

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Bruce Lindsey to POTUS re: Zachary Carter [partial] (1 page)	06/15/1993	b(6)

COLLECTION:

Clinton Presidential Records
Staff Secretary
John Podesta (Chron Files)
OA/Box Number: 1038

FOLDER TITLE:

June 13-19, 1993 [1]

2018-0662-S

rs3054

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

THE WHITE HOUSE
WASHINGTON

DATE: 06/18/93

NOTE FOR: ANN STOCK

The President has reviewed the attached, and it is forwarded to you
for your:

Information ☒X

Action ☒X

Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

cc:



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Sonett



THE WHITE HOUSE
WASHINGTON

June 18, 1993

The Honorable Harry A. Blackmun
Supreme Court of the United States
Washington, D.C. 20543

Dear Justice Blackmun:

Thank you for your letter about Robert McDuffie. It is nice, a luxury even, to receive an occasional letter that does not concern a crisis.

I appreciate your recommendation that Bobby be invited to play at the White House. He is very talented, and I do hope that he will be able to play here. I have taken the liberty of sharing your letter with the White House Social Office.

Again, thanks for taking the time to write me about Bobby's work. I look forward to seeing you and Mrs. Blackmun soon.

Sincerely,

Bill

Supreme Court of the United States
Washington, D. C. 20543

CHAMBERS OF
JUSTICE HARRY A. BLACKMUN

June 14, 1993

The President
The White House
Washington, D.C. 20500-2000

Dear Mr. President:

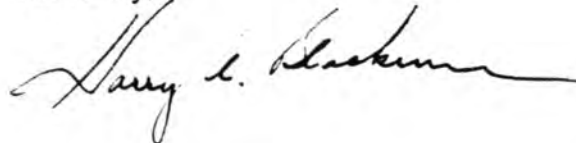
This letter does not concern a world or domestic crisis of the kind you have had to deal with lately. It should give you some respite from that.

I write to suggest that sometime, on the occasion of a state dinner, your staff consider inviting Robert McDuffie. He is a young American violinist now of world-class talent. He has played in concert with nearly all of the major symphony orchestras in Europe, this country, and South America. He has just completed an Australian tour and will have a tour of Japan in July. Reviews by the New York Times, The Washington Post, and other papers have acclaimed him.

Bobby is in his early 30s. His address is 124 East 84th Street, Apartment 5C, New York, New York 10028. He was born in Macon, Georgia, and is a graduate of the Julliard School. He has been a pupil of the famed violin teacher, Dorothy DeLay. Dottie and I became acquainted with him some years ago at Aspen, where each year he was part of the Music Festival there and is now an instructor in violin. Above all, he is a personal delight and unspoiled. He was in Washington this weekend for a private party and then played at our Church (Metropolitan Memorial UM) yesterday. Your staff would not go wrong if he were selected to provide music on some White House occasion. I recommend him most highly.

I hope all is well.

Sincerely,

A handwritten signature in cursive script, reading "Harry A. Blackmun". The signature is written in dark ink and is positioned below the word "Sincerely,".



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

93 JUN 19 AIO: 42

June 18, 1993

Memorandum For: John Podesta
From: Jim Murr *[Signature]*
Subject: Director's Letters to Agencies Providing
Guidance for Preparation of President's
FY 1995 Budget

The Director asked me to provide you with copies of the subject letters (attached) for forwarding to the President for his information.

Copies are also being provided to the individuals listed below. The letters were sent to the Cabinet secretaries individually and to certain agency heads (e.g., NASA and EPA). A Memorandum to the other "Heads of Agencies" was also sent.

Thank you.

Attachments (Letters to the Secretaries of Health and Human Services, State, and Defense, a letter to NASA, and a Memorandum to the Heads of Agencies)

cc: Vice President, with attachments
R. Rubin, " "
C. Rasco, " "
C. Varney, " "
H. Paster, " "



THE DIRECTOR

EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

June 18, 1993

Honorable Warren Christopher
Secretary of State
2201 C Street, N.W.
Washington, D.C. 20520

Dear Mr. Secretary:

Although we are still working intensively with the Congress to bring the FY 1994 budget cycle to a successful conclusion, it is already time to start work on the President's FY 1995 budget. The purpose of this memorandum is to start the process of working together to achieve a FY 1995 budget that embodies the Clinton Administration's program.

Budget Realities

As you know, the Congress in its budget resolution opted for a "hard freeze" on discretionary spending. As a consequence, the FY 1995 discretionary outlay cap implied by the resolution is \$13.6 billion below the FY 1995 outlays shown in our economic plan (see table below). The discretionary investments proposed in the plan imply 1995 outlays of about \$18 billion. These investments do not include many important initiatives now under development.

ADMINISTRATION DISCRETIONARY PROPOSALS COMPARED TO CAPS
(in billions of dollars)

	<u>FY 1994</u>		<u>FY 1995</u>	
	Budget		Budget	
	<u>Authority</u>	<u>Outlays</u>	<u>Authority</u>	<u>Outlays</u>
Caps in the House Reconciliation Bill	501.0	538.7	506.3	541.1
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Amount by which proposals exceed caps	7.9	5.4	16.3	13.6

Protecting Investments in Domestic Programs

The process of cutting \$5.4 billion in outlays from our original FY 1994 spending proposals to get to the spending caps will be extremely painful. We will fight hard to protect the highest priority investments, but it appears that some of our investment program may not be funded in FY 1994. Staying under the caps in FY 1995 requires that discretionary spending be cut by two and a half times as much.

To meet the commitment to the crucial investments requires many difficult choices that unfortunately cannot be avoided. It is clear that the Congress will not change the caps. It is equally clear that avoiding the caps by shifting programs to entitlements (as has been suggested for a number of domestic programs) will require additional revenues that are inconsistent with the economic plan and health care reform. With the adoption of the economic plan, both the Administration and the Congress must be committed to enforcing the deficit reduction targets and to maintaining the credibility of this effort.

The only way, therefore, to protect our domestic investment programs is to cut other federal programs in FY 1995. Another round of nickel and dime cuts -- shaving here, paring there -- will not produce the required savings. Indeed, if we are to preserve the discretionary programs we identified as investments in the President's FY 1994 Budget, OMB estimates that outlays in all other discretionary programs will have to be reduced by about 10 percent. Clearly, preserving the Clinton program and making room for other new priorities will be the major challenge we all face as we work on the budget for FY 1995.

International Affairs Programs

Congressional action on the FY 1994 budget reduces further the resources available to carry out U.S. commitments and responsibilities in both foreign affairs and national security. Consideration will need to be given to the funding requirements and possible trade-offs in these areas as a result of funding constraints.

A Major Opportunity

This budgetary reality can have positive benefits if it forces both our Administration and the Congress to rethink and restructure federal activities. We can seize this opportunity, not only to strengthen our investment proposals, but also to reexamine the whole range of government programs including those in international affairs and national security. We can identify sets of activities that are no longer high priority, that are of questionable effectiveness, or that other levels of government could perform as well. We can work with the Congress to eliminate these programs or drastically restructure them. The result could be a leaner, more effective, more manageable federal government -- and room in the budget for higher priorities identified by the Administration. The effort could integrate the best ideas of the National Performance Review into the FY 1995 budget process.

Structuring the Budget Decision Process

The traditional federal budget process has been a bottom-up effort that tends to preserve the base and make incremental changes at the margin. Agencies usually submitted their budget requests to OMB in September. These were examined painstakingly by OMB staff. After a series of Director's Reviews in October and November, the OMB Director issued a "passback" in late November. Agencies could appeal to the President in December and final decisions we made shortly thereafter -- usually by Christmas.

For FY 1994 the budget process was both extremely compressed and turned on its head. Because of the shortness of time there were no agency submissions. Instead the President made overall decisions on the main features of the FY 1994-98 economic plan which OMB translated into FY 1994 budget details. The process was essentially top down.

The difficulty of the decisions to be made for FY 1995 -- especially the necessity of cutting deeply into the base -- requires a new kind of budget process.

- The process should be cooperative. Because of the challenges facing the Administration, this must be a team effort. The adversarial relationships that have sometimes developed between the agencies and the OMB (or the White House) must be avoided.
- The process should be interactive. The President should have ample opportunity to think about alternative sets of priorities and to interact with his Cabinet and top staff as the process proceeds.
- The process should be informed. OMB should work with the agencies to lay out options and alternatives so that the President and others can see the big choices as clearly as possible. Cross-cutting issues (such as environmental programs or programs for children) should be highlighted.
- The process should be both a management and a budget review. OMB and the agencies should be working together to find opportunities to use the government's resources more effectively. Reorganization of functions, consolidation of activities and elimination of programs should be seriously examined.

I would like to share with you our current plans for the FY 1995 management and budget cycle.

● **Agency Management and Budget Previews.** The first step will be to schedule management and budget previews for each major agency to take place over the next several weeks. These previews will be an opportunity for each of you to focus on your priorities for FY 1995 and beyond and present those plans to me. The previews will allow us to discuss how agency programs can operate more effectively and efficiently within the overall

constraints of the budget resolution (e.g., the implied 10 percent cut in all non-investment programs) and within the constraints on administrative expenses and FTE levels of the Administration's economic and budget plan. OMB representatives will be working with your staff to make the previews as useful as possible to us all.

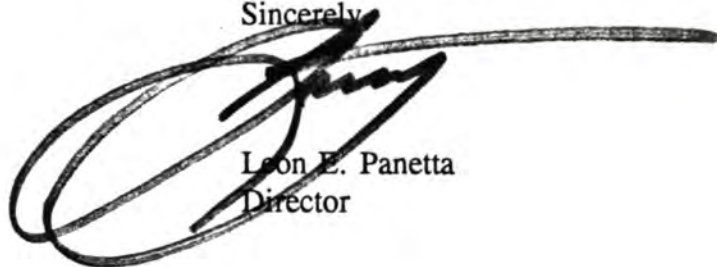
- **Identifying Management and Budget Issues.** OMB staff has been working to identify a series of management and budget issues that we believe should be addressed before decisions are made on the FY 1995 budget. Discussions between OMB and agency staff have already begun on some of these issues.

- **Management and Budget Preview with the President.** We will be working with the NEC and agency heads to structure a series of meetings with the President to lay out significant alternatives for FY 1995 and beyond to assist the President in formulating budget priorities. Major cross-cutting budget issues should be presented to him, as well as major agency-specific issues.

On the basis of the President's decisions on major issues, OMB will then work with the agencies to prepare the complete FY 1995 budget proposal for a final review by the President. A schedule for budget decisions that reflects all of the above is enclosed.

I look forward to meeting with you soon on the FY 1995 management and budget process.

Sincerely,

A large, stylized handwritten signature in dark ink, likely belonging to Leon E. Panetta, is written over the word "Sincerely," and extends across the middle of the page.

Leon E. Panetta
Director

Enclosure

FY 1995 BUDGET

PROPOSED SCHEDULE

June	OMB works with agencies to identify major issues that should be considered for FY '95 and to be sure that good analysis of these issues will be available. (This process has already started.)
June/July	Discussions involving the President, the Cabinet, the White House staff on the nature of the problem and various approaches to fitting Administration priorities within the 1995-98 budget resolution limits. More specific guidance on agency spending limits for FY 1995 will likely result from these discussions.
July/early August	Management and budget previews at which major agency heads present their plans and priorities to the OMB Director. These meetings are opportunities for interaction and discussion between agencies and OMB/White House.
September/October	OMB, working with the agencies, defines major issues and options for consideration by the President and his staff. These discussions will be organized around major Administration themes and cross-cutting issues. The President, with the assistance of the NEC, provides guidance on fundamental choices and priorities.
October 1	Major agencies required to submit complete budget requests for FY 1995.
October/November	OMB reviews requests in light of Presidential priorities and budget constraints, and discusses any problems with the agencies. Additional discussions held with the President if necessary.
Early December	The President is briefed on the complete set of proposals for the FY 1995 budget. Any final adjustments are made before Christmas.
December - mid-January	FY 1995 Budget is written.
February 7, 1994	FY 1995 Budget is transmitted to Congress.



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

June 18, 1993

Honorable Les Aspin
Secretary of Defense
The Pentagon
Washington, D.C. 20301

Dear Mr. Secretary:

Although we are still working intensively with the Congress to bring the FY 1994 budget cycle to a successful conclusion, it is already time to start work on the President's FY 1995 budget. The purpose of this memorandum is to start the process of working together to achieve a FY 1995 budget that embodies the Clinton Administration's program.

Budget Realities

As you know, the Congress in its budget resolution opted for a "hard freeze" on discretionary spending. As a consequence, the FY 1995 discretionary outlay cap implied by the resolution is \$13.6 billion below the FY 1995 outlays shown in our economic plan (see table below). The discretionary investments proposed in the plan imply 1995 outlays of about \$18 billion. These investments do not include many important initiatives now under development.

ADMINISTRATION DISCRETIONARY PROPOSALS COMPARED TO CAPS
(in billions of dollars)

	<u>FY 1994</u>		<u>FY 1995</u>	
	Budget		Budget	
	<u>Authority</u>	<u>Outlays</u>	<u>Authority</u>	<u>Outlays</u>
Caps in the House Reconciliation Bill	501.0	538.7	506.3	541.1
Administration Economic Plan (proposals in the FY 1994 Budget)	<u>508.9</u>	<u>544.1</u>	<u>522.6</u>	<u>554.7</u>
Amount by which proposals exceed caps	7.9	5.4	16.3	13.6

Protecting Investments

The process of cutting \$5.4 billion in outlays from our original FY 1994 spending proposals to get to the spending caps will be extremely painful. We will fight hard to protect the highest priority investments, but it appears that some of our investment program may not be funded in FY 1994. Staying under the caps in FY 1995 requires that discretionary spending be cut by two and a half times as much.

To meet the commitment to the crucial investments requires many difficult choices that unfortunately cannot be avoided. It is clear that the Congress will not change the caps. It is equally clear that avoiding the caps by shifting programs to entitlements will require additional revenues that are inconsistent with the economic plan and health care reform. With the adoption of the economic plan, both the Administration and the Congress must be committed to enforcing the deficit reduction targets and to maintaining the credibility of this effort.

The only way, therefore, to protect our investment programs is to cut other federal programs in FY 1995. Another round of nickel and dime cuts -- shaving here, paring there -- will not produce the required savings. Indeed, if we are to preserve the discretionary programs we identified as investments in the President's FY 1994 Budget, OMB estimates that outlays in all other discretionary programs will have to be reduced by about 10 percent. This assumes that Defense outlays would be maintained at the level projected for FY 1995 in the FY 1994 budget. Clearly, preserving the Clinton program and making room for other new priorities will be the major challenge we all face as we work on the budget for FY 1995.

A Major Opportunity

This budgetary reality can have positive benefits if it forces both our Administration and the Congress to rethink and restructure federal activities. We can seize this opportunity, not only to strengthen our investment proposals, but also to reexamine the whole range of government programs. We can identify sets of activities that are no longer high priority, that are of questionable effectiveness, or that other levels of government could perform as well. We can work with the Congress to eliminate these programs or drastically restructure them. The result could be a leaner, more effective, more manageable federal government -- and room in the budget for higher priorities identified by the Administration. The effort could integrate the best ideas of the National Performance Review into the FY 1995 budget process.

Structuring the Budget Decision Process

The traditional federal budget process has been a bottom-up effort that tends to preserve the base and make incremental changes at the margin. Except for the Department of Defense, agencies usually submitted their budget requests to OMB in September. These

were examined painstakingly by OMB staff. After a series of Director's Reviews in October and November, the OMB Director issued a "passback" in late November. Agencies could appeal to the President in December and final decisions we made shortly thereafter -- usually by Christmas. As you know, the defense budget process has been somewhat different because of the joint OMB/DoD review.

For FY 1994 the budget process was both extremely compressed and turned on its head. Because of the shortness of time there were no agency submissions. Instead the President made overall decisions on the main features of the FY 1994-98 economic plan which OMB translated into FY 1994 budget details. The process was essentially top down.

The difficulty of the decisions to be made for FY 1995 has reemphasized to me the importance of our defense budget process being cooperative, interactive with the White House, and informed.

We also hope to be able to work with you on both budget and management issues. OMB and the agencies should be working together to find opportunities to use the government's resources more effectively. Reorganization of functions, consolidation of activities and elimination of programs should be seriously examined.

In addition to the joint review, I would like to share with you our plans for the FY 1995 management and budget cycle.

- **Agency Management and Budget Previews.** The first step will be to schedule management and budget previews for each major agency to take place over the next several weeks. These previews will be an opportunity for each of you to focus on your priorities for FY 1995 and beyond and present those plans to me. The previews will allow us to discuss how agency programs can operate more effectively and efficiently within the overall constraints of the budget resolution and within the constraints on administrative expenses and FTE levels of the Administration's economic and budget plan. OMB representatives will be working with your staff to make the previews as useful as possible to us all.

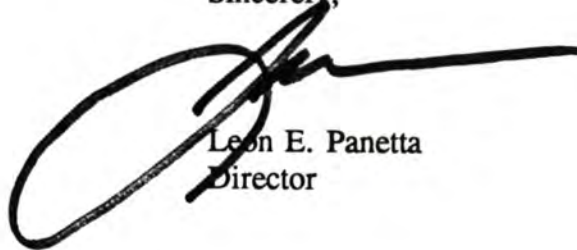
- **Identifying Management and Budget Issues.** OMB staff has been working to identify a series of management and budget issues that we believe should be addressed before decisions are made on the FY 1995 budget. Discussions between OMB and agency staff have already begun on some of these issues.

- **Management and Budget Preview with the President.** We will be working with the NEC and agency heads to structure a series of meetings with the President to lay out significant alternatives for FY 1995 and beyond to assist the President in formulating budget priorities. Major cross-cutting budget issues should be presented to him, as well as major agency-specific issues.

On the basis of the President's decisions on major issues, OMB will then work with the agencies to prepare the complete FY 1995 budget proposal for a final review by the President.

I look forward to meeting with you soon on the FY 1995 management and budget process.

Sincerely,

A handwritten signature in black ink, appearing to be 'L. Panetta', with a large loop on the left and a horizontal line extending to the right.

Leon E. Panetta
Director



EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

June 18, 1993

Honorable Daniel S. Goldin
Administrator, National Aeronautics
and Space Administration
Washington, D.C. 20546

Dear Mr. Goldin:

Although we are still working intensively with the Congress to bring the FY 1994 budget cycle to a successful conclusion, it is already time to start work on the President's FY 1995 budget. The purpose of this memorandum is to start the process of working together to achieve a FY 1995 budget that embodies the Clinton Administration's program.

Budget Realities

As you know, the Congress in its budget resolution opted for a "hard freeze" on discretionary spending. As a consequence, the FY 1995 discretionary outlay cap implied by the resolution is \$13.6 billion below the FY 1995 outlays shown in our economic plan (see table below). The discretionary investments proposed in the plan imply 1995 outlays of about \$18 billion. These investments do not include many important initiatives now under development.

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(in billions of dollars)

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- The process should be interactive. The President should have ample opportunity to think about alternative sets of priorities and to interact with his Cabinet and top staff as the process proceeds.
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- The process should be both a management and a budget review. OMB and the agencies should be working together to find opportunities to use the government's resources more effectively. Reorganization of functions, consolidation of activities and elimination of programs should be seriously examined.

I would like to share with you our current plans for the FY 1995 management and budget cycle.

- **Agency Management and Budget Previews.** The first step will be to schedule management and budget previews for each major agency to take place over the next several weeks. These previews will be an opportunity for each of you to focus on your priorities for FY 1995 and beyond and present those plans to me. The previews will allow us to discuss how agency programs can operate more effectively and efficiently within the overall constraints of the budget resolution (e.g., the implied 10 percent cut in all non-investment programs) and within the constraints on administrative expenses and FTE levels of the Administration's economic and budget plan. OMB representatives will be working with your staff to make the previews as useful as possible to us all.

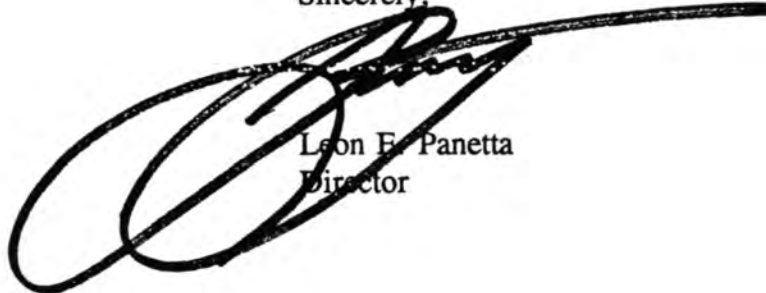
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I look forward to meeting with you soon on the FY 1995 management and budget process.

Sincerely,

A large, stylized handwritten signature in black ink, likely belonging to Leon E. Panetta, is written over the typed name and title.

Leon E. Panetta
Director

Enclosure

FY 1995 BUDGET

PROPOSED SCHEDULE

June	OMB works with agencies to identify major issues that should be considered for FY '95 and to be sure that good analysis of these issues will be available. (This process has already started.)
June/July	Discussions involving the President, the Cabinet, the White House staff on the nature of the problem and various approaches to fitting Administration priorities within the 1995-98 budget resolution limits. More specific guidance on agency spending limits for FY 1995 will likely result from these discussions.
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October 1	Major agencies required to submit complete budget requests for FY 1995.
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EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
WASHINGTON, D.C. 20503

THE DIRECTOR

June 18, 1993

M-93- 12

MEMORANDUM FOR THE HEADS OF AGENCIES

FROM: Leon E. Panetta
Director

SUBJECT: Planning for the President's FY 1995 Budget

Although we are still working intensively with the Congress to bring the FY 1994 budget cycle to a successful conclusion, it is already time to start work on the President's FY 1995 budget. The purpose of this memorandum is to start the process of working together to achieve a FY 1995 budget that embodies the Clinton Administration's program.

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ADMINISTRATION DISCRETIONARY PROPOSALS COMPARED TO CAPS
(in billions of dollars)

	<u>FY 1994</u>		<u>FY 1995</u>	
	<u>Budget</u> <u>Authority</u>	<u>Outlays</u>	<u>Budget</u> <u>Authority</u>	<u>Outlays</u>
Caps in the House Reconciliation Bill	501.0	538.7	506.3	541.1
Administration Economic Plan (proposals in the FY 1994 Budget)	<u>508.9</u>	<u>544.1</u>	<u>522.6</u>	<u>554.7</u>
Amount by which proposals exceed caps	7.9	5.4	16.3	13.6

Protecting Investments

The process of cutting \$5.4 billion in outlays from our original FY 1994 spending proposals to get to the spending caps will be extremely painful. We will fight hard to protect the highest priority investments, but it appears that some of our investment program may not be funded in FY 1994. Staying under the caps in FY 1995 requires that discretionary spending be cut by two and a half times as much.

To meet the commitment to the crucial investments requires many difficult choices that unfortunately cannot be avoided. It is clear that the Congress will not change the caps. It is equally clear that avoiding the caps by shifting programs to entitlements will require additional revenues that are inconsistent with the economic plan and health care reform. With the adoption of the economic plan, both the Administration and the Congress must be committed to enforcing the deficit reduction targets and to maintaining the credibility of this effort.

The only way, therefore, to protect our investment programs is to cut other federal programs in FY 1995. Another round of nickel and dime cuts -- shaving here, paring there -- will not produce the required savings. Indeed, if we are to preserve the discretionary programs we identified as investments in the President's FY 1994 Budget, OMB estimates that outlays in all other discretionary programs will have to be reduced by about 10 percent. Clearly, preserving the Clinton program and making room for other new priorities will be the major challenge we all face as we work on the budget for FY 1995.

A Major Opportunity

This budgetary reality can have positive benefits if it forces both our Administration and the Congress to rethink and restructure federal activities. We can seize this opportunity, not only to strengthen our investment proposals, but also to reexamine the whole range of government programs. We can identify sets of activities that are no longer high priority, that are of questionable effectiveness, or that other levels of government could perform as well. We can work with the Congress to eliminate these programs or drastically restructure them. The result could be a leaner, more effective, more manageable federal government -- and room in the budget for higher priorities identified by the Administration. The effort could integrate the best ideas of the National Performance Review into the FY 1995 budget process.

Structuring the Budget Decision Process

The traditional federal budget process has been a bottom-up effort that tends to preserve the base and make incremental changes at the margin. Agencies usually submitted their budget requests to OMB in September. These were examined painstakingly by OMB staff. After a series of Director's Reviews in October and November, the OMB Director issued a "passback" in late November. Agencies could appeal to the President in December and final decisions we made shortly thereafter -- usually by Christmas.

For FY 1994 the budget process was both extremely compressed and turned on its head. Because of the shortness of time there were no agency submissions. Instead the President made overall decisions on the main features of the FY 1994-98 economic plan which OMB translated into FY 1994 budget details. The process was essentially top down.

The difficulty of the decisions to be made for FY 1995 -- especially the necessity of cutting deeply into the base -- requires a new kind of budget process.

- The process should be cooperative. Because of the challenges facing the Administration, this must be a team effort. The adversarial relationships that have sometimes developed between the agencies and the OMB (or the White House) must be avoided.
- The process should be interactive. The President should have ample opportunity to think about alternative sets of priorities and to interact with his Cabinet and top staff as the process proceeds.
- The process should be informed. OMB should work with the agencies to lay out options and alternatives so that the President and others can see the big choices as clearly as possible. Cross-cutting issues (such as environmental programs or programs for children) should be highlighted.
- The process should be both a management and a budget review. OMB and the agencies should be working together to find opportunities to use the government's resources more effectively. Reorganization of functions, consolidation of activities and elimination of programs should be seriously examined.

A schedule for budget decisions that reflects this new kind of budget process is attached.

Attachment

FY 1995 BUDGET

PROPOSED SCHEDULE

June/early August	OMB works with agencies to identify major issues that should be considered for FY '95 and to be sure that good analysis of these issues will be available.
September 1	Agencies required to submit complete budget requests for FY 1995.
September/October	OMB, working with the agencies, defines major issues and options for consideration by the President and his staff. These discussions will be organized around major Administration themes and cross-cutting issues. The President, with the assistance of the NEC, provides guidance on fundamental choices and priorities.
October/November	OMB reviews requests in light of Presidential priorities and budget constraints, and discusses any problems with the agencies. Additional discussions held with the President if necessary.
Early December	The President is briefed on the complete set of proposals for the FY 1995 budget. Any final adjustments are made before Christmas.
December - mid-January	FY 1995 Budget is written.
February 7, 1994	FY 1995 Budget is transmitted to Congress.

File



THE WHITE HOUSE
WASHINGTON

DATE: 06/18/93

TO: THE VICE PRESIDENT
MACK MCLARTY
DAVID GERGEN
GEORGE STEPHANOPOULOS
MARK GEARAN
BOB RUBIN
FROM: JOHN D. PODESTA
Assistant to the President and
Staff Secretary

The attached has been forwarded
to the President.



EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS

WASHINGTON, D.C. 20500
June 18, 1993

18 P6:45

MEMORANDUM FOR THE PRESIDENT

FROM: JOSEPH STIGLITZ

RE: Interest Rates, Stock Market, and Money Supply
Week ending Friday, June 18, 1993

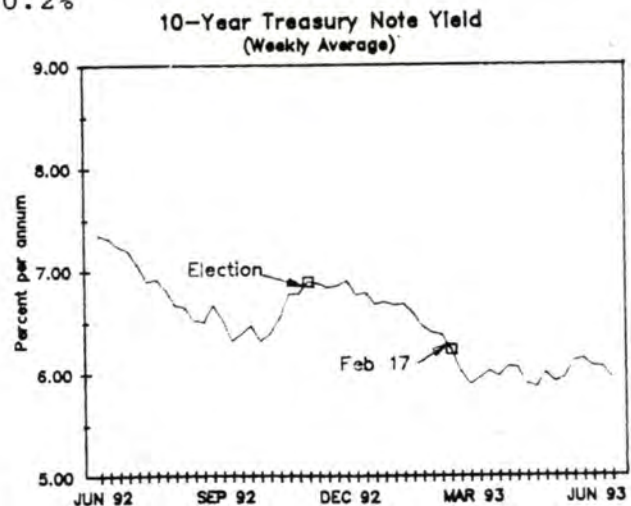
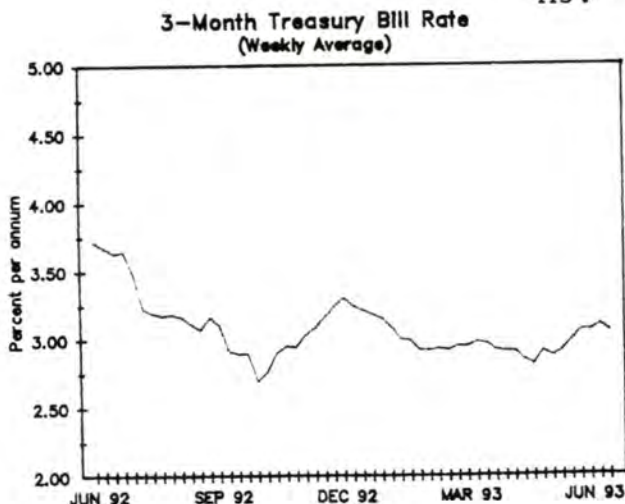
Bond yields increased slightly this week. Changes in Treasury borrowing rates over the week were as follows:

	Close 6/11/93	Close 6/18/93	Change
3-month bills	3.12	3.13	+0.01
10-year bonds	5.97	5.97	+0.00
30-year bonds	6.80	6.82	+0.02

The stock market closed lower for the week. The S&P index closed Friday (June 18) at 443.68, down 0.8 percent from the preceding Friday's close. The Dow Jones Industrial Average decreased 0.3 percent over the week closing at 3494.77.

This week the Fed announced that M2 and M3 both increased, while M1 declined for the week ending June 7. Since May of last year, growth rates of the various M's have been:

M1: +12.1%
M2: +1.1%
M3: -0.2%

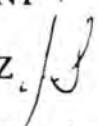


EXECUTIVE OFFICE OF THE PRESIDENT
COUNCIL OF ECONOMIC ADVISERS
WASHINGTON D.C. 20500

June 18, 1993

118 P6:45

MEMORANDUM FOR THE PRESIDENT

FROM: JOSEPH STIGLITZ 
SUBJECT: Foreign Economic Developments

Exchange Rates: The dollar strengthened relative to both the yen and the deutschemark this week, causing the multilateral exchange rate to rise. Most of the increase in the dollar occurred today due to the political turmoil in Japan.

	Week Ending 6/11/93	Week Ending 6/18/93	Percent Change
Deutschemark	\$1 = 1.629 DM	\$1 = 1.684 DM	+3.4%
Yen	\$1 = 106.1 Yen	\$1 = 110.0 Yen	+3.7%
Multilateral (March 1973 = 100)	90.57	93.15	+2.9%

Japan: ▶ Prime Minister Miyazawa lost a no confidence vote 255-220 in the Japanese Diet. The lower house of the parliament has been dissolved, and several leading LDP members headed by former Finance Minister Hata have stated that they will form a new political party.

- ▶ Real GNP grew at an annualized 2.3 percent in the first quarter of 1993 over the fourth quarter of 1992.
- ▶ The merchandise trade surplus was \$7.7 billion in May, which is a 0.1 percent dip on a year-over-year basis, as well as the first decline in nearly 2½ years.
- ▶ Corporate bankruptcies fell 3.9 percent in May on a year-over-year basis, which marked the first decline in nearly 3 years.

Europe: ▶ West Germany's consumer prices rose 4.2 percent in May on a year-over-year basis, while producer prices fell 0.3 percent in May on a year-over-year basis.

- ▶ The UK unemployment rate fell to 10.4 percent in May from 10.5 percent in April. Retail prices rose 1.3 percent in May on a year-over-year basis.

Other Countries: ▶ Canada's consumer prices rose 1.8 percent in May on a year-over-year basis. The merchandise trade surplus rose to C\$1.6 billion in April from C\$0.8 billion in March, mainly due to an increase in exports.

- ▶ Brazil's monthly inflation rate fell to 26.8 percent in May from 28.4 percent in April.

THE WHITE HOUSE
WASHINGTON

DATE: 06/18/93

NOTE FOR: DAVE GERGEN
CAROL RASCO

The President has reviewed the attached, and it is forwarded to you
for your:

Information ☒ x
Action ☐

Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

cc:



UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE SECRETARY

THE PRESIDENT HAS SEEN
6-18-93

June 11, 1993

MEMORANDUM TO CHRISTINE VARNEY

FROM: Billy Webster *BW*

SUBJECT: Goals 2000 Public Relations Strategy

At this week's Domestic Policy Council meeting, the President expressed his concern to Secretary Riley regarding the press coverage of the Goals 2000 legislation. Enclosed is our press kit on the legislation as well as all of the press that we have received (with responses where appropriate).

The Secretary thought that the President might be interested in seeing this material.

Geary/Crane
1. This thing
isn't a short side
it's a good 30 pages
Defender - I mean besides
Riley



OFFICE OF THE SECRETARY
WASHINGTON

June 10, 1993

Dear Mr. President —

Thank you for your graciousness today at the Domestic Policy Council meeting. I am glad to have finally met you personally — heretofore, I have only caught glimpses of you at events during which I have accompanied Secretary Riley.

We will be sending over to you soon a number of articles we have had published in response to Goals 2000 press, including, I believe, the David Kearns piece. We will also be sending you a copy of the press packet we have put together for this very important reform measure, and which we will begin distributing tomorrow at the Philadelphia Inquirer Editorial Board meeting, and at the Education Press Newsmaker of the Year Award (to be bestowed upon the Secretary).

Please let us know what else we can do. Thank you again. It was a pleasure to meet you.

A handwritten signature in cursive script, reading "Leslie Thornton".

Leslie T. Thornton, Esquire
Deputy Chief of Staff

Leslie was at
the DPC meeting
and spoke to the
President —
Bry

Robert J. Samuelson

Hollow School Reform

The Clinton administration's "school reform"—submitted to Congress last week—continues a tradition of national hypocrisy. The main reason that most American students don't do as well as they might is that they don't work very hard. Yet almost all school reform proposals (including Clinton's) conveniently skip the subject of student effort, as if it didn't exist.

The present theory of "reform" holds that our students are the victims of bad schools. Because the institutions are rotten, the remedy is to revitalize them through new teaching methods, technologies, "standards" or more "choice." Our students' learning and skills will somehow (miraculously, it seems) improve. It's all painless and someone else's problem.

Let's grant that lots of our schools are lousy. But schools do not learn, students do. No school can compensate for students who don't work hard, and almost all international comparisons confirm that this is our major problem. Consider: In a 1991 study of 15 countries, American 13-year-olds ranked 14th in math achievement. Only 29 percent of the Americans did more than two hours of daily homework, the fifth lowest. In France, 55 percent did two hours of homework; in Korea, 41 percent.

It is not that American students are exceptionally lazy. Our schools simply don't demand much of them, and in this, the schools merely do what the public wants. Educational psychologist Harold Stevenson has made extensive studies of popular attitudes. Most American parents dismiss the poor showing of U.S. students in international comparisons as not reflecting "the abilities of their children or their children's schools," as he recently wrote in *Scientific American*.

Parents want to be told that their children are doing okay. Schools do precisely this, because they fear offending their major constituency (parents). Schools maintain low standards that permit most students to do all right. We have adopted a system of almost automatic promotions and massive grade inflation. Any school that did otherwise—that is,

*No school can
compensate for students
who don't work hard.*

raised standards, lowered grades and held back students—would face huge pressures from parents and school administrators to conform to the norm.

These practices are so acceptable that they have spread to elite colleges. Consider grade inflation at Harvard. In 1966, 22 percent of undergraduate grades were A's; by 1991, 43 percent were A's. Only 9 percent of grades were C's, down from 28 percent in 1966. "By rewarding mediocrity, we discourage excellence," says William Cole, a Harvard teaching assistant. "Many students who work hard at the outset . . . throw up their hands upon seeing their peers do equally well despite putting in far less effort." What's true at Harvard applies more forcefully to public schools. Somehow, though, the subject of work effort escapes most school "experts" and reporters. Ernest Boyer, former U.S. commissioner of education, doesn't mention it in his review of the decade since "A Nation at Risk," the re-

port that warned of poor schools. Newsweek says that "money—the lack of it—has been the biggest obstacle" to educational progress. Really? In the 1980s, school spending per student rose 33 percent after inflation.

Talk of stricter standards is mostly rhetoric. President Bush proposed national standards and tests. But the tests probably wouldn't have been used for anything that matters to students: promotion, graduation, entrance to college. President Clinton's proposal is worse. It would set national standards without national tests. States could adopt standards of "comparable rigor and quality" and their own tests. In practice, state test results could not easily be compared. Moreover, the Clinton plan prohibits the state tests from being used "to make decisions regarding graduation, grade promotion or retention of students."

Does this convince John or Jane to work harder or take school more seriously? Well, no. The idea is that, if parents see their schools aren't performing well, they will—somehow—force the schools to improve. Not likely. Indeed, the information about which schools do well and which don't is already available. Clinton's scheme is expensive, bureaucratic make-work.

We could do better. Tougher standards matter only if they affect students directly. The federal government might require students applying for federal college aid (about half those going to college) to pass a qualifying test. The message would be: If you don't learn in high school, you won't go to college on public money. For other students, we could encourage employers to use national tests and high school transcripts for hiring decisions.

The message: The better you do in high school, the better job you may get. What's essential is to make the school experience relevant—in an immediate, obvious way—to most students.

Don't hold your breath. Congress has repeatedly refused to impose a meaningful academic requirement on federal college aid. And civil rights law deters employers from using general tests or high school records. Companies are supposed to use tests directly related to specific jobs. Anything that merely indicates general competence or diligence is legally suspect. Congress shows little willingness to change that, either.

What passes for "school reform" really aims to navigate the contradictions of public opinion. Politicians want to "do something" without frightening parents. The solution is a "blame the schools" agenda that makes impersonal institutions responsible for any shortcomings of our students. It won't work.

The point is not that school must be drudgery or that, by itself, homework is all that matters. Genuine learning is exciting. The act of discovery stirs the imagination. The mastery of new skills builds confidence. But learning and mastery require effort, just as excellence in anything, from sports to music, requires effort. And the effort must come from students.

Schools can't perform miracles. Teachers can't teach if students don't take school seriously, and if teachers must struggle to win students' attention, teaching won't be an attractive profession. Schools can do lots of things better, but none will matter unless students are motivated to work harder. The real villain is popular complacency that holds otherwise.

Washington Post

Standard Procedure

THE ADMINISTRATION'S first education bill has been stalled by a parenthetical argument that is really more interesting than the legislation's main text, which is about a modest block grant program for the states. The dispute is not about the money, however. It is about standards—who shall impose them and who shall adhere to them.

This country has moved swiftly, if not assuredly, toward establishing curriculum standards—that is, defining what students should know and be able to do. In at least one subject, mathematics, the standards have been developed and are being used in classrooms. Standards for other subjects are coming along. The states are also whipped up into a standards-and-testing frenzy. There's not much left for the federal government to do. The administration suggests the creation of a national standards council that would certify the various activities.

But if there are to be standards for students, as well as tests that will measure their progress, are there also to be standards for schools? When a congressionally authorized panel came to this pass, the answer was yes. The achievement gap will widen, it suggested, unless schools have the

appropriate tools to help students meet the curriculum standards. Are the teachers adequately trained? Are the textbooks up to date?

School delivery standards—the administration calls them by the awkward name of opportunity-to-learn standards—are now dividing the friends of school reform. The governors don't want a national checklist by which they and their schools will be measured. They have enough litigation on their hands—note the recent success in Alabama and elsewhere of lawsuits that turn not just on financial equity among districts but on resource adequacy. The urban superintendents, on the other hand, don't want national curriculum standards and exams unless there are standards for schools, something to help them argue for more resources. Without delivery standards, say many in Congress, no one will know whether a kid is failing the school or the school is failing the kid.

Congress got mired in school delivery standards last year—disagreement about what to do helped kill an unexciting reform bill, in fact. The same fate looms this year. This is the never-ending input-output debate, only with a new vocabulary.

THE WASHINGTON POST

... WEDNESDAY, APRIL 14, 1993

P-7

TODAY IN CONGRESS

SENATE

Not in session.

Committees: none.

HOUSE

Not in session.

Committees:

Appropriations—1:30 p.m.Transportation subc. FY '94 approps.
for Office of the Sec. of Transportation.
2358 Rayburn House Office Bldg.**Energy & Commerce**—10 a.m.Telecommunications & finance subc.
Future of the stock market & the status
of the national market system. 2123
RHOB.**Post Office & Civil Service**—1 p.m.Census, statistics & postal personnel
subc. Federal categories used in the
collection of statistics on race &
ethnicity. 311 Cannon House Office
Bldg.

Why America Needs GOALS 2000
By Richard W. Riley

The debate over school reform has often been a noisy one. Conversations about the subject can begin at high pitch, and proceed from there to decibel levels that threaten health and sanity. Drowned out in the din, however, has been one message the American people need to hear:

When it comes to school reform, we know what works. After a decade of exploring and testing, we know what we need to do to make our schools the best in the world again.

President Clinton's blueprint for change, the GOALS 2000: EDUCATE AMERICA ACT includes many of the hard truths about education reform that we have learned in the last decade.

It took "A Nation At Risk" to shake some communities and states into action. That devastating report warned: "The education foundations of our society are being eroded by a rising tide of mediocrity that threatens our very future as a nation and as a people."

That report, completed exactly 10 years and 19 days ago, was tragically ignored on the national level. But it did speed up reforms that had already begun in some places. A few states and local school districts became real laboratories for new ideas. When I was Governor of South Carolina, we undertook sweeping reforms. Some of my colleagues, among them Governor Bill Clinton of Arkansas and Governor Lamar Alexander of Tennessee, embarked on a similar journey.

What did we learn?

First--and most important--high learning standards really matter. All children can learn. Kids take their cues from us; if we expect them to learn more, they will.

Second, rally the community. Parents, business and labor leaders, community groups--even grandparents--must work together to push all students toward those high standards. Everyone has something unique and special to contribute.

Third, make schools produce results. Develop tests that really assess progress.

And fourth, give schools and educators the tools they need to do the hardest, most important work in America. Teachers must have access to professional development and up to date technology and textbooks.

The GOALS 2000: EDUCATE AMERICA ACT builds on all these lessons, and creates an historic partnership for change.

The federal government will challenge the states to set high, "world-class" academic standards. All students, rich or poor, will be expected to meet them--no exceptions.

Richard W. Riley

Page 2

Locally, schools will work with everyone in the community to develop comprehensive reform and improvement plans. Everything will be looked at--the curriculum, textbooks, student performance assessments, teacher training, use of technology, school management, parent involvement and more.

Federal funds will go to help communities that produce plans that provide real results. The amount of money won't be massive, but the President knows that until curriculum and teaching standards are strengthened, money itself is not the answer--especially in this era of deficits.

Does GOALS 2000 mean federal snooping and burdensome mandates for the states? No, a state's participation is strictly voluntary.

Will it produce a national curriculum? No, local schools and districts will create their own unique approach to better learning.

Will it create big bureaucracies? No, ultimately, at least 85% of all money will go directly to local schools and their communities. GOALS 2000 is not about creating more government jobs, it's about enhancing the quality of teaching and learning that goes on in our children's classrooms.

Some observers have criticized the "opportunity to learn" portion of the bill, the standards designed to help improve essential learning conditions. If we expect our children to learn more, can't they expect quality textbooks, well-trained teachers and access to technology in return? How can they learn without them?

An analogy from track and field is apt. Through GOALS 2000 we are raising the pole vault bar to a new world-class height. We must insure that our "athletes"--students, in this case--are well trained, have the right shoes, and state-of-the-art poles. No one is requiring that a new 80,000-seat domed stadium be built with luxury boxes and carpeted locker rooms. The fundamentals for fair competition, though, need to be in place.

The President's GOALS 2000: EDUCATE AMERICA ACT is no panacea. But it is a critical first step. The challenge for us--in Washington and every schoolroom around the country--is to come together, in a bi-partisan effort, around the things we know will work.

There are less than seven years until the new millennium. Without prompt action, "the rising tide of mediocrity" will sweep us all away. There is precious little time left to act.

Disturbing change in emphasis

The Clinton administration has presented its version of the education improvement program which the Bush administration started after a summit conference with the nation's governors in 1989. But the new administration has dropped some ideas and added others, and the result is a decided change of emphasis. It is a change which we do not like.

Education Secretary Richard Riley wants to continue to work with private groups to develop national standards as to what students should know in major subject matter areas. The Bush administration had completed the project for mathematics working with the National Association of Teachers of Mathematics, and the work should go forward in the other major subject categories.

So far, so good. But the new administration drops the idea of national tests tied to these standards, and instead proposes a national council that would pass judgment on whether the states are meeting the standards. We think it would be far better to have objective measures of performance — such as tests — and let public opinion react to these, rather than have any kind of federal panel using who knows what criteria.

Some of them might involve measurements of state input, rather than student performance. The Clinton administration has succumbed to the demands of some of liberals and the education lobbyists that there should be so-called "opportunity to learn" standards which would grade school systems on how much they spend, and how they spend it. This could, as Rep. William Goodling (R-Pa.) has said, "lead to the federal government dictating how schools will teach."

It also bothers us that the Clinton proposal sets up numerous boards and embodies everything in a legislative act — and would throw a lot of federal money into the education pot for purposes which, ultimately, the bureaucrats will define.

The federal Department of Education should continue to be a "bully pulpit" for the improvement of education, but it must not be allowed to become simply a bully, and that's what would happen if it gets too much power and too much money.

BEST AVAILABLE COPY

{ Robert Ackerman for Jim Austin

Response by
Secretary Richard W. Riley

A recent Atlanta Journal editorial worries about federal intrusion in education. We think that a single national test that the Atlanta Journal advocates will cause the most federal intrusion. To be useful, a single national test will require a conforming national curriculum. Our **GOALS 2000: EDUCATE AMERICA ACT** proposal does not do that. **GOALS 2000** is built on the recognition that the states have legal authority over K-12 education and, working with local schools and communities, must determine their own curricula and tests. Therefore, our legislation preserves that local integrity, but invites states, if they so choose, to compare their expectations for students against internationally competitive national standards derived from professional organizations such as the National Council of Teachers of Mathematics.

We often hear that American students do not stand well on international tests. How can American students compete if we don't have a way to inform parents, educators, school boards, businesses, citizens and colleges what the national and international standards are? **GOALS 2000: EDUCATE AMERICA ACT** will provide that information -- and a bipartisan panel is established to research and provide this information.

Richard W. Riley
Page Two

The Atlanta Journal editorial incorrectly states what the "opportunity to learn standards" in the proposed legislation will contain. These standards will identify the quality of teaching and materials that would help students meet the new higher standards. Again, these standards are voluntary. Surely the quality and preparation of teachers to deliver a challenging curriculum should be of interest to communities, parents and citizens regardless of whether or not they seek voluntary national certification. Your editorial also incorrectly states that bureaucrats will define how the money for this legislation will be spent. Almost all money provided through this legislation will be spent in schools to accomplish what local, broad-based task forces of citizens and educators determine needs to be done to help their students meet challenging standards.

You suggest the Department of Education should continue to be a "bully pulpit" for the improvement of education. Goals and standards are prerequisites for an effective bully pulpit. GOALS 2000 will provide that needed information.

The Philadelphia Inquirer **Commentary** Thursday, May 13, 1993

Standards go out the window with Clinton's education bill

By BARBARA LERNER

Looking for some of that "new Democrat" thinking about education? You won't find it in the big new education bill President Clinton and Education Secretary Richard Riley are quietly moving through Congress. It's called Goals 2000: the Educate America Act, and it's a bummer — a collection of failed old ideas from the '60s.

The only new thing is the price tag: \$420 million. The bill has a '90s aim — helping our kids catch up to all the foreign students who surpass us — but it makes all the old '60s mistakes about how to help American kids do better.

Old '60s mistake number one is to refuse to impose real academic standards on students and make them stick by tying them to promotion, graduation and college entrance. In the ed biz, those are known as mandatory outcome standards, and this bill not only rejects them, it actually makes it illegal for states to impose them through tests developed with aid from this bill and approved by the new federal "standards" board it would create.

Illegal, for example, to do what many states, prodded by grassroots outrage, did in the late '70s and the early '80s: Require all students to learn to read, write and do math at an appropriate or at least a minimum level in order to graduate from grade school or high school, or get into college.

Outlawing the imposition of mandatory outcome standards like these is a disastrous move, because they are the only ones that have produced real, measureable improvement in the performance of American students in the last 30 years. To reject them totally, as this bill does, is to rule out real education reform in the '90s.

Why would an administration committed to improving the global competitiveness of our students and workers do such a crazy, counterproductive thing? Because of what they delicately call "the equity issue." What they mean is that they are

*It is directed at the teachers, not the students.
It failed before; it will again.*

convinced, before the fact, that black and Hispanic students couldn't possibly meet real academic standards, no matter how basic they are, or how much help the kids get to meet them. Believing that, they don't think it's fair to impose outcome standards on them, so they don't.

What they do instead is impose standards on teachers. Not outcome standards — that would put them back in the same "equity" box. What the ed biz calls "process" and "content" standards. Process and content standards don't measure what, if anything, kids have learned. They focus instead on the "how" of teaching — regulating what methods a teacher can and cannot use — and on the "what" — dictating which content minutiae must be taught when.

In the Clinton-Riley bill, they're called "Opportunity to Learn Standards." If it becomes law, America's teachers will be burdened with yet another new load of rules and regulations about how and what to teach.

Teachers who comply with all of them and do all the paperwork necessary to document their compliance won't have much time left to actually teach students but, since student-learning outcomes aren't being measured in any meaningful way anyway, that won't matter. They'll look good on paper.

Good teachers are profoundly cynical about this sort of "process reform." Experienced ones have suffered through a long series of them, ever since the '60s, and none of them made a positive difference in what our kids actually learned. The process reforms of the '60s and '70s had the opposite effect. Our kids scores dropped like stones.

Good teachers may be cynical about process reforms, but most of the ed biz mavens and politicians who impose

them on teachers are not. They have boundless faith in their own ability to improve education by micro-managing teachers. Faith that if only they can make all of America's teachers conform to their latest theories about how and what to teach, our education woes will be over.

Their faith is misplaced. They've been wrong for 30 years, and they're wrong today. Wrong about themselves and the value of their theories, and wrong still about minority kids. Terribly, tragically wrong to have so little faith in the intellectual potential of these kids as to give up on them and junk mandatory outcome standards altogether, instead of insisting that all kids can and will meet them.

Only one reform movement in the last 30 years did that. It was the grass roots movement of the late '70s and early '80s — the one that required all students to demonstrate at least minimum levels of mastery in the basic tool subjects in order to graduate. All the ed biz mavens and their political pals in Washington denounced it as cruel, insensitive and racist, but it worked, producing the biggest rise in minority scores in three decades.

We need to build on that progress by maintaining mandatory outcome standards and gradually raising them, in every school in the land. That would help all our kids measure up to world class standards, and it would help minority kids most of all. If this bill is enacted, it will wipe out the little progress we've made, and cripple our ability to compete in the global marketplace in the 21st century.

Barbara Lerner is a frequent contributor to the Commentary Page.

Education chief faults Lerner piece

Barbara Lerner's May 13 Commentary Page column contains several serious inaccuracies about President Clinton's new school-reform program. Let me set the record straight.

First, the headline placed on her column — "Standards go out the window with Clinton's education bill" — is simply wrong. The President's "Goals 2000: Educate America Act" would raise curriculum and student performance standards to their highest levels in American history. Our nation would have available — for the first time — world-class standards for all schools and students.

Ms. Lerner is mistaken when she says that the plan would not "measure what, if anything, kids have learned." The bill encourages states and schools to assess students' performance regularly to make sure they're learning what they're supposed to be learning.

And it is a distortion to charge that the plan would put too tight a rein on teachers. Rather than micro-manage, the bill gives teachers and schools the flexibility to develop their own approaches to improving teaching and learning in the classroom. It even offers waivers from restrictive federal rules and regulations already in place.

These errors are unfortunate enough, but it is when Ms. Lerner offers her own overly simplistic, silver-bullet approach to school reform that she really misfires.

She would impose mandatory standards on students, and do nothing else. But is that all there is to real school reform? Hardly. Successful reform efforts of the 1980s teach us that high standards must be coupled with sweeping, comprehensive reform to really make a difference. We need to enrich course content, improve teacher training and provide the textbooks and technologies necessary to help students and schools meet higher standards. We need to hold schools accountable for results. And we need to rally the community. Parents, grandparents, business and labor leaders, policymakers and citizens all need to participate.

The bill is not a panacea, but it is a critical first step. The challenge for all of us now — in Washington and in every classroom — is to come together around the things we know will work. "Goals 2000" can help reinvent education and make our schools and students the best in the world again.

Richard W. Riley
U.S. Secretary of Education
Washington

(The Lerner article was reproduced in the A.M. edition
of the May 13 Daily Education News.)

Education bill is a turkey — despite Riley's protest

by BARBARA LERNER

Richard Riley, our new secretary of education, is sore at me. I wrote a column for The Inquirer a couple of weeks ago trashing his education bill, "Goals 2000: The Educate America Act" and he wrote an angry letter to the editor in reply. I don't blame him for being mad — if I had to defend that turkey of a bill, I'd be angry and defensive too.

Most of all though, I'd be sad, sad for my country, and frightened, really frightened to see that 10 years after *A Nation at Risk* — the cautionary report by the National Commission on Excellence in Education — the people responsible for that terrible failure it documented sit in the driver's seat, still determined to defeat genuine education reform at the federal level and still politically powerful enough to do it. Powerful enough to humiliate Riley and make him scrap the modest little standards bill he presented to the House in March and substitute this May monstrosity instead.

Simply put, it is the worst attack on higher educational standards in a decade.

Who are these people? Rep. William Ford, Democrat of Michigan, the longtime chairman of the House Education and Labor Committee; Jack Jennings, the committee's general counsel; Rep. Dale Kildee, another Democrat from Michigan, who chairs the Subcommittee on Elementary, Secondary and Vocational Education; and their highest ranking ally inside the Education Department, Marshall "Mike" Smith, Riley's undersecretary-designate for policy.

All four have long histories of rejecting the approach of serious reform groups like the American Federation of Teachers, and giving step support to its retrograde agenda, the "give-us-quotas-not-standards, crutches-not-competence" National Education Association. The bill that emerged from the congressional chop-shops is their bill, not Riley's, but he's stuck with it because when he went to Bill Clinton

to complain about how they had transformed it, Clinton told him to knuckle under to appease them, and Riley did.

Appeasing them meant putting federal roadblocks in the way of state and local people who are struggling to raise educational standards and make America competitive again. State and local people who are serious about doing it the way Riley himself did, when he was South Carolina's governor. They spell out what kids must learn, use tests to measure whether they have really learned it, and refuse to promote or graduate them or let them into colleges or vocational training programs until they do.

In his protest letter, Riley insists that the re-written bill still "encourages" state and local people to do that sort of thing. I say it does the opposite, but you be the judge.

Here's how this bill "encourages" them: It says fine, go ahead, develop learning-outcome standards, on a purely voluntary basis, if you feel like it, and we'll fund you and certify your tests, but first, you must do a few little things for us, mandatory things. Here are three of them:

First, you must make sure that none of your tests have any "disparate impact." That's a term of art in education. It means that kids who grow up in homeless shelters with crack-addicted mothers have to do just as well on all your tests as kids from the most secure and educationally solicitous homes in Beverly Hills, and do it just as fast. If it takes more time to help the homeless shelter kids or any other special needs group meet a standard, you must throw it out.

Second, you must promise not to use your new higher standards for any serious purpose for the life of this bill. That means that for the next five years, you must keep promoting kids who fail your tests, keep graduating them and keep enrolling them in colleges and work-training programs, no matter how abysmally unprepared they are, no matter how lost. Just keep marching them through, all those lost kids without the skills they need to survive in the 21st century, the skills America needs to survive in the global market.

Third, before you can begin to use even those toothless tests and standards, you must first develop and implement an altogether different set of federal "standards": mandatory "school-delivery standards," now renamed "opportunity to learn standards." These so-called "standards" have nothing at all to do with what, if anything, our kids have actually learned. They have everything to do with imposing the failed ideology of Ford, Kildee, Jennings, Smith and the NEA on the nation.

They do that by creating a massively intrusive bureaucratic nightmare of new federal rules and regulations to dictate what America's teachers must teach, and how they must teach it; what sort of materials and textbooks and teacher training programs American schools must provide; and what kind of "gender equitable and multicultural facilities" we must all fall in lockstep behind.

It's enough to scare hell out of Clinton's and Riley's old colleagues in the National Governors' Association — natural allies who wish both men well. They've expressed grave concern about this bill. So has Albert Shanker, president of the AFT, and every other national actor with a serious interest in education reform.

That worries other Clinton-Riley supporters, so they suggest a face-saving out. Don't embarrass the President, they say. Pass the bill and ignore it. After all, states don't have to buy into this dismal program at all, do they? All they have to do to opt out is to reject their 50th share of the \$420 million the bill uses as bait — not a big sum at all in the education business, right?

I say, look again at sec.2(a)(6) which tells you that the purpose of this act is to provide "a framework for the reauthorization of all federal education programs." Chapter 1 is one of those programs, a \$7 billion program that no state can afford to opt out of. And I say again: If this turkey passes, it will kill education reform for the rest of this decade.

Barbara Lerner is a regular contributor to the Commentary Page.

Grading Clinton's education plan

KEITH GEIGER

Would anyone disagree with the principle that the United States faces a social and economic imperative to educate its citizens to worldclass standards? I doubt it.

Would anyone disagree with the principle that it is an appropriate function of the federal government to facilitate this effort? That seems equally beyond doubt.

How, then, is it possible to explain the scattered opposition to the "Goals 2000: Educate America Act"—the legislation that would incorporate these principles into law?

That's a bit mysterious. But the guess here is that the phrase "national standards" evokes for some individuals the specter of an Orwellian Big Brother approach to education renewal. That's a legitimate concern. But in the present case, it's unwarranted.

The Educate America Act that President Clinton will soon submit to Congress is marked by an abiding respect for the principle of local autonomy. It promotes voluntary standards.

Woven throughout this legislation is deep appreciation for the good sense that resides at the grass-roots level of American society. What seems clear is that under the stewardship of Secretary Richard Riley, the Education Department intends to advance the understanding that effective reform derives from democratic consensus, not from bureaucratic mandate.

This philosophical bent should reassure all those who recoil in fear of a Big Brother scenario. What animates the Clinton administration's proposal for national standards is an awareness of the limited effectiveness of federal intervention and the limitless potential of local initiative.

This is refreshing. It is also sensible. If the decade since the publication of "A Nation at Risk" has taught us anything, it's that dictates from on high thwart, rather than promote, community-based efforts to elevate the quality of education we offer our children. Reform must be driven by the politics of collabora-

tion, not the politics of imposition. This is a lesson the Clinton administration appears to have taken to heart.

That's why the proposed national standards would be strictly voluntary. That's also the rationale for giving substantial authority to develop these standards to classroom practitioners (representatives of the National Council of Teachers of English, for example) rather than to Education Department employees.

Goals 2000 envisions the federal government as a catalyst—facilitating the establishment of standards and sharing information about programs with notable success in meeting them.

The model for the standards envisioned by the Clinton administration may be those published by the National Council of Teachers of Mathematics a little more than three years ago.

These are broad, nonprescriptive standards. In no way do they limit local authority or constrain the diversity of our schools. They neither prescribe nor imply a specific curriculum.

The same would be true of the standards emerging from the Goals 2000 legislation. For this legislation is underpinned by the principle that a one-size-fits-all curriculum underestimates the diversity of our nation's 16,000 schools districts and would be a grave disservice to the 40 million kindergarten through grade 12 students who display a vast variety of learning styles.

The Educate America Act also seeks to build public trust by placing the authority for reviewing state-developed standards in two bipartisan panels that would be independent of special interests and accountable to a broad array of constituencies.

Perhaps the most enlightened aspect of the Goals 2000: Educate America Act is that it calls for the establishment not only of "content standards," but also of what the Clinton administration terms "opportunity-to-learn standards." These standards would address the

quality and availability of instructional materials, student access to state-of-the-art technology, staff opportunities for professional development, and the caliber of teacher preparation programs.

The inclusion of these standards is a forthright statement that if we expect improved learning outcomes, we must have improved learning conditions. We cannot expect students to achieve world-class standards in schools with substandard resources.

The six national education goals announced at the 1990 education summit have, until now, had minimal impact on the direction of American education.

By codifying these six goals into law, we would at long last signal a determination to move forward, to reinvent our schools, and to make America's students the class of the world by committing ourselves to world-class standards.

This, we owe the children in our classrooms. This, we owe the America of tomorrow.

Keith Geiger is president of the National Education Association. This article was written for Scripps Howard News Service.

CHESTER FINN JR.

At a time when nearly two-thirds of Americans believe our faltering public education system needs a complete overhaul, it should have been easy for the Clinton administration to set out a sensible agenda for school reform.

Both the president and Education Secretary Dick Riley are former governors who understand the education problem and know how the nation could solve it. Only five items are truly vital:

- A ceaseless emphasis on outcomes; what children actually learn.
- High standards and regular assessments of progress, with results promptly reported, easy to understand and readily compared.
- Individual and institutional accountability for solid achievement gains. Success should be rewarded; failure must bring consequences.

- An end to the monopolies and tyrannies of the education "establishment." Families need to be free to choose their schools, able adults drawn into teaching via many paths, and principals and teachers encouraged to run schools — even to start new ones — according to their professional judgment, not shackled by a thousand rules.

- Communitywide efforts to meet youngsters' needs, both in school and out. Uncle Sam may point the way and the states can lend a hand, but the real work of education renewal is done in every city and town.

Alas, the ill-conceived package that Messrs. Clinton and Riley unveiled last month — the "Educate America Act," it's called — omits, downplays or denies all these key elements. Instead of being crafted to yield maximum change, it is built from the establishment wish list.

But the White House proposal doesn't just maintain the status quo. It also portends a huge increase in federal regulation and control. A few "Standards and Improvement Council," elected by nobody and full of interest group representatives, academic experts and social activists, will establish national norms of curriculum content, school resources and classroom practices. Federal funds will be the carrot for heeding those standards. Lawsuits will be the stick that contrary-minded states and localities can expect to feel.

Far from encouraging the dynamic forces that are keen to change U.S. education from the bottom up, the "Educate America" proposal, taken as a whole, is a top-down, big government strategy that will inhibit bold reform.

A decade after the Commission on Excellence in Education declared us a "nation at risk," the Clinton plan may even make matters worse. The National Governors' Association, for example, has warned of new "federal intrusion into an area that has historically been a responsibility of the states."

It didn't have to be this way. In 1990, President Bush and the governors — including Bill Clinton of Arkansas — set six ambitious education goals for the country. These were, and remain, worthy targets.

They should be accompanied by specific (though voluntary) outcome standards that spell out the knowledge and skills we can fairly expect young Americans to acquire in the core subjects. But these goals can only be reached when everyone — governors, mayors, school boards, principals and teachers — is free to get there as they think best.

We inhabit a big, diverse country. Our elementary-secondary education system contains 15,000 local school systems, 110,000 schools, 2.7 million teachers and about 45 million students. It costs about a quarter-trillion dollars every year — and 94 cents of each dollar comes from state and local sources.

Such a sprawling, rule-bound enterprise will change in fundamental ways only when controls are relaxed, dynamism encouraged, innovation rewarded and diverse solutions sought.

Washington-centered regulatory strategies have failed in the past. Why go down this path again? Well, it's the traditional Democratic route.

The White House also has political debts to teacher unions and other establishment groups and is reluctant to upset them. (Though Albert Shanker of the American Federation of Teachers is said to be keenly disappointed by the Clinton scheme.) It's also known that the administration reshaped its plan after influential members of Congress — no den of bold education change — objected to an early draft.

It's sad. Two former governors who presumably know better were ill-served by ideological aides, beset by interest groups and cowed by Congress.

The result is a measure not worth enacting.

As that plan is further altered on Capitol Hill, we're likely to wind up with something akin to a national school board telling states and localities what to do.

In a more heavily regulated education system, parents will have fewer real choices than today. And the prospect of radical change — and radically improved results — will once more be deferred.

Chester E. Finn Jr., a senior fellow at the Hudson Institute, served as assistant secretary of education from 1985 to 1988. This article was written for Scripps Howard News Service.

Letters

In Clinton's education plan, localities lead

Chester Finn wrote an interesting article about President Clinton's recent education proposal, the Goals 2000: Educate America Act (Commentary, May 23). Unfortunately, it misrepresented Mr. Clinton's bill.

Mr. Finn argues that our bill will lead to increased federal regulation. The truth is precisely the opposite. Goals 2000 provides seed money to states and, through states, to local school districts and individual schools to support the development of comprehensive reform plans tailored to meet their own needs. Additionally, any state, local school district or school with a sound reform plan will be eligible for waivers from federal rules or regulations, if those rules or regulations get in the way of reform and improvement.

Mr. Finn argues correctly that the existing National Education Goals should be accomplished by "specific (though voluntary) outcome standards that spell out the knowledge and skills we can fairly expect young Americans to acquire in the core subjects." And that is exactly what Mr. Clinton proposed in his bill. It is hard to imagine how this could have escaped Mr. Finn's attention when he read this bill.

Mr. Finn complains that the bill establishes a new National Education Standards and Improvement

Council that will lead to excessive federal control and intrusion. This council will be charged with the responsibility of overseeing the development of the student standards and supporting the development of ways to measure whether students meet those standards, both of which Mr. Finn advocates.

This role for the council should not surprise Mr. Finn. The basic framework for developing national standards came from the National Council on Standards and Testing, a temporary group established by Congress, with the full support of the Bush administration, to determine how to develop a system of national standards and assessments. Mr. Finn served on this group, as did a number of people from the Bush administration. The council's members all supported the recom-

mendations, as did a number of my Democratic colleagues and many members of the education community.

Mr. Finn obviously feels he must distort our proposal in order to attack it. The truth of the matter is Democrats and Republicans alike are working hard to gain bipartisan support for a real education reform bill, one that ensures that all of America's children know what they need to know and are able to do what they need to do in order to succeed in an increasingly competitive world. Despite Mr. Finn's views, I believe we will succeed.

RICHARD W. RILEY
Secretary
U.S. Department of Education
Washington

Note: The Finn article referred to by Secretary Riley

appeared in the P.M. edition of the Daily Education News

on May 24.

Real reform or quotas by design?

BEN WATTENBERG

Does the Clinton administration favor quotas? More generally, are fundamentalist liberal Democrats in Congress using Mr. Clinton to advance their special interest agendas?

Or is the story different? Is Mr. Clinton using those liberals to break gridlock and move forward on his campaign themes of a more disciplined America, including "the more you learn, the more you earn," and "no more something for nothing"?

The questions arise after reading the Clinton education proposal, "Goals 2000: Educate America Act," and following its tangled course. It is a model of many mammoth political struggles to come. Only after a time will we see just who is rolling whom.

On its face the proposal is fine. Its genesis comes from the so-called standards movement, a decade-long effort to get students up to world-class levels. The idea is to cut out the squishy stuff in American education by setting out what students should learn ("standards"), by determining whether they're learning ("testing," "assessment"), and by creating rewards or penalties ("stakes," "consequences").

Many states have moved down this path, piecemeal. These include Arkansas, where Bill and Hillary Clinton led the fight, and South Carolina, where reforms were pushed by then-Gov. Richard Riley, now education secretary.

Mr. Riley says the proposal would codify what has already happened and move the standards-tests-stakes process forward nationally.

Critics see it differently. They say the bill started out well at the White

House and the Education Department. It was then changed after being held hostage by Democratic congressional barons who foolishly try to protect minority students from the high standards those very students need most.

The critics note that the standards movement originally dealt with "outputs," that is, what a student actually learns. But the proposal now also deals with "inputs," called "opportunity to learn" standards. Those, critics say, are a design for a federal cash cow to support the education establishment and would subvert the standards-output idea.

Critics note that the bill prohibits using standards for five years "to make decisions regarding graduation, grade promotion or retention of students." That, they say, erodes the idea of "stakes." They ask: Why should students work harder if it doesn't matter?

Mr. Riley disagrees. A teacher has to know algebra ("input") before it's fair to test whether the student has learned algebra ("output"). Five years are needed to create the standards and the tests, and to get students prepared to pass; the "consequences" part can be anticipated after that. He says the standards bill will do the right thing, that only a Democrat like Mr. Clinton can sell it, that the concept will expand to other education measures, and mean more to America than all the hot political items now in the headlines.

The quota issue is ambiguous in the education section of the proposal, which calls for "student performance standards that all students ... will be expected to achieve."

(That includes students from diverse racial, ethnic and cultural backgrounds, the disadvantaged, the disabled, and those with limited English proficiency.) Critics say it means lawsuits if diverse students don't proportionally meet the standards. They maintain that the remedy, alas, will be to dumb down the standards.

Mr. Riley says federal law mandates fairness, but that tough standards will apply equally to all, and that it is tragic to pass along children who haven't learned enough to pass.

Most appalling is a section on "skill standards" drafted by the Labor Department that appeared at the last moment. It mandates avoidance of "disparate impacts ... against individuals based on race, gender, age, ethnicity, disability or national origin." Although labor spokesmen deny it, that is legalese for quotas, or race-norming, just the opposite of Mr. Clinton's "no more something for nothing" mantra.

We will find out soon how Mr. Clinton will govern. Will he dump the quota language? Will he use the concept of tough standards in the big-money education bills? Longer term, will he see to it that students face real consequences?

Mr. Clinton set the standards. He will be tested. At stake is whether he and his party will get rolled, again, by liberal special interests.

Ben J. Wattenberg, a senior fellow at the American Enterprise Institute, is a nationally syndicated columnist.

THOMAS SOWELL

In a world where schools seem desperate to find things to do to avoid teaching academic subjects, San Francisco's Lowell High School still teaches the traditional subjects — and teaches them well enough to be nationally recognized as an outstanding school.

Like other schools that teach real subjects — instead of tree-hugging and psycho-babble — Lowell H.S. has a waiting list of students who want to get in.

In a competitive economy, this would lead other schools to try to become more like Lowell, even if that meant giving up social crusades, innumerable fads that are

gnified with the word "innovation," and miscellaneous cute fluff. But, since public schools are a monopoly, they continue to ignore what the parents, students and taxpayers want, and continue to do whatever is fashionable with the National Education Association.

As for the big backlog of applicants to Lowell High School, the education bureaucracy rations admissions by racial quotas. There is competition by grades and test scores — but only against students from your own racial or ethnic category.

Obviously, the more academically capable your group is, the harder it is to get into Lowell High School. If you are a Chinese-American student, you have to make a score of 66 points out of a perfect 69 to get in. But if you are white, then 59 is good enough, and if you are black or Hispanic, 54 is good enough.

Is this America? Or are we trying to become like the Balkans?

Group quotas have virtually a money-back guarantee that they will create polarization and inflame hostility. They have done this in India, where intergroup riots regularly kill several times as many people as died in last year's Los Angeles riots. Quotas and polarization go together from Fiji in the South Pacific to Malaysia and Sri Lanka in Asia, Nigeria and other countries in Africa, and of course Lebanon in the Middle East.

St. Paul had a great revelation and conversion on the road to Damascus. Will our quota-mongers ever have a revelation and conversion before we go further on the road to Beirut?

Not very likely. There is no pressure on them to adjust to reality. With a government monopoly ensuring them a supply of customers, with

iron-clad tenure protecting their jobs, and with seniority rather than performance determining their salaries, why should the education establishment worry about anything as irrelevant as reality?

The San Francisco school system is by no means unique in being free to do pretty much what they feel like, regardless of the consequences to other people's education. Self-indulgence in whatever fads catch their fancy is a result that should not be surprising.

What is surprising is how quietly the parents and taxpayers accept all this. Now and then there are outcries when parents discover how raw the "sex education" given to young children is. But the more fundamental question is: Where does anyone get the nerve to pre-empt the parents' decision as to when and how their own children should be introduced to sex?

Perhaps even more to the point, where do these so-called "educators" — who have failed miserably to educate — get the nerve to play social engineers and psychological manipulators with other people's children?

By virtually every test ever administered over the past several decades, people coming out of schools of education are the dregs of the college population. Yet somehow they have managed to intimidate parents into believing that teachers and school administrators have some mysterious "expertise" about education that no one should dare to question.

Among the many fatuous ideas that find a home in the empty heads of "educators" is the notion that student performances should not be graded. Elementary schools in Los Angeles have stopped giving failing grades, and recently elementary schools in the city of Alameda stopped giving grades at all.

In San Jose, grades have been replaced by words like "independent," "confident," "capable," "developing," "limited," and "emergent." Figuring out what any of this means is like reading tea leaves. When they say that your kid is "emergent" that means, according to the official manual, that he "does not have ability to read print independently."

Mush and money are the main preoccupations of American schools. Despite innumerable studies showing virtually no correlation between the money spent on education and the amount learned, the "educators" insist that all our problems are due to "inadequate funding."

Their trump card is to say the resistance of affluent parents to equalizing expenditures in all school districts proves that expenditures do matter. In reality, all that it proves is that nobody gives up anything willingly.

Palo Alto High School, across the street from Stanford University, has seven tennis courts, a swimming pool, a huge campus and spacious, tree-shaded parking lots. The fact that they want to hang onto this lifestyle in no way proves anything about education.

The main benefit from equalizing expenditures in all schools would be that this red herring would no longer be able to distract us from the many and severe problems of American education.

But, before any meaningful improvement can take place, we have got to stop taking guff from these shallow people and stop taking excuses.

Thomas Sowell, an economist and a senior fellow at the Hoover Institution, is a nationally syndicated columnist.

Chuckling educational standards

It is no secret that American students are profoundly ill-educated compared to students in other industrialized countries. Their math and science skills are negligible, and they are embarrassingly ignorant of history, geography and literature. Even more distressing, perhaps, than their lack of education is how good they feel about it. While they rank below their overseas peers as far as objective criteria go, they rank the highest in the world in self-esteem.

This is hardly surprising, considering that the inculcation of self-esteem has been the primary goal of the American education establishment for many years. Children who feel good about themselves, goes the rationale, feel good about learning; and students who feel good about learning will learn like a house afire. The problem is, teachers got so busy teaching their students to love themselves that they forgot to teach them reading, writing and arithmetic — not to mention the dates of the Civil War. In fact, knowledge, also frequently referred to as “having the right answer,” came to be disparaged as the lowest form of learning. And so we turned out generation after generation of high school — and college — graduates who went out into the world in blissful ignorance of their ignorance.

At an education summit in 1989, President Bush and the nation's governors produced an agenda designed to remedy this sorry state of affairs. And, as former Bush Assistant Secretary of Education Diane Ravitch has recently recalled in a New York Times Op-Ed column, that agenda “depended upon setting high internationally competitive standards and on creating new kinds of tests based on those standards.”

Bill Clinton was one of those governors, and the setting of national educational standards and testing became one of his campaign promises. Now it has gone the leftward way of much of the Clinton campaign rhetoric. Rather than calling for national standards of knowledge, the education reform bill Mr. Clinton sent to Congress would establish “opportunity to learn”

standards. Rather than measuring learning among students, Mr. Clinton's standards would judge schools — their resources, teachers, facilities and policies — on the theory that it would be “unfair” to hold different types of students from different types of schools to identical standards of learning. And a whole new federal agency would be established to do the judging. In other words, the Clinton administration refuses to put schools and teachers on notice that they're expected to impart a certain body of knowledge to their students and that they'd better prepare themselves, one way or another, to do it. Instead, the administration would impose government control on the means of imparting that knowledge — and that even before tackling the task of setting the standards for that knowledge.

This is a disastrous policy any way you look at it. First of all, there is no way, given the vastly differing resources of different American communities, that we can achieve uniformity in our schools. Some schools are just going to be better-equipped, better-run and better-staffed than others. Federal quality control — a fairly laughable notion in and of itself — merely raises the specter of endless regulation and litigation.

Furthermore, uniformity is the last thing we want for our schools. What matters in school is substance, not supplies. A good and energetic teacher can do more with a crayon than a lazy teacher can with the best computer equipment in the world. What we need is a community of teachers who know that something specific is demanded of them and that they are at liberty to come up with their own most efficient method of accomplishing it.

And finally, adoption of “opportunity to learn” standards is nothing more than an effort to derail the national-standards movement by those who cannot accept the inevitable result that some children will fail to meet those standards. It is worse than unfair to consign American students, rich and poor, black and white, to the educational no man's land where that kind of attitude has kept them for so long.

Loth

To the Editor:

Your June 3 editorial, "Chuckling Educational Standards", is based on an inaccurate understanding of President Clinton's education reform proposal. Rather than contribute to an informed discussion of the President's proposal, it perpetuates myths that deliberately distort the most significant features of the bill.

Your editorial asserts that the President's proposal abandons the effort to establish national standards for what students should know and be able to do. The truth is quite the opposite.

The GOALS 2000: EDUCATE AMERICA ACT sets in place a mechanism to establish--for the first time--internationally competitive content and performance standards in core subject areas, such as science, history, geography, and math. It also provides support to develop better ways to measure whether students are meeting these standards. Anyone who took the time to read the bill would have discovered this.

The editorial ignores the incentives provided in the bill to help states fundamentally restructure their education systems and to hold schools accountable for results. The bill will cut the education bureaucracy by giving significant new authority to the Secretary of Education to provide waivers to federal rules and regulations that get in the way of educational improvement.

The editorial charges that the opportunity-to-learn standards proposed in the President's bill are designed to impede the movement toward higher standards for students and to promote federal regulation of how teachers teach. Once again, this reveals an astonishing misunderstanding of the bill. There are *no* silver bullets or magic answers for overhauling our schools. Setting higher standards for students is one essential step. So is holding schools to higher standards--so that teachers are prepared to teach effectively and schools provide challenging rather than watered down curriculum. The President's bill will give states help in doing this job.

It is unfortunate that your editorial drew entirely from Diane Ravitch's inaccurate op-ed column in the New York Times, rather than from the bill itself. This approach feeds directly into the hands of those who would rather scuttle the prospects for meaningful educational change than see this administration accomplish what the previous one could not.

Finally, the editorial asserts that we create a new federal agency to set the standards called for in the bill. I confess, this is true. The National Education Standards and Improvement Council will be comprised of 20 business and education leaders, parents and public officials who will oversee the standard-setting process. They will be supported by a handful of staff members, and will report to the National Education Goals Panel, itself comprised primarily of governors and state legislators. Technically, this is a new federal agency. In reality, it is

simply a means to ensure that the standards that are developed are truly *national*, and not federal. Without this Council, the standard setting job would have been left to the U.S. Department of Education, an approach that surely, and rightly, would have been criticized as unwarranted federal intrusion into local community and state matters.

A handwritten signature in black ink that reads "Dick Riley". The signature is stylized with a large, looped "D" and a long, sweeping "y" that extends to the right.

Richard W. Riley

Secretary

U.S. Department of Education

...to be published next month, ... asked examination of conscience called "Dead Man Walking."

It was Sister Helen Prejean's decision as a young woman to go to work for the individual she calls "the Executed Criminal," aka Jesus Christ, that eventually led her to act as a spiritual adviser for inmates and to witness their executions.

She describes a process in which all involved carry out their duties but no one claims the act: the judges, who concentrate on the law, the guards, who shave heads and legs so the current will flow more smoothly; the electrician, who checks the circuits to the chair.

She describes the families of the victims, enraged by her intercession but oddly and unexpectedly unfilled by the execution. She describes how the state head of corrections in Louisiana replies "Never in a million years" when she asks if he will watch. And yet he oversees what he turns his eyes from, as, Sister Helen says, do we all.

She writes of her first execution: "No smell of burning flesh (the Plexiglas shields witnesses from the smell). No sight of his face (the mask conceals his face, his eyes). And with his jaw strapped shut like that, he could not cry out."

The death penalty was supposed to be a panacea for the worst crime problems of the United States. But it's no deterrent, and it is based not on the cold bloodedness of the crime, but on color and cash.

Many death row inmates are indigent represented at trial by public defenders so overworked, so incompetent or so convinced of their clients' guilt that appeals lawyers find countless mistakes and missed opportunities in the trial record. And a study of the death penalty in one part of Georgia showed that prosecutors sought it in 1 in 3 murders of whites, but that the number dropped to 1 in 17 when the victim was black.

For more than a decade, since he was a teen-ager, Gary Graham has been what Camus once called "a thing waiting to be handled by the executioners." On death row in Texas, the capital punishment capital of the nation, he waits for June 3, when he is scheduled to die by lethal injection, the 57th person executed in that state since the death penalty was reinstated in 1982.

"Who killed this man?" Sister Helen asks about the first man she saw executed, and she answers as the system would: "Nobody." That's how prosecutors and proponents see it, as though the criminal killed himself by his crimes.

But if Gary Graham, and others like him, are innocent of the crimes that brought them to death row, then that is something else again. Killing a guilty person is called capital punishment. Killing an innocent one can be called a mistake, or it can be called murder. The responsibility is everyone's.

Clinton's Math: More Gets Less

By Diane Ravitch

In his campaign document "Putting People First," Bill Clinton promised to create "a set of national standards for what students should know" and an examination system "to measure our students' and schools' progress in meeting the national standards."

Unfortunately, the Administration's school reform bill is not likely to fulfill that promise but would expand dramatically the scope and cost of Federal regulation of local schools.

Instead of emphasizing standards for students, the bill focuses on standards for schools. You do not have to be a seer to predict that the new standards, euphemistically called "opportunity to learn" standards, would permit Federal regulation of curriculum, textbooks, facilities and instructional methods without adding significant Federal aid.

The demand for national standards and assessments results from the education goals endorsed by President George Bush and the nation's governors at an education summit meeting in 1989. Bill Clinton played a leading role in forging the six ambitious goals for the year 2000, including pledges that children will start school "ready to learn" and that students will be "first in the world" in mathematics and science.

Progress toward these goals depended on setting high internationally competitive standards and on creating new kinds of tests based on those standards. The strategy focused on results — that is, whether children are learning — and on deregulating schools so that teachers would be free to innovate and do whatever worked.

The participants in the summit meeting knew other changes were necessary — reform of teacher education, more money for retraining, greater use of new technologies in the classroom and larger budgets for programs for disadvantaged and pre-school children.

When Lamar Alexander was Secretary of Education, his department made grants to professional groups to

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develop voluntary national standards in science, history, the arts, civics, geography, English and foreign languages. (Curriculum standards in mathematics already had been developed by the National Council of Teachers of Mathematics.)

Given the history of cooperation on the national education goals between George Bush and Bill Clinton, there was every reason to expect there would be continuity between the two administrations.

The bill originally prepared by President Clinton's Department of Education was intended to further the bipartisan support of national standards and assessments. But key Democrats on the House Education and Labor Committee rejected the proposal, arguing that it would not be fair to assess students until school

resources were equalized.

To satisfy Congressional critics, the Administration revised its bill, weakening its testing provisions and laying the foundation for an interventionist Federal role in local schooling. The bill seeks to establish new "opportunity to learn" standards, which are intended to measure the re-

sources available in each school.

At the heart of the bill is a powerful new agency, called the National Education Standards and Improvement Council, which would function like a national school board. It would certify national curriculum standards, state tests and state "opportunity to learn" standards. All 20 members would be appointed by President Clinton, with no requirement for bipartisanship. By law, at least 15 of the members would be professional educators, thus abandoning the tradition of lay control of education.

Any state that presented its testing program to the council for certification would be prohibited from using that assessment for promotion, graduation or program placement for at least five years, thus rendering the test virtually useless. And any new

national standards would wither if students continued to be tested on the old multiple-choice quizzes that were not based on the new standards.

More worrisome are the bill's new "opportunity to learn" standards, which would be defined by a new Federal commission. They would include whether teachers knew the curriculum, whether teachers used "the best knowledge" in their classrooms and what kinds of technology and materials were available in schools. They might also include class size, disciplinary policy and policy regarding ability grouping.

The bill describes the Federal "opportunity to learn" standards as "voluntary," but litigation would quickly turn them into mandates. Furthermore, some members of Congress want to make these standards mandatory or to require them as a condition for Federal financing.

If Washington were demonstrably wiser than states and local districts, this might be a worthy reform program. And if Washington put in 50

His school plan puts bureaucracy first, not students.

percent of the cost of schooling. Instead of only 6 percent, it might have the right to tell everyone else what to do. But for the past decade, school reform has been launched at the state and local level, not in Washington.

The Clinton Administration's new bill seems likely to add a new layer of bureaucracy, to impose reform from the top down and to dampen the innovative spirit that is now alive in thousands of schools and districts.

If passed, the bill would take the original agenda of standards and assessments. It would lead to a proliferation of litigation over distribution of resources, how to measure teacher quality and how to determine what knowledge is "best" for every classroom. Education policy would shift away from results and back to an emphasis on reform through compliance with regulations.

We need a sound program of national standards — to identify what students should know and be able to do in order to succeed in a competitive world. National standards could be a powerful lever for equity and excellence and could promote a system of tests, textbooks and teacher training (as is already happening in math). And we need a valid system to assess students' progress and to persuade state legislatures and Congress to spend more on students' and schools that need extra help.

President Clinton should rescue his own campaign proposal before it is too late. He got it right the first time.



The New York Times May 26, 1993

TO THE EDITOR:

Diane Ravitch praises President Clinton's long record of leadership in school reform (Op-Ed, May 26). That is why her criticism of the Administration's new school reform bill is unwarranted, for the bill embraces the comprehensive approach to reform that the President has always championed.

Ms. Ravitch is wrong by half when she says that "instead of emphasizing standards for students, the bill focuses on standards for schools." Actually, it focuses on both, and for good reason. Successful school reform efforts conducted in the 1980's demonstrated that this combined approach works best.

The President's GOALS 2000: EDUCATE AMERICA ACT would raise student performance and curriculum standards to their highest levels in American history by developing, for the first time, world-class standards in key subject areas. All students would be expected to work harder and smarter than ever before. And the plan would help develop a new generation of tests and innovative assessments to make sure our kids are making the grade.

The program would also develop opportunity-to-learn standards, to define what all students should expect from their schools in preparing them to meet these performance standards. How well does the school's curriculum fit with the student performance standards? How well prepared are the teachers to teach new and more challenging material? Do they have access to the training they need?

These standards will not be rigid, bureaucratic mandates with the federal government controlling what teachers do. Nor will they fuel a new generation of lawsuits, as Ms. Ravitch fears. Over half the states are already facing legal challenges because of disparities in funding levels. It is unlikely that the presence or absence of opportunity-to-learn standards will have much effect on the number of lawsuits.

Instead, opportunity-to-learn standards will provide students, parents and others the information that will tell them whether the school is on the right track. And they will give educators the tools they need to determine where to focus their energies in order to turn around student performance.

Ms. Ravitch also misses the mark when she complains that the bill "would impose reform from the top down." Look again--reform will come from the bottom up. States, local communities and individual schools will develop their own improvement plans, tailored to local needs. The federal government will sign on as a partner, developing national standards against which schools can measure their progress, and providing seed money to help local communities implement their improvement plans.

Further, the Secretary of Education will be authorized to waive Federal rules or regulations that get in the way of local reform efforts. Ms. Ravitch need not fear that Washington will have "the right to tell everyone else what to do." It won't. State participation will be strictly voluntary.

Finally, the bill offers a strong basis for bipartisan support. Opportunity-to-learn standards were originally proposed by a bipartisan group that included senior Bush administration officials. And the bill would put into law the visionary National Education Goals developed by President Bush and then-Governor Clinton following the 1989 education summit. The Clinton plan continues and builds upon the strides made in the previous administration and puts the education of our children ahead of politics.

The GOALS 2000: EDUCATE AMERICA ACT will, at long last, give us the clear, high standards and tough assessments that everyone agrees we need to improve results. It can, over the long term, make American schools and students the best in the world once again. It is time for Ms. Ravitch and others to end their nitpicking and get behind a plan that we know will work.

Richard W. Riley
U.S. Secretary of Education

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Clinton's New Form of Race-Norming

By LINDA S. GOTTFREDSON

President Clinton seems poised to jettison Lani Guinier, his nominee for assistant attorney general for civil rights, in his lurch back to the political center. Before moderates celebrate his return from the extreme left, however, they should take a close look at the latest draft of Mr. Clinton's education bill.

The Civil Rights Act of 1991 banned the practice of race-norming in employment testing (the racial curving of employment test scores). The Clinton administration tried to revive the illegal practice by smuggling it into its "Goals 2000: Educate America Act," the president's bill to raise skill levels among American students and workers. After getting caught, the administration withdrew the bill's race-norming language, but it didn't stop there. In its place, it has added language to the job-skills-standards section of the bill that not only would drive down standards, but would also make employers vulnerable to civil-rights litigation if they, in fact, do what the bill ostensibly seeks to do.

Disparate Impact

"Goals 2000" would create a National Skill Standards Board to develop a voluntary national system of occupational skill standards and certification procedures. Its stated purpose is to raise worker skill levels to ensure a "high skills, high quality, high performance workforce . . . that will result in increased productivity, economic growth and American economic competitiveness."

Raising standards, however, has disparate impact on less-skilled groups, principally blacks but also Hispanics. This is why the administration's original bill included a provision mandating that occupational certification tests be race-normed. Race-norming would have boosted the scores of individuals in less-skilled groups to avoid disparate impact while creating the appearance that all racial and ethnic groups are equally qualified.

The Clinton administration's revised bill would accomplish the same result in an even more pernicious way. Under the guise of raising skill levels, it would have the national board set low minimum skill standards for all workers in order to avoid disparate impact.

Employers generally want to distinguish among degrees of qualification above some minimum, because the more highly skilled and knowledgeable workers

Under the Clinton plan, civil-rights lawyers would be waiting to slap employers with discrimination lawsuits if they set skill standards higher than a national board's.

are, the more productive they tend to be. The most effective employee-selection procedures are therefore ones that rank qualified applicants in order of skill and knowledge and then hire from the top of the list.

By contrast, Mr. Clinton's bill would have the national board develop standards that would determine only whether trainees and job applicants fall above or below some minimum level of competence. While setting floors on skill qualifications would allow employers to weed out incompetents, the marginally competent would be lumped together with the very best. Such minimum thresholds above which all job applicants are considered fungible are precisely what many civil-

rights advocates have long sought, because they minimize disparate impact.

In addition, unlike the original bill, the amended version explicitly subordinates the setting of skill standards to civil-rights laws, in the process apparently giving a nongovernmental body statutory authority to interpret ambiguous laws. For example, the national board would endorse certification standards "that are designed to achieve compliance with the civil rights laws," and would inform their users of the "requirements of relevant civil rights laws." The amended bill also expressly requires that the skill standards themselves ("the level of knowledge and skills required") not be "discriminatory with respect to race, color, gender . . . and national origin."

The legal debate on the requirements of the Civil Rights Act of 1991 has hardly begun, let alone been settled by the courts. At the same time, the procedures for determining job-skill requirements are very arcane and technical. Ignoring both of these difficulties, the bill establishes a highly partisan national board to develop the skill standards in the context of its own understanding of civil-rights law. Although it would gain the authority of something like the National Institute of Standards and Technology, the National Skill Standards Board would be made up almost entirely of Democratic appointees and be subject to a Clinton "diversity"

quota. The administration's amended bill would also require that the board contain at least one civil-rights advocate.

Such a board isn't likely to raise occupational skill levels at all. Rather, it can be expected to develop low minimum standards, which it will then offer to employers as a means for "achieving compliance with relevant civil rights laws."

Although the proposed skill-standards system is ostensibly voluntary, employers could ignore it only at their peril. Civil rights lawyers would be waiting in the wings to slap them with employment discrimination lawsuits if they set skill standards higher than the national board's.

Under current law, disparate impact in hiring creates a prima facie case of illegal

discrimination that employers can rebut by showing the job-relatedness ("validity") of the selection procedure in question. If the plaintiff then presents an alternative selection procedure that is equally job-related but has less disparate impact, the employer loses the case. In recent years, employers have become increasingly able to demonstrate the job-relatedness of selection procedures with substantial disparate impact, while plaintiffs have been hard-pressed to point to equally valid "alternatives" with less disparate impact. National board skill standards would reverse that situation.

Many judges would defer to the national board's judgment on skill standards, even in the absence of evidence that its standards are appropriate—just as courts continue to defer to the Equal Employment Opportunity Commission's onerous technical requirements for defending the legality of employment tests even though those requirements conflict with accepted professional practice. Thus, the national board's skill standards would become the "alternative" against which all selection procedures would be judged.

More...

Race-Norming con t.

Employers who set higher standards than the board's would be vulnerable to discrimination lawsuits because more demanding standards tend to have more adverse impact. Moreover, such employers certainly would have been aware of the

national board's putative "alternative," and so would be guilty of intentionally ignoring it in favor of a more "discriminatory" one. (Worse yet, losing a suit alleging intentional discrimination, as opposed to disparate impact, carries the risk of punitive damages.) The national board's voluntary floor would thus become the legal ceiling for skill standards.

It's unclear how low the board would set skill standards. But the standards would have to be quite low to eliminate adverse impact, because current skills gaps among different racial-ethnic groups, for whatever reason, are quite large.

The National Assessment of Educational Progress (NAEP), which is conducted for the Department of Education by the Educational Testing Service, has documented large gaps on specific skills and knowledge among high-school students. Throughout the 1980s, for example, black 17-year-olds (excluding dropouts) had proficiency levels in math, reading, science and other subjects that were more comparable to white 13-year-olds than white 17-year-olds.

Huge Gaps in Skills

A 1987 NAEP report found similarly large gaps in the functional literacy of young adults age 21 to 25. The average black college graduate could comprehend and use everyday reading materials, such as news articles, menus, forms, labels, street maps and bus schedules, only about as well as the average white high-school graduate with no college. In turn, black high-school graduates functioned, on the average, only about as well as whites with no more than eight years of schooling.

The pervasiveness of such huge gaps in current skills and knowledge explains why employment tests typically have disparate impact, especially in mid-to-high-level jobs. Mr. Clinton's original bill would have eliminated disparate impact by boosting the scores of less skilled groups to meet a higher common standard. By contrast, his amended bill would slide the common standard down to where the least skilled groups could meet it. In effect, the administration has simply replaced a mandate for "double-standards race-norming" with one for "no-standards race-norming."

Ms. Gottfredson is a professor in the department of educational studies of the University of Delaware.

Secretary of Education Richard Riley Enunciates Administration's Goals

How to Move America From 'A Nation at Risk' to 'A Nation on the Move'

By Richard Riley

The Goals 2000: Educate America Act is President Clinton's bold plan to forge a new alliance for change among communities, the states, and the federal government. More a nationwide partnership than a national program, this plan will bring together parents, educators, community groups, business and labor leaders, social and health professionals, and citizens — all to reinvent our nation's public school system.

It has been ten years since the landmark study "A Nation at Risk" reported, "For the first time in the history of our country, the educational skills of one generation will not surpass, will not equal, will not even approach, those of their parents." There has been no national education agenda since then. Goals 2000 will launch a new era. America will go from "A Nation at Risk" to "A Nation on the Move."

Although many communities and states have done a great deal of good work to reform their schools, experiences of the past years point toward the need for a more comprehensive and sustained approach to education improvement. Unfortunately, there is no silver-bullet solution to our education problems. It takes a variety of strategies and the involvement of many people at the state and local levels.

Last week at the Blue Ribbon Schools awards ceremony, President Clinton acknowledged this fact, saying, "You can find virtually every problem in our country solved by somebody somewhere in an astonishingly effective fashion, if you look at enough schools...."

"The problem with American education is that we have never found an effective way to help replicate success, partly because the magic of education is always what happens in the individual classroom between the teacher and the student, supported by the parents, strengthened by the culture of a school that is set overwhelmingly by a gifted principal."

We don't need to reinvent the wheel. But we in the federal government can introduce states and local communities to successful education reform efforts throughout the nation; we can provide the information and the leadership to make positive change happen; and we can provide incentives and seed money to foster the needed improvement. The Goals 2000: Educate America Act strives to do just that.

First, Goals 2000 will lead to the creation of new, world-class learning standards and the development and adoption of occupational standards.

Our children will be expected to know as much as, or more than, children in any other country. American workers will be among the best trained in the world. This bill will improve the link between education and employment. I'm not satisfied when our kids rank near the bottom on international tests, and the American people aren't either. Some 63 percent of Americans rate the quality of public education as poor or fair.

In order to increase student performance in each state, \$400 million has been authorized for the first year of this legislation to help states and communities develop action plans and implement strategies to reform their schools.

Participating states, school districts, and schools will be encouraged to address areas found critical to success in reform efforts in the 1980s and early 1990s. Later on, states may want to challenge their schools further by having the National Education Standards and Improvement Council certify that their standards meet internationally competitive standards.

The bill also creates a national work force standards board, which will identify essential occupational and work force skills and create a system of standards and assessments in this area, too.

Second, Goals 2000 will raise expecta-

***In an age when what
you learn determines
what you earn, our
students cannot be
allowed just to scrape by.***

tions for all students and all schools. Children will no longer be allowed to perform poorly because they are expected to perform poorly. Schools will be challenged to provide quality teaching and learning.

I am convinced that all children can learn if they have quality opportunities to do so. In an age when what you learn determines what you earn, our students cannot be allowed just to scrape by.

Three years ago the nation's governors, led by then-Gov. Bill Clinton, and Presi-

dent Bush developed the National Education Goals, which encourage high stan-

dards. Even so, these goals still are not federal policy. We must move ahead, establish the six goals in federal policy, and raise the expectations we have for all our students by working towards achieving these goals:

- By the year 2000, all children in America will start school ready to learn.

- By the year 2000, the high school graduation rate will increase to at least 90 percent.

- By the year 2000, American students will leave grades 4, 8, and 12 having demonstrated competency in English, math, science, history, geography, languages, and the arts; 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 modern economy.

- By the year 2000, US students will be first in the world in math and science.

- By the year 2000, every adult American will be literate and will possess the knowledge and skills necessary to compete in a global economy and exercise the rights and responsibilities of citizenship.

- By the year 2000, every school in America will be free of drugs and violence and will offer a disciplined environment conducive to learning.

Third, Goals 2000 will help enrich course content, improve teacher training, and provide the textbooks and technologies necessary to help students meet the new, higher standards.

Students cannot learn without the essential instruments, and teachers cannot teach what they do not know. Our students and teachers must have access to the technology that runs our nation today.

Fourth, Goals 2000 will challenge our schools to show real results. Students' progress will be assessed carefully and in new ways to ensure that they are learning what they are supposed to be learning.

And finally, Goals 2000 will achieve these aims without mandating what states

More...

In Riley's home state of South Carolina, the percentage of eighth-graders passing their basic skills math test rose from 42% in 1983 to 73% in 1991.

and local districts must do. The federal role will be to provide information, research, and resources to help communities and states strengthen their own efforts to reform and to reach internationally competitive standards.

Let me be clear. We want to maintain local and state control of schools, but we in the federal government can provide leadership and direction in reaching these goals. For too long, our role has been incomplete and unfocused.

As governor of South Carolina, I saw firsthand how high standards, coupled with comprehensive reform, can really make a difference in the lives of our children and grandchildren.

In 1982, before our reforms were developed, only about 2,500 students were enrolled in advanced placement courses in our state.

That number has changed considerably. As a result of reform, there has been an almost 400 percent increase in students taking these courses.

In 1983, just 42 percent of our eighth graders passed their basic skills math test, and only 56 percent passed their reading test. Eight years later, 73 percent passed their math test and 75 percent passed their reading test. This is convincing testimony, indeed, to the power of reform.

When I was participating as a Harvard fellow in a forum on education, a student I had never met before stood up and announced that his name was Jeffrey Livingston. Then he delivered a testimonial to the power of school reform in his state. He said that because of reform, he had been able to take so many advanced placement courses in high school that when he entered Harvard, he was nearly a sophomore.

Jeffrey, an African-American, told us that he came from a home of modest means and that he and his parents had worked in support of the education reform bill. Jeffrey is a South Carolinian. He was talking about the school reform that we had developed almost eight years earlier. This was one of the most rewarding moments of my life.

As US Secretary of Education, I believe it is my duty and responsibility to ensure that all children strive for high standards; that all children have access to quality teaching and learning; and that all children are encouraged to reach their full potential.

It is these three guiding principles —

improved teaching and learning, higher standards for all children, and a partnership between the national government, states, and communities — that are at the core of what President Clinton has called a new "ethic of learning."

The Goals 2000: Educate America Act has received criticism from liberals and conservatives alike. This is to be expected.

We are proposing nationwide reform, and there are many out there who believe change is too difficult. We believe that we have developed a balanced bill — one that provides national leadership, sets benchmarks, encourages creativity, and relies on the hard work that can only take place at the state and local levels.

Our bill will ensure that all students are

We want to maintain local and state control of schools, but the federal government can provide leadership and direction.

given the opportunity to learn at high levels, while recognizing that some will need extra help. We are asking Congress to join in this effort to make sure our children know what they need to know and are able to do what they need to do to succeed in an increasingly competitive world.

The Goals 2000: Educate America Act is essential to promote education excellence throughout this nation. Passage of Goals 2000 will give children a brighter future.

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ADVERTISEMENT

Where We Stand

By Albert Shanker, President
American Federation of Teachers

Goals 2000

The President's education bill—Goals 2000—is an essential piece of legislation for turning our schools around. Unfortunately, there is a struggle now going on in Congress that could seriously compromise its value.

The law would set up the National Education Standards and Improvement Council (NESIC) to certify standards and assessments developed by states and/or professional organizations like the National Council of Teachers of Mathematics. The standards would be descriptions of what students should know and be able to do at different ages or grade levels. The assessments would be tests or other assessment techniques designed to measure whether or not the new standards have been met. The bill says that, eventually, these assessments could be used to help make various decisions about students: whether they are required to go to summer school to catch up; whether they are promoted from grade to another, graduate from high school, qualify for a four-year or a two-year college, enter an apprenticeship or other school-to-work program. In other words, they will eventually count—they will be high-stakes assessments.

In certifying standards and assessments, NESIC would be, for education, what the Bureau of Weights and Measures and the National Institute of Standards and Technology—the old National Bureau of Standards—are for other fields. Many companies produce scales, rulers and thermometers. These bureaus establish standards for measurement and certify whether a given scale measures accurately according to the standard. In other words, NESIC would act as a kind of "Good Housekeeping Seal of Approval." Most important, in doing its work, it would take into account the standards met by students in other industrialized countries.

All of this is very good—indeed essential—and long overdue. What is wrong with the legislation?

The law would prohibit NESIC from certifying any assessment unless it meets certain criteria. Many of these criteria are reasonable—such as the usual requirements for reliability and validity. But one of the requirements is that the test be fair. Who could object to that?

Once upon a time, "fairness" meant getting rid of racial stereotypes in tests or trivia that gave an unfair advantage to wealthy people who played polo or raised horses. That's the kind of fairness the Administration was after. But fairness also has come to mean that tests should not have disparate impact on minority groups. That's the way courts are most likely to interpret it, and that's why some members of Congress are insisting on this fairness language. If they succeed, it would mean that if a smaller proportion of African-Americans or Hispanics than whites succeeded on an assessment, the assessment could not be used in making any high-stakes decision such as promotion or graduation or college entry. Or if stakes were attached, there would be a system of race-norming where different groups would be held to different standards. In either case, the purposes of the new system of standards and assessments would be thwarted.



Holding all students to the same high expectations will help raise minority students' achievement—and help put an end to real-world disparities.

Since most minorities are economically disadvantaged and have suffered from poor education, there undoubtedly will be disparities in outcomes when the new system begins. But using this to derail a high-quality system of standards and assessments does nothing to help minority children in the long run. Disparate results can point us to differences in resources spent on poor and wealthy students. True, they can do that now. But if there were real standards and stakes attached to them, the public would be more inclined to invest money in educating poor children. Moreover, the fact is that disparities already exist in the real world—in job opportunities and in earnings. Holding some groups of youngsters to second-class standards will only help perpetuate real-world disparities. Holding all students to the same high expectations will help raise minority students' achievement—and help put an end to these disparities.

We have already seen that higher expectations lead to higher achievement. When states began requiring minimum competency exams for high school graduation in the 1970s, we heard that minority dropout rates would increase. Just the opposite happened. When states began raising academic course requirements in the 1980s, we heard again that minority dropout rates would increase. They didn't. Moreover, minority participation in the SAT and ACT exams soared. Something similar has happened as a result of raising academic standards for college athletes. There were strong objections, again because of the specter of disparate impact. But instead of standards leading to wholesale failure, more minority athletes are doing better.

Most important, students themselves will work harder to succeed because they will clearly see the relationship between their hard work, school success and the goals they want to achieve—a good job or entry to college. Goals 2000 is an essential framework for turning our schools around. It's important that it be done right.



GOALS 2000

To Restructure Schools Exert a National Effort

WASHINGTON.

On the heels of recession in 1983, the time was right for the nation to take notice of the landmark report "A Nation at Risk," issued by the National Commission on Excellence in Education.

We were told that our national security was jeopardized by a school system that was failing to graduate students with sufficient skills to compete in a global marketplace, and that "the educational foundations of our society are being eroded by a rising tide of mediocrity that threatens our very future as a nation and a people."

Though there was no national response, it was clear to many of us state

governors that, as President Clinton has often said, "what you learn determines what you earn." We learned what critical components are needed to move education forward:

- Higher academic expectations for all students, regardless of background or economic status.

- Long-term goals, set and assessed annually.

- School restructuring and professional development to help teachers help all students master a challenging curriculum.

- Coalitions of parents, school leaders, businesses, educators, legislators, and other leaders to sustain the comprehensive changes.

- Flexibility from burdensome regulations coupled with incentives and opportunities for schools, districts, and states to devise and implement their own action plans.

- Adoption of high standards that spell out what students should know and be able to do.



**RICHARD W.
RILEY**

IN MY HOME state we undertook a drastic overhaul of our schools. South Carolina reforms had many of these critical components and therefore there were concrete results. Through the 1980s, in South Carolina, we saw test scores measuring basic skills rise across the board in most grades. Enrollments in tough courses such as chemistry, advanced foreign language study, and advanced-placement classes doubled. More students continued their education after high school, either in college or in job training. And the need for remedial help at all levels of education dropped by one-quarter. South Carolina teachers agreed that we were doing a lot of things right. And that was true.

In fact, in states and school districts across the country, serious work was being done, and others took up the challenge in the mid-1980s and early 1990s. Some reformers focused on teacher preparation, others on the needs of individual students. Some said reform was a matter of changing the curriculum, while others looked to restructuring within the school, and some looked to the family or the community at large. Still, there was no national view that would relate one aspect to another, that would assist the state and local reform efforts.

There was a glimmer of hope in September, 1989, when the nation's governors and the President met in Charlottesville for an "education summit." Out of the historic meeting came six national education goals to be met by the year 2000. Today, three years later, these goals still are not in formal national policy.

Piecemeal reforms simply have not been enough. Still missing was a national response, an acknowledgment from the federal government that we must systematically re-examine an antiquated turn-of-the century model.

As "A Nation at Risk" stated, "History is not kind to idlers." Well, we are finally ready to take the next step.

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✓ APRIL 21, Clinton took initial action to provide a national response by introducing the Goals 2000: Educate America Act. This bill provides a framework to create a partnership for change, including fundamental reform of schools linked to voluntary national and state standards that define what our students should know and be able to do, better learning opportunities for all students, and schools that take more responsibility for improved results — all designed to help create a world-class, high-skill, high-wage work force. The bill recognizes that each child must have the "opportunity to learn," to attend a school with well-trained teachers, a solid curriculum with instructional materials and technology — essential elements of a quality education.

Where is American education? Against the standards set by "A Nation At Risk," some progress has been made. In many schools, we can see more challenging high school graduation requirements. We see more students with at least some grounding in basic skills

and, generally, a small closing of the achievement gap between minority students and white. But in test after test, far too few of our students score no higher than basic levels of competency on challenging subject matter. We remain near the bottom in international comparisons.

While some students in some schools are now learning near world-class levels, for too many students the textbook and homework still compete with the television set. Pretty good is not good enough. We need a national effort to upgrade education. We need to go from a "A Nation At Risk," to "A Nation on the Move." Goals 2000: Educate America is one critical first step... but it will take all Americans getting involved to improve education.

SCIENCE AND CHILDREN

APRIL 1993

P-45

Help Your Child Learn Science

The U.S. Department of Education has

produced *Helping Your Child Get Ready for School*, *Helping Your Child Succeed in School*, and *Helping Your Child Learn Science* (*Cómo ayudar a sus hijos a aprender ciencia*, a Spanish version of the science booklet, is also available).

The readiness booklet discusses child development from birth to age five and suggests easy activities that can help children learn. The school success booklet presents basic information on the learning process and suggests activities that hone the learning skills of children between the ages of 5 and 11. The science booklet describes 17 inexpensive experiments, reviews basic science concepts, and gives tips for parents on helping

schools improve science programs.

The booklets were developed by Education's Office of Educational Research and Improvement. Single copies of *Helping Your Child Get Ready for School* (50 cents, item 477Z), *Helping Your Child Succeed in School* (50 cents, item 478Z), and *Helping Your Child Learn Science* (\$3.25, item 143Z) are available from the Consumer Information Center, Attn: R. Woods, Pueblo, CO 81009. *Science* in Spanish (\$3.25 for one, \$36 for 50, #065-000-00521-2) and packs of 50 copies of *Science* in English (\$36, #065-000-00520-4) are available from New Orders, Superintendent of Documents, P.O. Box 371954, Pittsburgh, PA 15250-7954.

Clinton's 100 Days in Education

By Bruno V. Manno

In his campaign handbook, *Putting People First: How We Can All Change America*, Bill Clinton the candidate promised "a real education-reform package" in the first 100 days of his Administration.

And during his campaign, candidate Bill Clinton spoke often of how he "spent more than 11 years as governor on the front lines of the battle to revolutionize, revitalize, and reform education," the issue to which he had "devoted [more] time... and energy... than to any other issue."

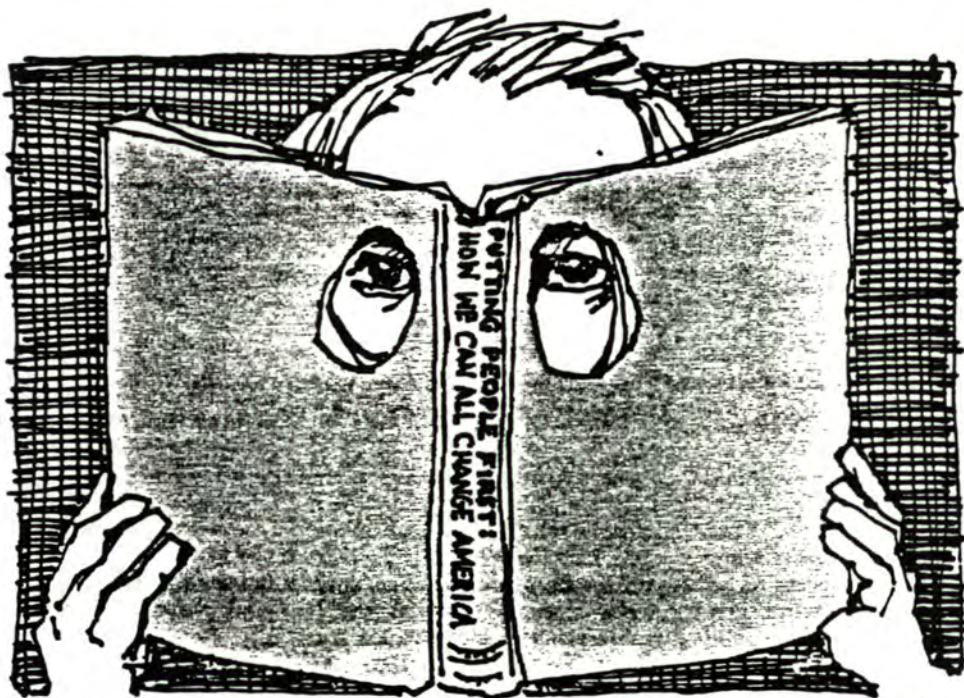
So President Bill Clinton—the candidate of change, the "new" Democrat—had an opening to do something different: Rather than proposing more money for more of the same—the "traditional" Democratic approach—he could be bold. Why not propose more money (a commitment he had to keep) for something radically different? He could submit to Congress a reform package that would transform American education, change it in a radical way.

But what he and his education team did in their "goals 2000: educate America act" is what we've come to expect from the business-as-usual crowd—the Democrats and their education lobbyists: more of the same old formulas that give education bureaucrats the maximum amount of money for the least amount of change.

For those in communities working to transform education, who know only radical change can create the best schools in the world for all our children, President Clinton is a big disappointment.

What President Clinton and the business-as-usual crowd don't know how to respond to in a bold and radical way is what most parents and community members across this country sense: the fact that our schools are in a time warp.

The world has changed, our country has changed, families have changed, dramatically. But our schools haven't kept pace with these changes. An 8 A.M. to 3 P.M. day for nine months a year with one teacher lecturing most of the time using little more than the technology of the book doesn't fit the needs of most children growing up today.



Arny Saiganik

These schools stymie and frustrate teachers, bore children, and, according to a Carnegie Foundation report, leave 28 percent of public school parents wanting to enroll their children in a school other than the one they're attending.

Into this situation could have walked a bold President who challenged the business-as-usual crowd—the ones who want the maximum amount of money for the least amount of change—a President who:

- Was unqualified in supporting one set of voluntary national world-class education standards in basic subjects defining what we expect all our children to know and do so they can live and work in the 21st century.
- Was decisive in calling for the rapid development of a national exam system geared to those standards.

• Was daring in inviting the genius and creativity of the private sector to help communities across this nation create thousands of new break-the-mold schools that would be the best in the world for all our children.

- Was outspoken in his desire to get the

government off teachers' backs by cutting federal red tape that frustrates them and serves no good educational purpose.

• Was visionary in giving middle- and low-income parents consumer power in the form of federal scholarship dollars that they could use to send their children to any lawfully operating school that meets their needs—public, private, or religious—just as President Clinton did as a child, his daughter does now, and the children of many wealthy parents do now.

But instead of embracing radical change, what happened?

Several weeks ago, President Clinton's education team was ready to submit its education-reform package to Congress. They pulled it back at the last moment because House Democrats and education lobbyists objected to it.

More...

Why?

They didn't like its strong support for and commitment to developing world-class national education standards, both content standards (what our children should know and do) and performance standards (what level of learning and achievement is good enough).

What happens next? President Clinton's Goals 2000 act proposes national delivery standards to measure resources in schools, districts, and states. This makes House Democrats and their business-as-usual friends happy. It means more money for more of the same.

But it will work to undermine the fragile consensus reached by Democratic and Republican governors: National focus should be on creating world-class standards of achievement and a national exam system to measure outcomes.

Next, he wants to create a new "federal standards and improvement council"—beltway talk for a national school board to certify content, performance, delivery standards, and assessments. What is likely to be the result here?

The council would expand federal control of education by imposing more federal red on teachers and communities. Further, activities would lead to more federal and state programs that do nothing but give education bureaucrats the most amount of

money for the least amount of real change.

Ironically, the council would have no authority in one area: It would be banned from certifying any exams that could be used to make decisions about student promotion or graduation. The effect would be to block the development of any meaningful national examination system, again undermining the governors.

President Clinton further proposes to continue government monopoly of running schools by saying that only parents who choose to send their children to public schools should get government money.

Two other proposals are not part of the Goals 2000 package.

The President would increase dramatically funding for Head Start as it now exists. He does this just as a consensus is emerging among policymakers, researchers, and practitioners of nearly all persuasions that the reputation of Head Start may vastly outrun the reality. How strange from a President who promised change.

Finally, President Clinton retreats from a major campaign promise to create a national-service program allowing all college students to repay federal loans with community service. The "demonstration" program he substitutes would be available in four years, but only to 150,000 of the 15 million college students we have.

Mr. Clinton and his education team have retreated, opted for the status quo, and come to support the business-as-usual crowd in education—the crowd that controls the schools, likes them the way they are, and thinks a good education program is the most amount of money for the least amount of change.

At the end of his first 100 days in education, what's obvious is that President Clinton missed a chance for real change. He's become just another Washington insider.

That's disappointing, since that approach won't help those working in communities across this country to transform education in a radical way and create the best schools in the world for all our children. ■

Bruno V. Manno, the former U.S. assistant secretary of education for policy and planning, is an education consultant working in the Washington office of the Hudson Institute.

Federal Schools

If you like what growing centralization and bureaucratization have been doing for the quality of schooling in recent years, you are going to love the Clinton administration's retooled version of school "reform." Our own enthusiasm for this prescriptive approach is, shall we say, limited. The proposed "Goals 2000 — Educate America Act" looks to be taking the country the final step down the road to absolute federal control of public education, a dreary march that began with the Elementary and Secondary Education Act during LBJ's Great Society of the 1960s.

To be sure, all would be done in the name of something called "opportunity-to-learn standards." It was under Bill Clinton's leadership that the National Governors Association joined with President Bush in 1990 in enunciating six national goals for education, the first among them being that "all children will start school ready to learn." Now President Clinton and another former governor (of South Carolina), Secretary of Education Richard Riley, want "voluntary" national standards to flesh out the goals. A federal council would be established to certify that states have met the national (federal) standards. Now, how "voluntary" can that be? To certify that children were ready to begin school it would be necessary to test them as pre-schoolers. Thus, this would set the stage for more intrusive government intervention in family life than any free country has ever contemplated.

Furthermore, the Labor Department would superintend a National Skills Standards Board that would set criteria for workers in manifold occupations. Now, this is the federal behemoth that contrived race-norming, a secret and completely dishonest system of skewing scores on job tests according to the race of the test-takers. Columnist Ben Wattenberg, a moderate Democrat, reported on last Thursday's Op/Ed Page that Labor has dropped a key hint that its "skills standards" will be race-normed, too. Labor seeks legislation to mandate avoidance of "disparate impacts" according to race, sex, disability — the usual victim litany. That can mean only that the bureaucrats wish to crank up their computers again and adjust achievement scores to make them come out demographically correct. This is more quota chicanery, not a call for rewarding hard work.

As a governor, Bill Clinton earned points as a politician who was willing, occasionally, to defy the education establishment in pursuit of genuine reform. He and Hillary defied the Arkansas teachers union to implement a system of testing teacher competence. And he plugged for parental choice among schools. As President, however, the Clintons seem to have become captives of the Big Education lobbyists who seek to call all the shots from Washington for parents and local school boards alike. They are not even featuring a watered-down form of public-school choice known as Charter Schools. It's all rather sad — and ominous. The local-control resistance will be hard-pressed to hold off this juggernaut until 1996.

A National Initiative

By RICHARD W. RILEY

Washington.

On the heels of recession in 1983, the time was right for the nation to take notice of the landmark report "A Nation at Risk," issued by the National Commission on Excellence in Education.

We were told that our national security was jeopardized by a school system that was failing to graduate students with sufficient skills to compete in a global marketplace, and that "the educational foundations of our society are being eroded by a rising tide of mediocrity that threatens our very future as a nation and a people."

Though there was no national response, it was clear to many of us state governors that, as President Clinton has often said, "what you learn, determines what you earn." We learned what critical components are need to move education forward:

- Higher academic expectations for all students, regardless of background or economic status.

- Long-term goals set and assessed annually.

- School restructuring and professional development to help teachers help all students master a challenging curriculum.

- Coalitions of parents, school leaders, businesses, educators, legislators and other leaders to sustain the comprehensive changes.

- Flexibility from burdensome regulations coupled with incentives and opportunities for schools, districts and states to devise and implement their own action plans.

- Adoption of high standards that spell out what students should know and be able to do.

In my home state we undertook a drastic overhaul of our schools. South Carolina reforms had many of these critical components and therefore there were concrete results. Through the 1980s, in South Carolina, we saw test scores measuring basic skills rise across the board in most grades. Enrollments in tough courses such as chemistry, advanced foreign language study, and advanced-placement classes doubled. More students continued their education after high school, either in college or in job training. And the need for remedial help at all levels of education dropped by one-quarter. South Carolina teachers agreed that we were doing a lot of things right. And that was true.

In fact, in states and school districts across the country, serious work was being done, and others took up the challenge in the mid 1980s and early 1990s. Some reformers focused on teacher preparation, others on the needs of individual students. Some said reform was a matter of changing the curriculum, while others looked to restructuring within the school and some looked to the family or the community at large.

Still there was no national view that would relate one aspect to another, that would assist the state and local reform efforts.

There was a glimmer of hope in September 1989, when the nation's governors and the president met in Charlottesville, Virginia, for an "education summit." Out of the historic meeting came six national education goals to be met by the year 2000. Today, three years later, these goals still are not in formal national policy.

Piecemeal reforms simply have not been enough. Still missing was a national response, an acknowledgment from the federal government that we must systematically re-examine an antiquated turn-of-the-century model.

As "A Nation at Risk" stated, "History is not kind to idlers." Well, we are finally ready to take the next step.

On April 21, President Clinton took initial action to provide a national response by introducing the Goals 2000: Educate America Act. This bill provides a framework to create a partnership for change, including fundamental reform of schools linked to voluntary national and state standards that define what our students should know and be able to do, better learning opportunities for all students and schools that take more responsibility for improved results, all designed to help create a world-class, high-skill, high-wage work force. The bill recognizes that each child must have the "opportunity to learn," to attend a school with well-trained teachers, a solid curriculum with instructional materials and technology — essential elements of a quality education.

Where is American education? Against the standards set by "A Nation At Risk," some progress has been made. In many schools, we can see more challenging high school graduation requirements. We see more students with at least some grounding in basic skills and generally, a small closing of the achievement gap between minority students and white. But in test after test, far too few of our students score no higher than basic levels of competency on challenging subject matter. We remain near the bottom in international comparisons.

While some students in some schools are now learning near world-class levels, for too many students the textbook and homework still compete with the television set. Pretty good is not good enough. We need a national effort to upgrade education. We need to go from a "A Nation At Risk," to "A Nation on the Move." Goals 2000: Educate America is one critical first step . . . but it will take all Americans getting involved to improve education.

Richard W. Riley is United States secretary of education.

Education

White House lesson plan good

Traditionally, American education has been a matter for states and local school boards to direct. The best way for the federal government to improve the nation's schools is to set clear goals, focus attention on what is important and offer help and incentives to states and local school officials who need them.

The Clinton administration's new plan for education, Goals 2000, takes the right approach.

Much of the \$420 million package announced last week by Education Secretary Richard Riley and Labor Secretary Robert Reich is a carryover from the Bush administration. In 1990, it joined with the nation's governors — led by Arkansas' Bill Clinton — to set six goals for the nation's schools and students to reach by the year 2000. Those aims — to put American students in the lead worldwide in crucial areas such as math and science and make sure all children enter school ready to learn — would be written into law. The Clinton plan also emphasizes foreign languages and the arts.

But turning goals into law is one thing; turning them into reality is quite another.

A key feature of the plan is establishment of national curriculum standards. Such standards always present a tricky dilemma. Washington must give states a goal to shoot for without dictating exactly what schools should teach, and measures of testing what students have learned must be devised that take into account cultural and socioeconomic differences among students.

Achieving those goals won't be easy. But by keeping the focus on education, instead of on side issues such as vouchers to let students use tax money at private schools, the Clinton administration has followed a wise course. Improved public schools would give all students a chance at a good education. Most of the work will be done on the local level, but the Clinton education plan uses the federal government's role best by setting a good example.

— *St. Louis Post-Dispatch*

COMMENT

What is the educator's role in Goals 2000?

AASA strongly supports the efforts of Education Secretary Richard Riley to build a strategy toward improving education for all students. It is a refreshing change from the public education bashing that occurred under the previous administration. The new administration's thrust should result in increased student achievement.

According to Secretary Riley, the administration's education reform proposal, Goals 2000: Educate America Act, will be guided by the following principles: returning attention to the core of education—teaching and learning; setting high, reasonable standards so that all students can compete with other “world-class” learners; building partnerships to expand President Clinton's theme of working for the common

good of America; and reducing the fragmentation within and among federal programs.

AASA supports the thrust of opportunity coupled with responsibility.

But what is the public school educators' role in ensuring that the lofty aims outlined in Goals 2000 are met? They must look at the system as a whole—not just at individual classrooms or schools—to ensure the improvement necessary for “world-class” student achievement. Several key parts of the administration's strategy will aid local school administrators in doing this. Among them:

- Establishing voluntary “world-class” standards, coupled with assessments, to allow local school districts and states to compare their success with that of others, using a set of defined outcomes;
- Giving prominence to plans for achieving success schoolwide in Chapter 1 programs;
- Making research gathered by the Department of Education's Office of Educational Research and Improvement more user-friendly for classroom teachers; and
- Strengthening the role of apprenticeships in the education system, beginning with cooperative programs between the Education and Labor departments.



Richard D. Miller
Executive Director
AASA

It's true that too often students are unable to connect the opportunity for compensation and employment with success in graduating from school.

The administration has clearly turned to education, in a significant way, as the impetus for America to remain economically competitive. AASA looks forward to working with Secretary Riley and President Clinton as they seek out ever more far-reaching methods of improving the education for all children.

A Good Lesson Plan From The White House

Traditionally, American education has been a matter for states and local school boards to direct. The best way for the federal government to improve the nation's schools is to set clear goals, focus attention on what is important and offer help and incentives to states and local school officials who need them. The Clinton administration's new plan for education, Goals 2000, takes the right approach.

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But turning goals into law is one thing; turning them into reality is quite another. To help achieve

that more difficult task, Mr. Clinton goes beyond the Bush administration proposal, particularly in the areas of job training and restructuring of public schools, to move decision making closer to where teaching and learning are actually accomplished.

A key feature of the plan is establishment of national curriculum standards. Such standards always present a tricky dilemma. Washington must give states a goal to shoot for without dictating exactly what schools should teach, and measures of testing what students have learned must be devised that take into account cultural and socioeconomic differences among students and school districts.

Achieving those goals won't be easy. But by keeping the focus on education, instead of on side issues such as vouchers to let students use tax money at private schools, the Clinton administration has followed a wise course. Improved public schools would give all students a chance at a good education. Most of the work will be done on the local level, but the Clinton education plan uses the federal government's role best by setting a good example.

12,

On Campus

ANTHONY FLINT

Two very different educators

TWO EDUCATORS OF national stature passed through Boston in recent days, and the contrast between their style, substance and energy couldn't have been more marked.

One was former Yale president Benno C. Schmidt, now heading Christopher Whittle's Edison Project. The other was Richard W. Riley, President Clinton's secretary of education.

These days, Riley is the man who should be in the limelight. After all, he represents the new force of change in American education: informed reformers — the real education experts — taking charge and putting government to work on this most intractable of social ills, the crumbling public school system.

Out with David Kearns; in with Marshall Smith.

Schmidt, meanwhile, represents all that is *passé*: privatization, vouchers, choice, the tonic of free-market competition — all the favorite themes from the conservatives of the Reagan and Bush years, formally dumped this week with the unveiling of Clinton's \$420 million education package.

What are the Clinton folks going to do differently?

Whittle's plan to develop 200 new private schools by 1996 with agility and pragmatism, but most of all verve.

In the end, however, it was Schmidt who was more impressive.

Quick on his feet and pumped up for the challenge, he talked about

In contrast, Riley seemed almost weary, dutifully reciting talking points about how Bill Clinton "connects up" so well with young people and how he hopes to bring together the myriad disparate forces in the education reform debate.

Riley, who as governor of South Carolina presided over a wildly successful public school reform program, showed familiarity with the issues. But despite repeated prompting, he couldn't answer the big-picture question: What are the Clinton folks going to do differently? We have seen plans come and go, now what is Clinton's guiding philosophy for fixing the schools?

It was reminiscent of Ted Kennedy's inability to answer the question about why he wanted to be president.

A mere matter of articulation, perhaps. Or it might be, as some Washington insiders have suggested, that Riley really isn't in charge at the Clinton education department. The man said to be calling the shots, guided by the mantra of "systemic reform," is Marshall (Mike) Smith, former dean of the education school at Stanford and a Department of Education veteran from the Carter days. Smith is working national education reform from the inside, in careful cooperation with the teacher unions and worried Democrats on Capitol Hill.

And that is where the lack of bold guiding signals from Riley really makes a difference. Say what you want about the ideological themes in the DOE during the Reagan years; at least, it can be argued, it kept some of the business-as-usual horse-trading to a minimum.

Witness what happened in the last few weeks with the wrangling over standards and testing: The unions and the National Governors Association are wary of standards, but House Democrats and DOE wonks want a federal framework for what all American schoolchildren should know. Instead of standing for one thing or the other, the Clinton technicians came up with compromise language: "delivery standards" based on "school inputs" and a given student's "opportunity to learn."

All reasonable stuff, no doubt. It may be, as Albert Shanker of the American Federation of Teachers said this week, that national education reform "is like reducing the deficit. All you can do is put something in place and over 15 or 20 years you'll be pretty close to where you have to be." But the Riley-Clinton plan just doesn't have the ring of radical change.

Although the Edison project schools are criticized legitimately for raking off the best and most economically stable students instead of addressing all students, rich and poor, the ultimate responsibility of a democracy, its proponents talk a better talk. Schmidt says the Whittle schools are to the public system as ~~Federal Express~~ is to the Post Office: One keeps the other on its toes.

"The system needs revolution, not reform," Schmidt said at a meeting with reporters and editors at the Globe, adding later that he was "prouder doing this" than being president of Yale or dean of the law school at Columbia University.

In a nod to the current political climate — there is no longer a patron in the White House for the Edison project, after all — Schmidt said the project has been invited to run some public schools. That was a startling bit of news and further evidence of the principle that radical problems — the sorry state of the schools — need radical solutions.

This week is the 10th anniversary of the publication of "A Nation at Risk." It also marks Clinton's 100th day in office. The progressive education reformers have just started their work. Who would have thought it possible to feel nostalgia for the private-sector crowd?

Rolling Riley

To understand how hard it is to govern like a genuine New Democrat, consider the fate of poor Richard Riley. President Clinton's Education Secretary hasn't even proposed a bill, but already he's been put in his place by the education establishment.

It appeared that Mr. Riley would be one of Mr. Clinton's better Cabinet choices. As a former South Carolina Governor, he could appreciate America's decentralized school system and many of the reform experiments now taking place at the grass roots. He was also a stalwart in the centrist Democratic Leadership Council. Now we wonder if he's even running the department.

That power may instead belong to Marshall "Mike" Smith, nominally the number three man in the department as undersecretary-designate for policy. Mr. Smith worked in Education under Jimmy Carter before going to that 1980s hotbed of status quo thinking, Stanford University. Now he's back inside the Beltway as a favorite of the teachers' unions, a bureaucratic pro and a man better informed about federal policy than either Mr. Riley or Deputy Secretary Madeleine Kunin.

Mr. Smith's first foray is a sly bit of policy mayhem called "school delivery standards." This is the hottest issue in education right now, because it represents the establishment's attempt to derail national student testing. Most folks probably think "standards" are about measuring output—how well students do in math, history or biology. But standards for students are anathema to the unions, because tests would alert parents to the fact that children in Toledo aren't doing as well as those in Topeka, or vice versa, let alone Tokyo.

Voila, the bureaucrats fight back

with standards for schools, that is, "delivery standards" to measure school "inputs." Their goal is to block any student testing until schools are equal in such things as salaries, teacher credentials (as the unions define them), facilities and the like. Such standards are said to be "voluntary," but in effect they would be the camel's nose under the tent for federal intrusion into state and local school districts.

And don't forget the trial lawyers: Mr. Smith was recently quoted in one education newsletter as saying, with approval, that one purpose of the "standards" is to invite lawsuits against local schools that fail to meet them."

For all of these reasons, George Bush vetoed a 1992 education bill that contained such "standards." The National Governors Association also hates them as just one more menacing federal mandate. But Mr. Smith, no fool, has already helped to repack-age them for 1993 under the new name; the draft of a Clinton administration bill floated to Congress last month included a new Commission to develop model "opportunity to learn standards."

The amazing thing is that even this wasn't enough for the House Education and Labor Committee. Chairman William Ford of Michigan wants input standards to be even more certain by contracting them out to a single source, no doubt to one of the usual suspects. The Members gave Mr. Riley a rough time in a meeting last month, sending him back to write a bill more to their liking.

The episode shows how hard it is for even a well-intentioned Democrat to break free of the cartels that control public policy in Washington. We almost feel sorry for Mr. Riley.

18.

THOMAS SHANNON



Riley is off to a promising start

In any Administration, the President sets basic policy on the U.S. government's role in education. But it is the education secretary who puts the spin on it, giving it a style and breathing life into it.

No longer campaign rhetoric, the President's policy now can be evaluated closely and can generate support or opposition on the specific directions it proposes to move ahead the endeavor called schooling.

That's why it's important, not only to listen to the presidential rhetoric on schools but also to hear what the education secretary has to say. It is, after all, what the secretary advances in specific programming for his department that will control the real-world thrust of the Administration's education policy.

President Bill Clinton's secretary of education, former South Carolina Gov. Richard Riley, gradually is asserting himself. And what he is saying and doing sounds solid.

Riley is, first, a man of principle and courage. His slightness in size, courtly gentleman's demeanor, soft voice, and stiffness in stature brought on by a spinal condition that emerged in his 20s, can be misleading.

He's genuinely tough, as his record of success in the rough-and-tumble politics of the South Carolina legislature, his

state's executive mansion, and his work as a no-nonsense lawyer plainly attests. Earlier, he had paced the bridge of a minesweeper while he served as a young naval officer in the Atlantic fleet.

Riley is no wimp. And that's good news for education because, as our nation moves into a mode of more collaboration among all agencies that serve children, we will need a person in education's "bully pulpit" who is a tough advocate for children. Riley's got the "right stuff" for that job.

Riley declares his principles clearly and straightforwardly. And when he states them, he does so with an infectious sense of conviction that makes them instantly credible.

He intends to "turn society's attention back to the core of education," which he identifies as "teaching and learning." He advocates "high but reasonable" academic standards in a system of education that deserves the "world-class" label.

What he intends to accomplish, he says, will be done through Ciceronian coalitions, which he describes as "partnerships for the common good." These coalitions will include representatives of the education community, as well as business, labor, parents, and other "players" in education reform.

A good start on achieving Riley's (and the President's) vision for education in our nation, he believes, is through new legislation titled Goals 2000: Educate America Act of 1993 (EAA).

It is typical of Riley's approach to view EAA as a constructive response to "opportunities" now facing the United States for retooling our public education system for the years ahead.

A lesser person would have called them "problems" and referred to his program as the way out of a failed system. But Riley's style is to point to the future with hope and shore it all up with a practical, specific plan.

Riley also does not deal in half measures. When he talks about EAA, he observes that it is intended to be the broad framework for all federal education legislative initiatives in the coming years.

In short, it will be the philosophical context for the federal thrust in education. Thus, he says, EAA emphasizes responsibilities that always correlate with opportunities. In plain language, that means he sees school reform as a job for us all—and the "partnerships for the common good" will have room for everyone.

School boards should particularly take to his idea; they know that, while education is a local responsibility, the state and federal governments can provide the kind of support, incentives, and general environment to make local community efforts truly productive.

More...

That's why NSBA is endeavoring to restructure the partnerships and replenish the resources for education reform among local, state, and federal authorities through EAA.

Riley also points to EAA as the formal codification into federal statute of the six national education goals. This, he recognizes, would integrate the goals into official U.S. policy.

Picking up on good work started by Congress last year, EAA also is the vehicle to establish direction and provide funding for "voluntary" national academic standards and assessment systems.

Presumably, EAA also will facilitate the formulation of strategies in education at the community, state, and federal levels to redress any significant deficiencies in schooling where they are uncovered by assessment. That, incidentally, will be insisted upon by NSBA.

EAA contemplates providing federal "seed money" to states, school districts, and schools to encourage comprehensive re-

form. In this approach, EAA is in balance with initiatives begun by Congress last year and augurs well for ultimate passage of EAA.

Riley boosts EAA on its promise to allow more flexibility with federal funding in local communities. While school boards will cheer this, it also should inspire local board members to make sure their school reform plans—to be used as the basis for allocating federal money under EAA—are of such solid timbre that more discretionary authority will be forthcoming for school boards.

The full scope and extent of EAA cannot be appreciated until, as Riley says, one understands that it calls for a whole redesign of the U.S. Elementary and Secondary Education Act, which Congress must reauthorize this year.

Riley points to a few specific attributes of EAA to buttress the sweep it will make.

EAA combines a call for standards with the need for correlative programming. It prompts the federal government to begin to address the broad needs of the whole child in a holistic way.

EAA also focuses on school-to-work transition issues and deals with early childhood developmental activities.

And it would redesign the Department of Education's Office of Educational Research and Improvement to ensure that education research is more useful to people in the local communities where education actually occurs—school boards, administrators, teachers, and community leaders. Finally, EAA would guarantee more access for all qualified students to higher education.

Richard Riley's stewardship is only weeks old. But it shines with promise. NSBA will do all it can to keep the luster on it in the years ahead. ■

Pennsylvania Avenue

By Morton M. Kondracke

Urgently Needed: New Standards, Testing for Schools

Ivy Leaguers, theoretically, are the elite of American college students, but only 50 percent of them can tell you who their home-state US Senators are, 59 percent can't name four Justices of the Supreme Court, and 44 percent don't know who the Speaker of the House is.

According to a survey of more than 3,000 Ivy Leaguers conducted by students from the University of Pennsylvania for US News and World Report, 26 percent of students at the eight Ivy schools could not name even one of their Senators, 23 percent did not know that the Supreme Court has nine Justices, and 75 percent didn't know that Abraham Lincoln defined the US as having a government "of the people, by the people and for the people."

These dismal results — utterly consistent with declining SAT and other test scores — are new evidence of why the country urgently needs national performance standards in education and tests to measure progress. But House liberals may be forcing the Clinton Administration onto a path that will delay implementation of such standards for years.

Instead of getting the nation moving as fast as possible toward performance standards and testing, the House Education and Labor Committee has demanded — and may have won — a commitment that the Administration will give equal emphasis to establishment of "delivery" or "opportunity to learn" standards — such as per pupil spending and teacher education levels — that will slow pupil testing indefinitely.

Education Secretary Richard Riley said on Thursday the Administration was close to introducing its education reform package. House Members meeting with Riley said they expected the Clinton plan immediately after the April recess, with funding levels of between \$200 million and \$300 million for fiscal 1994.

"School choice" — the issue that bogged down national reform during the Bush Administration — is barely mentioned in current drafts of the legislation, according to Members.

The nation's governors — including former Arkansas Gov. Bill Clinton and Riley, former governor of South Carolina — have called for establishment of higher national standards of what kids should know, tests to find out whether they know it, and some system of state accountability if they don't. So has practically every bipartisan commission appointed to study education's role in improving American competitiveness.

Various academic panels are now at work devising national curriculum standards in math, science, English, geography, and history, anticipating that voluntary tests will be created to check pupil performance in the fourth, eighth, and 12th grades. Riley reportedly wants to add foreign languages and art standards.

But House liberals, including Reps. William Ford (D-Mich), chairman of the Education and Labor Committee, and Dale

House Members expect the Clinton education reform package after the recess, with funding levels of between \$200 million and \$300 million for fiscal 1994.

Kildee (D-Mich), chairman of the Education and Labor elementary and secondary education subcommittee, think it's unfair to test children unless they are first given adequate learning resources.

Education and Labor staff members are quoted by outsiders as saying that testing will stigmatize minority and poor students and create an American "caste system."

Riley reportedly sent Congress a first draft of the Administration's education reform proposal that emphasized performance standards and testing, but Ford, Kildee, and their staffs demanded wholesale rewrites shifting the emphasis to school resources.

But Kildee says meetings between House Members and Riley last week were heading toward an agreement that put performance and delivery standards on equal

footing. Administration officials and moderate Democrats who advocate performance standards, however, claim Riley is fighting hard for his original point of view.

One former high-ranking education official from the Bush Administration predicted that a compromise outcome would create "a lawyer's paradise" — endless litigation over funding levels and teacher competency standards — and will delay establishment of performance standards "for a generation."

As one moderate Democrat who is an education expert put it last week, "It ought to be possible to walk and chew gum at the same time" — that is, improve both knowledge standards and funding levels — but at a time of tight budgets, delaying higher standards pending equal resources is a recipe for inaction.

By practically every measure, American children lag behind students in other countries and perform less well than American kids did prior to the mid-1960s, despite an explosion of education spending.

Money certainly is not the reason that Ivy League students don't know much about current affairs. Harvard, Yale, Princeton, Dartmouth, Cornell, Columbia, Brown, and Penn are among the best-endowed institutions in the nation.

Yet only 52 percent of Ivy seniors in the

survey, directed by pollster Frank Luntz, could identify both of their Senators, just 4 percent better than freshmen. Twenty-three percent of Ivy freshmen — presumably, among the best-educated high school graduates in the country — do not know that the Supreme Court has nine Justices. Twenty percent of seniors aren't any wiser.

Incidentally, Harvard, Yale, and Princeton students were most knowledgeable about current affairs, while Columbia students finished consistently last.

The Ivy results indicate that, at all levels, American schools and students need to be held to higher standards — and sooner, not later.

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down a gauntlet of drunken officers who molested them; some walked through the Las Vegas Hilton exposing their testicles or ran naked around the pool. The report is full of lurid new details about the scandal, but it may not be the whole story. Investigators believe "several hundred" of the naval officers interviewed concealed information and 51 others lied outright. Pentagon Deputy Inspector General Derek Vander Schaaf has sent files on 140 officers to Navy and Marine Corps commands for possible disciplinary action. And 35 other top brass who attended the convention, including Acting Secretary of the Navy Admiral Frank Kelso, could be punished for failing to prevent the sexual assaults.

Pallid Plan for Schools

Clinton's education program turns out to be 1990-vintage George Bush

HOW DOES ONE GET TO BE "THE EDUCATION PRESIDENT"? Borrow your program from George Bush. Bill Clinton, of course, would not put it that way. But his first plan for educational reform is largely a request that Congress write into law six goals that Bush and the nation's Governors agreed to in 1990. The most important provisions: the government would set up a board to establish standards for schools, teachers and students to meet in both academic and vocational education and put up \$393 million to encourage states to find ways to meet those standards.

And that's about it. The plan avoids all the toughest issues. National testing of students or teachers? "We're not proposing [that] in any way," said Education Secretary Richard Riley. Equalization of funding between rich and poor districts within states? No mention. School choice, either by vouchers cashable at public or private schools as Republicans propose, or among public schools only, à la Clinton's campaign? Not a word.

Most Remember; Some Begin to Deny

Around the world, Holocaust memories stir deep feelings

FROM WASHINGTON TO WARSAW TO JERUSALEM, commemorations of the Holocaust took many shapes. In the U.S. capital President Clinton, Lech Walesa, Vaclav Havel and 8,000 guests—including a few hundred who were spared in the death camps—listened as survivor Elie Wiesel dedicated a Holocaust Memorial Museum. In Poland Vice President Al Gore honored the memory of resistance fighters killed in the Warsaw Uprising 50 years ago last week. Jerusalem received a most unexpected visitor: Martin Bormann, son of the Hitler aide of the same name, came to pay tribute at that city's Holocaust memorial. There were discordant notes as well. In Washington Wiesel and others were outraged at the presence of Croatian President Franjo Tudjman, who had claimed in a 1988 book that the number of Holo-



ocaust deaths is widely exaggerated. Most shockingly, one in five American adults (see the chart) said in a survey they were unconvinced that the Holocaust had ever occurred.

IN WARSAW, V.P. Gore carries the torch for fallen heroes

ROUGH RUNOFF With an instinct for contrast, Los Angeles voters pared a passel of 24 politicians vying to replace Mayor Tom Bradley and picked two polar opposites for the June 8 runoff. Venture capitalist Anglo Richard Riordan, 62, calls himself "tough enough to turn L.A. around." Liberal Asian-American city councilman Michael Woo, 41, vows to "build a multiethnic coalition." The campaign, predicted University of Southern California pundit Larry Berg, will be "a knock-down drag-out."

AN IRREGULAR GUY When Guy Hunt became Governor of Alabama in 1987, he won a rare distinction: he was the state's first Republican chief executive since Reconstruction. Now Hunt has acquired a status he is surely less eager to embrace: the 59-year-old two-term is the first Alabama Governor to be removed from office on a felony conviction. A jury decided Hunt was guilty of looting \$200,000 for personal use from the very tax-exempt fund raised for his initial installation.

WORLD

New Foes in Bosnia; U.S. Mulls Next Move

Now Croats and Muslims wage war; end to arms embargo may be sought

OF ALL THE THINGS BOSNIA NEEDED, A SECOND THEATER of war was perhaps the last. But in central Bosnia, Croats and Muslims began fighting along what was supposed to be the boundary line between two



This op-ed by Secretary Riley was sent to the following papers:

Burlington Free Press

Greenville News

Nashville Tennessean

Houston Chronicle

Omaha World Herald

Minneapolis Star Tribune

Seattle Post-Intelligencer

Denver Rocky Mountain News

Sacramento Bee

Milwaukee Journal

Finally--A School Reform Plan for America That Really Works
By Richard W. Riley
Secretary of Education

The debate over school reform has often been a noisy one. Conversations about the subject can begin at high pitch, and proceed from there to decibel levels that threaten health and sanity. Drowned out in the din, however, has been one message most of the American people have not yet heard:

When it comes to school reform, we know what works. After a decade of exploring and testing, we know what we need to do to turn around our failing educational system and make our schools the best in the world again.

President Clinton's blueprint for change, the "Goals 2000: Educate America Act," includes many of the hard truths about education reform that we have learned in the last decade.

It took "A Nation At Risk," to shake some communities and states into action. That report, completed 10 years ago, warned: "The education foundations of our society are being eroded by a rising tide of mediocrity that threatens our very future as a nation and as a people."

Tragically, that warning was ignored on the national level. But it did speed up reforms that had already begun in some places. A few states and local school districts became real laboratories for new ideas. When I was Governor of South Carolina, we undertook sweeping reforms. Some of my colleagues, among them Governor Bill Clinton of Arkansas, embarked on a similar journey.

What did we learn?

First--and most important--high learning standards and tougher curricula really matter. All children can learn. Kids take their cues from us; if we expect them to learn more, they will.

Second, rally the community. Parents, business and labor leaders, community groups--even grandparents--must work together to push all students toward those high standards. Everyone has something unique and special to contribute.

Third, make schools produce results. Develop tests that really assess progress.

And fourth, give schools and educators the tools they need to do the hardest, most important work in America. Teachers must have access to professional development and work with the aid of up-to-date technology and textbooks.

The "Goals 2000: Educate America Act" builds on all these lessons, and creates an historic partnership for change among schools, communities, states, and the federal government.

Richard W. Riley

Page 2

The federal government will challenge states to set high, world-class standards. All students, rich or poor, will be expected to work harder to meet them--no exceptions.

Locally, schools will work with everyone in the community to develop comprehensive reform and improvement plans. Everything will be looked at--the curriculum, textbooks, student performance assessments, teacher training, use of technology, school management, parent involvement, and more.

Federal funds will go to help communities that produce realistic plans for significant reform. The amount of money won't be massive, but the President knows that until curriculum and teaching standards are strengthened, money itself is not the answer--especially in this era of deficits.

Does "Goals 2000" mean federal snooping and burdensome mandates for the states? No, state participation is strictly voluntary.

Will it produce a national curriculum? No, local schools and districts will create their own unique approach to better learning.

Will it create big bureaucracies? No, ultimately, at least 85% of all money will go directly to local schools and their communities. "Goals 2000" is not about creating more government jobs, it's about enhancing the quality of teaching and learning that goes on in our children's classrooms.

Some observers have criticized the "opportunity to learn" portion of the bill, the standards designed to help improve essential learning conditions in schools that need extra help. If we expect our children to learn more, can't they expect quality textbooks, well-trained teachers and access to technology in return? How can they learn without them?

An analogy from track and field is apt. Through "Goals 2000" we are raising the pole vault bar to a new, world-class height. We must ensure that all our "athletes"--students, in this case--are well trained, wear the right shoes, and hold poles that won't break. No one is requiring that a new 80,000-seat domed stadium be built with luxury boxes and carpeted locker rooms. The fundamentals for fair competition among all students, though, need to be in place.

The President's "Goals 2000: Educate America Act" is no panacea. But it is a critical first step. The challenge for all of us--in Washington and every schoolroom around the country--is to come together, in a bipartisan way, around the things we know will work.

There are less than seven years until the new millennium. Without prompt action, "the rising tide of mediocrity" will sweep us all away. There is precious little time left to act.

#####

EDUCATION Secretary Richard Riley and consultants at his disposal are reported to be readying the Clinton administration's education reforms for announcement before the end of this month. Only a couple of features are said to distinguish them from George Bush's proposals that stalled in the Congress last year.

The plan reportedly calls for \$420 million in federal spending for the next fiscal year, and like the former president's package would set six national education goals, with academic and testing standards to follow.

Unlike the Bush plan, though, it will seek no authority or funding to support state initiatives for parental choice. The last administration had proposed public funding to follow children when their parents chose to put them in another school, including a private school.

Under the Bush proposal, the states would have written the particulars and set the criteria consistent with federal prohibitions against racial discrimination and the like.

The second different feature of the Clinton plan reported near completion calls for the U.S. Department of Education, not the states, to set standards and performance tests. A draft plan circulated among key members and committee staffers in Congress calls these "Opportunities to Learn" provisions, the view being that learning is limited in the absence of such requirements.

The sidetracking of choice that at least two significant polls have indicated is now favored by 70 percent of Americans, and the further centralizing of requirements over the nation's schools generally have been high on the agenda of public education interest groups. They differ on many particulars, but overlap in their confidence and comfort level with greater federal say-so over public education.

The continuing drift, maybe now a renewed rush, to federal influence in elementary and secondary education already may be provoking its correction. The 70 percent public support last reported for choice was measured at 50 percent only a year earlier. It appears to be a groundswell that's not dissuaded by distant planners and political educationists.

THE WHITE HOUSE
WASHINGTON

DATE: 06/18/93

NOTE FOR:

BRUCE LINDSEY
RON KLAIN

The President has reviewed the attached, and it is forwarded to you
for your:

Information



Action



Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

cc:



cc Per Klein
Carrick's other
valuation
cc at -
Burr



David Folsom

Attorney at Law

4122 Texas Boulevard
P.O. Box 1897
Texarkana, Arkansas/Texas 75504

Telephone 501/774-3206
FAX: 903/792-5098

June 11, 1993

President Bill Clinton
The White House
Washington, D.C. 20500-2000

Dear President Clinton:

I write to express my appreciation for your presentation of a certificate of military service in honor of Judy's father. Judy and Mrs. Sullivan were truly moved and will display the certificate in a place of honor.

Your recent victory in the House gave me great pride. As always, you have displayed your resiliency and ability to overcome adversity. Do not let your detractors and special interest groups steer you from a course of recovery and reform.

I want to advise you that I have submitted an application for appointment to the Federal Judiciary for the Eastern District of Texas. Harold Nix and Cary Patterson of Daingerfield, Texas, Nick Patton, and other respected trial attorneys in the District have encouraged me to do so. I contemplated the submission of the application for weeks and acted only after having been assured by those trial attorneys of their confidence in my qualifications.

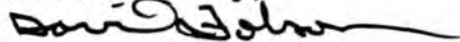
Many of my supporters have encouraged me to make known this application to you much earlier. I feel uncomfortable in doing so with so many difficult decisions facing you and much more important topics on your agenda. My loyalty and friendship to you is more important than to be jeopardized by any request on my part. However, I trust you realize my support for you has always been due to my belief in you and your abilities to help the State of Arkansas, and now this nation, rather than for my own personal gain.

I do not notify you of my application seeking special treatment. I only request your consideration to my application if you, and others in a position to gauge my qualifications to hold that position, feel that I am truly qualified. If that judgment is made, I feel that few would mirror

your philosophies more than I would. With the blessing of good health, I could serve you many years after your Presidency.

Our prayers are with you as you face the tremendous challenges of your office.

Yours sincerely,

A handwritten signature in black ink, appearing to read "David Folsom", with a long horizontal flourish extending to the right.

David Folsom

DF/ld

What's So Bad About Zigzagging?

President Clinton is getting into trouble because he's not acting like a man. He is taking his time, he is processing a lot of information, he is working his mind and he is letting his emotions influence his decisions and his actions. He is not being John Wayne.

He is letting two dreadful secrets out of the box: one, he is not omniscient, and two, he has a direct connection with his feelings. Both of these violate the western, male, rationalist code of behavior that is as firmly embedded in the press corps and in much of the male culture as it is in the mustiest old office of the Pentagon.

Clinton took nearly three months to nominate federal Appeals Court Judge Ruth Bader Ginsburg to the Supreme Court, and a number of names were run up and down the flag in the process. The consensus around town was that he took too long.

Ellen Langer, a Harvard psychology professor, has an idea of why that disturbed some people.

She believes that when people gather information to try to reach a decision, they become more and more aware of how much information they don't have. Rather than feeling more secure, they end up feeling less secure. Clinton "makes more obvious the uncertainty that is in some sense the nature of the beast, the world. There is no right decision. That makes people uncomfortable. In his changing his mind, it makes clearer that there is no right answer."

When Clinton considers a number of people for a job, she says, "he should take his procedure and make it a virtue rather than make it look like it's coming from weakness. Now when he changes his mind he apologizes. Do you want someone who would rigidly adhere to a choice because he made a choice, when new information becomes available? He's let his opponents frame the process he's going through. What he should have done is make them look rigid."

"Certainly the readiness to change one's mind should not be seen as necessarily a sign of weakness," says Deborah Tannen, author of "You Just Don't Understand." "It could well be a sign of flexibility, sensitivity and openness."

Clinton's sensitivity manifested itself in the emotional connection that developed during a meeting between him and Ginsburg at the White House on Sunday, a connection that reportedly won

her the nomination. And it was evident again on Monday when Ginsburg concluded her acceptance remarks with a very moving tribute to her late mother. Clinton then took a question from ABC's Brit Hume, who asked him about a "certain zigzag quality in the decision-making process here."

Clinton shot back: "I have long since given up the thought that I could disabuse some of you of turning any substantive decision into anything but a political process. How you could ask a question like that after the statement she just made is beyond me." End of shortest news conference ever held.

"This was an incredibly human moment," notes Tannen. "The timing was so insulting, the question so insulting to her, taking away her moment. He was just sitting there waiting to ask the usual 'what's behind the scene, what went into this' question. The press is obsessed with this issue of political process." She thinks Clinton's response "was pretty appropriate," and the question "really insensitive to the emotional reality of the moment. He must have been thinking how his father would have felt if he'd seen him become president of the United States."

Jean Symmes, a McLean psychologist, says the press is accustomed to "developing an image of a president that is in their terms. They've been trying to develop one about Clinton and looking for the dimensions, and one of the dimensions is supposed to be this zigzag uncertainty." This violates the male imperative that calls upon men to "be certain."

"He is doing a lot more processing out loud," Symmes says. "He likes to talk. He likes to relate. He likes for people to know what's going on and this is seen as changing his mind."

President Clinton is breaking the mold that cowboys encoded into the western psyche: that the world is made up of winners and losers, it's all black and white and that you can figure it all out by distancing yourself from it. His opponents accuse him of such high crimes as wavering and indecision. He zigzags. His emotions influence his decisions. He is secure enough that he can change his mind. He is capable of delivering a moral rebuke in the face of emotionally inappropriate behavior.

While we have all spent hours talking about how Hillary Rodham Clinton is redefining our expectations of women, the rest of the story may very well be how President Clinton could redefine our expectations of men.

Stranger

Interviewing B

THE PRESIDENT HAS SEEN

6-18-93

The Washington Post

FRIDAY, JUNE 18, 1993

Lally Weymouth

Bearing Down on North Korea

North Korea threatened to withdraw from the Nuclear Nonproliferation Treaty three months ago because it did not want to grant International Atomic Energy Agency inspectors full access to two suspect nuclear sites. Now after a week of high-level U.S.-North Korean talks, Pyongyang has suspended its decision to withdraw from the NPT, but still refuses to grant IAEA inspectors access to the two sites.

Although a New York Times editorial congratulated the Clinton administration for "deft diplomacy," it's hard to see why. North Korea's conduct is manifestly cynical, and it remains unclear how the administration plans to bring this rogue state into compliance with NPT and with IAEA inspections.

Former secretary of state Lawrence Eagleburger cuts to the core of the problem: "The only way I'll be satisfied is if IAEA has unimpeded access to North Korean nuclear facilities. Everything else is window dressing."

The possibility of North Korea's securing nuclear weapons needs to be considered in the context of Pyongyang's consistently irresponsible behavior. North Korea, for example, engineered the murder by hidden bomb of most of the South Korean cabinet eight years ago. It has sent assassination teams to the South and regularly sponsored political agitation there.

Back in 1985, North Korea agreed to sign the Nuclear Nonproliferation Treaty. But even then, this isolated Marxist state refused to sign the key side agreements that would have opened its nuclear facilities to inspection.

Five years later North Korea actually ratified the NPT and agreed to allow inspections of its nuclear facilities on one condition: Pyongyang demanded that the United States remove its tactical nuclear weapons from South Korea. The United States implicitly accepted the linkage demanded by North Korea. In the context of a joint declaration with Russia, America removed its tactical nuclear weapons from ships and missiles throughout the world. And although U.S. combat aircraft stationed in Europe retained their tactical nuclear weapons, U.S. fighter planes based in South Korea were reportedly stripped of these arms in 1991—a concession to North Korea.

THE PRESIDENT HAS SEEN

6.18.93



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At the time, there appeared to be some positive movement on the nuclear front. Indeed, North and South Korea signed an agreement promising a nuclear-free peninsula. Bilateral inspection was central to the deal. Early in 1992, North Korea finally agreed to cooperate with the IAEA inspections.

But the North didn't actually allow inspectors to do their work. According to a Bush administration official, Zalmay Khalilzad, "North Korea lied to IAEA on how much fissile material it had produced and sought to fool IAEA inspectors on what had been going on in its nuclear facilities."

The IAEA eventually concluded, according to Khalilzad, that North Korea "was engaged in a significant nuclear program." IAEA asked for—but was denied—access to the two suspect dump sites. Then in March of this year, North Korea announced it would withdraw from the NPT.

Last month, the situation deteriorated still further. As a test, North Korea successfully fired an intermediate-range missile. If launched from North Korea, this missile—armed with a chemical or possibly even a nuclear warhead—could easily hit Japan. Japan's foreign minister, Kishin Muto, immediately declared that Japan would take "countermeasures."

Since North Korea sells this missile to Middle East states like Iran, the danger posed by its nuclear and missile program isn't confined to Asia. After all, such a missile fired from Iran could strike Israel.

The ultimate danger point will be reached when North Korea can successfully couple a nuclear warhead to a state-of-the-art ballistic missile, thus creating a formidable nuclear weapon. Another critical time will arrive when Pyongyang begins taking irradiated fuel out of its large Yongbyon reactor to reprocess it elsewhere and then hide it. A Bush administration official warns that the North Koreans could start moving irradiated fuel any time—even this summer.

The Clinton administration would be wise to set a timetable for North Korea to come into compliance with the NPT. Washington needs to demand that Pyongyang allow the IAEA to inspect both declared and undeclared sites. America, meanwhile, should encourage the United Nations to impose economic sanctions on North Korea. These measures might suffice to bring the North to its senses. As it happens, there are serious divisions within the North Korean leadership clique.

In the end, it is key that North Korea understands that America will not compromise on inspections nor will Washington tolerate North Korean efforts to test nuclear weapons or to deploy or export longer-range missiles. Certainly, an international coalition led by the United States could help bring about the necessary inspections that diplomatic talks have thus far failed to achieve. Let's hope it won't prove necessary to resort to force.

The Washington Post

FRIDAY, JUNE 18, 1993

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THE WHITE HOUSE
WASHINGTON

DATE: 6/18/93

VICE PRESIDENT
MACK McLARTY
DAVID GERGEN
TO: MARK GEAREN
GEORGE STEPHANOPOULOS

FROM: JOHN D. PODESTA
Assistant to the President and
Staff Secretary



The attached has been forwarded
to the President.



THE WHITE HOUSE
WASHINGTON

93 JUN 18 P2:20

June 18, 1993

Mr. President,

The attached memorandum summarizes the interagency activity on the base closure process. You requested this information at the last Cabinet meeting. The process is being run by the NEC and the Department of Defense. The NEC is in the process of preparing further briefings for you on the issue.

Bob Rubin
Christine Varney

THE WHITE HOUSE

WASHINGTON

June 17, 1993

93 JUN 18 P2:20

INFORMATION

MEMORANDUM FOR THE PRESIDENT

FROM: Robert E. Rubin *RE*
Christine Varney

SUBJECT: Military Base Closures

On Thursday, July 1, the Defense Base Closure and Realignment Commission will send you its list of recommended closures. This memo is to post you on interagency efforts to ease the burden on communities ultimately selected for closure.

Interagency Preparations for Base Closure

As part of its Interagency Working Group on Defense Reinvestment and Conversion, the NEC convened a Task Force on Base Cleanup and Reuse, chaired by DoD. The task force is focusing on four problem areas: cutting red tape in property disposal, accelerating environmental cleanup, community economic redevelopment, and improving DoD's internal procedures (e.g., timing closures in a way that is sensitive to community needs). On Mon., June 21, the task force will present its recommendations to a meeting of the NEC deputies; soon after, you will receive a preliminary interagency action plan. Within the next few days, we will propose a strategy for announcing this plan.

This is a tentative sketch of what the plan will contain:

1. Sizable planning grants. Every community on the final list will receive a sizable planning grant from DoD's well-regarded Office of Economic Adjustment. The grants will be considerably larger than in the past; they will be automatic for any community on the list (also a change -- communities previously had to demonstrate injury); and they will be available less than 30 days after a community formally establishes its Reuse Committee.
2. "Common-sense" environmental cleanup. (1) A three-person environmental management team (representing EPA, DoD and the state) will be assigned to each base to coordinate cleanup. (2) Within 18 months, DoD will (a) identify and make available for transfer all clean parcels of land and (b) complete an assessment of all contaminated parcels. (3) Once a contaminated parcel has been assessed, it can be leased on an interim basis (DoD and EPA have developed a model lease). (4) We will seek legislation to allow the cleanup standard to vary depending on the anticipated

use of the land (so, for example, land to be used for an industrial park will no longer have to meet a residential standard).

3. Cutting red tape in property disposal. Bases are a valuable asset (many are worth \$300-\$400 million), and DoD previously tried to get communities to pay top dollar. But DoD is no longer interested in making money from base closures. Disposal of personal property (fire trucks, furniture) will favor community over military needs. When it comes to real property (land, buildings) DoD will discount the price to encourage economic redevelopment and job creation. (DoD is even considering the option of giving bases to the host community after closure.)

4. Single point of contact. Each base will be assigned a fulltime DoD employee to serve as the federal point of contact for the community. These transition coordinators will be trained and ready to be dispatched on July 1. They will be overseen by John Shannon, the highest-ranking civilian service employee in the Pentagon and former acting secretary of the Army.

5. Other sources of economic redevelopment funds. The Departments of Commerce and Labor also have funds for defense conversion; DOC and DOL are streamlining and expediting their application procedures for these funds, and the agencies will contact communities proactively. (With DOL conversion funds, communities can begin retraining civilian base personnel two years before the base closes.) The FAA's Military Airport Program has funds for transferring to civilian use many military airfields that are slated for closure. SBA, HUD, and USDA also have programs that may be able to help communities.

Agencies Involved

The agencies involved in the NEC Task Force on Base Cleanup and Reuse include: Defense (chair), EPA, Energy, Commerce, Labor, Transportation, HUD, Justice, Agriculture, SBA and General Services Administration. OMB, NSC, CEA and OSTP are also involved.

Broader Effort on Defense Conversion

The NEC Working Group on Defense Reinvestment and Conversion is coordinating implementation of your broader initiative on defense conversion. This group is preparing a white paper, for release in July, that will elaborate our responses to the two major challenges posed by the defense drawdown: (1) to ease economic adjustment, and (2) to provide efficiently for defense needs through reinvestment in dual-use technology and major procurement reform.

The Washington Post Writers Group

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^EDWIN YODER COLUMN<

^(For IMMEDIATE RELEASE--Normally Advance for Monday, June 21, 1993)<

^(For Yoder Clients Only)<

^By EDWIN M. YODER, JR.=

WASHINGTON--It is unfortunate that President Clinton's ceremonial introduction of Ruth Bader Ginsburg, a distinguished Supreme Court appointee, ended with a jarring response to a television reporter's showboating question. But c'est la vie; and the issue itself is worth a closer look.

Brit Hume of ABC News asked, knowing already that it was true, whether the handling of recent White House appointments, including that of Judge Ginsburg, hadn't evidenced "a certain zigzag quality in the decision-making process," and invited the president to "disabuse us of any notion we might have along those lines," knowing perfectly well that Clinton couldn't.

There was rough justice in Clinton's response: "I have long since given up the thought that I could disabuse some of you turning any substantive decision into anything but a political process."

Hume knew when he asked that the long search for a successor to Justice Byron R. White had been even more public and ragged, at times, than most such "political processes," though certainly not unprecedented. (Not long ago, there was the ragged process Ronald Reagan ran through when the Robert Bork confirmation failed and one of Ruth Ginsburg's colleagues of the same name--no relation--came and went overnight.) There was the well-publicized tender of the White seat to Gov. Mario Cuomo of New York, who refused it, followed by approaches to such figures as Dick Riley, Bruce Babbitt and Judge Stephen Breyer.

What I think is less well understood is that these "zigzags" flow from the president's confiding nature, which would be a virtue in some settings.

(more)

Like most of us, President Clinton finds it hard to make up his mind on hard matters. The difficulty isn't lessened by the fact that his deliberative processes are complex.

Bismarck long ago warned that lawmaking and sausage making (to which the presidential appointive process should probably be added) are activities of which it is unwise, and certainly unappetizing, to know too much. Clinton, however, likes to stuff sausages in broad daylight. And like all good technicians, he is apt to accompany the stuffing with a guileless running commentary (''Well, usually, I use the hotter kind of sage, but maybe this time we'll add the cooler kind ...''). Reporters usually welcome this kind of kibitzing, like knowing and writing about what's on the president's mind, and accuse presidents of secretiveness if they are denied it. But when there's a lot of it, they will accuse the president of zigzagging.

President Truman, who is zooming upward in esteem but was thought of as hopelessly inept during his time in office (''to err is Truman,'' said the wags) could make awesome decisions about the atomic bomb and Korea as serenely as he might select a pair of socks. Perhaps a relatively more simple-minded president than Bill Clinton is preferable, one who tends not to see all sides of a question. But if we thought Clinton were making snap decisions, we would make an issue of that too.

The president's observation that we, the press, tend to turn ''substantive decision'' into ''political process'' is undeniable. And the dominance of television isn't improving matters. If you compare Brit Hume's style with that of H.V. Kaltenborn, to say nothing of Ernest K. Lindley or Frank Kent or Walter Lippmann, you will see a decisive shift of journalistic emphasis in the direction of process. TV needs pictures and drama. Judge Ruth Ginsburg, for instance, may know all there is to know about collateral estoppel, and other subtle legal matters, but don't expect them to be expounded on the evening news.

My own guess is that when he snapped at Brit Hume, Clinton was deeply moved by what Judge Ginsburg had been saying about the role of women, and her mother and granddaughter. It isn't the press' job to have a sense of

(more)

occasion, but Hume's transition was as abrupt as that, on television, from a funeral to a beer ad, and was grossly mistimed. In answering it, the president yielded to an impatience most of us feel much of the time with this chattering, tasteless age.

Brit Hume happened to be the nearest dog and he got kicked.

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**The
Washington Post
Writers Group**

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^bc-yoder-column adv16<

^EDWIN YODER COLUMN<

^(Advance for Wednesday, June 16, 1993, OR EARLIER IF DESIRED)<

^(For Yoder Clients Only)<

^By EDWIN M. YODER, JR.=

1150 15TH STREET, N. W., WASHINGTON, D. C. 20071-9200
TEL: (202) 334-6375 (800) 879-9794

THE PRESIDENT HAS SEEN 6/18

WASHINGTON--Since most Americans would identify the right to vote as the keystone privilege of democracy it's small wonder that the voting rights issue that wrecked Lani Guinier's nomination to head the Justice Department office of civil rights continues to echo.

Guinier keeps rising up like Banquo's ghost to wag her finger at her alleged character assassins, insisting that she was cruelly caricatured--that, as she wrote in The Washington Post, "my opponents concocted a menacing counterfeit ... that was a photographic negative of everything I have ever stood for."

Perhaps that is so, and if so it is inexcusable. It is grossly unfair to twist scholarly and speculative utterances to poison the public mind against nominees to high office--whether their names are Lani Guinier or Robert Bork.

In her Post piece, Guinier said that, had she been allowed to testify, she would have described herself as a mainstream advocate of perfectly reputable devices for making the black voice heard via the ballot box. She cites two devices by way of example, so-called "cumulative voting" and supermajority requirements on some legislative bodies, and tells how they promoted biracial coalition and consensus in two Alabama cities.

But in telling her story, Lani Guinier has also soft-pedaled at least one side of it. It is a side concisely described by Abigail Thernstrom, another distinguished scholar of voting rights law and no friend of racial discrimination, as Guinier's "extraordinary faith in electoral and political engineering to guarantee that the right people have the right amount of power."

(more)

Thernstrom notes, for instance, that during the Reagan years Guinier ``worked tirelessly ... as an advocate of race-based district plans''--the gerrymandering (some would say ghettoizing) of legislative and, more recently, congressional districts to assure black majorities. This was done under color of the Voting Rights Act as recently interpreted, although one may doubt that such an interpretation would have been so zealously enforced by Republican administrations if calculations of the black voting interests had not handily coincided with GOP electoral interests. Apparently, Guinier has now belatedly realized that it might not be a good swap to trade widely dispersed black voting for ghettoized ``black'' seats. She says she no longer advocates this kind of gerrymandering. But she did for a while.

Thus a very real issue here, as Thernstrom suggests, is the wisdom of social engineering by judges and Justice Department bureaucracies --engineering designed not merely to assure unimpeded access to the ballot for all, but to arrange predictable outcomes regarded as benevolent according to the fashionable wisdom of the moment.

Guinier speaks repeatedly, in her recent Washington Post article, of the ``interests'' of black voters, as if those interests were self-evident. There was perhaps a time, in the darkest era of Jim Crow law, when black political interests were elemental and obvious. Are they still? Or are the interests of black voters perhaps as diverse as those of white voters?

There is a continuing divergence in the standing of black Americans. Even as the fortunes of ever larger numbers of black middle-class voters approach the economic and social norms of ``white'' America, those of the so-called ``underclass'' are increasingly plagued by social pathologies connected with drug addiction, crime and violence, illegitimacy and chronic welfare dependency.

A sense of social responsibility, of noblesse oblige, may prompt prosperous middle-class blacks to fight for those left behind on the

(more)

ladder; but it is hardly clear that their ``interests`` coincide. And it could hardly be news to one so well informed as Professor Guinier that there are fierce divisions and battles within the black community over affirmative action programs which, even as they help some, may cloud the meritorious achievements of others.

As black interests continue to diverge and diversify--vindicating the integrationist and equal access ideals that underlie traditional civil rights laws--it will be ever harder to justify hotshot manipulations of political outcomes supposedly favorable to ``black interests.`` Yet Professor Guinier continues to have some enthusiasm for them.

This may not be the only issue underlying the Guinier affair, but it is one of them and it is one that she is not very candidly addressing in her postmortem self-defense.

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THE WHITE HOUSE
WASHINGTON

Chiron

6/18/93



MR. PRESIDENT,

Mack asked me to pass
this along. I've copied
Bill Galston on this.

John Podesta



BART GORDON
6TH DISTRICT, TENNESSEE
RULES COMMITTEE
BUDGET COMMITTEE
SELECT COMMITTEE ON AGING
DEPUTY MAJORITY WHIP AT LARGE



POTUS

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Congress of the United States
House of Representatives

03 JUN 18 AM 11:31

June 9, 1993

The Honorable Thomas F. McLarty
Chief of Staff
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20500

Dear Mack,

I enjoyed talking to you last night. It was a relief to finally run into somebody who understood what a conversion to direct lending would really mean for the student loan program, and who had taken the time to read some of the newest information critical of such a proposal.

Even though I don't agree that direct lending is the best way to achieve reform in the student loan program, I have repeatedly acknowledged that President Clinton's leadership has allowed a vital debate on the flaws of the current system to take place. And no matter which way we resolve the issue, we will see over \$4 billion in savings. This can be a great victory.

My concern throughout the process, one that I have raised with numerous members of the Administration, is that the President is not getting good information on this topic. I recognize that when this issue was first discussed, the savings from direct lending appeared to be about \$6 billion. According to CBO's most recent pronouncement, the real savings are actually closer to \$2 billion. The Congressional Research Service (CRS) made this call early on, and I have enclosed their latest paper on the subject (which I find very clear and helpful). After talking with President Clinton last night, I am not confident that he has heard any of these arguments, or seen the new CBO estimate or the CRS analysis.

11 Mack, I appreciate the thought you have put into this issue and your willingness to listen. I hope you will be able to pass on the enclosed information to the President. In my conversation with him last night he specifically asked for these items, and in my experience thus far, he does not seem to receive letters I send him.

Thanks again.

Sincerely,

BART GORDON
Member of Congress

Mack -
I'm glad you
are in the White House!

BART GORDON
6TH DISTRICT, TENNESSEE

RULES COMMITTEE

BUDGET COMMITTEE

SELECT COMMITTEE ON AGING

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Congress of the United States House of Representatives

June 9, 1993

The Honorable William J. Clinton
President of the United States
The White House
Washington, D.C. 20500

Dear Mr. President,

I appreciated the chance to talk to you last night about student loan reform. At your request, I am following up with some information which I believe is very pertinent to both the policy and political debates on this issue.

First, however, I want to emphasize that throughout this debate I have tried to be a constructive force. I am a friend, committed to the goals you have set out for the nation, and my endorsement of your candidacy came early and reflected a serious personal commitment.

You may remember that during the toughest days of the New Hampshire primary my Washington and Tennessee offices were cleared out because my staff and all the friends we could gather were knocking on doors in Hampton and Exeter; and that last fall, our campaign took on a 120,000 Clinton-Gore GOTV mailing, half of which had to be addressed by hand because of FEC rules. I believed in you then, and I believe in you even more strongly today.

My concerns with this issue are based on both a sense of what would be best for students and taxpayers, and a strong desire to see you succeed in both the short and long run.

Your position on the need for reform in the student loan program created the current debate, and thanks to you our chances of winning on this issue have skyrocketed. Whatever the details of the final reform proposal, Americans will see billions of dollars in savings, income-contingent lending, and a national service option. This is an achievement I would not have thought possible before last November and a great victory for you.

I disagree, however, with the decision to build this reform around a conversion to direct lending or an excessively large pilot. As I have pointed out in past letters, I sincerely believe that this proposal is not in the best interest of students or taxpayers, nor is it in tune with the mood of the country.

Proponents of direct lending make two major claims: direct lending will save billions and streamline the system. As you will note from the attached Congressional Research Service (CRS) report,

the evidence to back up these claims falls short.

First, in terms of savings, the most recent information from the Congressional Budget Office (CBO) shows that if the direct lending program was scored on the same basis as the guaranteed loan program, savings would fall to \$2.08 billion. This is quite a ways from the original estimates you were shown which exceeded \$6 billion, and I am concerned that this new information has not been brought to your attention.

Second, since all the same functions that are performed for guaranteed lending must also be performed under direct lending (ie, origination, servicing, collection), it is obvious that we must either turn to a greatly expanded government bureaucracy or rely heavily on government contractors. Neither of these options is attractive, nor are they "streamlined." Because schools are not required to originate loans under direct lending (they may opt to have alternative originators), this process will also not be simpler for the student.

Finally, I do not believe that the public is in the frame of mind to accept a new program which adds to the government bureaucracy, dismantles a successful private/public partnership, and results in over \$50 billion in additional government borrowing. I also believe that the Department of Education will have its hands full cleaning up the mess left to it, and therefore may not have the capacity to exercise sufficient oversight of the program.

This issue is not as simple as industry versus students, and the contention that all alternatives represent nothing more than a front for special interests is not accurate. Financial aid administrators have come out against an immediate move to direct lending. The United Negro College Fund has expressed real concerns about the concept. Numerous thoughtful legislators, such as Senator Claiborne Pell, have voiced a preference for an alternative. None of us are tools of the special interests.

An alternative does exist. It is possible to squeeze more from the current system and achieve the necessary savings. In fact, my legislation (HR 2219) achieves \$4.34 billion in savings and allows a limited pilot to run.

I am attaching a summary of my proposal, the recent letter from CBO and the new CRS paper. I hope you will have a chance to look at these yourself.

Thank you for your consideration.

Sincerely,

A handwritten signature in dark ink, appearing to read "Bart", with a stylized flourish at the end.

BART GORDON
Member of Congress

BJG/cmd
Enclosures



CONGRESSIONAL BUDGET OFFICE
U.S. Congress
Washington, DC 20515

Robert D. Reischauer
Director

June 1, 1993

Honorable Bart Gordon
U.S. House of Representatives
Washington, D.C. 20515

Dear Congressman:

Based on your request of May 28th, the Congressional Budget Office has prepared the enclosed cost comparison of the reconciliation recommendations of the Committee on Education and Labor relating to direct student loans. You requested that CBO provide estimates of the direct loan proposal using the estimating rules stated in the Credit Reform Act of 1990 that requires federal administrative expenses to be estimated on a cash basis and under an alternative technique in which all federal administrative expenses associated with each year's loans are estimated on a net present value basis.

Under the proposed direct loan program, administrative expenses will increase when students begin either to repay loans or to default on loans. When administrative expenses are estimated on a cash basis, these higher administrative expenses are not included in the estimate because they will generally occur after 1998. For this reason, when administrative costs are estimated on a net present value basis, the estimated costs of a direct student loan program increase and the resulting savings from converting the current guaranteed loan programs to direct loan programs fall.

As shown in the enclosed table, we estimate that the five-year savings of \$4.27 billion from the Education and Labor Committee's proposal to convert current guaranteed loan programs to direct loans fall to \$2.08 billion when federal administrative expenses are estimated on a net present value basis.

If you wish further details on these estimates, we will be pleased to provide them. The CBO staff contact is Deborah Kalcevic, who can be reached at 226-2820.

Sincerely,

Robert D. Reischauer

Enclosure

**COMPARISON OF COST ESTIMATES
OF
THE HOUSE EDUCATION AND LABOR COMMITTEE
Reconciliation Recommendation for Direct Student Loans
Under a Proposed Subsidy-Basis Scoring Rule for Administrative Costs
Compared to the Current Cash-Basis Scoring Rule for Administrative Costs**

(by fiscal years, in millions of dollars)

	1994	1995	1996	1997	1998	1994-1998 Total
Direct Student Loans With Administrative Costs						
Under Proposed Subsidy-Basis Scoring^a						
Estimated Budget Authority	85	5	-405	-945	-1,110	-2,370
Estimated Outlays	130	40	-260	-855	-1,135	-2,080
Direct Student Loans With Administrative Costs						
Under Current Cash-Basis Scoring						
Estimated Budget Authority	65	-180	-930	-1,895	-2,135	-5,075
Estimated Outlays	<u>115</u>	<u>-85</u>	<u>-650</u>	<u>-1,610</u>	<u>-2,040</u>	<u>-4,270</u>
DIFFERENCE:						
Estimated Budget Authority	20	185	525	950	1,025	2,705
Estimated Outlays	15	125	390	755	905	2,190

- a. Under credit reform, all the costs of federal loan programs—with the exception of federal administrative costs—are estimated on a subsidy basis. Subsidy costs are the estimated long-term cost to the government on a net present value basis associated with all the loans disbursed in any particular fiscal year. It is these costs which are used for budget scoring. However, under credit reform, federal administrative costs are estimated on a cash-basis. Annual administrative costs are measured in terms of net-cash expenditures from Treasury in the year they are made and are associated with all loans outstanding during that year. These cash costs are used for budget scoring.

Under current budget scoring rules for the current guaranteed student loan program, the costs associated with loan servicing and default collections are included in the subsidy cost calculation as one of the components of the lender's total yield. However, these same expenditures for the direct student loan program are included in the estimated costs on annual cash basis. The proposed subsidy-basis scoring would include these loan servicing and default collection costs on the same subsidy basis as those associated with the guaranteed loan programs.

CBO Analyst: Deborah Kalcevic
(226-2820)
June 1, 1993

CRS Report for Congress

Congressional Research Service • The Library of Congress

Guaranteed Student Loans vs. Direct Lending: Where Are the Savings?

AN ISSUE OVERVIEW¹

Barbara L. Miles
Specialist in Housing
and
Dennis Zimmerman
Specialist in Public Finance
Economics Division

SUMMARY

The proposal to replace guaranteed student loans with a program of direct lending is predicated in part on a desire to reduce costs.² The argument for cost reduction comes in two parts: first, that the administrative "simplicity" of one-stop direct lending will result in lower program costs; and second, that direct lending will convert some of the current program's interest expenses into Government interest earnings and budget savings.

The first part of the argument does not address that all the functions currently handled by the private sector continue to be necessary even if the Government takes them over or contracts them back to the private sector. The second part does not address that shifting lending responsibility to the Federal Government does not change the economic costs or benefits of the student loan program, and therefore does not add to the Nation's wealth.

These observations are obscured by current "scorekeeping" which shows a 5-year \$4.27 billion budget "savings" for direct lending. The savings are of two

¹ Much of the following discussion summarizes the results of two studies: U.S. Library of Congress. Congressional Research Service. *Federal Family Education Loans: Reduced Costs, Direct Lending, and National Income*. Report No. 93-247 E, by Barbara Miles and Dennis Zimmerman, February 22, 1993. See also Dr. Rudolph G. Penner. *Direct Government Lending vs. Guarantees For Student Loans: A Comparative Analysis*. KMPG Peat Marwick. May 1993.

² There may be noneconomic aspects to this debate, but this report does not address them.



in distinct stages: what is necessary to receiving and monitoring the streams of income from outstanding loans, and what is necessary to process defaults. Under direct lending, the Government would perform (or contract out) these services.

The current program can be thought of as one in which all functions, except loan enhancement, are contracted to the private sector, thus reducing the Federal responsibility to its simplest and most essential role. These functions are distinct and are performed by financial specialists with economic advantages for each function. Under direct lending, all these functions would still exist, but would be "bundled" together and carried out by the Government.

Because the program would not be functionally simpler, budget savings would result only if the Government has been paying the private sector too much for these services and can perform them at lower cost.³ The private sector has steadily reduced costs per loan over the last dozen years, a record which is consistent with the effects of competition in the loan servicing market. The debate has not featured evidence that Government can provide these services at lower cost than the private sector. Simplicity achieved by ridding the program of multiple suppliers is not, in an economic sense, necessarily consistent with administrative efficiencies that reduce costs and produce budget savings. Cost savings are more likely to be generated by a structure that maintains competition at each level of the postsecondary loan production process.

Some have suggested that, should the assumption of all these functional responsibilities by the Government prove uneconomic, the functions could be contracted back to the private sector and once again priced separately. Were this to occur, questions would arise as to what had been gained by direct lending.

Is direct lending less costly for the Nation?

Direct lending could prove less costly for the Nation if it were designed to correct several sources of inefficient targeting that increase loan volume beyond what is productive national investment in education and training. The current guarantee program is an entitlement for any student, without regard to need, course of study, or prospects for successful attainment or economic enhancement of productive skills. This encourages and enables some students to undertake education which does not enhance their own productivity. This occurs for students whose prospects for success in advanced education are poor at the outset, or who are encouraged to attend schools which teach them skills not in much demand and poorly remunerated even when available. Society is not

³ Alternatively, the Government could reduce budget (but not economic) costs by transferring some of the administrative costs to the private sector without compensation, particularly to schools. Penner (May 1993), p. 5, estimates that the proposed direct lending program would shift between \$130 million and \$179 million of costs per year to schools.

The Government dictates a fixed student loan margin above flexible Treasury borrowing rates in order to cover the private lender costs of origination, servicing, intermediary risks, and returns to lender-invested capital. It is apparent that private sector efficiencies have reduced many of these costs so that profitability has risen beyond what is necessary to maintain the volume of lending desired. In effect, the Government provides lender interest rates in excess of those required to assure an adequate supply of loans, at least under current economic conditions. There is a strong case for eliminating these excess lender returns. The direct lending program succeeds in doing this. These excess returns can also be eliminated by adjusting the current program to lower the margin allowed for lenders.⁶ From this perspective, an adjusted current program is no more costly than direct lending.

The balance of budget savings attributed to direct lending is due to costs currently borne by the private sector that would be transferred to the Government but are not being counted in the cost estimates. At present, private lenders bear costs such as operational risk, some credit risk, and the risk of uncertain repayment timing from the loans. Some of the budget savings attributed to direct lending represent a failure of the cost estimates to include an allowance for Government absorption of these risks.

Another unrecorded Government cost is a direct result of budget scorekeeping rules that require non-comparable accounting for administrative costs of the guaranteed and direct student loan programs. Administrative and servicing costs are contained within the interest rate expenses of the guaranteed loan program and are fully scored on a net present value basis within the 5-year budget window. In contrast, administrative and servicing costs for direct lending are treated on a cash basis, that is, scored only when they occur. Most of these costs occur in years beyond the 5-year budget window and are completely ignored by the cost estimates.

As a result, even when administrative costs are assumed to be identical over the lifetime of the two loan delivery systems, those for direct loans are dramatically understated in the budget cost comparisons. Cost estimates from the Congressional Budget Office indicate that, were the two programs scored on the same basis, the 5-year budget savings for direct lending would be reduced by about \$2.2 billion, slightly more than half of the current \$4.27 billion estimate of budget "savings" from switching to direct lending. In effect, this \$2.2 billion

⁶ For example H.R. 2219, introduced by Representative Bart Gordon, would implement such a restructuring. This approach requires perpetual legislative oversight to adjust the return to changing economic conditions. An alternative approach would establish a lending rights auction. This would harness lender competition and induce lenders to bid away their excess returns. In effect, the market would set the lender's rate and provide an automatic adjustment of the program to changing economic conditions.

SUMMARY OF HR 2219: THE HIGHER EDUCATION SAVINGS ACT OF 1993

Rep. Bart Gordon

Introduced May 20, 1993

1. a) Reduce guarantor administrative cost allowance from 1 percent to 0.50 percent.
b) eliminate reinsurance fee.
2. Reduce guarantor reinsurance from 100 percent to
 - a) 96 percent for first 5 percent of annual defaults, and
 - b) 86 percent reinsurance for defaults between 5 percent and nine percent, and
 - c) 76 percent reinsurance for defaults in excess of 9 percent.

AND

Risk sharing by Sallie Mae. Reduce insurance payments from guaranty agencies to Sallie Mae on defaulted loans to 90 percent on all loans made after the date of enactment (except for loans accepted under lender of last resort provisions, which will be reimbursed at 100 percent).

3. Reduce guaranty agencies' retention of post-default collections from 30 percent to 27 percent in FY 94 and FY 95, and 26 percent for FY 96 through FY 98
4. Adjustment in Special Allowance Payments (SAP): reduce interest rates for all subsidized Stafford FFELs from the 91-day T-bill plus 3.1 to T-bill plus 2.6 for the in-school, grace and deferment periods.
5. Require multiple disbursement of PLUS loans, the same as is done with subsidized Stafford loans. Recap the annual borrowing level on PLUS loans at \$10,000.

6. Eliminate the tax-exempt floor and set the SAP for loans financed with tax-exempt financing at 85 percent of the SAP received for loans financed with taxable financings.

7. Extend the date after which loans go into default by 90 days

8. Institute a lender-paid origination fee, payable to the Department, of 1 percent of all loans (including consolidation loans), payable at the time of disbursement to the student/school.

-- for subsidized loans, fee will be deducted from federal interest payments to the lenders;

-- for unsubsidized loans, fee will be paid to the student loan insurance fund at the time of disbursement.

9. Consolidation loans:

a) remove the interest rate floor and set the interest rate at the 52 week T-Bill plus 3.1 percent, or the weighted average of the loans being consolidated, whichever is less.

b) Set an interest rate cap on consolidation loans at 9 percent.

c) require the holder of all FFELs to rebate 50 basis points per year of the average principal amount outstanding on consolidation loans to the Department of Education

Note: Consolidated loans will be available for repayment under the income contingent plan.

10. Limit the government payment of deferment interest on FFLP consolidation loans to only those loans which consolidated subsidized Stafford loans only.

11) Sallie Mae study. The Secretaries of Education and Treasury shall study the role and structure of Sallie Mae to determine that corporation's future. The study will include specific consideration of the need to maintain liquidity and the alternative of a transition to a private corporation.

12) Income contingent loan repayment

The Secretary shall establish by October 1, 1993 income sensitive repayment options based on the requirements included in the 1992 amendments to the Higher Education Act. The ten-year limit on repayment is repealed.

13) Institute a .25 percent purchase fee on all loans at the time a lender purchases the loan from another. The fee will be paid by the transferee.

14) Require Sallie Mae to act as lender of last resort. For loans accepted under these terms, insurance will be set at 100 percent.

TOTAL SAVINGS: \$ 4.343 billion

THE WHITE HOUSE
WASHINGTON

DATE: 6/18

TO: *Mark*

FROM: **JOHN D. PODESTA**
Assistant to the President and
Staff Secretary

fyi

TOW



A NATURAL GAS EXPLORATION & PRODUCTION COMPANY

ROBERT A. HEFNER III, CHAIRMAN

Date: June 17, 1993

Message To: President Clinton, Vice President Gore, Members of the Administration,
Members of the U.S. Senate and Members of the U.S. House of Representatives
From: Robert A. Hefner III
Re: The Creation of Sustainable Growth Through Econergetically Formulated Fiscal Policies

During your deliberations about taxes and the budget, I urge you to consider the econergetic principles set forth in the accompanying Hefner Report which describes a paradigm shift in fiscal policy that I believe is necessary in order to create a new cycle of real economic growth.

The theory of econergy* argues that in order to unleash the powerful forces necessary to produce and sustain a new wave of long-term economic growth, America must embrace a paradigm shift in fiscal policy based upon the principle that in our modern, technologically intensive, high energy consumptive economy, the old economic theory that labor + capital equals output is no longer adequate and must be replaced by the theory that it is labor + energy + capital that equals output.

Once energy is understood to be one of the three fundamental components of the production of economic output, then it becomes clear that our current economic problems of low growth and productivity, low levels of saving and investment in plant and equipment are the result of overtaxing *labor* and *capital* and undertaxing *energy* over a long period of time. I salute the Clinton Administration for being the first to recognize this concept and call for new taxes upon energy consumption. Although the BTU tax would have generated needed new revenue, unfortunately, as proposed, it was not sufficiently coordinated with our overall long-term economic goals to help stimulate or sustain new economic growth.

The solution to our current low economic growth, budget deficit dilemma is a fiscal policy which will stimulate new economic growth, eliminate the deficit and even pay down our national debt. Such a policy is possible. However, it must 1) be long-term, 2) continue to cut spending, 3) include large tax reductions on both labor and capital over the short term and 4) replace the lost revenue from reduced taxes on labor and capital with new taxes on energy consumption, beginning with oil products. The tax on oil products would be phased in over the long-term so that by the end of the decade the taxes American's are paying are comparable to the high end of those paid by Europeans and Asians.

Oil must be targeted first because it is our largest source of energy and its consumption creates by far the largest economic and environmental limits to new economic growth. All oil products must be included without exemptions and loopholes so that it will fall across the board on all oil consumers. Any unfair burden upon disadvantaged Americans who are truly poor can be alleviated directly and efficiently.

The national debate seems headed in the right direction. I urge each of you to have the courage to embrace these fiscal policy changes which are so vitally needed to unleash a new wave of real, broad based economic growth.

*Econergy: The forces of energy operating within the economy and the environment.

THE GHK COMPANY

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The Hefner Report

*a perspective from The Hefner Foundation
on energy, the economy and the environment*

June 17, 1993

3030 N.W. Expressway, 18th Floor, Oklahoma City, OK 73112, Fax: 405-948-9898

The Creation of Sustainable Growth Through Econergically Formulated Fiscal Policies

America is in critical need of a new cycle of real long-term economic growth, the elimination of its budget deficit and a cleaner environment. This paper argues that a paradigm shift in fiscal policy is required to unleash the powerful forces necessary to produce a new wave of long-term growth and that these fiscal policies must be based on new economic principles grounded in the ideas of econergy.¹ Econergically grounded economics rejects the old theory that it is labor + capital that equals output and replaces it with the theory that it is labor + energy + capital that equals output. Beginning sometime in the late 1960s or early 1970s the old theory became obsolete, no longer accurately reflecting the workings of our modern, technologically intensive, high energy consumptive economy, a condition that becomes more acute each day with our continuing technological advance.

The structural disbalances that have produced the limits to growth that the American economy faces today are the result of fiscal policies that have not been adjusted to take into account our technological advances during the last 30 years or so. For decades, we have tinkered with both *tax increases and tax cuts upon labor and capital* in our ongoing attempt to pay for government spending while maximizing economic output. The paradigm shift necessary to construct fiscal policy that will work to sustain a new wave of economic

growth in our modern technological economy will recognize

- that *energy is a fundamental component in the production of economic output* and
- that because the expenditure of energy is required for each and every economic transaction, the energy input to our economy either works to stimulate or to limit economic output.

Once energy is understood to be an essential component in the production of economic output, then it follows that the conversion *efficiency*, the chemical and physical *form* and the security of *supply* of each fuel or each BTU² that is consumed to produce useful work also modulates the productivity, security and growth of our economy. Each BTU consumed will be either a *catalyst to new economic growth* or a *barrier to new economic growth*. The conversion *efficiency* of energy flows through our technology and infrastructure determines a large measure of economic productivity and competitiveness. The chemical and physical *form* of energy inputs to the economy determines the external economic, social and environmental costs. The security of *supply* of energy sources determines economic security. If any one of the three, *efficiency*, *form* or *supply*, become out of balance with growth, growth becomes limited, because energy use then places fiscal, strategic and/or environmental constraints upon additional economic growth.

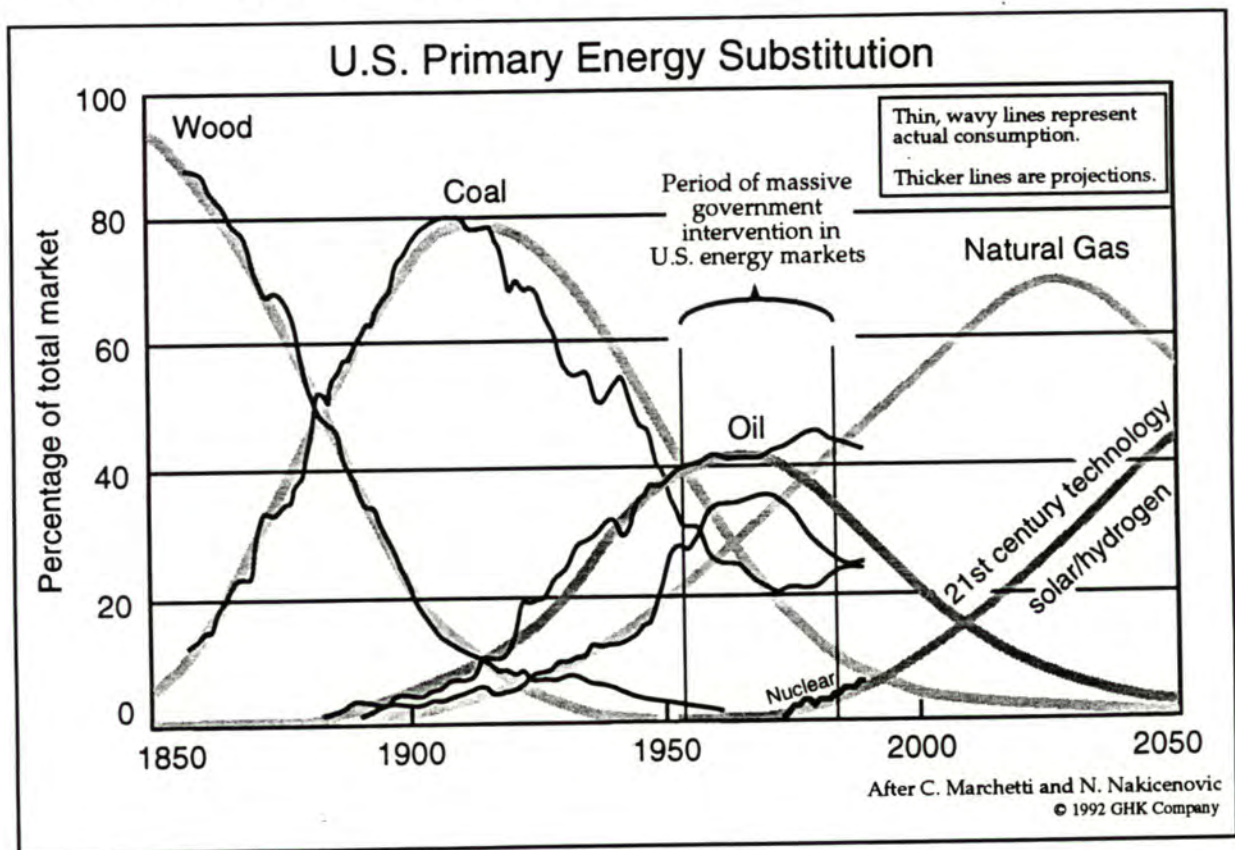
In the past we have ignored energy in fiscal planning, particularly the magnitude of positive or negative economic effects that result from the consumption of each type of fuel that

¹ Econergy: The forces of energy operating within the economy and the environment.

² British Thermal Unit (BTU) is the quantity of heat required to raise the temperature of one pound of water one degree Fahrenheit at or near 39.2°F

is used to produce economic output. Because these principles have not been a part of our national economic planning, our mix of energy consumption has created unwanted, often unobserved and difficult to measure, but very real, fiscal and environmental barriers to new economic growth. For two decades, our policies encouraged and subsidized the increased use of oil, coal and nuclear fuels, and at the same time prohibited the use of natural gas in some sectors, discouraged its use in all other sectors, and largely ignored renewables. As a result, we have been going backwards in the overall efficiency of our energy sector, and therefore, also backwards in the overall efficiency of the production of goods and services. Oil consumption grew from 30.6 quadrillion BTUs to 32.9 quadrillion BTUs and because of the decline of domestic oil production imports, grew to about 50% of demand; coal use grew from 11.6 quadrillion BTUs to 18.8 quadrillion BTUs, and nuclear grew from 0.4 quadrillion BTUs to 6.5 quadrillion BTUs whereas natural gas consumption decreased from 22.5 quadrillion BTUs to as low as 16.7 quadrillion BTUs in 1986. *This major shift in the mix of energy*

consumption has been the principle reason for America's persistent failure to regain its prior rate of growth in economic productivity. This large shift in the mix of fuel consumption caused the American economy to deploy trillions of dollars to produce energy much less efficiently than our technological capability, spend at least \$1 trillion more than necessary for the production of the energy needed to run our economy and negated the large *productivity increases* produced by the hardworking U.S. labor force and increased information and computation availability with offsetting *decreases in productivity* produced by the large decrease in conversion efficiency of our overall fuel consumption. In other words, today the fuel stream our economy consumes produces goods and services less efficiently than it did 20 years ago. For this reason, America has been unable to sustain growth in productivity at rates achieved by our competitors and has thereby lost both real and relative economic strength and competitiveness. Please refer to the following chart entitled U.S. Primary Energy Substitution which shows massive deviations from trend lines of primary fuels consumed beginning in the early 1970s.



For example, since the early 1970s, the entire growth in consumption of coal and nuclear fuel was used to generate electricity. Today, with hindsight, we can see that 100% of that additional electricity could have been generated by natural gas. Taking 1973 as a baseline, all of the additional coal and nuclear electricity used between 1974 and 1991 could have been generated by the use of 40 TCF of natural gas, a quantity actually smaller than the cumulative loss of 59 TCF of natural gas demand over the same period, a period throughout which the natural gas industry suffered from large excess supplies; again, refer to the U.S. Primary Energy Substitution chart. Therefore, as a result of policies which discouraged the use of natural gas and provided subsidies for the consumption of coal and nuclear electricity, the American economy invested over \$1 trillion more than would have been required to produce the same amount of electricity using natural gas. As a result we deployed large quantities of unnecessary capital which was badly needed elsewhere to generate more costly electricity with fuels that produce significantly more pollution and have lower rates of conversion efficiency. A BTU of coal used to produce electricity is approximately 30% efficient whereas a BTU of natural gas produces electricity at about a 50% efficiency. What all this means is that we produced less work or economic output with the investment of more capital than our principal global competition. Even more discouraging, without a new policy direction we will continue to use these less efficient fuels for at least a decade or more during which they will continue to pollute and produce large external costs, much of which will necessarily be added to our bloated budget deficit.

My second example of policy blinders to econergenic principles is our addiction to oil. During the same period we were displacing natural gas with coal and nuclear for electric generation, we were following a policy that was founded upon the belief that oil was cheap and therefore its increasing use would continue to produce economic growth, in spite of the many warnings to the contrary. Because we ignored warnings that we were becoming overly dependent on OPEC³ oil supplies, we became

vulnerable to supply and price disruptions, and disruptions indeed followed. The oil price and supply shocks of the 1970s triggered one of the largest waves of unforeseen inflation in our nation's history which, as we entered the 1980s, abruptly ended a period of long term economic growth and social stability enjoyed since the end of WWII. Oil imports from 1970 to 1992 were responsible for 73% of our accumulated \$1.275 trillion trade deficit. Oil products, particularly gasoline, diesel and heating oil, continue to produce most of America's air pollution in our cities. The American Lung Association estimates that air pollution alone costs the American economy about \$40 billion annually in direct health costs and lost productivity. Oil is also the fuel that adds the most to our nation's deficit because of the necessity to maintain both the Strategic Petroleum Reserve and military readiness in the Middle East to insure oil's security of supply. And, of course, oil recently led to war. Because oil is by far our largest source of energy, it is the consumption of oil by our economy that contributes by far the most to our economic and environmental problems and thereby creates the largest barriers to new economic growth.

It is now time for America to deal with these problems surrounding the conversion efficiency, the chemical and physical form and the security of supply of the flow of energy within our economy. We must begin to reduce our use of oil, coal and nuclear, in that order of priority, by converting to more efficient, cleaner and more secure fuels. Our fiscal policies should create market incentives which over the long term will accomplish these goals. Fiscal policies must be econergenically formulated so that over time both the efficiency of energy use and the efficiency of conversion of the fuels used to produce economic output increase. In other words, our nation's fiscal policies should provide built in incentives, principally the price at the point of consumption, that will drive quantity and the mix of the fuels consumed by the American economy toward 1) more efficient use, 2)

³ "I am concerned about the impact of decline in the U.S. oil industry. Considerable damage has already been done. It must stop. Otherwise, America will be forced to rely on

the Persian Gulf, which is a part of the world, I assure you, that you do not want to allow yourselves to rely upon. Someday, maybe as soon as the 1990s, Americans will look back and curse officials who allowed this to happen." Zaki Yamani, former Saudi Arabia Oil Minister, from the book, "Yamani"

higher levels of conversion efficiency, and 3) decreased production of externalities and other limits to new economic growth. Once again, because oil is our largest energy source and continues to be our biggest problem, it must be dealt with first. It is heartening to see that as I write, the nation's debate is focusing in that direction, but seems to be lacking the courage to take the oil products taxes to sufficiently high levels over the long-term to allow for badly needed tax *cuts* for labor and capital in the near-term.

My econergenic solutions for our country's serious economic problems would require a bold new long-term initiative which must include each of the following principal components: (a) significant cuts in government spending phased in over the medium-term, (b) major cuts in taxes upon both labor and capital over the short-term and (c) large increases of taxes on the use of all oil products to be phased in slowly over the long-term. *And in that order.* Econergenic solutions will interrelate economic and environmental goals to set us on a course toward a new cycle of *sustainable* growth. My recommendations for fiscal policies which embrace a paradigm shift based upon econergenic principles follow and by their very nature must be long-term and inclusive:

- The "locking-in" of annual federal spending reductions of 1 percent of gross national product per year until spending declines from today's rate of about 25 percent to 15 percent of GNP. As President Clinton has emphasized, we must contain the cost of health care. We must also reduce government employment, as we cannot compete globally while we have one of the highest levels of government employees per capita in the world. We must reduce growth in "entitlement" spending and cut or eliminate entirely social support to those who do not need it, which of course is an indirect and much better way of "taxing the

rich." We must cut defense expenditures as well as a significant portion of the manned space program, including the entire space station. Spending on non-essential technology such as the super-collider and "clean coal" technology should be placed on hold until the deficit is eliminated.

- The reduction of payroll taxes by 50 percent over two years, with 75 percent of the savings going to the employee and 25 percent to the employer.
- The cutting of personal income taxes to a 10 percent flat tax over two years, while simplifying the tax code by eliminating most subsidies and tax credits, including depletion, depreciation, interest expense and various other deductions.
- Large tax cuts on capital and savings with no tax on interest income from the first \$100,000 in personal savings. There should be no taxes on capital gains. Interest income in excess of \$100,000 and dividends would be at the 10 percent flat tax rate, thus substantially reducing double taxation on dividends.
- New revenue to offset these near-term tax cuts must also be irrevocably locked in over the long-term by phasing in taxes on the consumption of energy fuels that produce the high external costs, have comparatively low conversion efficiencies and limit economic growth, productivity and competitiveness. Because oil is our principal energy source, its use produces the highest all in costs to our economy and society; so, we should begin by phasing in taxes on all petroleum products (gasoline, diesel, home heating oil and jet fuel). Later, but only after economic growth has reached 3% or more for two years, a carbon tax would be phased in in order to (a) drive our economy further toward cleaner, more efficient and secure fuels which enhance the potential for sustained economic growth, and (b) further reduce national debt.

Estimated Revenue from Petroleum Products Tax

Approximate revenues from a petroleum products tax phased in at increments of 5 cents per gallon per month (60 cents per year) under four different scenarios:

1. The tax capping out at \$4 per gallon and reducing oil use by 50% over the decade.
2. The tax capping out at \$5 per gallon and reducing oil use by 50% over the decade.
3. The tax capping out at \$4 per gallon and reducing oil use by 25% over the decade.
4. The tax capping out at \$5 per gallon and reducing oil use by 25% over the decade.

Scenario	1	2	3	4
YEAR	BILLIONS OF DOLLARS			
1991	147	147	147	147
1992	278	278	286	286
1993	392	392	417	417
1994	489	489	539	539
1995	570	570	653	653
1996	635	635	759	759
1997	650	650	816	816
1998	595	685	788	906
1999	540	675	760	950
2000	491	615	733	915
TOTALS	4787	5136	5898	6388

Numbers are in billions of dollars, annualized

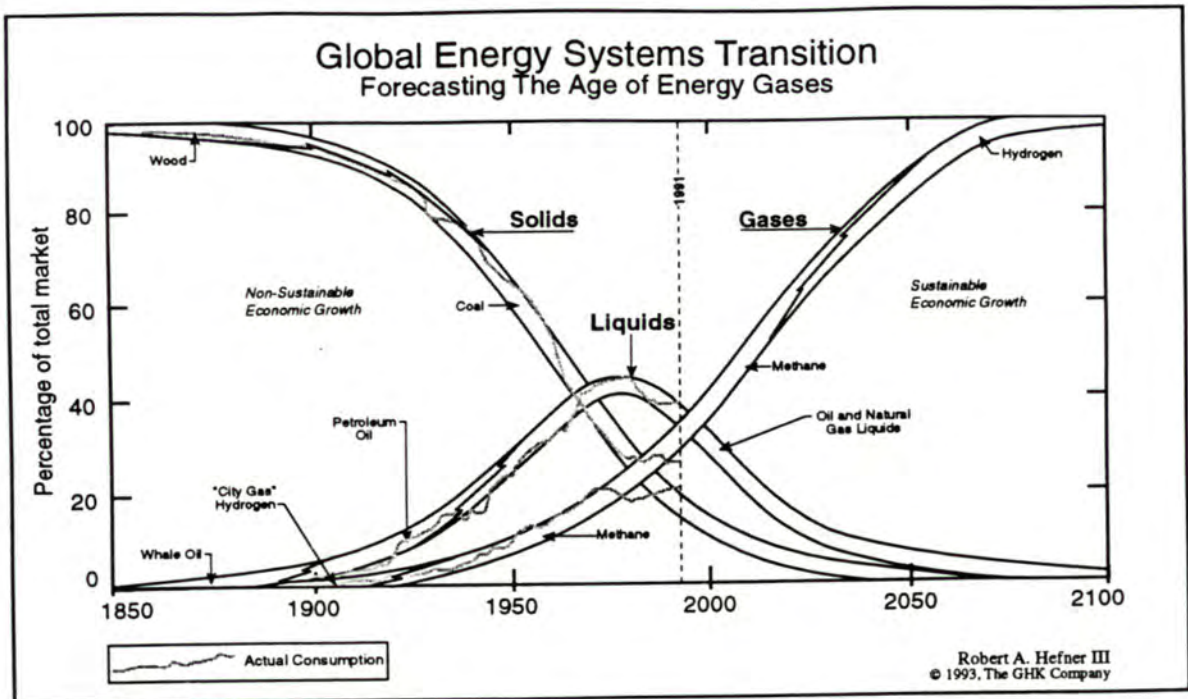
© 1992 The GHK Company

These new energy taxes would be phased in at rates that would not disrupt the economy, but would eventually escalate to levels calculated to balance the budget in the medium-term and generate surpluses in later years. I suggest a petroleum product tax that would increase at a rate of 5 cents per gallon per month so that in about seven or eight years the price would cap at \$4 to \$5 per gallon, the high range of what Europeans and Asians now pay. The carbon tax rate should be determined later and calculated to generate surpluses necessary to pay down a significant amount of our national debt over the ensuing decade.

This reorganization of taxation would create large and immediate stimuli for near-term growth, but equally important this plan would generate only small but manageable deficits in the range of \$40-50 billion in the first two years. Furthermore, this plan would generate revenues over the long term, without depending on growth, sufficient to both eliminate the deficit in the mid 1990s and generate surpluses sufficient over a decade to pay off from one-third to all of our national debt, depending on the magnitude of reduction in oil consumption and carbon tax phase-in revenues (see chart). Long-term interest rates would continue to fall and with the growth I predict, America would once again be a creditor nation as we enter the 21st century.

When the Administration proposed the BTU tax, the stated policy objectives included: (1) deficit reduction, (2) incentives for conservation, (3) encouraging the use of "clean" energy sources while discouraging the use of energy sources that damage the environment, and (4) reducing U.S. dependence on foreign oil. These objectives were indeed econergenic in nature; however, the BTU tax was exceedingly cumbersome, would have been very costly to collect and was not focused sufficiently enough on oil. My proposed econergenic plan would meet all those policy objectives, but importantly would also create the necessary economic forces to begin a new wave of sustainable long-term economic growth.

The cycle of technological innovation has given America a great opportunity that we can not afford to miss. Our principal competitors, Japan and Germany, built their infrastructure with mid-20th century technology at a time that predated the proliferation of the microchip and information technology; therefore, America now has the opportunity to "leap frog" Japan and Germany by rebuilding its infrastructure with 21st-century energy efficient solid state technology and become the most productive and competitive economy.



We are on the threshold of two socially and economically revolutionary technological transitions which taken together will radically change the world. One is, "the convergence of an ever declining cost of computation with a plummeting cost of communications"⁴, which will increase the use and transfer of information by orders of magnitude. The other is the global energy transition from solid and liquid fuels to energy gases. (See Global Energy Systems Transition Chart.) The energy gas cycle will begin with methane and move

steadily toward non-polluting hydrogen.

Together these two technological transitions will allow for the education of all the world's population and enable the global economy to move rapidly toward truly sustainable growth. I believe the embodiment of econergenic principles in our nation's fiscal policy and the adoption of long-term economic planning will set us on this course. We must take advantage of this historic opportunity to build a 21st century energy efficient, clean, information based economy.

⁴George Gilder, Senior Fellow, Discovery Institute

THE WHITE HOUSE
WASHINGTON

DATE: 6/16

NOTE FOR: *Tom Epstein*

The President has reviewed the attached, and it is forwarded to you
for your:

Information

☒

Action

☐

Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

cc:

*Has nice
talk w/*

THE WHITE HOUSE
WASHINGTON

JUNE 9, 1993

23 JUN 9 10:08

RECOMMENDED TELEPHONE CALL

TO:

California Assemblyman Sam Farr
Winner in California's 17th CD (Panetta's district)
408/624-4246 till 12:30 p.m. EDT (Santa Cruz home)
408/394-2584 2 p.m.-5 p.m. EDT (campaign HQ)
916/445-8496 8:30 p.m.-11 p.m. (Sacramento office)
916/443-0178 (Sacramento apartment)

DATE:

TODAY, JUNE 9

RECOMMENDED BY:

Tom Epstein

PURPOSE:

Congratulate him on winning yesterday's election

BACKGROUND:

Farr won by a 52-43% margin over his Republican opponent. Farr is a liberal who ran in strong support of your economic plan and in favor of universal health care. His opponent tried to make the race a referendum on "send the President a message." His district includes a potential base closure, the Monterey Language Institute, which Secretary Aspin deleted from the list but Courter re-added. They also have a pending conversion project to create a new university at Ft. Ord. He received a photo with the President taken at the meeting with California State Legislators, and ran a photo from that meeting in his campaign literature. He won in part because of a strong absentee ballot program. He also featured a Leon Panetta endorsement in all his final-week paid advertising. Cabinet members Cisneros, Espy, and Panetta, all campaigned for Farr. The DCCC spent about \$70,000 on his behalf.

TOPICS TO DISCUSS:

A quick "congratulations, look forward to working with you" is sufficient.

CONTACT PERSON:

Tom Epstein 202/456-6257

SUBMISSION DATE:

June 9, 1993

THE WHITE HOUSE
WASHINGTON

JUNE 9, 1993

33 JUN 9 10:08

RECOMMENDED TELEPHONE CALL

TO: Richard Riordan
213/229-8444 (someone can reach him at all times)

DATE: TODAY, JUNE 9, 1993

RECOMMENDED BY: Tom Epstein and Rahm Emanuel

PURPOSE: Congratulate him on winning the Mayor's race.

BACKGROUND: Riordan won by a 54-46% margin. He is the first Republican mayor of Los Angeles in over three decades. His opponent used your endorsement in all his direct mail. Secretaries Pena, Cisneros, and Babbitt all campaigned for Woo, and the DNC contributed over \$100,000 to an independent GOTV effort on his behalf. At all times, the national figures made no disparaging comments about Riordan. Just after your endorsement of Woo, Riordan said some negative things about you, but never repeated them. Riordan won because he represented change and voters believed he had a better plan to reduce crime and create jobs. He benefited greatly from low voter turnout among young people and minorities who were inclined to vote against him.

TOPICS TO DISCUSS: The Vice President is visiting L.A. on June 22 and is able to meet with Riordan then to discuss matters of mutual interest. You can tell Riordan that you have asked the Vice President to get together with him on that day, and that he can expect to hear from the Vice President's scheduling office this week. Secretary Ron Brown will also call to congratulate Riordan this week.

CONTACT PERSON: Tom Epstein 202/456-6257 or 301/320-9690 (home)

SUBMISSION DATE: June 9, 1993

THE WHITE HOUSE

WASHINGTON

JUNE 9, 1993

3 JUN 9 10:08

RECOMMENDED TELEPHONE CALL

TO: L.A. Councilman Michael Woo
213/664-5053 (home, until 1:30 p.m. EDT)
213/626-5573 (campaign HQ, 2 p.m.-3:45 p.m. EDT)
213/485-3353 (City Hall office, after 5 p.m. EDT)

DATE: TODAY, JUNE 9, 1993

RECOMMENDED BY: Tom Epstein

PURPOSE: Offer condolences on losing the Mayor's race.

BACKGROUND: Woo lost by 54-46% in his attempt to become the first Asian-American mayor of a major U.S. city. He used your endorsement in all his direct mail. Secretaries Pena, Cisneros, and Babbitt all campaigned for him, and the DNC contributed over \$100,000 to an independent GOTV effort on his behalf. He is out of a job when his City Council term ends on July 1. Only 41 years old, intelligent, and from a wealthy family, Woo still has a bright future in L.A. public life.

TOPICS TO DISCUSS: Seek his assistance for Ron Brown's efforts to revitalize California. Indicate that your staff will be in touch with him to evaluate how we can further our agenda in the current city political environment. Offer to help when he decides what he wants to do next.

CONTACT PERSON: Tom Epstein 202/456-6257 or 301/320-9690 (home)

SUBMISSION DATE: June 9, 1993

Kevin O'Keefe

6/17/93

Please send me
the original.

The clerk will
manage the files of
the original documents
JOTHW

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE LINDSEY, Director of Presidential Personnel

DATE: JUNE 15, 1993

RE: ZACHARY W. CARTER
DEPARTMENT OF JUSTICE
UNITED STATES ATTORNEY FOR THE EASTERN DISTRICT
OF NEW YORK (PAS)

I. BACKGROUND

The position of United States Attorney was created in 28 U.S.C. § 541 which provides "(a) the President shall appoint, by and with the advice and consent of the Senate, a United States attorney for each judicial district. " The appointment of a United States Attorney is for a term of four (4) years but a United states Attorney is subject to removal by the President.

II. DISCUSSION

The Attorney General has recommended the nomination of Zachary W. Carter as the United States Attorney for the Eastern District of New York. Judge Carter was recommended by Senator Daniel Patrick Moynihan on March 30, 1993. The candidate has been interviewed by White House Counsel and the Attorney General. A background review by the F.B.I. and a tax check by the I.R.S. have been completed. The Office of White House Counsel and the Presidential Personnel Office concur in the recommendation of the Attorney General.

Zachary Carter, forty-three years old, has sat as a U.S. Magistrate in the Eastern District of New York since 1991. Other than a two-year stint, from 1980 through 1981, at the law firm of Patterson, Belknap, Webb & Tyler, Magistrate Carter's professional career has been devoted to public service work.

Prior to his appointment as a U.S. Magistrate, Magistrate Carter was a Criminal Court Judge for the City of New York from 1987 to 1991. In 1989 he served as an Executive Assistant to the Deputy Chief Administrative Judge for the New York City Courts, and from 1982 to 1987 he was an Executive Assistant District Attorney in Kings County, New York. Previously, he served as an Assistant U.S. Attorney in the Eastern District of New York from 1975 to 1980, and was promoted to Deputy Chief of the Criminal Division at the U.S. Attorneys' Office in 1979.

Withdrawal/Redaction Marker

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. memo	Bruce Lindsey to POTUS re: Zachary Carter [partial] (1 page)	06/15/1993	b(6)

COLLECTION:

Clinton Presidential Records
Staff Secretary
John Podesta (Chron Files)
OA/Box Number: 1038

FOLDER TITLE:

June 13-19, 1993 [1]

2018-0662-S
rs3054

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

P1 National Security Classified Information [(a)(1) of the PRA]
P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
P3 Release would violate a Federal statute [(a)(3) of the PRA]
P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

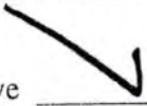
Freedom of Information Act - [5 U.S.C. 552(b)]

b(1) National security classified information [(b)(1) of the FOIA]
b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

Magistrate Carter grew up in the District of Columbia, received his undergraduate degree from Cornell University and his law degree from New York University. He is married to Rosalind Clay, a corporate compensation and benefits director, who on (b)(6) gave birth to a daughter, Chandler Clay Carter.

III. RECOMMENDATION

"We recommend that you appoint Zachary W. Carter to the position of United States Attorney for the Eastern District of New York.

Approve  Disapprove Discuss Further

THE WHITE HOUSE
WASHINGTON

DATE: 06/17/93

NOTE FOR: BRUCE LINDSEY

The President has reviewed the attached, and it is forwarded to you
for your:

Information ☒

Action ☒

Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

cc:



By
Deputy
Sheriff



THE WHITE HOUSE
WASHINGTON

June 16, 1993

Jack Gibson
Post Office Box 630
Dermott, Arkansas 71638-0630

Dear Jack:

Thanks for your letter. I'm glad to know of your interest in the Agriculture position, and I've shared your letter with Bruce.

I hope you're well. Come see me sometime.

Sincerely,

Bar

Thane

JACK A. GIBSON

June 7, 1993

Venerable Bill Clinton
President of United States
White House.

Dear President Clinton,

I need your support in seeking the R.D.A job in our area. I have the support of the two Senators and other Congressional representatives. Also I have the support of Mack McClarty. I have privately mentioned this to you also.

I have spent my entire life in the rural areas of our country in many capacities such as banking, state senator, farmer and associated with various community activities that will be very beneficial in this job. As you are aware I have vigorously supported the rural part of our country and probably know its problems as well as anyone. I would like to be able to work

JACK A. GIBSON

under Bob Nash as we have
together in the past.

If you can help I will
certainly appreciate it.

Your friend,
Jack Gibson

THE WHITE HOUSE
WASHINGTON

DATE: 4/17

NOTE FOR: *Forward, KATHIE McGINN*

The President has reviewed the attached, and it is forwarded to you
for your:

Information

☒

Action

☐

Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

cc:

THE WHITE HOUSE

WASHINGTON

THE PRESIDENT HAS SEEN

6.17.93

Foley

Must discuss the details of
struggle before release.

Fear cultural & non. Dispute

Looney

Everyone wants to work w/.

Miller

Stop work in ad woman
important -

DeLaCruz
in Texas

THE WHITE HOUSE
WASHINGTON

THE PRESIDENT HAS SEEN

6.17.93

JUNE 15, 1993

MEMORANDUM FOR THE PRESIDENT

FROM: KATIE MCGINTY *KM*

SUBJECT: CALLS TO FOLEY, MILLER, LEAHY, AND dela GARZA ON
FOREST CONFERENCE FOLLOW UP

I am receiving feedback from the hill that members who did not attend the Hatfield, and Dicks and DeFazio meeting on Monday are feeling excluded from the consultation process.

Howard Paster and I advised that you make calls to these key members in advance of that meeting. NOW THAT THE MEETING HAS TAKEN PLACE IT IS EVEN MORE URGENT THAT FOLEY, MILLER, LEAHY, AND DELA GARZA RECEIVE A CALL FROM YOU.

Talking points follow. Also attached is a copy of your briefing memo from the meeting monday. This includes background, and the status of our work to produce the Forest Management Plan.

- o My staff received the reports of the three working groups¹ on June 2. The staff is synthesizing the reports and preparing an options paper for me.
- o My decision space is severely constrained as a result of the forest management policies which have been pursued over the last decade. I recently learned of the over-estimation of the timber base on the Forest Service Lands (up to 40% over-estimation on some forests). The range of timber output that is possible while complying with the law is very limited.
- o Compared to historical highs, I anticipate significant reductions in timber flow from federal lands.

¹ The three working groups are: 1) an Ecosystem Management Assessment Team to evaluate forest management options and their economic impacts; 2) a Labor and Community Assistance Team, exploring economic development and assistance proposals; 3) an Agency Coordination Team, examining ways to improve interagency collaboration, particularly for implementation of forest management policies.

- o I will be proposing a labor community assistance package that builds on existing programs in providing assistance to the families, businesses and communities affected by an economic transition.
- o If there was one thing that was made clear at the Forest Conference, it was that maintaining the status quo is unacceptable.
- o Timber flows are likely to be low, but they will be reliable.
- o I will be looking for your help to implement this package as quickly as possible. I want to have the Forest Service and BLM hold timber sales as soon as possible.
- o Katie McGinty's office will contact you very soon regarding the specifics of our proposed program.

THE WHITE HOUSE
WASHINGTON

DATE: 6/17

NOTE FOR:

Tony Lake

The President has reviewed the attached, and it is forwarded to you
for your:

Information

☒

Action

☐

Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

cc:

Neap. S. Mary
Ne: Interius in
Pomina
B.

FLORA LEWIS

THE WHITE HOUSE
WASHINGTON
THE PRESIDENT HAS SEEN
10-17-93

- ① Quantify Cost of Aggression / Eth. Clarity
- ② Prevent widening of war / Belham / Eth. Clarity
- ③ End killing, suffering, Eth. Clarity ~~not done~~
- ④ Keep faith w/ Muslims W. Embargo
(arms embargo)
- ⑤ Demonstrate US leadership w/o
trampling fr. Sur to US prob
t w/ being on front page for 2 yrs
- ⑥ Signals → other areas
- * ⑦ New War Order in war
Civil war can deal w/ req. conflict
Define rules of behavior w/ US leadership
- ⑧ Continue collection security
- ⑨ How we stand in Islamic world
- ✓ ⑩ Risk of WWII → future bound,
to be led by violence.
- ⑪ Proportionality: Obj = Attainable
Obj consist w/ other
aims of Admin.
Pres may in order
to get prog sugg w/o making
unattainable
- ⑫ Don't lose; Define winning carefully
- ~~⑬ Real negotiation~~
- ⑬