

## 2. INVESTING IN EDUCATION AND TRAINING

*I want to build a bridge to the 21st Century in which we expand opportunity through education, where computers are as much a part of the classroom as blackboards, where highly-trained teachers demand peak performance from our students, where every eight-year-old can point to a book and say, I can read it myself.*

President Clinton  
August 29, 1996

Today's most successful workers are those with skills and a firm educational footing who continue to learn throughout their careers in order to compete successfully in this fast-changing economy.

In recent years, education and wages have become increasingly intertwined. Generally, those with the best skills and education have made steady progress, enjoying higher living standards. Those without the requisite skills and education have fallen behind. Tomorrow's workers face an even greater challenge. As the very nature of work changes with technological innovation, employers will demand even more highly-skilled and flexible workers. The best-paying jobs increasingly will go only to those with education and training beyond high school.

For the most part, our Nation places responsibility for education and training on State and local governments, families and individuals, and the private sector. Nevertheless, the Federal Government plays a crucial, if limited, role in providing education for a lifetime—from pre-school to adult career training.

The President's goals are to help families, communities and States ensure that every child is prepared to make the best use of education; that the education system enables every child to learn to his or her potential; that those who need resources to pay for postsecondary education and training can get them; that those who need a second chance at training and education or a chance to improve or learn new skills

throughout their working lives can get those opportunities; and that States and communities that receive Federal funds can use them more flexibly, with fewer regulations and less paperwork.

Federal resources help States improve the quality of education and training for the disadvantaged and for people with disabilities; support State- and locally-designed elementary and secondary school reform; and help low- and middle-income families gain financial access to postsecondary education and skill training through loans and grants. To help States raise student achievement, the President has worked hard to make schools safer, improve teacher quality, move technology into the classroom as quickly as possible, raise academic standards, and better prepare students for college and the new workplace.

The budget reaffirms the President's commitment to America's children by increasing the investment in Head Start and in Federal elementary and secondary education programs—focusing on innovation and technology—and launching a new effort to jumpstart needed school renovation and construction. In addition, the President has begun a national, volunteer-based challenge called America Reads, to ensure that all children can read well and independently by the end of third grade.

To ensure that all Americans have access to the high-skill training needed for today's workplace, the President proposes to make two years of postsecondary education universally available, through HOPE scholarship

tax credits of up to \$1,500 for two years. And to encourage lifelong learning, the budget proposes: tax deductions of up to \$10,000 for tuition and fees for college, graduate school, or job training; a \$300 increase in the maximum Pell Grant college scholarship (to \$3,000), marking the largest increase in two decades and providing grants for at least 348,000 more students; lower student loan fees and interest rates for parents and students; the G.I. Bill for America's Workers so they can choose where to get the best job training available; and new resources to help move welfare recipients from welfare to work (see Table 2-1 and Chart 2-1).

### **America Reads**

Many of our children are falling short of meeting standard educational levels—a failure that they often have trouble overcoming later. In 1994, for instance, two-fifths of fourth-graders failed to reach the “basic” reading level on the National Assessment of Educational Progress and only 30 percent attained the “proficient” level. In response, the President has launched the America Reads Challenge, a multi-part effort to help States and communities ensure that all children are reading well and independently by the end of the third grade. Business and academic leaders already have pledged their support, and the budget proposes the Federal funding component. The Administration will measure the success of this effort on a national basis through the biennial administration of the National Assessment of Educational Progress fourth grade reading assessment.

***America's Reading Corps:*** One-on-one tutoring is one key to better reading. America's Reading Corps will provide individualized after-school and summer help for over three million children in grades K-3 who want and need it. A five-year, \$2.45 billion investment, through the Education Department and the Corporation for National and Community Service, would help communities mobilize 30,000 reading specialists and volunteer coordinators to recruit and train over a million tutors, including 100,000 college work-study students.

***Parents as First Teachers:*** Nothing is more important to children's reading skills

than the time parents spend reading to, and with, them. Research shows that the first three years of a child's life are crucial to his or her development. An early exposure to books, even for infants, is important to prepare children for pre-reading activities as toddlers. Reading to them for 20 minutes a day can make a big difference in their readiness for school. To give parents help and information in teaching their children, the Administration proposes a Parents as First Teachers Challenge Grant Fund of \$300 million over five years, building on the current Even Start Family Literacy program to support effective, proven efforts that help parents help their children become successful readers.

### **Head Start**

A healthy, caring family environment is the best preparation for school. For over 30 years, Head Start has helped low-income families create this environment by taking a comprehensive approach to child development—improving children's learning skills, health, nutrition, and social competency. Head Start involves parents in their children's learning, and links children and their families to a wide array of services in their communities. Over the last four years, the President has secured a 43-percent increase in funds for Head Start, enabling the program to serve 800,000 children in 1997.

The budget proposes \$4.3 billion for Head Start, \$324 million more than in 1997, to enable 86,000 more children to participate than in 1996 and raising program quality (see Chart 2-2). With this funding, the Administration would be well on its way toward meeting the President's commitment of a million children in Head Start by 2002.

In addition, the Early Start component of Head Start extends comprehensive early development services to infants aged 0 to 3 in a way that supports families, builds parenting skills, and extends a safe, nurturing, and stimulating environment to very young children.

### **Elementary and Secondary Education**

The Administration has energized State and local efforts to raise student achievement by boosting funds for various programs that

**Table 2-1. THE BUDGET INCREASES RESOURCES FOR MAJOR EDUCATION AND TRAINING PROGRAMS BY \$15 BILLION, OR 56 PERCENT OVER 1993**

(Dollar amounts in millions)

	1993 Actual	1997 Estimate	1998 Proposed	Percent Change: 1993 to 1998
<b>MANDATORY OUTLAYS/TAX EXPENDITURES:</b>				
HOPE scholarships tax credit/deduction .....		100	4,100	NA
America Reads (Education Department) .....			31	NA
School construction .....			1,250	NA
Work Opportunity Tax Credit .....		120	160	NA
Welfare-to-Work Jobs Challenge .....			600	NA
<b>Total, mandatory outlays and tax expenditures .....</b>		<b>220</b>	<b>6,141</b>	<b>NA</b>
<b>DISCRETIONARY BUDGET AUTHORITY:</b>				
<b>Head Start .....</b>	<b>2,776</b>	<b>3,981</b>	<b>4,305</b>	<b>+55%</b>
<b>Elementary and secondary education:</b>				
America Reads (Corp. for National and Community Service) .....			200	NA
Goals 2000 .....		491	620	NA
Education technology .....	23	305	545	+2,270%
Title I Education for Disadvantaged .....	6,709	7,698	8,077	+20%
Eisenhower Teacher Training .....	289	310	360	+25%
Special education .....	2,966	4,036	4,210	+42%
Safe and drug free schools .....	582	540	620	+7%
Charter schools .....		51	100	NA
After-school learning centers .....			50	NA
<b>Postsecondary student aid:</b>				
Pell Grants .....	6,458	5,919	7,635	+18%
College Work Study .....	616	830	857	+39%
Other campus-based aid .....	845	811	771	-9%
Presidential Honors Scholarships .....			132	NA
<b>Training and employment:</b>				
Vocational education .....	1,176	1,131	1,172	~*%
Adult education .....	304	354	394	+30%
School-To-Work (Education and Labor Departments) .....		400	400	NA
Summer Jobs for Youth .....	849	871	871	+3%
Job Corps .....	966	1,154	1,246	+29%
Youth Opportunity Areas .....			250	NA
JTPA adult/dislocated worker training .....	1,666	2,181	2,415	+45%
Employment service and One-Stops .....	975	974	993	+2%
<b>Total, budget authority .....</b>	<b>27,200</b>	<b>32,037</b>	<b>36,223</b>	<b>+33%</b>
<b>Total, mandatory outlays, tax expenditures, and budget authority .....</b>	<b>27,200</b>	<b>32,257</b>	<b>42,364</b>	<b>+56%</b>
<b>STUDENT LOAN VOLUME (loan amount):</b>				
Direct loans .....		9,938	12,037	NA
Guaranteed loans .....	16,029	16,965	16,774	+5%
Consolidation loans .....	1,527	6,803	7,729	+406%
<b>Total, loan volume .....</b>	<b>17,556</b>	<b>33,706</b>	<b>36,540</b>	<b>+108%</b>

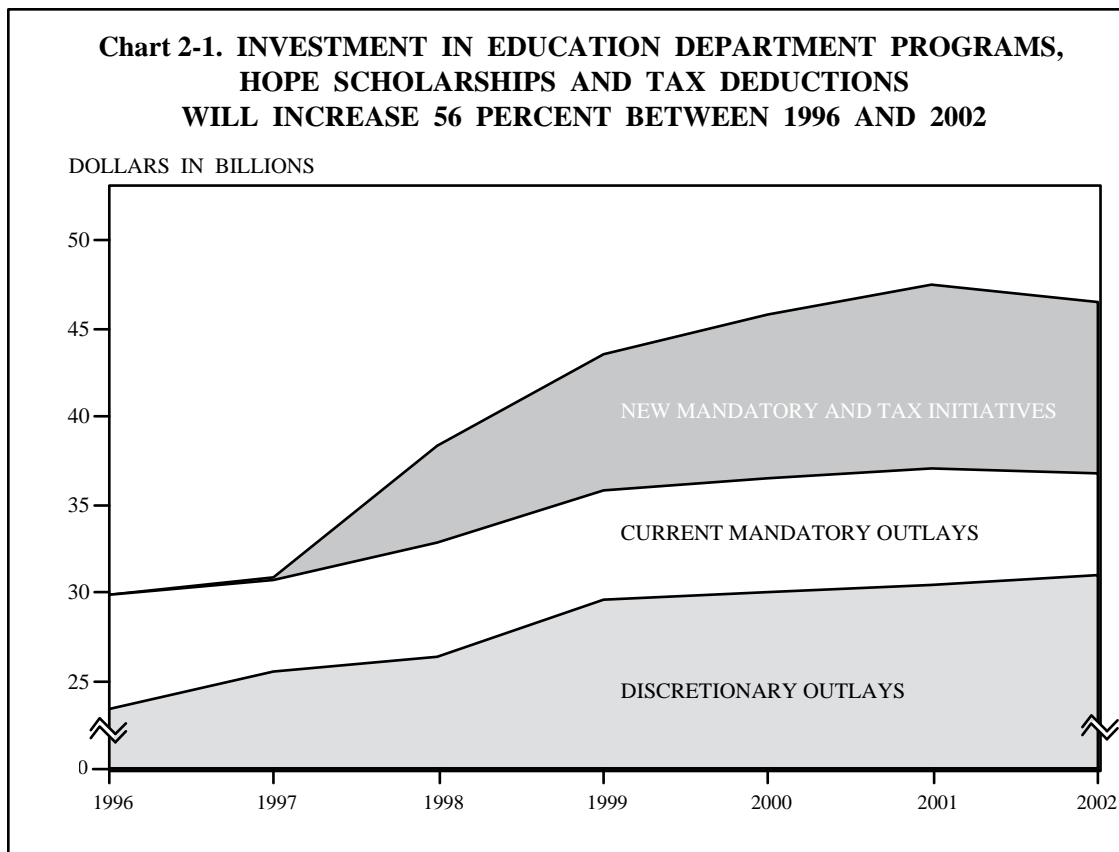
NA = Not applicable.

\* Less than 0.5 percent.

States and localities then combine with their own funds to help all students achieve at high levels in a safe, modern learning environment. The budget builds on this momentum by proposing additional funds for all major programs, and for the new America Reads

initiative (discussed earlier in this chapter) and the new school construction initiative (discussed later).

The Administration's goal for elementary and secondary education is to help States and communities raise the quality of education



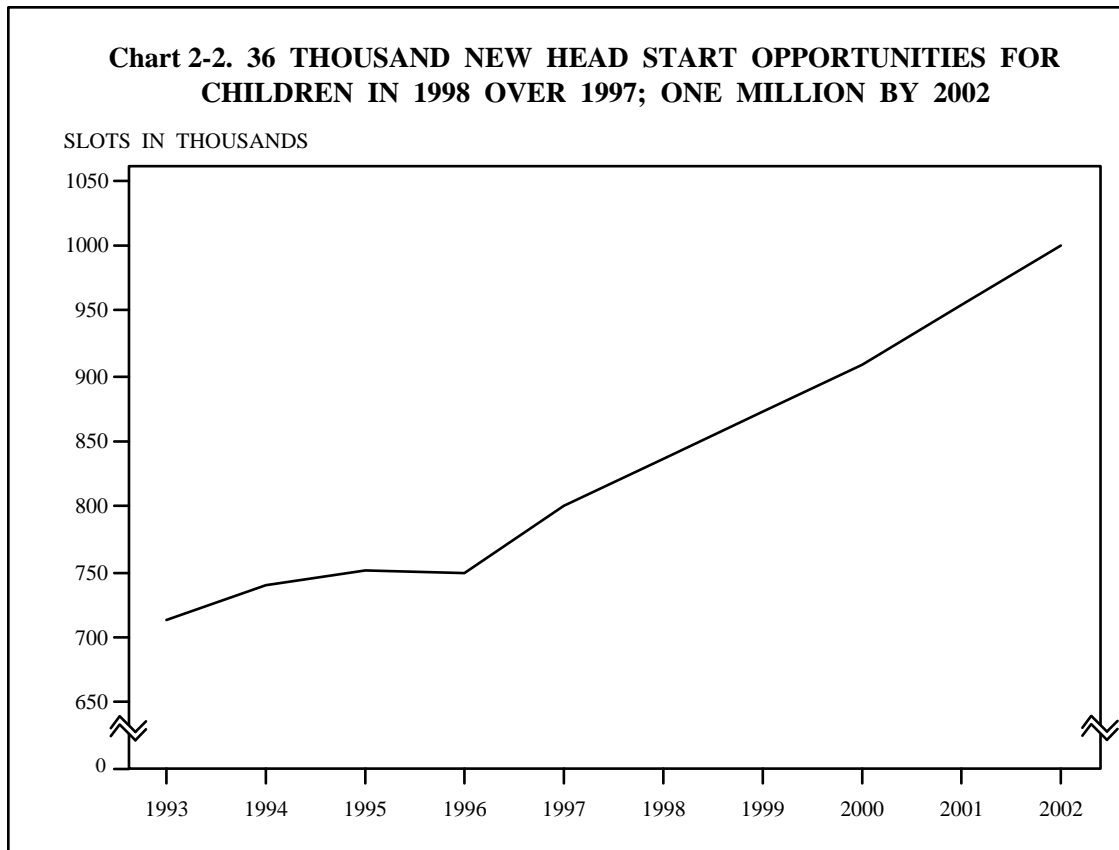
for all children. Administration initiatives launched in 1994 are designed to establish a framework for comprehensive reform and to help States finance their role in it. The goals include: high State standards for all children; new curriculum and teaching methods to help all children achieve those standards; teacher and administrator training to support the standards; assessments of each child's progress; and a safe, technologically up-to-date learning environment. The budget proposes to increase funds for programs that support these goals, and proposes more flexibility to enhance the success of State and community efforts.

**School Construction:** The General Accounting Office found that a third of all schools across the country, with 14 million students, have one or more buildings needing extensive repair. School districts also face the cost of upgrading schools to accommodate computers and modern technology, and of constructing new classrooms and schools to meet expected record enrollment levels over the next decade.

The President proposes to leverage new construction or renovation projects through a \$5 billion fund for school districts with substantial need. The fund would support interest subsidies or similar assistance to cut borrowing costs for States and localities in order to reach higher levels of infrastructure investment.

**Goals 2000:** Enacted in 1994, this Administration initiative helps participating States establish high standards for all children and plan and implement steps to raise educational achievement. It builds on the National Education Goals, first articulated by the Nation's governors (led by then-Governor Clinton) and President Bush in 1989, which provide clear national targets but encourage States to develop their own means to achieve them. All States have now chosen to receive Goals 2000 funding.

The program is working. In Maryland, 40 percent of all students met challenging State academic standards in 1995, a 25 percent gain over 1993. Over the next two years, the Education Department seeks to



ensure that at least half of all school districts are implementing reforms based on State-developed standards, and that the number of students meeting or exceeding their State's standards continues to rise. Goals 2000 also supports individual school reforms. The budget would finance aid for 4,000 more schools than in 1997—for a total of 16,000 schools. The budget provides \$620 million for Goals 2000, 26 percent more than in 1997. It includes \$15 million for parental information and resource centers in 42 States to help parents become more involved in their children's education and gain skills in child rearing through parent-to-parent training, hot-lines, and other activities. Each center also provides information and training to parents of pre-school aged children, either through the Home Instruction Program for Preschool Youngsters or the Parents as Teachers program.

**Charter Schools:** One way to improve the quality of public schools is to introduce variety and competition into the system. Charter

schools are public schools that parents, teachers, and communities create—and that States free from most rules and regulations and, instead, hold accountable for raising student achievement. Begun as a grassroots movement in 1991, and supported by Federal start-up funds since 1995, charter schools now number over 400, and some are now showing results in higher student test scores and lower drop-out rates. For example, in the Vaughn Next Century Learning Center, a Los Angeles public charter school, median scores on a 4th-grade standardized reading test rose from the 19th to 37th percentile in one year. The budget proposes \$100 million for public charter schools, nearly double the 1997 level, in order to fund start-up costs for as many as 1,100 schools and to make further progress towards the President's goal of 3,000 schools by 2001.

**Title I—Education for the Disadvantaged:** Title I provides funds to raise the educational achievement of disadvantaged children. In 1994, the President proposed, and Congress adopted, changes to focus Title I re-

sources more on low-income children, to set the same high standards for those children as for all others, to hold schools accountable for progress toward achieving those standards, and to give States and schools great flexibility in using Title I funds. The budget includes \$8.1 billion for Title I, five percent more than in 1997.

**Education Technology:** Education technology can expand learning opportunities for all students, helping to raise student achievement, but many districts lack the resources to integrate technology fully into their school curricula. In February 1996, the President challenged the public and private sectors to work together to ensure that all children are technologically literate by the dawn of the 21st Century, with the communication, math, science, and critical thinking skills essential to succeed in the Information Age. The budget proposes substantial increases in two technology programs, for a total 1998 investment of \$500 million.

First, the President has committed \$2 billion over five years for the Technology Literacy Challenge Fund. For 1998, the budget proposes \$425 million, more than doubling the \$200 million that Congress provided in 1997. Second, the budget proposes \$75 million, 32 percent more than in 1997, for the Technology Innovation Challenge Grant program, which gives matching Federal funds to school-centered, public-private partnerships to develop and implement innovative applications of technology in the curriculum.

**Teacher Training:** The Eisenhower Professional Development program helps States invest in training teachers and other educators so that they can help all children reach the State's challenging academic standards. The President proposed, and Congress enacted, major improvements in 1994 to ensure that the training is of high enough quality and sufficient duration to pay off in the classroom. The budget increases funding to \$360 million, 16 percent more than in 1997.

**Safe and Drug-Free Schools and Communities:** Students can reach their full potential only in safe, disciplined learning environments. The Safe and Drug-Free Schools and Communities program helps 97 percent of school districts implement anti-drug and anti-

violence programs in our schools. It helps students resolve conflicts before they escalate into tragedy, teaches them the dangers of drug use, and helps schools increase security. The budget proposes to spend \$620 million for the program, 12 percent over the 1997 level, and to encourage States to adopt models of proven excellence.

**Special Education:** States have made real progress in giving children with disabilities a "free appropriate public education," as the Individuals with Disabilities Education Act (IDEA) calls for. The Administration will propose amendments that will help improve educational results for children with disabilities by promoting accountability for performance and focusing resources on teaching and learning. The budget provides \$4.2 billion for special education, four percent more than in 1997.

**Bilingual and Immigrant Education:** The Bilingual Education program helps schools improve the quality of instructional services for limited English proficient (LEP) students, teaching them English and preparing them to meet the same challenging academic standards as all other students. The Immigrant Education program helps States with large concentrations of immigrant students who have recently arrived, helping to offset their financial impact on school systems. The budget proposes \$199 million for Bilingual Education and \$150 million for Immigrant Education, 27 percent and 50 percent more than in 1997, respectively.

## Postsecondary Education and Training

Education beyond high school is increasingly a prerequisite for success in the rapidly changing job market. The rising rate of college attendance over the last half-century was fueled by State efforts to expand the public college system, and Federal efforts to help families pay for college. The post-World War II GI Bill was a watershed event in Federal investment in higher education, greatly increasing benefits for returning servicemen. Since then, through the Higher Education Act of 1965 and subsequent amendments, the Federal Government has vastly expanded grant and work-study aid to all low- and middle-income students, and made it possible for every American to borrow

enough money to attend college. The President wants to ensure that financial barriers to higher education continue to fall for all Americans. The budget provides substantial new support to low- and middle-income families through a new tax credit and tax deduction for education costs (see Chart 2-3).

**HOPE Scholarships:** More than ever, today's employers look for job applicants with more than a high school diploma. HOPE scholarships would make the 13th and 14th years of education the norm for students by offering, to most working families, up to a \$1,500 per student tuition tax credit for postsecondary education or training. Students would have to maintain at least a B average to receive the credit in the second year.

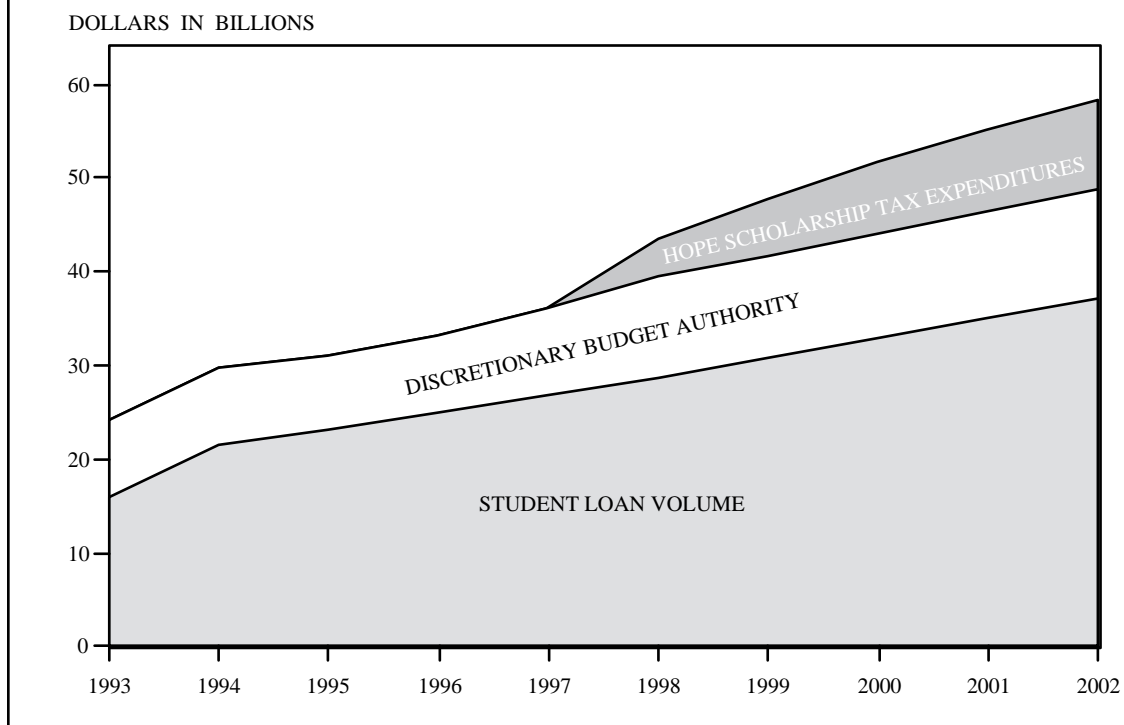
**Tuition Deduction:** To encourage Americans to pursue higher education and to promote lifelong learning, the budget proposes to give families a tax deduction for postsecondary tuition and fees of up to \$5,000 in 1997 and 1998, and \$10,000 starting in 1999. Together, the tuition deduction and HOPE scholarship

would put over \$36 billion back in the hands of Americans for education and training between 1997 and 2002.

**Pell Grants:** The President proposes to raise the maximum Pell Grant award by \$300, to \$3,000, marking the largest increase in two decades. The Administration's changes also would bring at least 348,000 more students into the program, reaching a total of over four million low- and middle-income undergraduates. Such help is particularly important to raise participation and graduation rates of low-income students. With Pell Grants, they are as likely to stay in school and earn a degree as middle-income students without grants.

**Student Loans:** An estimated 5.5 million individuals will borrow \$37 billion through the Federal student loan programs in 1998. Families at any income level can receive loans, but students who show greater financial need receive greater interest subsidies. The loans finance study toward undergraduate or graduate degrees, or short-term vocational training programs. The annual maximum loan amount

**Chart 2-3. THE FEDERAL GOVERNMENT WILL PROVIDE NEARLY \$60 BILLION IN STUDENT AID IN 2002, MORE THAN DOUBLE THE 1993 LEVEL**



varies from \$2,625 for a first-year student financially dependent on his or her parents, to \$18,500 for a graduate or professional program student. Under this Administration, the rate of student loan defaults within the first two years after borrowers leave college has reached an all-time low.

Before 1993, students and parents paid fees of up to eight percent of their loan proceeds. The Student Loan Reform Act of 1993, which the President initiated, cut the fees to four percent and has already saved families nearly \$2 billion. The 1993 reforms also created the simpler, less costly, and more accountable Federal Direct Loan Program (FDLP), and gave borrowers a way to afford payments on their student loans based on their actual post-college income—which the existing guaranteed loan program could not do.

The budget proposes to cut the loan fees again—by half for needy students, and by a quarter for other students and parents. The budget also would continue to allow schools to choose to participate in either the FDLP or the guaranteed loan program—the Federal Family Education Loan Program (FFELP). In addition, it would reform FFELP to improve Federal management and give lenders and intermediaries financial incentives to prevent defaults. It also would ensure that all borrowers receive a variety of repayment options.

***Presidential Honors Scholarships:*** The President proposes an achievement-based scholarship program, rewarding the best and the brightest of high school students. It would grant \$1,000 honors awards to the top five

percent of graduating students in every secondary school in the Nation, making clear the Government's commitment to excellence. The budget requests \$132 million for this program.

***College Work-Study:*** Work-study gives students additional aid through subsidized jobs, including an increasing number of community service positions. The budget proposes \$857 million for Work-study, three percent more than in 1997, and continues the President's commitment to raise the number of Work-study recipients to a million by the year 2000, including 100,000 reading tutors to support America Reads.

### **G.I. Bill for America's Workers**

For the past two years, the President has sought to dramatically overhaul the complex, inefficient structure of Federal job training programs through his proposed G.I. Bill for America's Workers. It would consolidate multiple programs into a single, integrated work force development system and provide Skill Grants (i.e., vouchers) to adults who need training so that they, not bureaucracies, choose where to get it. It also would streamline program administration, while improving accountability by freeing States and localities to focus on results, not process.

Although Congress did not enact these essential reforms, the Administration has pressed ahead to reform the job training system under current law. The Administration is making grants to establish One-Stop Career Center systems and School-to-Work systems; developing America's Labor Market Information System; expanding America's Job Bank to help match workers to jobs across the

#### ***The President's Principles for Work Force Policy Reform:***

1. Give resources for training directly to adults so they can make informed choices, without bureaucratic interference.
2. Consolidate and streamline Federal programs for adults, organize them within the One-Stop Career Center delivery system, and ensure that the private sector is a full partner.
3. Ensure strong accountability to taxpayers by establishing high standards for program quality and giving States and localities responsibility for results.
4. Organize Federal programs for youth within the School-to-Work Opportunities Act systems being established in States and local communities.
5. Increase funding for work force development each year, commensurate with the needs of workers and the economy.



country; and implementing new authority to waive certain Federal legal and regulatory requirements in order to help States and local communities make changes to the job training system.

Comprehensive reform still requires legislation. The President will again seek legislation that reflects the principles of his G.I. Bill. Because enactment would not occur before the fiscal 1998 appropriations process begins in Congress, the budget presents funding proposals under the current program structure.

### **Youth Programs**

The President is deeply committed to helping States and communities help young people make a successful transition to the world of work and family responsibility. As discussed earlier in this chapter, the budget includes major new proposals to eliminate financial barriers to postsecondary education and training for all youth. In addition, the budget continues to support the goal by helping States develop and implement their school-to-work systems. And it proposes additional resources to aid disadvantaged youth who have left school, or are on the verge of doing so, and have entered the labor force.

***School-to-Work:*** This initiative, which the Education and Labor Departments fund and administer jointly, gives States and communities competitive grants to build comprehensive systems to help young people move from high school to careers or postsecondary training and education. School-to-Work supports reforms to the education system and its links to employers, so that young people can better prepare for high-skill, high-wage careers; receive top-quality academic and occupational training; and pursue more postsecondary education or training. Businesses get the trained workers they need to stay globally competitive. By 1996, 37 States and 133 local partnerships had already received grants to implement School-to-Work systems. The budget proposes \$400 million, maintaining the 1997 level, in accord with the strategy of phasing in School-to-Work in all States by early in the next decade.

***After-School Program:*** Young people need access to after-school activities that keep them

off the streets and out of trouble. The Presidential initiative will provide \$50 million to keep public schools open during non-school hours, giving students access to after-school tutoring and other educational and recreational activities in a crime-free environment within their own communities.

***Youth Opportunity Areas Program:*** Recognizing the special problems of out-of-school youth, especially those in inner-city neighborhoods where jobless rates can exceed 50 percent, the budget proposes \$250 million for new competitive grants to selected high-poverty urban and rural areas with major youth unemployment problems. The Labor Department would award funds to high-poverty areas, including designated Empowerment Zones or Enterprise Communities, based on the quality of the local applications—that is, those that show the best chance of substantially increasing employment among youth. These “seed” funds would leverage State, local, and private resources to sustain public-private efforts to train and employ youth in private sector jobs. (For more information on Empowerment Zones and Enterprise Communities, see Chapter 6.)

***Summer Youth Employment and Training Program:*** The summer jobs program gives many urban and rural disadvantaged students their first work experiences, and localities may include an academic component that re-enforces the skills they have learned during the school year. The budget provides \$871 million to finance 530,000 job opportunities for the summer of 1998, assuming that localities spend this flexible funding entirely on summer jobs.

***Disadvantaged Youth Year-Round Program:*** The year-round program helps low-income youth who have dropped out of school, are at risk of dropping out, or are in families on public assistance. The Administration will expand upon ongoing efforts to refocus this program to stress local programs of proven effectiveness. Local service delivery areas that receive these funds under the Job Training Partnership Act can shift resources between the summer and year-round programs, as local needs dictate. The budget proposes \$130 million for the year-round program.

**Job Corps:** The Job Corps provides intensive, work-related vocational skills training, academic and social education, and support services to severely disadvantaged young people in a structured residential setting. The budget proposes \$1.2 billion to fund opportunities for 70,000 young people.

### **Adult Programs**

Most adults change jobs and get new skills by themselves or through their employers. But, many others—particularly welfare recipients and those permanently laid off from jobs—need help to get the services and information they need to successfully manage their careers. The budget proposes sizable new support for grants to States and localities to finance a training and employment system that adequately serves these adults, and helps build the job skills of American workers and job seekers into the 21st Century. These activities are the core of the adult portion of the G.I. Bill for America's Workers.

**Dislocated Workers and Low-Income Adult Training:** The budget proposes \$2.4 billion for Job Training Partnership Act programs that provide training, job search assistance, and related services to laid-off workers and economically disadvantaged adults, a \$233 million increase over 1997. The dislocated worker program provides readjustment services, job search assistance, training, and other services to help dislocated workers find new jobs as quickly as possible. The program for disadvantaged adults helps welfare recipients and other low-income adults, giving them the skills and support to become employed. States and localities likely will continue to use a sizable portion of these resources to supplement training for welfare recipients under the new

Transitional Assistance to Needy Families block grant. (For more information on this new block grant, and on the related Welfare-to-Work Challenge Fund and tax credit, see Chapter 7.)

**Adult Education:** The Adult Education program helps educationally disadvantaged adults develop basic skills (including literacy), achieve certification of high school equivalency, and learn English. In 1993–94, the program served over 3.75 million adult learners—over 1.4 million enrollments in adult basic education programs, about 1.1 million in adult secondary education programs, and over 1.2 million in English-as-a-second-language programs. The budget proposes \$394 million, nine percent more than in 1997 (and over 50 percent more than in 1996), to meet the demand for literacy training that the new welfare and immigration laws have stimulated.

**One-Stop Employment Service:** The budget proposes \$843 million for grants to the Employment Service—the Nation's public labor exchange—and \$150 million to continue building One-Stop Career Center systems to streamline re-employment and career development service delivery. To date, 24 States have received grants to implement One-Stop systems and nine more States will receive grants in July 1997. The budget would permit One-Stops to expand to all States in 1998. While the One-Stop grants provide seed money for systems-building and increased automation, Employment Service grants provide the core operating funds for the new system. They help States to match employers and job seekers, and to provide counseling and re-employment assistance to unemployment insurance claimants and others who need more help finding jobs.