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THE IMPORTANCE OF BRIDGING THE DIGITAL DIVIDE AND CREATING DIGITAL OPPORTUNITY FOR ALL AMERICANS

April 17, 2000

Access to computers and the Internet and the ability to effectively use this technology are becoming increasingly important for full participation in America's economic, political, and social life. In recent years, access to computers and the Internet has exploded. Unfortunately, there is strong evidence of a "digital divide" -- a gap between those individual and communities that have access to these Information Age tools and those who don't.

Better-educated Americans are more likely to be connected

- 69 percent of households with a bachelor's degree or higher have computers, compared to 16 percent of those households that have not completed high school (Dept. of Commerce, "Falling Through The Net," July 1999).
- 45 percent of households with a bachelor's degree or more have Internet access in the home, compared to 14 percent with no only a high school diploma or GED (Dept. of Commerce, "Falling Through The Net," July 1999).

The divide between high and low-income Americans is significant.

- 80 percent of households with an income of \$75,000 or above have computers, compared to 16 percent of households earning \$10,000 - \$15,000 (Dept. of Commerce, "Falling Through The Net," July 1999).
- 60 percent of households with incomes of \$75,000 or above have Internet access, compared to 12 percent earning \$20,000 - \$25,000 (Dept. of Commerce, "Falling Through The Net," July 1999).

Whites are more likely to be connected than African-Americans and Hispanics.

- 47 percent of white households have computers, compared to 23 percent of African-American and 26 percent of Hispanic households (Dept. of Commerce, "Falling Through The Net," July 1999).
- 53 percent of white, two-parent households with children earning more than \$35,000 have Internet access in the home, compared to 31 percent of African-American and Hispanic households (Dept. of Commerce, "Falling Through The Net," July 1999).
- However, there is virtually no gap in computer ownership between white and African-American households earning more than \$75,000. (Dept. of Commerce, "Falling Through The Net," July 1999).

Wealthier schools are more likely to be connected to the Internet than poorer schools

- In wealthy schools (less than 11 percent of students eligible for free or reduced-price school lunch), 74 percent of classrooms are connected to the Internet, compared to 39 percent for the poorest schools (71 percent or more of students eligible for free or reduced-price school lunch) (Fall 1999 data, Dept of Education, National Center for Education Statistics, "Internet Access in U.S. Public Schools and Classrooms," February 2000).

People with disabilities are less likely to have access to technology.

- 11 percent of people aged 15 and above with a disability have access to the Internet at home, compared to 31 percent of people without disabilities (Current Population Survey, 1998 Computer and Internet Use Supplement, as cited in H. Stephen Kaye, Computer and Internet Use Among People with Disabilities, Disability Statistics Center, March 2000).



BRIDGING THE DIGITAL DIVIDE
PRESIDENT CLINTON'S FY 2001 EDUCATION BUDGET PROPOSAL

INTERNAL

February 7, 2000

(IN THOUSANDS OF DOLLARS)

Selected Discretionary Education Programs	FY 2000 APPROPRIATION	FY2001 REQUEST	INCREASE FROM FY2000	IMPACT STATEMENTS
PROGRAMS THAT BENEFIT STUDENTS				
<u>Technology Literacy Challenge Fund.</u> Helps provide students and teachers with computers, educational software, telecommunications, and technology training	\$425,000	\$450,000	+\$25,000	Would assist approximately 3,400 high-poverty districts to improve the capacity of teachers in low-performing schools to use technology effectively in their classrooms to improve student achievement. Schools and districts would use the funds to, among other things, provide training activities for teachers to ensure that they are prepared to integrate technology effectively into curriculum and to increase student access to advanced technologies.
<u>Next Generation Technology Innovation:</u> This new program combines the best elements and builds on the success of the Technology Innovation Challenge Grants and Star Schools to expand knowledge about, and develop new cutting-edge applications of, educational technologies and telecommunications for teaching and learning.	--	\$170,000	+\$170,000	Three new competitions are proposed for FY01: Advanced Technology Applications, Challenging Coursework Online, and the Mississippi Delta Initiative. \$52.2 million is proposed for the first year Next Generation awards, \$3.8 million for evaluation, research and dissemination; and \$113 million would be for continuation grants for awards made under the Technology Innovation Challenge Grants and Star Schools.
<u>Technology Innovation Challenge Grant:</u> This program is being combined under the Next Generation Technology Innovation Program. The request for Next Generation includes funds for the continuation costs of Challenge Grants.	\$146,255	\$0	-\$146,255	Since FY95, 96 multi-district and multi-state projects have been funded in 46 states involving 744 partners, 381 businesses, 220 colleges and universities, and 520 community-based organizations and government agencies demonstrating the innovative uses of computers, networking and multimedia across the curriculum. These grants have generated \$1.3 billion in matching commitments. \$146 million in FY00 will fund continuation grants, earmarks and some new projects.
<u>Star Schools:</u> This program is being combined under the Next Generation Technology Innovation Program. Funding request for FY 2001 for next Generation includes funds for the continuation costs of Star Schools projects.	\$50,550	\$0	-\$50,550	These projects have helped to improve instruction in mathematics, science and foreign languages, literacy skills and vocational education in under-served areas through partnerships that develop, construct, acquire, maintain and operate telecommunications, audio, visual equipment and facilities. More than one million students and their teachers in 50 states and territories participate in this program.
<u>Preparing Tomorrow's Teachers to Use Technology.</u> Helps train new teachers to use technology in the classroom.	\$75,000	\$150,000	+\$75,000	Would support 175 new Capacity Building Awards to stimulate state and local initiatives for campus-wide teacher education reforms, 100 new Implementation awards for implementing full-scale innovations to improve preparation of technology-proficient teachers, and 20 new Catalyst grants to provide technical assistance and mentoring support to Capacity-building and Implementation grantees.
<u>Community Technology Centers.</u> Funds technology learning centers in low-income communities.	\$32,500	\$100,000	+\$67,500	Would expand access to technology-based resources for low-income families by bringing technology to public housing, community centers, libraries, and other community facilities. The requested increase would expand the program to an additional 280 low-income communities, and continue funding for 120 projects funded in previous years.

Selected Discretionary Education Programs	FY 2000 APPROPRIATION	FY2001 REQUEST	INCREASE FROM FY2000	IMPACT STATEMENTS
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PROGRAMS THAT BENEFIT STUDENTS Cont'd

<u>Tech Prep Education.</u> Provides grants to States, which provide subgrants to consortia of local educational agencies and postsecondary institutions, to develop links between secondary and postsecondary institutions, integrate academic and vocational education, and better prepare students to make the transition from high school to college and from college to careers.	\$106,000	\$306,000	+\$200,000	Would increase the number of consortia working to create programs that effectively link secondary and postsecondary institutions, integrate academic and vocational courses, and prepare students for high-tech careers. States would use the \$200 million increase to make competitive grants to consortia with the best Tech-Prep plans and programs.
<u>Learning Anytime Anywhere Partnerships.</u> Supports access to quality postsecondary education for underserved populations through the use of technology.	\$23,269	\$30,000	+\$6,731	Would support an additional 45 new projects to improve technology-based learning opportunities for individuals, such as the disabled, dislocated workers, those making the transition from welfare to work, and others who do not have easy access to traditional campus-based postsecondary education.
<u>Regional Technology in Education Consortia (R*TECs)</u> This program supports regional consortia that help states, districts, and schools integrate technology with teaching and learning.	\$10,000	\$10,000	--	The R*TECs provide professional development, technical assistance, and dissemination of information on the various types and effective uses of hardware, software, and electronic networks in order to help students meet challenging academic standards.

PROGRAMS THAT BENEFIT ADULTS

Major Education Tax Proposals	FY2001 REQUEST	IMPACT STATEMENTS
<u>College Opportunity Tax Cut.</u> Would cover up to \$5,000 of education expenses in 2001 and 2002 and up to \$10,000 in 2003 and beyond to help make college more affordable for millions of American families. This benefit can be used by individuals interested in gaining new technology skills to remain competitive in today's workforce.	\$30 billion over ten years	Would augment the existing Lifetime Learning Tax Credit, extending the credit percentage from 20 percent to 28 percent, giving families the choice of taking a credit or a deduction, and increasing the income phase-out ranges to make the benefit available to a wider range of families. The tax cut would phase out at incomes between \$50,000 and \$60,000 for individuals and between \$100,000 and \$120,000 for joint filers.

PROGRAMS TO IMPROVE FACILITIES

Major Education Tax Proposals	FY2001 REQUEST	IMPACT STATEMENTS
<u>School Modernization Bonds.</u> Provides new bonds with interest paid by Federal tax credits to help local communities go much further in renovating and building needed schools and address overcrowding.	\$2.4 billion over 5 years	A program that would authorize nearly \$25 billion in additional bonds to build and modernize 6,000 public schools to accommodate record enrollments and overcrowding and repair crumbling school facilities. Federal tax credits would pay the interest on two types of bonds: School Modernization Bonds (new) and Qualified Zone Academy Bonds (current law).

Selected Discretionary Education Programs	FY 2000 APPROPRIATION	FY2001 REQUEST	INCREASE FROM FY2000	IMPACT STATEMENTS
<u>School Renovation Loan and Grant Program.</u> (Complements tax-credit bond proposal under the Department of Treasury)	--	\$1,300,000	+\$1,300,000 NEW	A new program that would provide funds to leverage about \$6.7 billion in grants and loans to fund 8,300 renovation projects in 5,000 schools per year.

Education Rate (E-Rate): Provides schools and libraries discounts on telecommunications services (such as phone service, internal connections, and Internet access).

\$2.25 billion is now available annually for this program administered by the Schools and Libraries Division (SLD) of the Federal Communications Commission. The discounts range from 20% to 90%, depending on poverty and geographic location; the average discount is 60 percent.

In year one (January 1998-June 1999), the SLD distributed a total of \$1.66 billion to 25,785 applicants (approx. 81% of public schools applied for funding). In year two the FCC voted to fund the E-Rate at \$2.25 billion annually, which is a \$900 million increase over the previous year. In year two (July 1999-June 2000), the SLD distributed a total of \$1.9 billion to 31,127 applicants. In year three, the SLD received 36,000 applications requesting a total of \$4.72 billion in funding.

Programs That Support Technology Development Across the Federal Government

Tax incentives to encourage private sector involvement. The budget proposes \$2 billion over 10 years in tax incentives to encourage private sector donation of computers, sponsorship of community technology centers, and technology training for workers, including:

- **Encouraging companies to donate computers.** The President proposes to extend and expand the tax deduction that gives companies an incentive to donate computers to schools, libraries and computer technology centers. This enhanced deduction allows companies to deduct more than the cost of their donation. Under current law, this deduction applies to donations of computers to schools only and expires after the year 2000. The President's proposal would extend this provision through June 30, 2004 and expand it to donations to public libraries or community technology centers in Empowerment Zones, Enterprise Communities, and high-poverty areas.
- **Promoting corporate sponsorship of schools, libraries and community technology centers.** The President proposes tax relief to encourage companies to sponsor schools and community technology centers in Empowerment Zones, Enterprise Communities, and targeted low-income areas. The President's proposal would allocate credits for \$16 million in corporate sponsorship to each of the 31 existing Empowerment Zones and 10 proposed new Empowerment Zones and \$4 million in corporate sponsorship for each of the more than 80 Enterprise Communities. In total, the President's proposal would help support up to nearly \$1 billion in annual sponsorships to help improve schools and community technology centers.
- **Supporting technology training for workers.** The President's proposal would provide targeted tax relief to encourage companies to provide computer training, workplace literacy, or other basic education for employees who lack the basic skills to succeed in the modern workplace. Companies would be allowed to take a 20 percent tax credit for up to \$5,250 in annual expenses per employee. Eligible employees generally would not have received a high school degree or its equivalent.

Public/private partnerships. The President's budget includes a new \$50 million Department of Commerce pilot program to expand access to computers and the Internet for low-income families and to give these families the skills they need to use these new Information Age tools effectively. This new program will provide competitive grants to public-private partnerships at the local level.

Innovative applications of technology. President Clinton's budget will increase the investment in the Department of Commerce's highly-successful Technology Opportunities Program (TOP) to \$45 million – triple the current level of \$15 million. Applications might include public health information systems that raise childhood immunization rates in inner cities, tele-mentoring for at-risk youth, and electronic networks that strengthen local communities by fostering communication and collaboration.

High-speed networks in underserved communities. High-speed Internet access is becoming as important to the economic vitality of a community as roads and bridges are today. The President proposes a new \$25 million program at the Department of Commerce and the Department of Agriculture to accelerate, through grants and loan guarantees, private sector deployment of broadband networks in under-served urban and rural communities.

Native Americans and information technology. The President proposes \$10 million to prepare Native Americans for careers in information technology and other technical fields. The National Science Foundation will support efforts by tribal colleges to increase the number of Native Americans who are prepared to pursue careers in information technology and other technical fields.