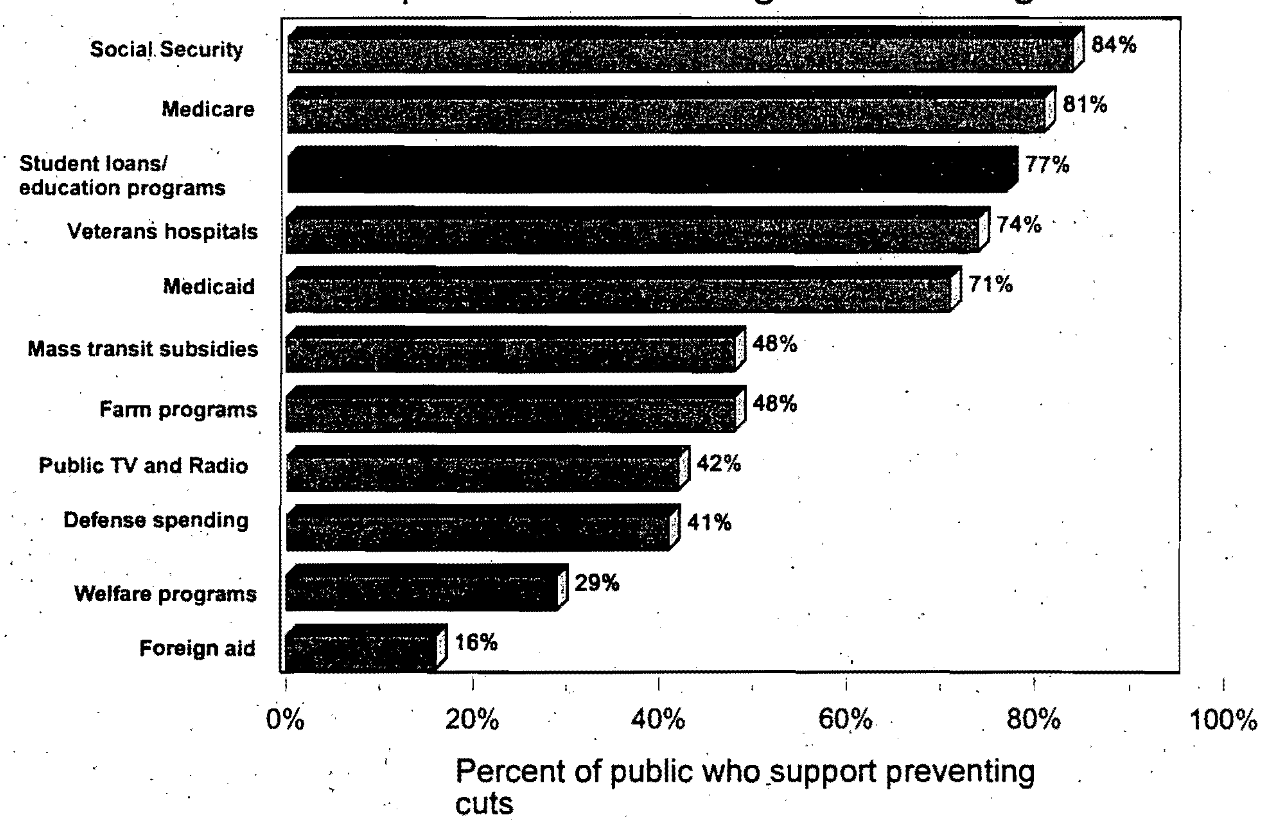
Public Opinion: Opposition to Proposals to Cut Deficit



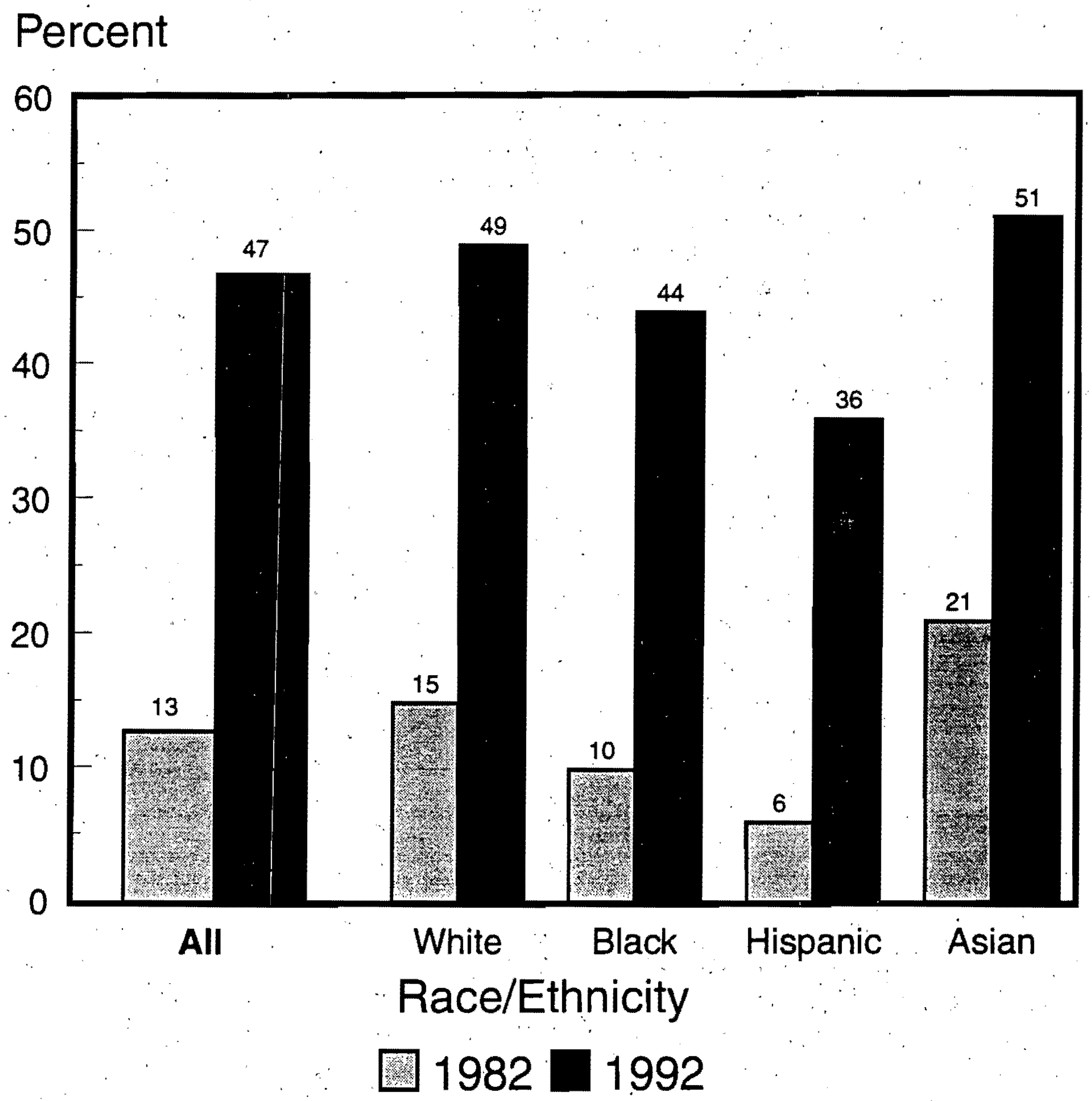
Public Opinion: Preventing Cuts to Programs



Source: Yankelovich Partners, Inc., 5/14/95

Chart 2

Percentage of High School Graduates Taking the Number of Courses Recommended for All Students by *A Nation at Risk*, by Race/Ethnicity: 1982 and 1992*



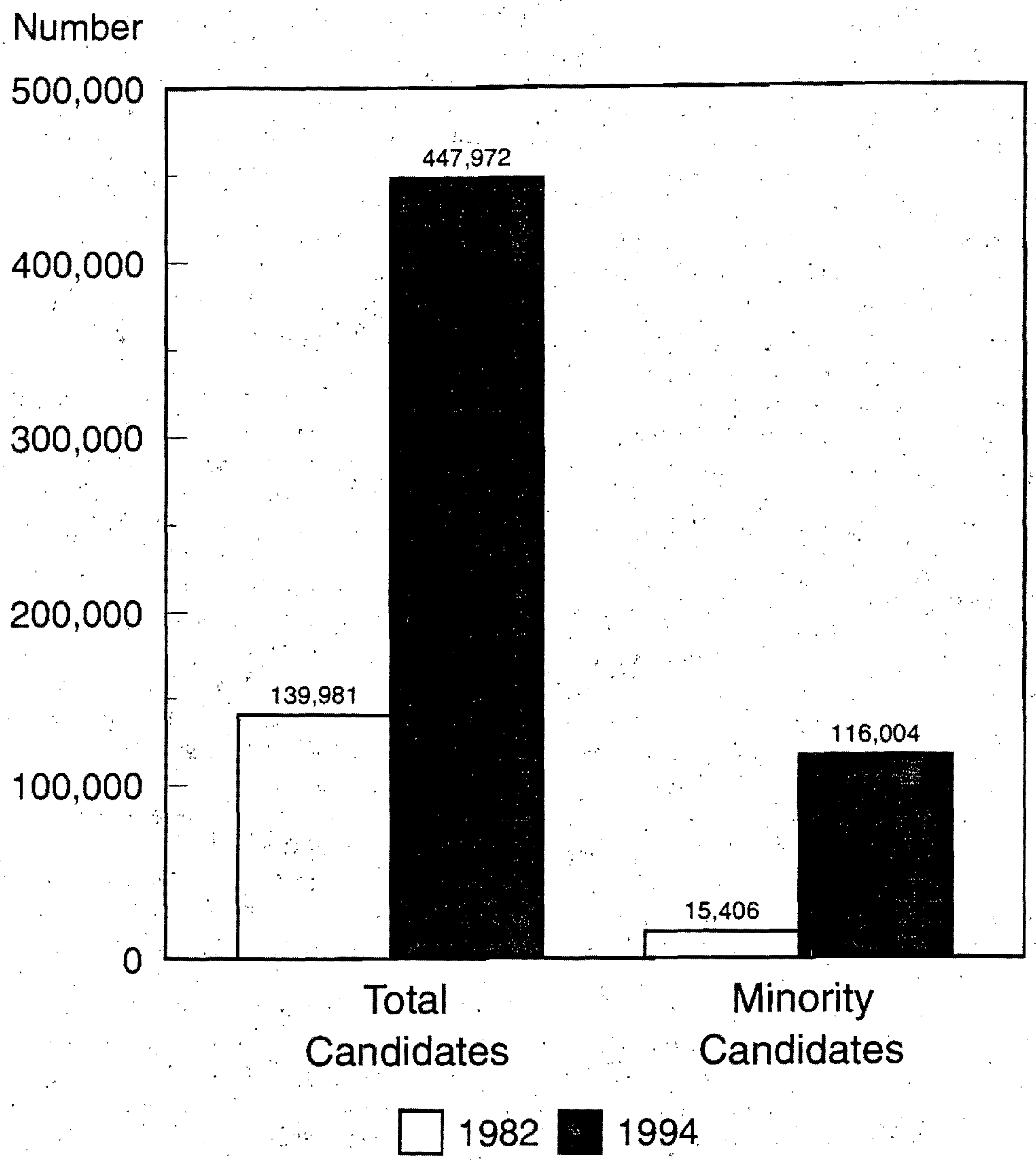
* Although *A Nation at Risk* included one half a unit of computer science in its recommendations, it is not included in this analysis because very few students participated in computer science classes in 1982. Its inclusion in this measure would exaggerate the change in academic course taking since 1982.

Note: Courses include 4 units in English, 3 units in social studies, 3 units in science, and 3 units in math, where a unit represents a year-long course.

Source: U.S. Department of Education, National Center for Education Statistics, *The 1990 High School Transcript Study*, Washington, D.C., 1993.

Chart 3

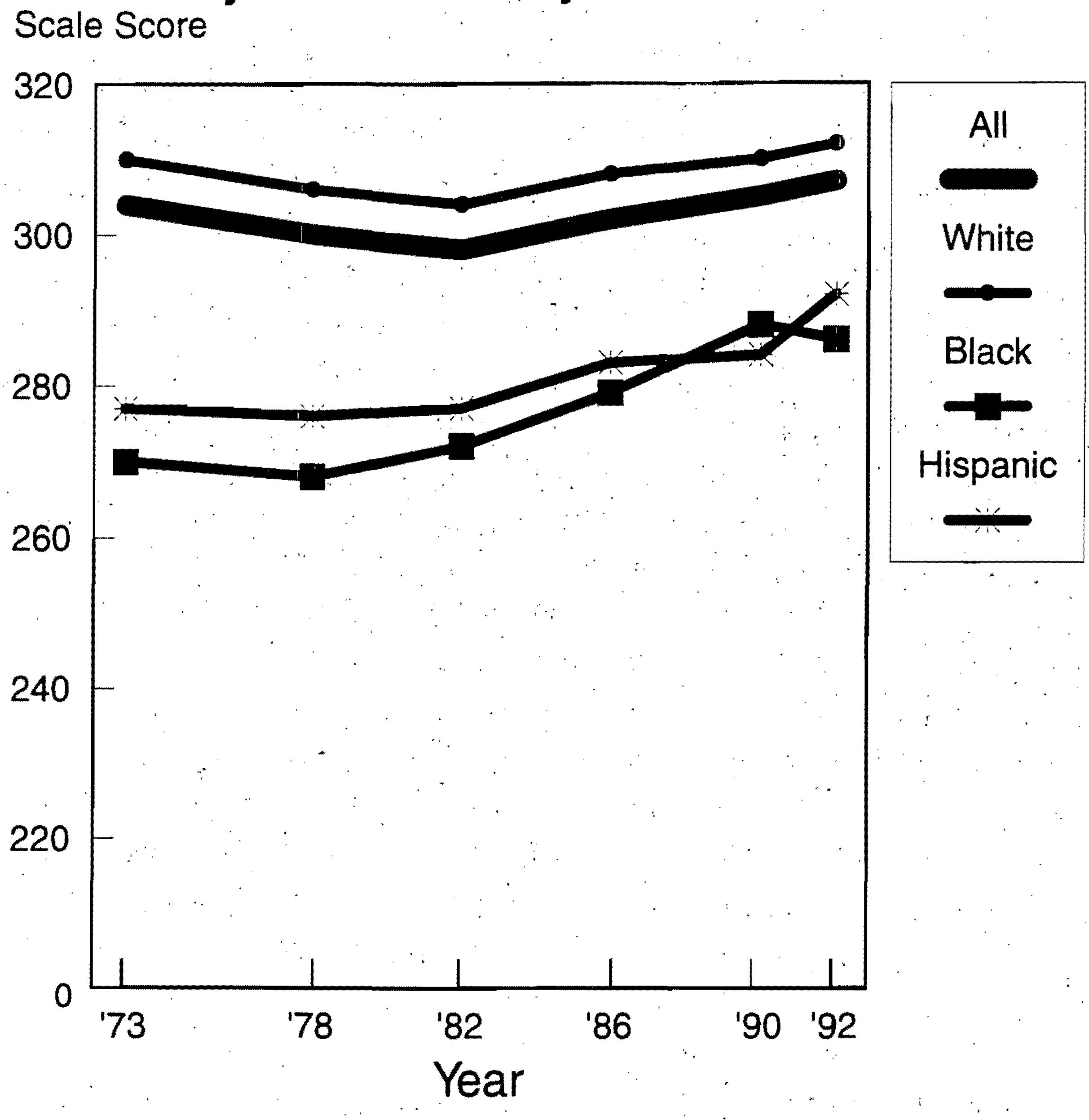
Number of Candidates Taking Advanced Placement Examinations: 1982 and 1994



Source: The College Board, *The AP Program: National Summary*, 1982, 1993, and 1994.

Chart 4a

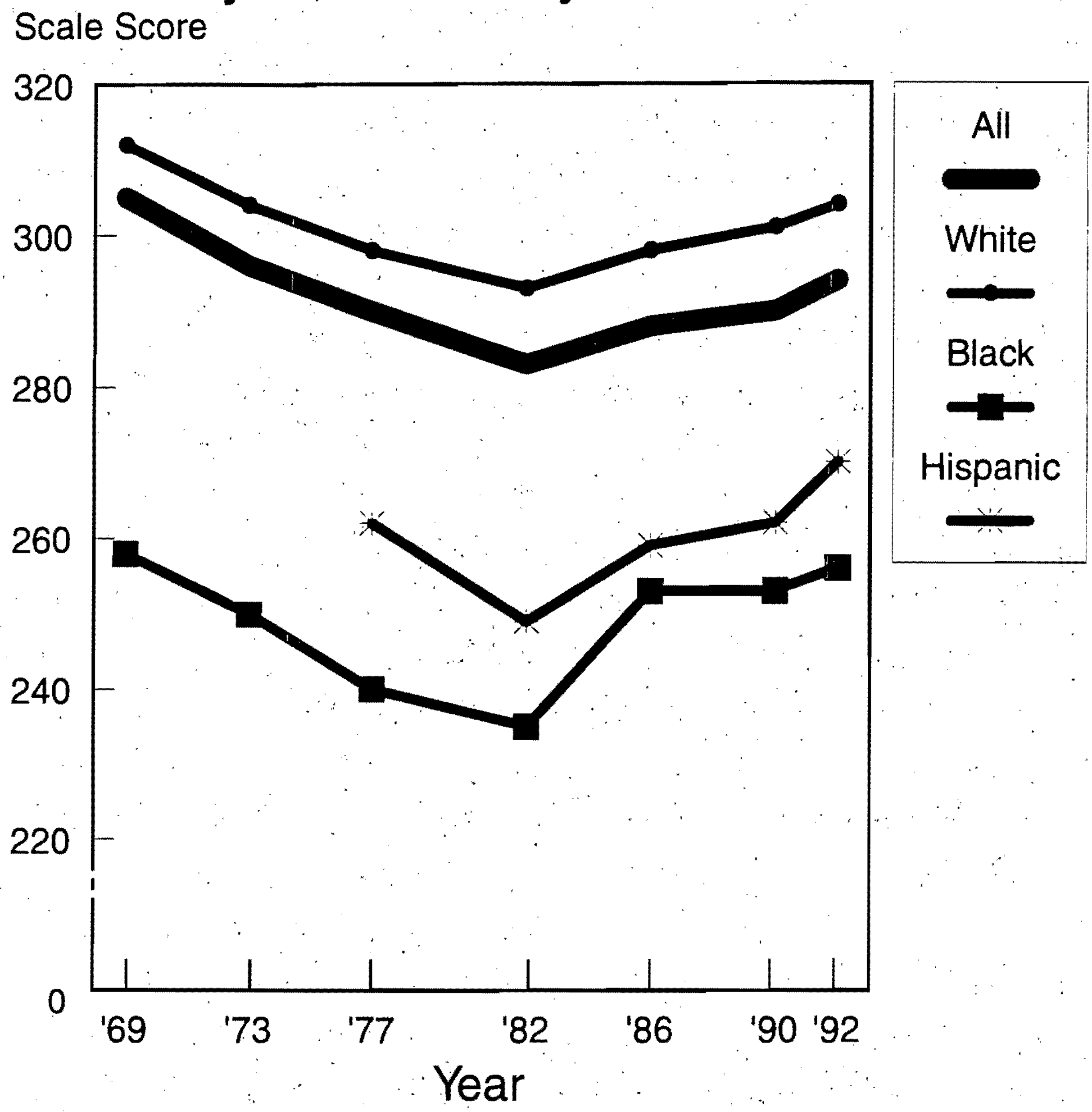
Average Math Proficiency of 17-Year-Olds, by Race/Ethnicity: 1973 to 1992



Source: U.S. Department of Education, National Center for Education Statistics, *Trends in Academic Progress: Achievement of U.S. Students in Science, 1969 to 1992; Mathematics, 1973 to 1992; Reading, 1971 to 1992; and Writing, 1984 to 1992*, Washington, D.C., July 1994.

Chart 4b

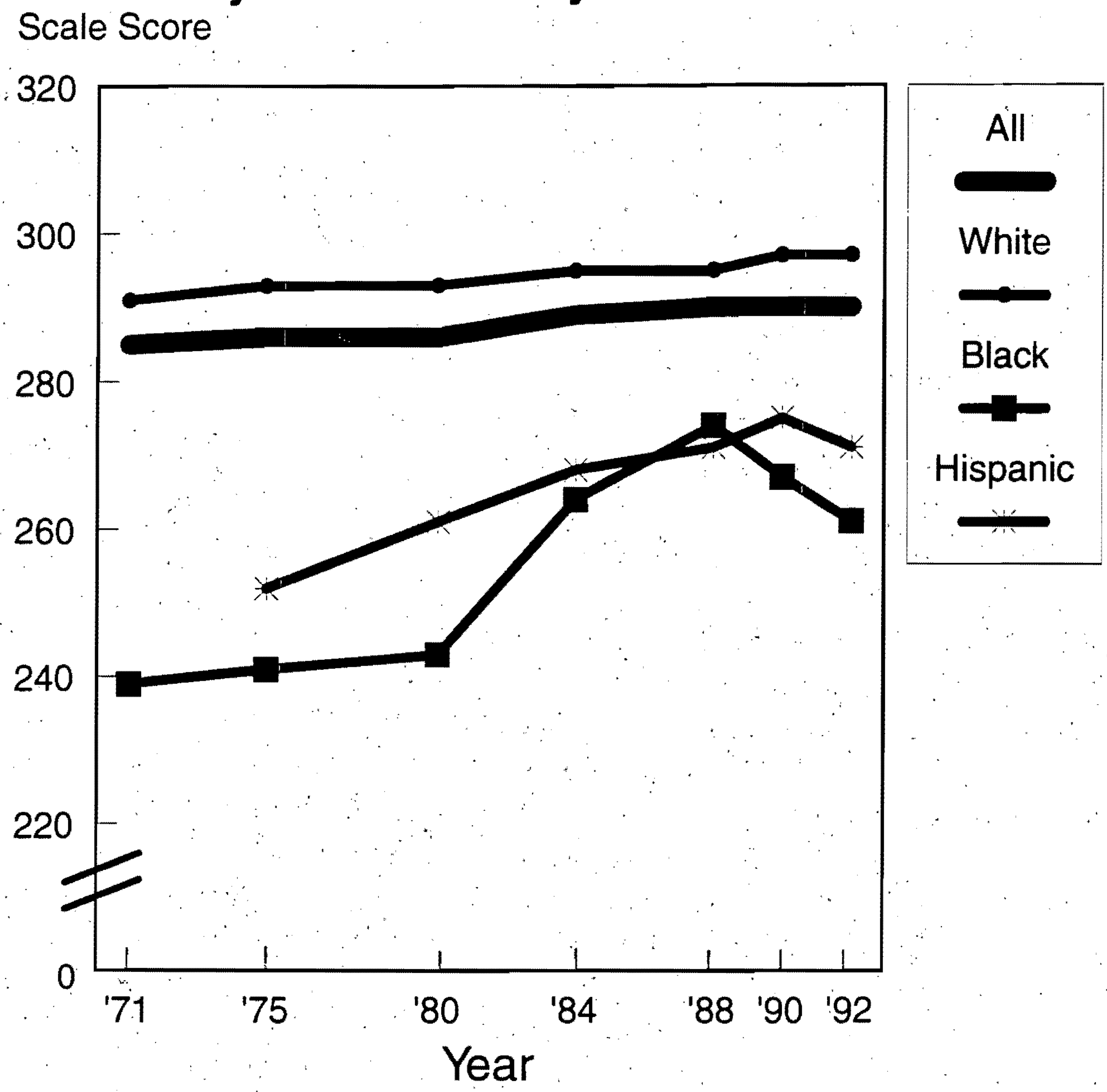
Average Science Proficiency of 17-Year-Olds, by Race/Ethnicity: 1969 to 1992



Source: U.S. Department of Education, National Center for Education Statistics, *Trends in Academic Progress: Achievement of U.S. Students in Science, 1969 to 1992; Mathematics, 1973 to 1992; Reading, 1971 to 1992; and Writing, 1984 to 1992,* Washington, D.C., July 1994.

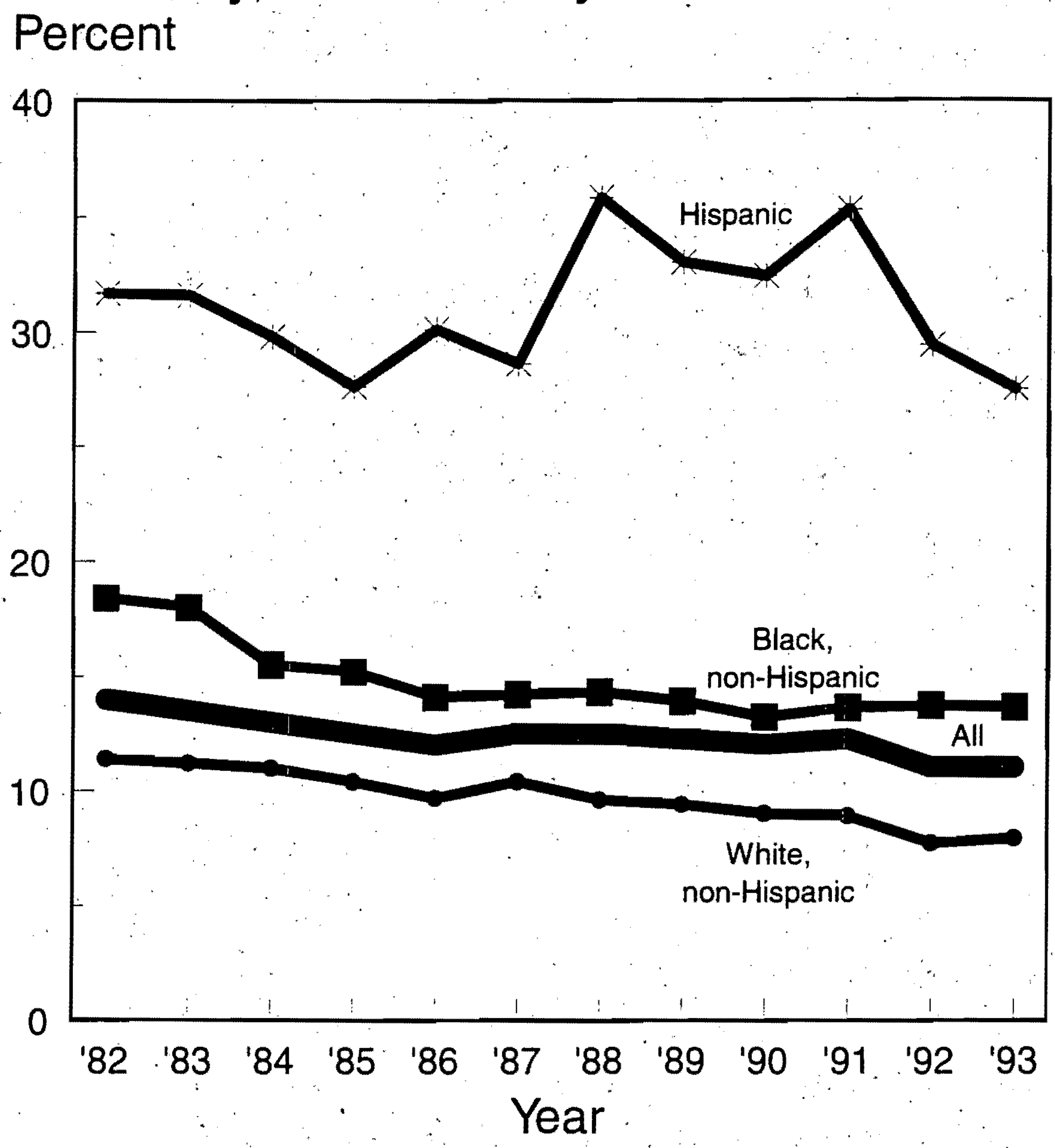
Chart 4c

Average Reading Proficiency of 17-Year-Olds, by Race/Ethnicity: 1971 to 1992



Source: U.S. Department of Education, National Center for Education Statistics, *Trends in Academic Progress: Achievement of U.S. Students in Science, 1969 to 1992; Mathematics, 1973 to 1992; Reading, 1971 to 1992; and Writing, 1984 to 1992,* Washington, D.C., July, 1994..

Dropout Rates for Persons 16-24 Years Old by Race/Ethnicity: 1982 to 1993



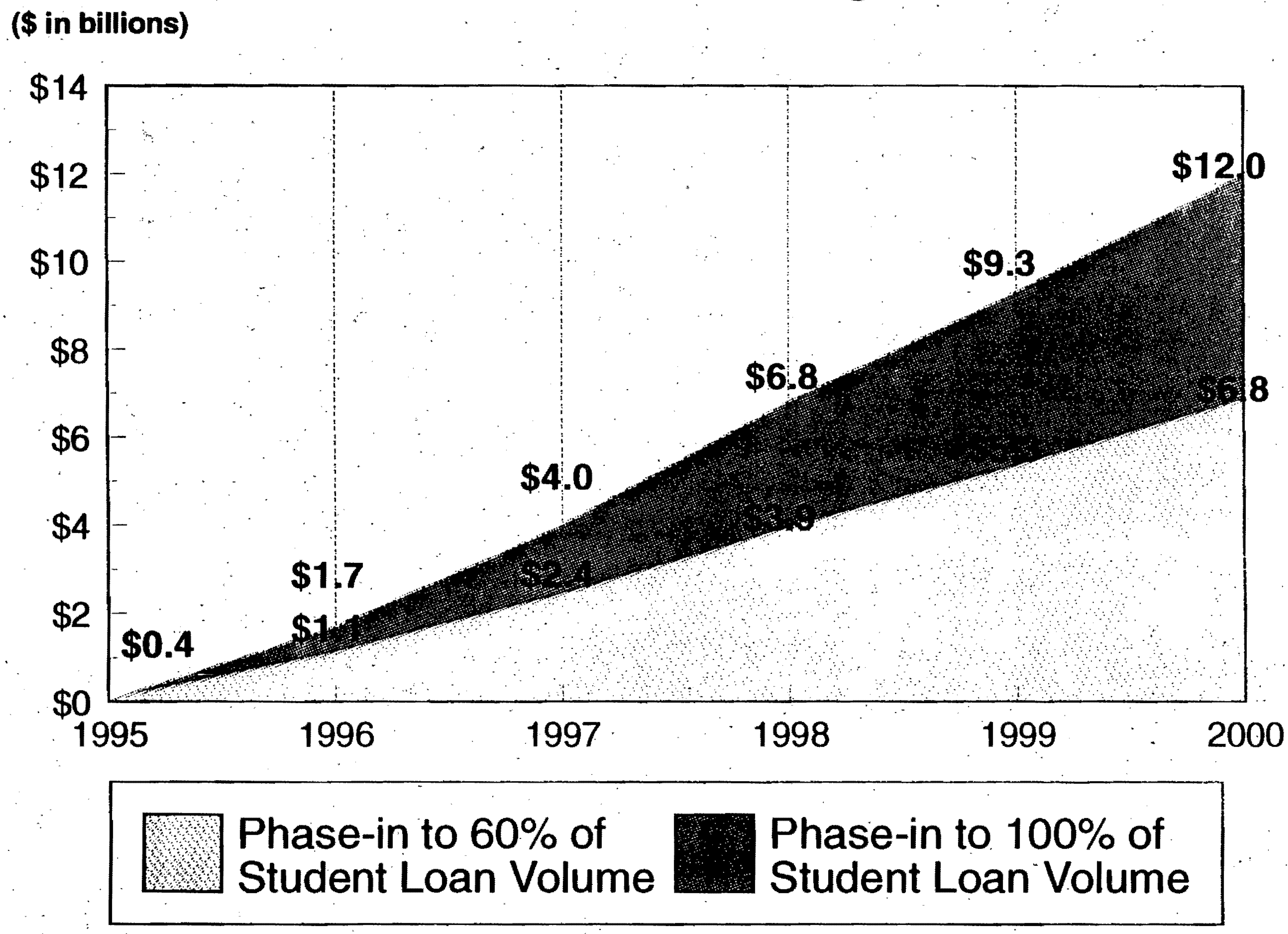
Note: The 1992 data reflect new wording of the educational attainment item on the CPS

Source: National Center for Education Statistics, *Dropouts in the U.S.: 1993*, 1994.

Student Loan Reform Act of 1992

Chart 6

Direct Loan Savings



Student Loan Defaults

Chart 7a

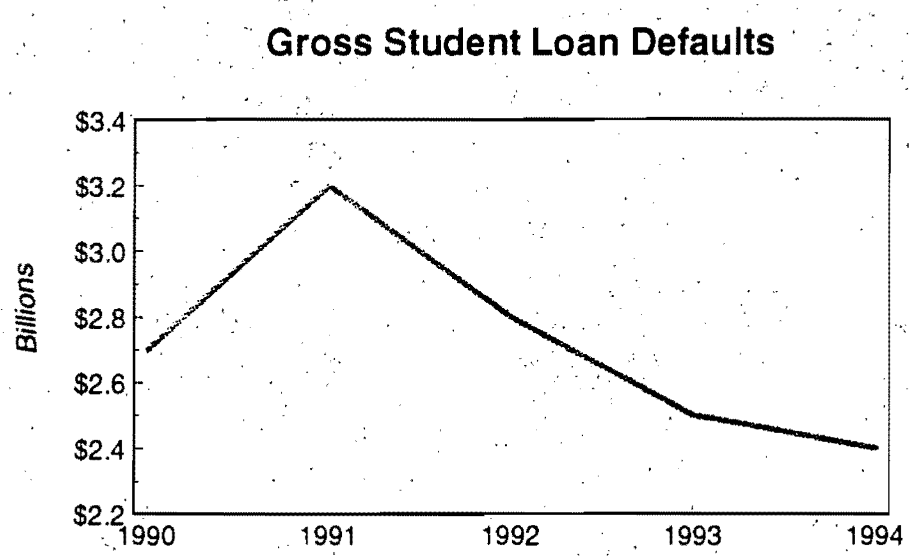


Chart 7b

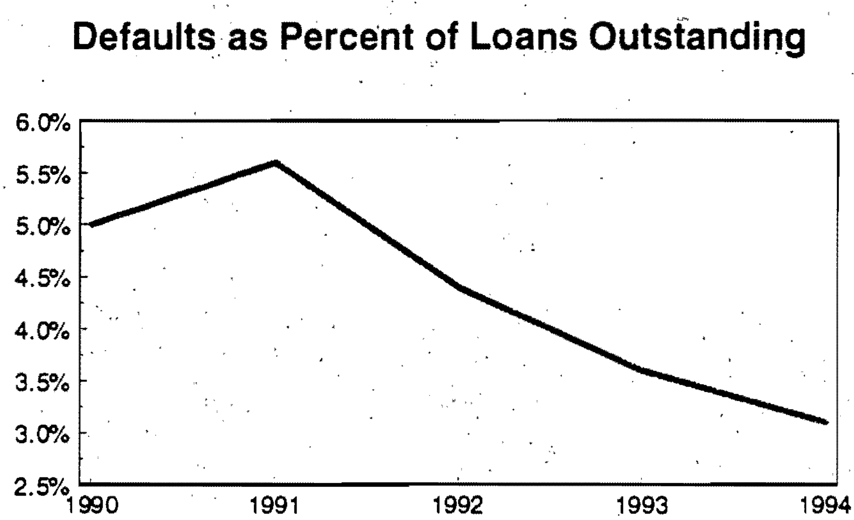


Chart 8

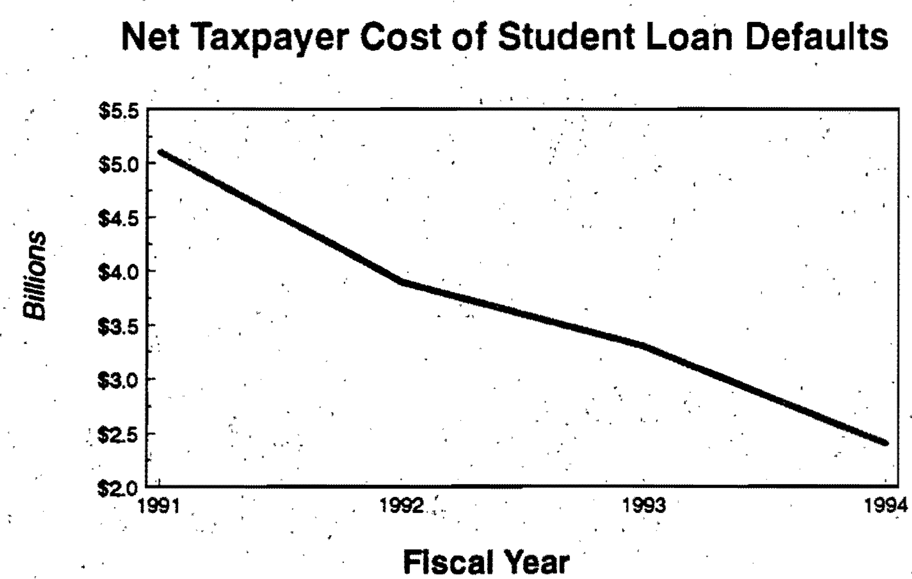


Chart 9

WILLIAM D. FORD FEDERAL DIRECT LOAN PROGRAM: MYTHS AND FACTS

What Critics Say the Program Does*	What the Program *Really* Does
Hires hundreds of new bureaucrats at the Department of Education.	The Department is planning on making significant reductions in both total staff and staff needed to manage and operate the student loan programs. Between 1995 and 1999, staff needed to operate the Direct Loan and FFEL programs is expected to decline from 809 to 732, while total ED staff is expected to decline from 5,131 to 4,698.
Institutes a federal takeover of the program's funding and management.	Both FFEL and Direct Loans are federally managed programs, the costs of which are paid for by the federal government. Direct lending merely eliminates unnecessary middlemen, greatly simplifying administration and saving taxpayers billions of dollars. Under Direct Loans, the vast majority of work will still be conducted by private contractors, many of whom will be the same organizations currently conducting this work in the FFEL program.
Issues top-down mandates and rules for students and colleges.	On the contrary, Direct Loans provides much greater flexibility to schools to manage their loan programs so as to better serve borrowers. One of the primary reasons schools want to participate in the Direct Loan program is the freedom and control it gives them over their financial aid operation. The overwhelming satisfaction expressed by participating schools is evidence that the program delivers on this promise. In addition, all regulations issued in the Direct Loan program were negotiated with institutions through the negotiated rulemaking process.

* Taken from the May 9, 1995 statement of William Hansen, submitted to the House Subcommittee on Government Management, Information and Technology, Government Reform and Oversight Committee.

What Critics Say the Program Does*	What the Program *Really* Does
Burdens colleges with more regulations and eliminates performance incentives.	Direct Loans is less burdensome and provides greater incentives for high performance than FFEL. Due to the additional responsibilities given to schools under the Direct Loan program, they are subject to some additional regulations. However, schools are compensated for this burden (schools receive a $10 fee for preparing the promissory note) and the vast majority find it much less burdensome then the FFEL program. All Direct Loan contracts have performance incentives built in. This is in contrast to FFEL, where lenders make large profits regardless of their performance.
Introduces open-ended budgets based on political objectives.	In both Direct Loans and FFEL, the cost to the Government is based on loan volume and interest rates. By replacing higher cost private capital with Government funds, the Direct Loan program saves taxpayers billions of dollars. Our savings estimates are consistent with those reached independently by the non-partisan Congressional Budget Office.
Eliminates private sector competition in the student loan industry.	We encourage competition in the Direct Loan program. All contracts to help operate the Direct Loan program are competitively awarded based on the offeror providing the greatest value to the Government. Our only consideration is what is in the best interest of students and taxpayers. This in contrast to the FFEL program, where there is no requirement that contractors be competitively selected.
Abolishes the role of states and the private sector in student credit programs.	The vast majority of work in the Direct Loan program will be conducted by private contractors--many of whom will be the same organizations currently involved in the FFEL program.

What Critics Say the Program Does*	What the Program ***Really*** Does
Replaces competing local, private customer-service organizations with one federal bureaucracy.	The Direct Loan program is not centrally administered but rather relies on thousands of schools and allows them to determine how best to serve their students. This is in contrast to lenders who have no real involvement or interest in the student. In terms of servicing loans, ED's contractors will be competing based on how well they serve borrowers. Those that fail to continue to perform at acceptable levels will be terminated. This compares to the FFEL program, where there is no incentive to provide high quality service to borrowers and loans are sold at the lender's convenience.
Forces the Internal Revenue Service to collect student loans and imposes new wage reporting burdens.	Apart from offsets against tax refunds, the IRS has no current role in the collection of student loans and there are no changes in wage reporting requirements created by the Direct Loan program. The only IRS involvement in the Direct Loan program is to provide income data, with borrower's permission, to the Department for those borrowers choosing income-contingent repayment.

Chart 10

Structure of FFEL and Direct Loan Programs

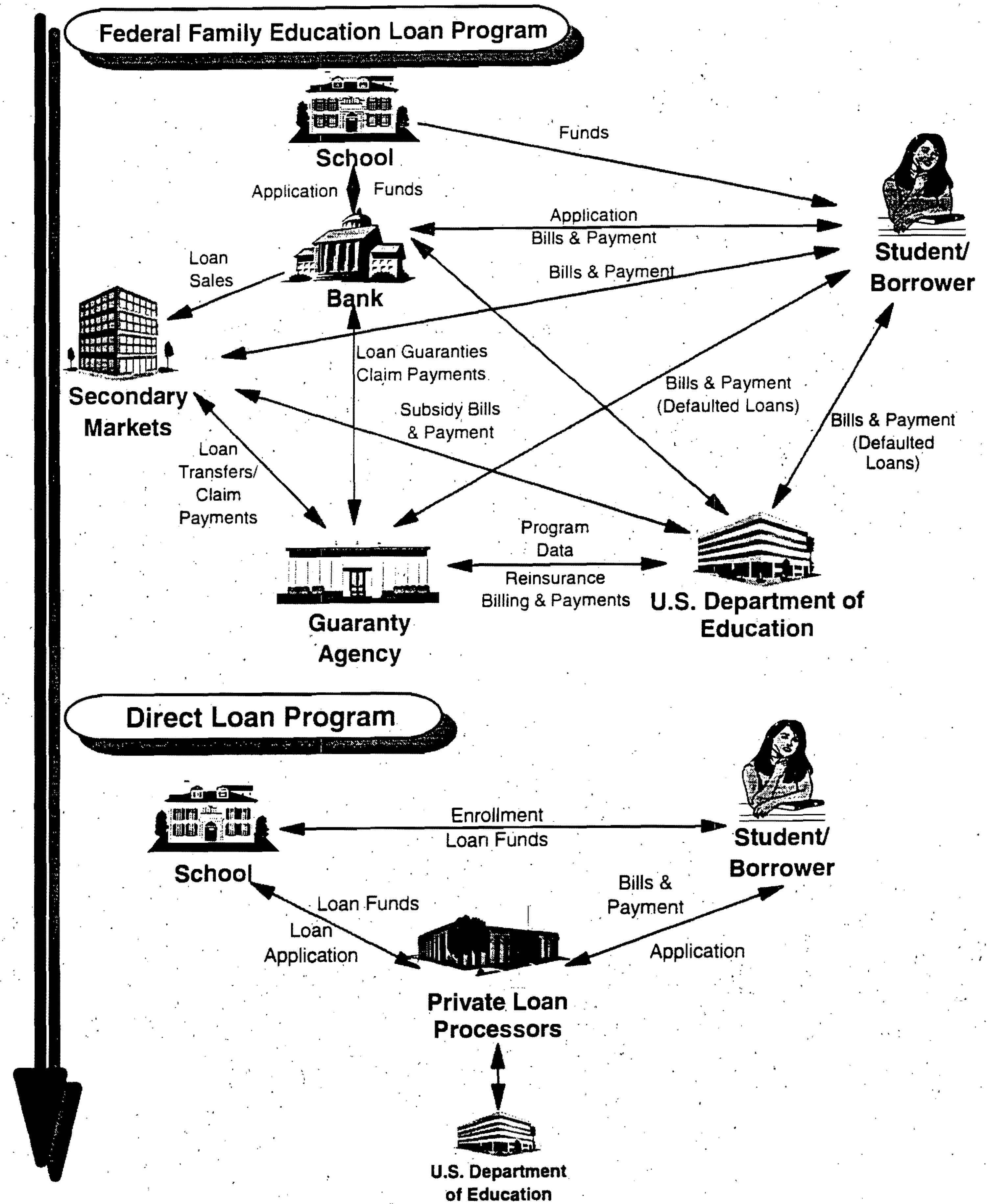
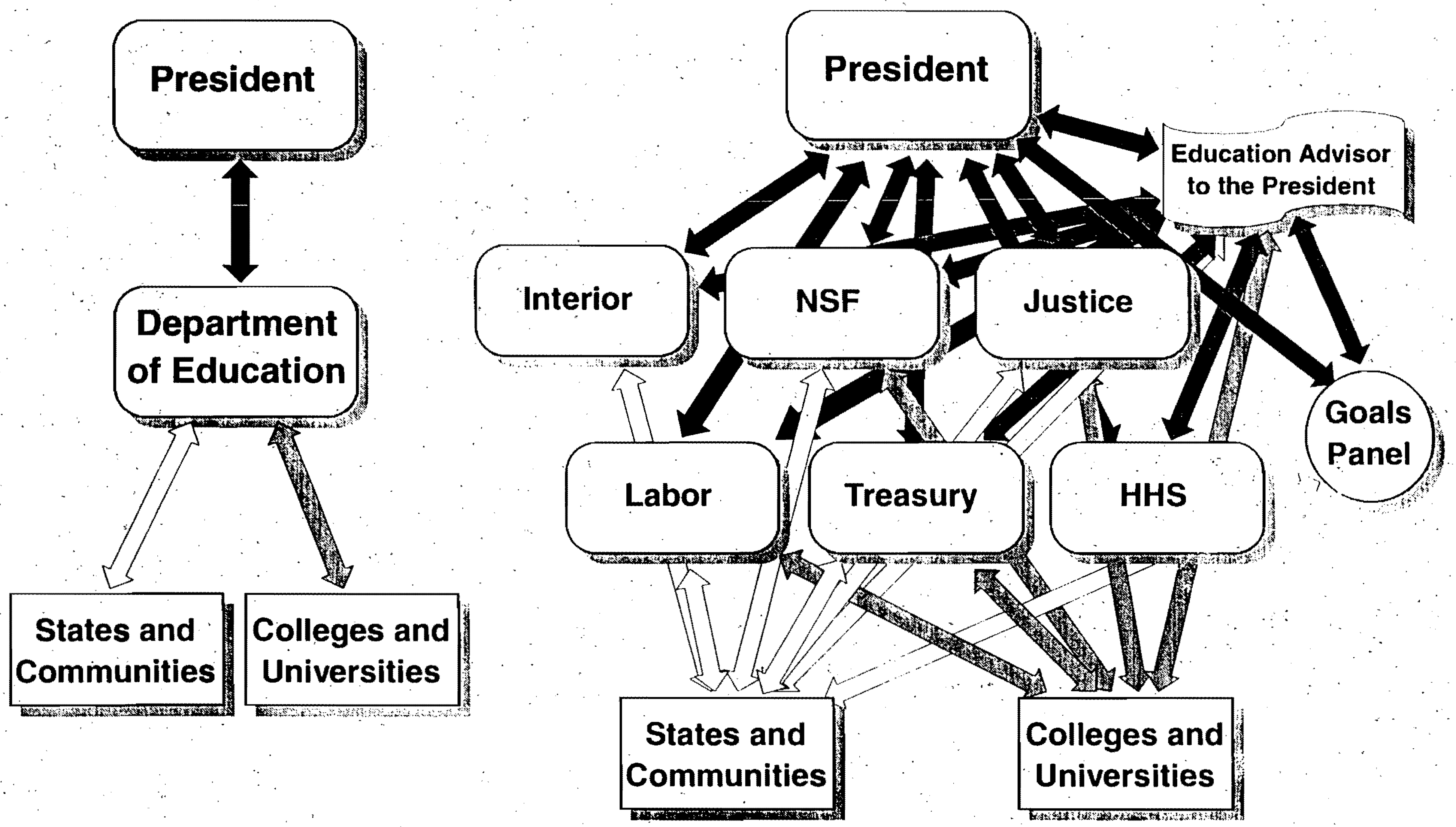


Chart 11

Dispersion of Current U.S Department of Education Functions



Now

Proposed

RESPONSE TO BRODER CHARGE THAT DEPARTMENT IS 'TOP HEAVY'

- When I first took office, we set some priorities for what needed to be accomplished.

- 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.

- 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.

- 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.

- 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.

- Since this review is still underway within the Executive Branch, I cannot offer details on our plans yet.

Revised points.

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 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?**

<u>Key Points</u>

What does elementary and secondary education have to do with mine safety inspection?

"When this Administration took office, the Departments of Education and Labor had no history of cooperation. Secretary Reich and I changed that from the first days in office, as we worked on the School-to-Work Act. Now Mr. Gunderson wants to merge us. No good deed goes unpunished!"

OPPOSITION TO BACK TO BASICS REFORM ACT (FRESHMAN PROPOSAL)

- **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

- **Proposed block grants have no clear purposes and no accountability. "It is a block and cut strategy."**

- **Proposal disperses accountability, by spreading federal programs around to 5 different agencies, and by burying most programs deep within HHS.**

- **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?**

- **Proposal ends national voice for education when education is more vital than ever for this nation.**

Key Points

What segment of the population does the proposal appeal to? I suspect it is the segment that wants to dismantle public education in this country.

This proposal is shortsighted. It reflects a political agenda rather than an agenda to improve children's welfare.

When President Regan's Education Secretary, Terrell Bell, commissioned "A Nation at Risk" and the Governors came together with President Bush to set goals, there was a bipartisan agreement that, as a nation, we faced challenges in education. It was not just South Carolina or Pennsylvania--we needed a national strategy to help our children. I do not believe that need has changed, in fact, I believe it is more critical than ever.

EDUCATION HAS GOTTEN WORSE SINCE DEPARTMENT WAS ELIMINATED

FACTS:

- **Percent of students taking challenging courses**
  1982: 1.9%
  1992: 23.2%

- **Participation in Advanced Placement Courses**
  1982: 140,000
  1994: 450,000

- **High School drop out rate**
  1980: 13.0%
  1993: 10.6%

- **Postsecondary enrollment**
  1980: 49.3%
  1993: 62.6%

- **SAT Performance 1976-1994**

<u>Participation in test has expanded:</u>

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

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

<u>Increased Verbal Scores 1976-1994:</u>
African-Americans: 20 point gain
Other minorities: 15 point gain

<u>Increased Math Scores 1976-1994:</u>

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

BLOCK GRANTS

- o Believe strongly in providing flexibility and accountability for results

  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.

<u>Key Points</u>

As a former Governor, I believe that education is a state and local responsibility, but is also a national concern.

We need to have a thoughtful discussion and ask ourselves, is helping children in poverty to receive a quality education an appropriate federal role in education? Is helping middle-class students attend college an appropriate federal role in education? I believe they are. Don't you?

If funds are block granted and then cut, Governors are going to be hard pressed to provide these services. Are you prepared for the consequences of fewer American's going to college and receiving a basic education?

More Welfare

- Only 5% of college graduates have ever participated in government assistance programs, and only 10% of high school graduates have, compared to 24% of high school dropouts.

More Crime

- 41% of state prison inmates never finished high school.

EDUCATION DEPARTMENT EFFICIENCY

EDUCATION DEPARTMENT IS EFFICIENT

- ED spends less than 2% of $33.7 billion budget on administration. These funds are primarily focused on fiscal controls and accountability.
- ED has smallest ratio of staff to grant volume in federal government: 1 employee per $6 million in grants
- 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%.
- ED has proposed savings of $100 million in personnel costs from FY 1995 (5,131 FTE) to FY 2000 (less than 4,700 FTE)
- 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

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

Improved Management

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

DRAFT 6-6

Talking Points prepared for
U.S. Deputy Secretary of Education Madeleine M. Kunin
Press Club Forum "Is Uncle Sam Flunking Out? The Federal Role in Education Reform"
June 7, 1995

UNCLE SAM IS NOT FLUNKING OUT

To the contrary, Uncle Sam is doing better than ever. The U.S. Department of Education has become a national voice for education, a partner in state and local reform efforts, and a provider of access to higher education for over 6 million college students.

Ensuring that every American has access to a quality education is in the national interest. People with more education are more likely to vote and less likely to be on welfare; they tend to live more satisfying lives and to contribute to their communities. Federal involvement in education supports our democracy and our economy.

The American people support a federal presence in education. Recent **POLLS** show the public's strong support for the Department and its mission.

- In a poll released two weeks ago, more than three-fourths of the public (77 percent) oppose eliminating the U.S. Department of Education to cut the deficit. The same percentage (77 percent) reject cuts to student loans and other education programs to reduce federal spending (*Time*/CNN, May 1995).

AMERICAN EDUCATION HAS MADE PROGRESS SINCE ED WAS CREATED

Students are taking tougher courses:

- By 1992, the proportion of high school graduates taking the core curriculum recommended in *A Nation at Risk* had increased to 47 percent, up from 13 percent in 1982.

- In addition, participation in the advanced placement program has increased dramatically. Since 1982, the number of participants has risen from 140,000 to 450,000. Many more minority students are participating.

- In a recent international reading assessment, American 14-year-olds placed second to Finland.

- More high school students are taking worthwhile math and science instruction as a result of state, district, and school standard-setting. *The New York Times* (May 9, 1995) reports that tougher graduation requirements in New York City public schools are spurring thousands more high school students to take and pass college-preparatory mathematics and science courses.

- Since 1980, overall student achievement is up, particularly in math and science.
- Dropout rates have declined 21 percent in the last decade.
- Postsecondary enrollment and attainment have increased to record levels.

In the past decade, American business and American workers have regained their status as the most productive in the world, an impossible accomplishment without a more educated workforce. In this century, educational increases in the workforce have accounted for almost one-third of the growth in the nation's wealth. We have a long way to go. But we have many excellent schools in this country. Over the past two and a half years, Secretary Riley and I have visited hundreds of them, both public and private, and I think we should be proud of them.

STANDARDS UPDATE

Under Goals 2000, academic standards are set at the state and local levels. They are not established or reviewed by any federal agency. States may draw upon the standards proposed by national organizations such as the National Association of Teachers of Mathematics (NCTM) or the Center for Civics Education to develop their own standards, but Goals 2000 provides no requirements or incentives to do so. These standards projects were funded under two Republican Secretaries of Education.

GOALS 2000-ASSISTED STATE AND LOCAL SCHOOL REFORM IS WORKING IN FORTY-SEVEN STATES

Kentucky overhauled its entire educational system, and 4th, 8th, and 12th graders demonstrated dramatic improvement on 1993-94 assessments over previous years' tests in mathematics, reading, science, and social studies. Goals 2000 funds are strengthening parents' involvement in their children's education through such things as homework hotlines and improved student performance reports to parents.

Michigan provides Goals 2000 subgrants to 11 local schools to adopt challenging core curricula in math, science, history, geography, economics, and American government, a requirement of the state's school reform legislation. Goals 2000 funds 8 professional development projects and 5 preservice teacher education programs.

Oregon is using Goals 2000 funds to implement district plans for helping all students reach high academic standards. For example, Portland is using its subgrant to raise standards; develop instructional strategies to teach to the standards; identify assessments to measure student performance; compare their standards with the new performance-based entrance requirements of the state's university system.

DRAFT

DEPARTMENTS OF LABOR AND EDUCATION POINTS OF COMPARISON 1/		
	DEPT. OF LABOR (BA in Millions)	DEPT. OF EDUCATION (BA in Millions)
Worker Protection	$1,289.2 (3.8%)	0
Income Maintenance	$25,124.0 (74.2%)	0
Ed and Training	$7,073.1 (20.9%)	$19,598.1 (58.2%)
Disadvantaged Youth	$2,854.3 (8.4%)	$9,128.8 (27.1%)
Disadvantaged Adults	$1,465.3 (4.3%)	$307.7 (0.9%)
Dislocated Workers	$1,296.0 (3.8%)	0
Employment Service	$1,206.4 (3.6%)	0
Other	$251.1 (0.7%)	2/ $10,161.6 (30.2%)
Statistics	$351.3 (1.0%)	$48.2 (0.1%)
Student Financial Aid	0	$14,024.8 (41.7%)
TOTAL	$33,837.7	$33,671.1

1/ Resources shown are for FY 1995. Congressionally proposed rescissions are not reflected.

2/ For the Department of Education, the "other" category includes the Office of the Inspector General and the Office of Civil Rights.

- The vast majority (over 74%) of DOL's budgetary resources are for income maintenance activities. These include entitlements such as unemployment insurance, black lung benefits, worker's compensation payments and several other "mandatory" programs. In the Department of Education, there is no funding or Federal role in this area.

- While DOL devotes significant resources to worker protection activities (including pensions and safety and health programs), the Department of Education has no programs in this area.

- While over 40% of the Department of Education's budgetary resources are for student financial aid, DOL has no Federal credit programs or resources.

DEPARTMENTS OF LABOR AND EDUCATION POINTS OF COMPARISON 1/		
	DEPT. OF LABOR FTE CEILING	DEPT. OF EDUCATION FTE CEILING
Worker Protection	11,481 (65.1%)	0
Income Maintenance 2/	2,183 (12.4%)	0
Ed and Training	1,425 (8.1%)	3,681 (71.7%)
Statistics	2,543 (14.4%)	152 (3.0%)
Student Financial Aid	0	1,298 (25.3%)
TOTAL	17,632	5,131

1/ Resources shown are for FY 1995. Congressionally proposed rescissions are not reflected.

2/ Income Maintenance FTE include the following: OWCP, 1,392; PBGC, 687; UI, 104

- The vast majority of DOL's Federal staff (65.1% of DOL's FTE) is devoted to worker protection activities. The Department of Education has no Federal staff or role in this area.

- The next largest piece of DOL FTE is in the area of statistics (2,543 FTE or 14.4%). Statistics such as the unemployment rate and the consumer price index comprise a significant amount of work and FTE in DOL. The Department of Education's statistical effort is relatively small -- only 3% of staff resources are utilized for its National Center for Education Statistics.

- For income maintenance activities DOL has 2,183 FTE (12.4%). The Department of Education has no Federal staff or role in this area.

- Relatively few FTE in DOL (about 8%) are devoted to education and training activities. In the Department of Education, over 70% of Federal staff are in this area.

- Approximately one-third of DOL's Federal staff is in the National Office and two-thirds (the remainder of Federal staff) are in the regions. In the Department of Education, the headquarters/regional mix is the opposite.

ROLL CALL
THE NEWSPAPER OF CAPITOL HILL

IMPORTANT FAX FOR: Mark Gearan
456-1213

Jeremy — Any interest?

June 16, 1995

Dear Mark:

Morton Kondracke suggested that I contact you regarding an upcoming special policy briefing section in *Roll Call* on the topic of Education, and the possibility of the President contributing an article to our briefing.

Our policy briefings are published approximately every three weeks on various issues, and normally contain ten pieces, mainly by Members of the House and Senate, as well as Administration officials.

Our upcoming Education issue, scheduled for publication on July 10, will take a look at several issues including the future of student loans, the future of the Department of Education, school prayer, as well as many others topics. The President is invited to write any topic of his choosing pertaining to education.

The articles are usually 1,200 to 1,500 words, double-spaced, and I would appreciate receiving his by Monday July 3, 1995. Submissions on three and a half inch computer disks are preferred, though a fax would also be fine.

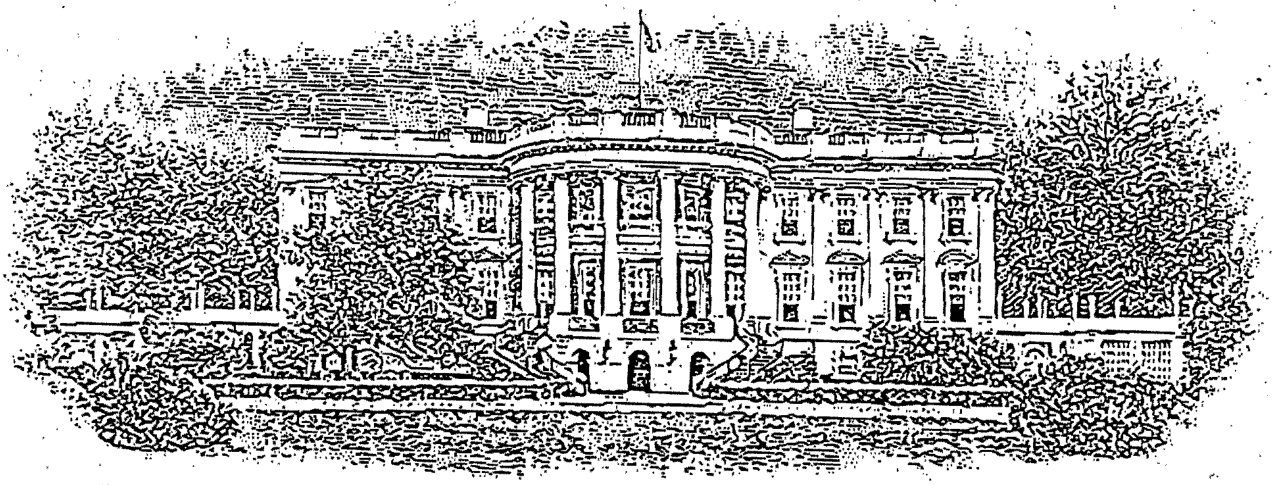
I hope the President will take this opportunity to communicate his message on education with the Hill. Please call me at 202/289-4900 so we can discuss this further and I can answer any of your questions. Thank you for your time and assistance.

Sincerely,

Amy Keller

Amy Keller
Assistant Editor

The White House



DOMESTIC POLICY

FACSIMILE TRANSMISSION COVER SHEET

TO: Frank Holleman

FAX NUMBER: 401-2058

TELEPHONE NUMBER:

FROM:

TELEPHONE NUMBER:

PAGES (INCLUDING COVER):

COMMENTS: Per our discussion, here is the note from Ann Keller. Thanks!

UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE SECRETARY

FAX TRANSMITTAL

TO: Gaynor

ORGANIZATION:

PHONE NUMBER:

FAX NUMBER:

FROM: Connie

TELEPHONE:

FAX NUMBER: 202-401-2098

MESSAGE: Mike's # is 301-622-4815
I am not sure if this is the final version he was sending.

CONFIDENTIALITY NOTICE

2 **PAGE(S) TO FOLLOW**

600 INDEPENDENCE AVE., S.W. WASHINGTON, D.C. 20202

July 3
Mike Cohen
Very Rough Draft

PRESIDENT'S ROLL CALL PIECE

1. Level of investment in education is a defining difference between my budget and the Republican budget

- In my vision for America's future, education is the key to opportunity for individual's, to restoring the American dream for our nation, and to helping our children get the right start in life. Education is more important now than ever before in our history.

- I vetoed the recission bill in large part because it significantly and dangerously reduced our investment in education and in preparing for our future.

2. There is a gap between the current performance of our education system and what we need for the future. The National Education Goals that I fought to create in cooperation with Governors of both parties and the Bush Administration (and which Congress endorsed when it passed Goals 2000) define a vision of excellence in education for our nation. We have a long way to go to reach them.

3. In the first two years of my Administration, working closely with the Congress, we laid a solid, bipartisan foundation for improving education--from early childhood to higher education (e.g., Head Start reauthorization, Goals 2000, School-to-work, Direct Lending, IASA, Safe School, OERI, School lunch reauthorization). As a result of these accomplishments, the federal government has:
- o made college loans more affordable to students and taxpayers;
- o begun to help those students who are not immediately college bound find their way into the workforce;
- o expanded the availablility and improved the quality of preschool prorams,
- o overhauled its elementary and secondary programs so they are aimed at helping students learn the basic and advanced knowledge and skills they will need for the future;
- o provided resources to make schools safe havens and to combat drug use; and,
- o become more flexible and more fully supportive of state and local education reforms.

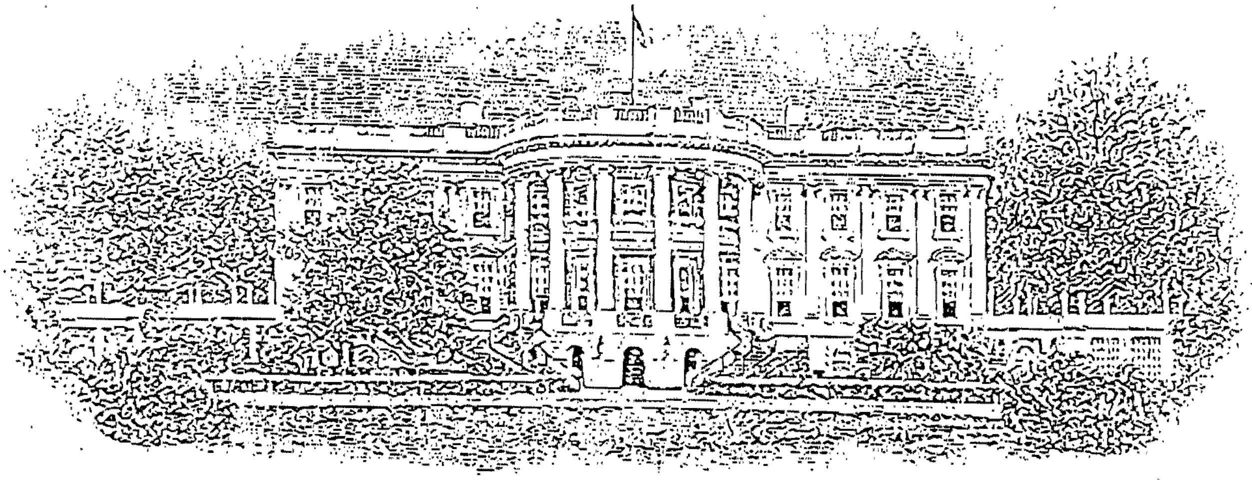
While we clearly have a long way to go, ~~for the first time~~ the federal government is positioned to help, ~~rather than~~ not hinder, state and local efforts to improve education.

4. There is an $80 billion difference between my budget and the

Republican budget in terms of investing in education (and training).

- o Republicans are moving in the wrong direction--this will hurt American children, families and our future.
- o Highlight that the effect of all of the other Republican budget cuts will require state and local governments to make up for federal cuts in health, welfare, etc.--making it even more difficult for them to make necessary investments in education, and therefore more important for the feds to increase rather than decrease its investments.
- o Republican proposal to elliminate the Department of Education is also in the wrong direction, reinforcing the budget signals that education doesn't matter--and depriving the nation of important leadership to keep us moving forward
- o WE NEED SOME GOOD RHETORIC HERE

The White House



DOMESTIC POLICY

FACSIMILE TRANSMISSION COVER SHEET

TO: Mike Cohen

FAX NUMBER: 401-0596

TELEPHONE NUMBER:

FROM: Gaynor McCown

TELEPHONE NUMBER:

PAGES (INCLUDING COVER): 6

COMMENTS: Mike -

Per our discussion, here is a draft. We may want to present this is more narrative form - not bullets - but we can make those decisions once we decide to submit an article. Many thanks for your help.

Gay

DRAFT

Like my colleagues and friends on capitol hill, I want to balance the budget, and I look forward to working with them on this important matter. But as we work together to reach our shared goal, we must ensure that we do so the right way -- the way that will raise the standard of living and expand opportunity for hard-working Americans--so that every American has the chance to realize the American Dream. My plan to balance the budget includes supporting deficit reduction, open trade, innovation and job creation while increasing our investment in education, the key to the new economy. Education is indeed more important now than ever before in our history.

In an economy where technology is constantly changing, trade is expanding, and capital is mobile, education has become the fundamental fault-line running through the work force. More and more people in America are working in a global economy where their income and their support is determined by their level of education. Most Americans have seen their incomes stagnate over the last fifteen years; the real income of the typical family actually declined. Yet college graduates have bucked the trend. In 1979, a male college graduate earned 39 percent more than a man with only a high school degree. By 1993, this gap had doubled, and a male college graduate out-earned his high school graduate counterpart by 80 percent. Furthermore, the availability of health coverage, pension plans, and other work-related benefits has become closely correlated with education levels. In this kind of circumstance, cutting education would be like cutting defense at the height of the cold war.

My proposal is to balance the budget in 10 years. In the last two years we have brought the deficit down--over $600 billion so far--by historic amounts. We have gotten rid of a third of the deficit. So, over a 12 year period, we would go from a huge deficit to zero.

While reducing the deficit, we were also laying a solid, bipartisan foundation for improving education--from early childhood to higher education. Now more than ever, education and job training are the gateway to America's middle class. Studies show that for every year of training a person gets after high school, his or her earnings rise by 6 to 12 percent. After 15 years in which college costs increased historic efforts to expand college access. Republican proposals would devastate grants and loans, college and job training, setting back college access by years if not decades.

During the last Congress, Republicans and Democrats shared this commitment to lifelong learning, and together we enacted a historic series of initiatives to expand the amount and quality of educational investment in America. Our landmark legislation includes:

- **Head Start Amendments of 1994** (signed 5/18/94; passed House 393-20; Senate 98-1).

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- **Goals 2000: Educate America Act** (signed 3/31/94; passed House 306-121; Senate 63-22).

- **Improving America's Schools Act** (signed 10/20/94; passed House 362-132; Senate 77-20).

- **School to Work Opportunities Act** (signed 05/04/94; passed House 339-79; Senate Voice Vote).

- **National and Community Service Trust Act** (signed 9/21/93; passed House 275-152; Senate 57-40).

- **Direct Lending and Pay-as-You-Can Loans** (signed as part of the Omnibus Budget Reconciliation Act).

Some good work has started and instead of turning the clock back I suggest we move forward and continue the progress that has already been made. Therefore, in my proposal to balance the budget, I've recommended a $40 billion increase in education and training over seven years. Meanwhile, the 104th Congress proposes to reduce our investment in education and training by $43 billion over the same period.

I think that we can all agree on the need to reduce the deficit and balance the budget and that in order to reach this goal, deep cuts in discretionary spending are needed. However, the gap occurs in determining the best way to achieve this outcome. I firmly believe that in order to create more opportunity, we must reduce the education deficit by expanding investment. On the other hand, there are some in Congress who seek to achieve this goal by simply decreasing federal funding for educational programs geared toward providing more educational opportunities. I have and will continue to fight to expand investment in education, and I will fight against efforts to reduce, gut, or eliminate key investments in education and job training. Following are some examples of the fundamental differences between my approach to education and training and the Republican approaches -- from pre-school through post-secondary training:

- **Head Start** My budget adds 50,000 children. I have already expanded investment in Head Start by $760 million from 1993 to 1995 and I'm now proposing to increase annual funding by $1.5 billion by 2002 to reach another 50,000 children. Republicans propose cutting Head Start by $210 million below 1995 levels. This cut would reduce the number of children in Head Start each year, providing Head Start opportunities to as many as 230,000 fewer children than my proposal in the year 2002.

- **Goals 2000** As the Governor of Arkansas, I helped to create what we now know as Goals 2000: Educate America Act, which supports the efforts of local communities to raise academic

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standards and encourage students to work hard to meet them. Forty seven states are already participating in this program. In my 1996 budget, I call for a $354 million increase in funding, with the total level rising to $867 million by 2002. That's enough to support improvements for 44 million children in over 85,000 schools. Republicans propose eliminating Goals 2000 --undermining what was once a bipartisan effort to spur bottom-up improvement at schools across the country.

- **Title One (Formerly Chapter One)** I support Title One, designed to provide needed resources to students from disadvantaged backgrounds. The program has been reoriented to give schools more flexibility to support effective innovations that help all students read and write well and meet challenging standards. I have already increased Title One funding by $519 million over two years, and I propose an increase of $213 million this year, with further increases every year in the future. Republicans would cut Title One by $730 million in 1996 alone. This cut would mean that over 700,000 children in our poorest communities would be denied the extra instruction they need to achieve the same high standards as other children.

- **Safe and Drug-Free Schools** I support this initiative to make our schools safe from drugs and violence. The program funds everything from innovative anti-violence educations and after-school programs to metal detectors and security personnel. I will maintain funding at $500 million per year. Republican propose eliminating the program and replacing it with a block grant with 30% less funding -- thereby threatening to cut off support for anti-drug and anti-violence efforts serving 39 million children in over 90% of the school districts in the nation [House].

- **Technology Learning Challenge (Technology for Education)** I helped initiate this challenge to the private sector to join with public school districts to put computer and technology in the classroom. A $50 million federal investment in 1996 will leverage hundreds of millions of dollars in private support. Republicans would eliminate this innovative new program, denying school districts across the county the ability to participate in this initiative, and halting an effort to leverage millions more from the private sector.

- **School-to-Work Opportunities** This national program helps to ensure that all young people --including the 70% of young Americans who don't get four-year degrees -- get the skills they need to obtain good jobs with a future. All states have received planning funds, and eight "leading edge" states have programs underway that are getting positive reviews from companies nationwide. Twenty more states will come into the program this year, and I have proposed

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increasing support by 60% for FY 1996 to $400 million. Republicans would cut fully 20% to 25% in their budgets. These cuts would likely deny the opportunity for nearly half the states -- 22 states -- to join the program after this year, and reduce support for the 28 states that will already be implementing programs by year end.

- **Direct Lending and Individual Education Accounts.** I support expanding the new direct lending program and individual education accounts. With the passage of the Student Loan Reform Act, 104 schools and over 252,000 students are already participating in the program. This year more than 1,400 schools -- representing 40% of all loans and the maximum allowed under this year's authorization -- have committed to enrolling. This program is already saving $6.8 billion for taxpayers, lowering interest rates for students, and allowing borrowers to choose flexible repayment arrangements -- including pay-as-you-earn plans through Individual Education Accounts. In time, 20 million students will be able to benefit. Republicans want to prevent schools from choosing to participate in the initiative, and cap participation at 40%.

- **In-School Interest Exemption** I support the in-school interest exemption, under which 4 million need-tested students with Stafford loans do not have to pay interest while enrolled in school and during the 6-month grace period between leaving school and entering repayment. Republicans propose eliminating the in-school interest exemption for these 4 million students each year. This proposal could have a severe impact on college access; two-thirds of all Stafford borrowers are from families that earn less than $30,000. For a four-year undergraduate who borrowed that maximum amount ($17, 125) at the maximum statutory interest rate (8.25%), the Republican proposal would increase costs by $3,150 -- or 18 percent.

- **Pell Grants** I have supported the Pell Grant program, increasing the maximum Pell Grant by 12% to its highest level ever, $2,620. In his new budget, he would increase annual funding by $3.4 billion by 2002 -- enough to reach 960,000 more recipient and increase the maximum award to $3,128. Republicans would freeze Pell Grants funding so that 4 million students will see their Pell Grants cut by about $250 each compared to my proposal. For millions of students, grants make the difference between going to college and not going-- between staying in school and dropping out. For example, $250 equals approximately 25% of tuition and fees of community colleges. [House and Senate].

- **AmeriCorps** I created this initiative to enable young people to earn money for education by serving their communities -- teaching, caring for the sick, making the streets safer. Already 20,000 Americans are serving in AmeriCorps, and

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50,000 are expected next year. Republicans would eliminate AmeriCorps and the Corporation for National Service, eliminating nearly a million service opportunities for people of all ages, and 50,000 opportunities for young people to pay for college through national service next year alone.

In addition to my legislative initiatives, I have also included two proposals, which would go a long way in helping all Americans obtain an education to do their jobs better and to get a better job.

- **Education and Training Tax Deduction** I support a tax deduction for middle-class families with education and job training expenses up to $10,000. This deduction would provide tax-favored treatment to education similar to the benefits for other investments like housing and equipment. It invests in those who invest in themselves and in America. Republicans do not yet support the education and training tax deduction. With its $20,000 tax cut for the wealthiest 1%, the Contract with America includes tax breaks for capital gains, gifts and inheritances in excess of $600,000, and the depreciation of business purchases -- but not for education.

- **G.I. Bill of Rights for Workers (Skill Grants)**
My G.I. Bill for America's Workers would consolidate or eliminate over 70 job training programs while putting resources and information directly into workers hands as Skill Grants. Under the proposal, low-income or unemployed workers could go to One-Stop Center and learn about the services and track records of job training programs and community colleges in the fields they wanted to study. Then, they could apply their Skill Grants to skills training at those institutions. I would provide 800,000 Skill Grants in 1996 alone and increase funding by $2 billion in 2002. Republican would cut training opportunities by 20 to 25 percent.

EXECUTIVE OFFICE OF THE PRESIDENT

Washington, D. C.

FAX TRANSMITTAL COVER SHEET

DATE: 25-Jul-95

TO: MICHAEL COHEN

SUBJECT:

EDUCATION STRATEGY MEETING

FROM:

IAN R. VAN PRAAGH 456-5390
ECONOMIC AND DOMESTIC POLICY

If there are any problems receiving this transmission, please call the sender, or (202) 395-7370.

There will be an education strategy meeting Friday, July 28 at 1:00 p.m. in the Old Executive Office Building, Room 180.

Please RSVP to Ian Van Praagh at 456-5390.

EXECUTIVE OFFICE OF THE PRESIDENT

Washington, D. C.

FAX TRANSMITTAL COVER SHEET

DATE: 25-Jul-95

TO: MICHAEL COHEN

SUBJECT:

RE: EDUCATION STRATEGY MEETING

FROM:

ELENA R. MCCOY 456-5804
NATIONAL ECONOMIC COUNCIL

If there are any problems receiving this transmission, please call the sender, or (202) 395-7370.

Gene will be at the meeting. Thanks Ian.

FOCUS ON THE FAMILY
GOALS 2000 MYTH AND REALITY

MYTH: Goals 2000 will lead to federal government takeover of local education.

REALITY: Section 318 of the Goals 2000: Educate America Act makes it absolutely clear that there are no mandates, and no federal takeover: "Nothing in this Act shall be construed to authorize an officer or employee of the Federal Government to mandate, direct, or control a state, local educational agency, or school's curriculum, program of instruction, or allocation of State or local resources or mandate a State or any subdivision thereof to spend any funds or incur any costs not paid for under this Act." Section 319 of the Act again clarifies that Congress "reaffirms that the responsibility for control of education is reserved to the states and local school systems."

The primary goal of the Goals 2000: Educate America Act is to encourage local community-based actions to meet pressing educational needs, help more students achieve to higher standards, increase parental participation and improve teaching. It provides federal support for local and state reforms. The Act provides great flexibility in how states and communities develop and implement their reform plans. In fact, one of the key assurances a state must give when applying for Goals 2000 funds is that the state will seek broad public participation in the Goals 2000 planning process.

There are specific statements throughout the Goals 2000 Act that nothing in the Act will reduce, modify, or undercut State and local responsibility for control of education. Participation in Goals 2000 is completely voluntary.

MYTH: Goals 2000 will "dumb down" a generation.

REALITY: The focus of the Goals 2000: Educate America Act is to raise academic standards because so many of today's and tomorrow's jobs require more skills and knowledge. The Goals 2000 Act supports the development of education initiatives that will challenge even our most talented students. States that choose to participate in the Goals 2000 program will develop their own challenging academic standards in core subjects such as math, science and English. The American people understand that many students are not being challenged in school. Over time, the goal is to have all children learning more and achieving at higher levels. It is recognized, however, that some children will need extra assistance and time to master more difficult material.

MYTH: Goals 2000 is the road to bigger government and more spending.

REALITY: The main purpose of the Goals 2000: Educate America Act is to provide local communities and states with new tools to improve their schools and student learning. Broad-based citizen panels will develop local and state improvement strategies to make their education system more efficient, effective and accountable. Goals 2000 will help improve how current funds are spent by promoting accountability for results. Goals 2000 funds are a national investment in the academic achievement of our children and, therefore, the future economic strength of our country.

MYTH: With passage of Goals 2000, the control of education in the United States moves to the federal level and beyond the grasp of parents.

REALITY: Section 318 of the bill makes is very clear that local communities and states control education. Goals 2000 is not a new federal program. It provides federal funds for locally developed reforms. There are no federal mandates. Goals 2000 provides new flexibility to states and communities on how federal funds can be spent. States and communities that participate in Goals 2000 will be invited to increase parent and community involvement in their schools and education improvement efforts. Without support from parents and communities, nothing will improve. Goals 2000 embraces these beliefs.

MYTH: Goals 2000 infringes on family privacy because students will be rated for such qualities as self-esteem, interpersonal skills, and sociability.

REALITY: States and communities that choose to participate in the Goals 2000 program will continue to develop their own curriculum and academic standards. Goals 2000 explicitly states that the federal government will not be a part of those decisions. In addition, an amendment to Goals 2000 expanded and strengthened parental protection provisions for all federal programs (under the General Education Provisions Act.) Section 1017 of Goals 2000 focuses on the protection of pupil and parental rights: "All instructional materials, including teacher's manuals, films, tapes, or other supplementary materials which will be used in connection with any survey, analysis, or evaluation as part of any applicable program shall be available for inspection by the parents or guardians of the children." Applicable programs refer to most Department of Education funded programs.

MYTH: H.R. 6 (the reauthorization of the Elementary and Secondary Education Act currently pending in Congress) makes it mandatory that local schools and states submit their content and performance standards to Washington in order to receive federal money.

REALITY: The U.S. Department of Education will not be receiving state content and performance standards. The content of curricula and books will remain a state and local decision with no Washington, D.C. involvement.

MYTH: Our schools will henceforth be pushed toward a radical philosophy known as Outcome-Based Education (OBE).

REALITY: The legislation doesn't promote any particular education approach; that is a local decision. Goals 2000 focuses on upgrading academic achievement and improving preparation for the world of work. Each state, school district, and school determines what content they want students to learn and whether that content should focus strictly on core academic and basic skills or should also include other areas. The Federal government will not be involved in those kinds of local decisions.

MYTH: Goals 2000 creates costly new levels of bureaucracy, including a National Education Goals Panel, a National Education Standards and Improvement Council, and a National Skill Standards Board.

REALITY: The purpose of these panels is to provide support to interested states and communities in the process of setting their own goals, and academic and skill standards. These groups were created to provide resources and guidance to states and communities that seek help. The National Education Goals Panel, originally established by President Bush, reports to the public on progress toward achieving the eight National Education Goals which were first established by President Bush and the nation's Governors and recently codified by Congress in the Goals 2000 Act. The goals focus on: (1) school readiness; (2) school completion; (3) student achievement and citizenship; (4) math and science achievement; (5) adult literacy and lifelong learning; (6) safe, disciplined and drug-free schools; (7) teacher education and professional development; and (8) parental participation. The National Skill Standards Board and the National Education Standards and Improvement Council will help provide states and employers with "world-class" models of academic and skill standards. These standards will be voluntary and the boards have no enforcement or regulatory authority.

MYTH: Goals 2000 will encourage school-based health clinics and move schools away from the fundamental duty of education and into the provision of reproductive services.

REALITY: The focus of the Goals 2000: Educate America Act is improving student achievement, greater parental participation, discipline and safety in our schools, better teaching, higher high school graduation rates, and greater rates of adult literacy. Goals 2000 does not change the fact that decisions regarding school-based health clinics and the distribution of contraceptives remain a state and local responsibility. In addition, section 1018 of the Act requires that states and local communities that choose to use federal funds for health programs develop procedures to encourage family participation in such programs.

MYTH: Congress and the federal bureaucracy do not support the following basic elements of good education:

- character development based on honesty, integrity, selflessness, compassion and self-discipline;
- curricula focusing on the basics including math, science, literature, linguistic skills, music, art and history; and
- parents as the children's first teacher with schools as a supportive partner.

REALITY: Academic achievement, responsible citizenship, and parental involvement are essential features of the Goals 2000 Act. There is a strong consensus that citizenship, knowledge of core academic subject matter, and parent-teacher cooperation are critical if this country is going to reach the National Education Goals. For example the third goal states: "By the year 2000, all students will leave grades 4, 8, and 12 having demonstrated competency over challenging subject matter including English, math, science, foreign languages, civics and government, economics, arts, history and geography, and every school in America will ensure that all students learn to use their minds well, so that they may be prepared for responsible citizenship, further learning, and productive employment in our Nation's modern economy."

This goal represents a vision for this country. It is our hope that Americans from all walks of life--Democrats, Republicans, parents, teachers, business leaders--will work together to see that it becomes a reality by the year 2000.

August 7, 1994