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THE PRESIDENT'S EDUCATION SUMMIT WITH GOVERNORS

UNIVERSITY OF VIRGINIA

September 27 - 28, 1989

Joint Statement

The President and the nation's Governors agree that a better educated citizenry is the key to the continued growth and prosperity of the United States. Education has historically been and should remain, a state responsibility and a local function, which works best when there is also strong parental involvement in the schools. And, as a Nation we must have an educated workforce, second to none, in order to succeed in an increasingly competitive world economy.

Education has always been important, but never this important because the stakes have changed: Our competitors for opportunity are also working to educate their people. As they continue to improve, they make the future a moving target. We believe that the time has come, for the first time in U.S. history, to establish clear, national performance goals, goals that will make us internationally competitive.

The President and the nation's Governors have agreed at this summit to:

- establish a process for setting national education goals;
- seek greater flexibility and enhanced accountability in the use of Federal resources to meet the goals, through both regulatory and legislative changes;
- undertake a major state-by-state effort to restructure our education system; and
- report annually on progress in achieving our goals.

This agreement represents the first step in a long-term commitment to reorient the education system and to marshal widespread support for the needed reforms.

NATIONAL EDUCATION GOALS

The first step in restructuring our education system is to build a broad-based consensus around a defined set of national education goals. The National Governors' Association Task Force on Education will work with the President's designees to

recommend goals to the President and the Nation's Governors. The process to develop the goals will involve teachers, parents, local school administrators, school board members, elected officials, business and labor communities, and the public at large. The overriding objective is to develop an ambitious, realistic, set of performance goals that reflect the views of those with a stake in the performance of our education system. To succeed we need a common understanding and a common mission. National goals will allow us to plan effectively, to set priorities, and to establish clear lines of accountability and authority. These goals will lead to the development of detailed strategies that will allow us to meet these objectives.

The process for establishing these goals should be completed and the goals announced in early 1990.

By performance we mean goals that will, if achieved, guarantee that we are internationally competitive, such as goals related to:

- the readiness of children to start school;
- the performance of students on international achievement tests, especially in math and science;
- the reduction of the dropout rate and improvement of academic performance, especially among at-risk students;
- the functional literacy of adult Americans;
- the level of training necessary to guarantee a competitive workforce;
- the supply of qualified teachers and up-to-date technology; and
- the establishment of safe, disciplined, and drug-free schools.

THE FEDERAL/STATE PARTNERSHIP

Flexibility and Accountability

The President and the Governors are committed to achieving the maximum return possible from our investment in the Nation's education system. We define maximum return as the following: significant and sustained educational improvement for all children. Nothing less will meet the Nation's needs for a strong, competitive workforce; nothing less will meet our children's needs for successful citizenship and economic opportunity.

Federal funds, which represent only a small part of total education spending, are directed particularly toward services for

young people most at risk. Federal laws and regulations control where and for whom states and localities spend this money. State and local laws and regulations control what is taught, and how, for all students.

At present, neither Federal nor State and local laws and regulations focus sufficiently on results, or on real educational improvement for all children. Federal and State executives need authority to waive statutory and regulatory provisions in return for greater accountability for results.

The President and the Governors have agreed:

- to examine Federal regulations under current law and to move in the direction of greater flexibility;
- to take parallel steps in each state with respect to State laws and administrative rules.
- to submit legislation to Congress early next year that would provide State and local recipients greater flexibility in the use of Federal funds, in return for firm commitments to improved levels of education and skill training.

The President and the Governors have agreed to establish a working group of Governors and the President's designees to begin work immediately to accomplish these tasks.

We know that other voices need to be heard in this discussion -- voices of educators, parents, and those whose primary interest is the protection of the disadvantaged, minorities, and the handicapped. We need to work with the Congress. The processes we will set up immediately following this conference will involve all parties.

The urgent need for flexibility in using Federal funds can best be illustrated by a few examples.

First, the Federal Vocational Education Act, which mandates specific set-asides that often result in individual awards that are too small to be meaningful and that prohibit the money from being spent to achieve its purpose. One state reported being required to divide \$300,000 in aid among far too many categories and set-asides.

Second, similarly, the Chapter 1 program requires that equipment purchased to provide remedial education services cannot be used for non-Chapter 1 institutions in areas such as adult education. Several States report that large numbers of computers purchased by Federal funds are idle at night, while adult education classes that need them either do without or use scarce tax dollars to buy other equipment.

Third, the requirements that children who benefit from Federal

funds for compensatory and special education be taught separately often undermines their achievement. Waivers that permit these students to return to regular classes and receive extra help have produced large increases in their test scores. This option should be available for all school districts.

These commitments are historic steps toward ensuring that young people with the greatest needs receive the best our schools and training programs can give them, and that all children reach their highest educational potential.

In a phrase, we want to swap red tape for results.

The Federal Government's Financial Role

State and local Governments provide more than 90 percent of education funding. They should continue to bear that lion's share of the load. The Federal financial role is limited and has even declined, but it is still important. That role is:

- to promote National education equity by helping our poor children get off to a good start in school, giving disadvantaged and handicapped children extra help to assist them in their school years, ensuring accessibility to a college education, and preparing the workforce for jobs;
- and second, to provide research and development for programs that work, good information on the real performance of students, schools, and states, and assistance in replicating successful state and local initiatives all across the United States;

We understand the limits imposed on new spending by the Federal deficit and the budget process. However, we urge that priority for any further funding increases be given to prepare young children to succeed in school. This is consistent with the President's recommendation for an increase in the number of children served by Head Start in this year's budget. If we are ever to develop a system that ensures that our children are healthy and succeed in school, the Federal Government will have to play a leading role.

Further, we urge that the Congress not impose new Federal mandates that are unrelated to children, but that require States to spend state tax money that could otherwise go to education.

COMMITMENT TO RESTRUCTURING

Virtually every State has substantially increased its investment in education, increased standards, and improved learning. Real gains have occurred. However, we still have a long way to go. We must make dramatic improvements in our education system. This cannot be done without a genuine, National, Bipartisan commitment to excellence and without a willingness to dramatically alter our

system of education.

The President and the Nation's Governors agree that significant steps must be taken to restructure education in all states. We share the view that simply more of the same will not achieve the results we need. We must find ways to deploy the resources we commit to education more effectively.

A similar process has been going on in American manufacturing industry over the last decade with astonishing results: An increase in productivity of nearly 4 percent a year.

There are many promising new ideas and strategies for restructuring education. These include greater choice for parents and students, greater authority and accountability for teachers and principals, alternative certification programs for teachers, and programs that systematically reward excellence and performance. Most successful restructuring efforts seem to have certain common characteristics.

- a system of accountability that focuses on results, rather than on compliance with rules and regulations;
- decentralization of authority and decision-making responsibility to the school site, so that educators are empowered to determine the means for achieving the goals and to be held accountable for accomplishing them;
- a rigorous program of instruction designed to ensure that every child can acquire the knowledge and skills required in an economy in which our citizens must be able to think for a living;
- an education system that develops first-rate teachers and creates a professional environment that provides real rewards for success with students, real consequences for failure, and the tools and flexibility required to get the job done; and
- active, sustained parental and business community involvement.

Restructuring efforts are now underway in many states. The Nation's Governors are committed to a major restructuring effort in every state. The Governors will give this task high priority and will report on their progress in one year.

ASSURING ACCOUNTABILITY

As elected chief executives, we expect to be held accountable for progress in meeting the new National goals and we expect to hold other accountable as well.

When goals are set and strategies for achieving them are adopted,

we must establish clear measures of performance and then issue annual Report Cards on the progress of students, schools, the states, and the Federal Government.

Over the last few days we have humbly walked in the footsteps of Thomas Jefferson. We have started down a promising path. We have entered into a compact -- a Jeffersonian compact to enlighten our children and the children of generations to come.

The time for rhetoric is past; the time for performance is now.

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

February 26, 1990

NATIONAL GOALS FOR EDUCATION

INTRODUCTION

At the historic education summit in Charlottesville five months ago, the President and the Governors declared that "the time has come, for the first time in U.S. history, to establish clear national performance goals, goals that will make us internationally competitive." The six national education goals contained here are the first step in carrying out that commitment.

America's educational performance must be second to none in the 21st century. Education is central to our quality of life. It is at the heart of our economic strength and security, our creativity in the arts and letters, our invention in the sciences, and the perpetuation of our cultural values. Education is the key to America's international competitiveness.

Today, a new standard for an educated citizenry is required, one suitable for the next century. Our people must be as knowledgeable, as well-trained, as competent, and as inventive as those in any other nation. All of our people, not just a few, must be able to think for a living, adapt to changing environments, and to understand the world around them. They must understand and accept the responsibilities and obligations of citizenship. They must continually learn and develop new skills throughout their lives.

America can meet this challenge if our society is dedicated to a renaissance in education. We must become a nation that values education and learning. We must recognize that every child can learn, regardless of background or disability. We must recognize that education is a lifelong pursuit, not just an endeavor for our children.

Sweeping, fundamental changes in our education system must be made. Educators must be given greater flexibility to devise challenging and inspiring strategies to serve the needs of a diverse body of students. This is especially important for students who are at risk of academic failure -- for the failure of these students will become the failure of our nation. Achieving these changes depends in large part on the commitment of professional educators. Their daily work must be dedicated to creating a new educational order in which success for all students is the first priority, and they must be held accountable for the results.

This is not the responsibility of educators alone, however. All Americans have an important stake in the success of our education system, and every part of our society must be involved in meeting that challenge. Parents must be more interested and involved in their children's education, and students must accept the challenge of higher expectations for achievement and greater responsibility for their future. In addition, communities, business and civic groups,

and state, local, and federal government each has a vital role to play throughout this decade to ensure our success.

The first step is to establish ambitious national education goals -- performance goals that must be achieved if the United States is to remain competitive in the world marketplace and our citizens are to reach their fullest potential. These goals are about excellence. Meeting them will require that the performance of our highest achievers be boosted to levels that equal or exceed the performance of the best students anywhere. The performance of our lowest achievers must be substantially increased far beyond their current performance. What our best students can achieve now, our average students must be able to achieve by the turn of the century. We must work to ensure that a significant number of students from all races, ethnic groups, and income levels are among our top performers.

If the United States is to maintain a strong and responsible democracy and a prosperous and growing economy into the next century, all of our citizens must be involved in achieving these goals. Every citizen will benefit as a result. When challenged, the American people have always shown their determination to succeed. The challenge before us calls on each American to help ensure our nation's future.

NATIONAL EDUCATION GOALS

Readiness for School

GOAL 1: By the year 2000, all children in America will start school ready to learn.

Objectives:

- o All disadvantaged and disabled children will have access to high quality and developmentally appropriate preschool programs that help prepare children for school.
- o Every parent in America will be a child's first teacher and devote time each day helping his or her preschool child learn; parents will have access to the training and support they need.
- o Children will receive the nutrition and health care needed to arrive at school with healthy minds and bodies, and the number of low birthweight babies will be significantly reduced through enhanced prenatal health systems.

High School Completion

GOAL 2: By the year 2000, the high school graduation rate will increase to at least 90 percent.

Objectives:

- o The nation must dramatically reduce its dropout rate and seventy-five percent of those students who do drop out will successfully complete a high school degree or its equivalent.
- o The gap in high school graduation rates between American students from minority backgrounds and their non-minority counterparts will be eliminated.

Student Achievement and Citizenship

GOAL 3: By the year 2000, American students will leave grades four, eight and twelve having demonstrated competency in challenging subject matter including English, mathematics, science, history, and geography; and every school in America will ensure that all students learn to use their minds well, so they may be prepared for responsible citizenship, further learning, and productive employment in our modern economy.

Objectives:

- o The academic performance of elementary and secondary students will increase significantly in every quartile, and the distribution of minority students in each level will more closely reflect the student population as a whole.
- o The percentage of students who demonstrate the ability to reason, solve problems, apply knowledge, and write and communicate effectively will increase substantially.
- o All students will be involved in activities that promote and demonstrate good citizenship, community service, and personal responsibility.
- o The percentage of students who are competent in more than one language will substantially increase.
- o All students will be knowledgeable about the diverse cultural heritage of this nation and about the world community.

Science and Mathematics

GOAL 4: By the year 2000, U.S. students will be first in the world in science and mathematics achievement.

Objectives:

- o Math and science education will be strengthened throughout the system, especially in the early grades.
- o The number of teachers with a substantive background in mathematics and science will increase by 50 percent.
- o The number of U.S. undergraduate and graduate students, especially women and minorities, who complete degrees in mathematics, science, and engineering will increase significantly.

Adult Literacy and Lifelong Learning

GOAL 5: 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.

Objectives:

- o Every major American business will be involved in strengthening the connection between education and work.
- o All workers will have the opportunity to acquire the knowledge and skills, from basic to highly technical, needed to adapt to emerging new technologies, work methods, and markets through public and private educational, vocational, technical, workplace, or other programs.
- o The number of quality programs, including those at libraries, that are designed to serve more effectively the needs of the growing number of part-time and mid-career students will increase substantially.
- o The proportion of those qualified students, especially minorities, who enter college; who complete at least two years; and who complete their degree programs will increase substantially.
- o The proportion of college graduates who demonstrate an advanced ability to think critically, communicate effectively, and solve problems will increase substantially.

Safe, Disciplined, and Drug-Free Schools

GOAL 6: By the year 2000, every school in America will be free of drugs and violence and will offer a disciplined environment conducive to learning.

Objectives:

- o Every school will implement a firm and fair policy on use, possession, and distribution of drugs and alcohol.
- o Parents, businesses, and community organizations will work together to ensure that schools are a safe haven for all children.
- o Every school district will develop a comprehensive K-12 drug and alcohol prevention education program. Drug and alcohol curriculum should be taught as an integral part of health education. In addition, community-based teams should be organized to provide students and teachers with needed support.

NECESSARY CHANGES AND RESTRUCTURING

These goals are ambitious, yet they can and must be achieved. However, they cannot be achieved by our education system as it is presently constituted. Substantial, even radical changes will have to be made.

Without a strong commitment and concerted effort on the part of every sector and every citizen to improve dramatically the performance of the nation's education system and each and every student, these goals will remain nothing more than a distant, unattainable vision. For their part, Governors will work within their own states to develop strategies for restructuring their education systems in order to achieve the goals. Because states differ from one another, each state will approach this in a different manner. The President and the Governors will work to support these state efforts, and to recommend steps that the federal government, business, and community groups should take to help achieve these national goals. The nature of many of these steps is already clear.

The Preschool Years

American homes must be places of learning. Parents should play an active role in their children's early learning, particularly by reading to them on a daily basis. Parents should have access to the support and training required to fulfill this role, especially in poor, under-educated families.

In preparing young people to start school, both the federal and state governments have important roles to play, especially with regard to health, nutrition, and early childhood development. Congress and the administration have increased maternal and child health coverage for all families with incomes up to 133 percent of the federal poverty line. Many states go beyond this level of coverage, and more are moving in this direction. In addition, states continue to develop more effective delivery systems for prenatal and postnatal care. However, we still need more prevention, testing, and screening, and early identification and treatment of learning disorders and disabilities.

The federal government should work with the states to develop and fully fund early intervention strategies for children. All eligible children should have access to Head Start, Chapter 1, or some other successful preschool program with strong parental involvement. Our first priority must be to provide at least one year of preschool for all disadvantaged children.

The School Years

As steps are taken to better prepare children for schools, we must also better prepare schools for children.

This is especially important for young children. Schools must be able to educate effectively all children when they arrive at the schoolhouse door, regardless of variations in students' interest, capacities, or learning styles.

Next, our public education system must be fundamentally restructured in order to ensure that all students can meet higher standards. This means reorienting schools so they focus on results, not on procedures; giving each school's principal and teachers the discretion to make more decisions and the flexibility to use federal, state, and local resources in more productive, innovative ways that improve learning; providing a way for gifted professionals who want to teach to do so through alternative certification avenues, and giving parents more responsibility for their children's education through magnet schools, public school choice, and other strategies. Most important, restructuring requires creating powerful incentives for performance and improvement, and real consequences for persistent failure. It is only by maintaining this balance of flexibility and accountability that we can truly improve our schools.

The federal government must sustain its vital role of promoting educational equity by ensuring access to quality educational programs for all students regardless of race, national origin, sex, or handicapping condition. Federal funds should target those students most in need of assistance due to economic disadvantage or risk of academic failure.

Finally, efforts to restructure education must work toward guaranteeing that all students are engaged in rigorous programs of instruction designed to ensure that every child, regardless of background or disability, acquires the knowledge and skills necessary to succeed in a changing economy. In recent years, there has been an increased commitment to mathematics and science improvement programs. The federal government should continue to enhance financial assistance to state and local governments for effective programs in these areas. Likewise, there has been a greater federal emphasis on programs that target youth at risk of school failure and dropping out. The federal government should continue to enhance funding and seek strategies to help states in their efforts to seek solutions to these problems.

Improving elementary and secondary student achievement will not require a national curriculum, but it will require that the nation invest in developing the skills and knowledge of our educators and equipping our schools with up-to-date technology. The quality of teachers and teaching is essential to meeting our goals. We must have well-prepared teachers and we must increase the number of qualified teachers in critical shortage areas, including rural and urban schools, specialized fields such as foreign languages, mathematics and science, and from minority groups. Policies must attract and keep able teachers who reflect the cultural diversity of our nation. Policies that shape how our educators are prepared, certified, rewarded, developed and supported on the job must be consistent with efforts to restructure the education system and ensure that every school is capable of teaching all of our children to think and reason. Teachers and other school leaders must not only be outstanding, the schools in which they work must also be restructured to utilize both professional talent and technology to improve student learning and teacher- and system-productivity.

The After-School Years

Comprehensive, well-integrated lifelong learning opportunities must be created for a world in which three of four new jobs will require more than a high school education; workers with only high school diplomas may face the prospect of declining incomes; and most workers will

change their jobs ten or eleven times over their lifetime.

In most states, the present system for delivering adult literacy services is fractured and inadequate. Because the United States has far higher rates of adult functional illiteracy than other advanced countries, a first step is to establish in each state a public-private partnership to create a functionally literate workforce.

In some other countries, government policies and programs are carefully coordinated with private sector activities to create effective apprenticeship and job training activities. By contrast, the United States has a multilayered system of vocational and technical schools, community colleges, and specific training programs funded from multiple sources and subject to little coordination. These institutions need to be restructured so they fit together more sensibly and effectively to give all adults access to flexible and comprehensive programs that meet their needs. Every major business must work to provide appropriate training and educational opportunities to prepare employees for the twenty-first century.

Finally, a larger share of our population, especially those from working class, poor, and minority backgrounds, must be helped to attend and remain in college. The cost of a college education, as a percentage of median family income, has approximately tripled in a generation. That means more loans, scholarships, and work-study opportunities are needed. The federal government's role in ensuring access for qualified students is critical. At the same time, the higher education system must use existing resources far more productively than it does at present, and must be held more accountable for what students do or do not learn. The federal government will continue to examine ways to reduce students' increasing debt burden and to address the proper balance between grant and loan programs.

ASSESSMENT

National education goals will be meaningless unless progress toward meeting them is measured accurately and adequately, and reported to the American people. Doing a good job of assessment and reporting requires the resolution of three issues.

First, what students need to know must be defined. In some cases, there is a solid foundation on which to build. For example, the National Council on Teachers of Mathematics and the Mathematical Sciences Education Board have done important work in defining what all students must know and be able to do in order to be mathematically competent. A major effort for science has been initiated by the American Association for the Advancement of Science. These efforts must be expanded and extended to other subject areas.

Second, when it is clear what students need to know, it must be determined whether they know it. There have been a number of important efforts to improve our ability to measure student learning at the state and national levels. This year for the first time, the National Assessment for Education Progress (NAEP) will collect data on student performance on a state-by-state basis for thirty-seven states. Work is underway to develop a national assessment of adult literacy. These and other efforts must be supported and strengthened.

The Governors urge the National Assessment Governing Board to begin work to set national performance goals in the subject areas in which NAEP will be administered. This does not mean establishing standards for individual competence; rather, it requires determining how to set targets for increases in the percentage of students performing at the higher levels of the NAEP scales.

Third, measurements must be accurate, comparable, appropriate, and constructive. Placement decisions for young children should not be made on the basis of standardized tests. Achievement tests must not simply measure minimum competencies, but also higher levels of reading, writing, speaking, reasoning, and problem-solving skills. And in comparing America's achievement with that of other countries, it is essential that international comparisons are reliable. In addition, appropriate, nationally-directed research, demonstration, data collection, and innovation should be maintained and recognized as a set of core responsibilities of the federal government in education. That role needs to be strengthened in cooperation with the states.

The President and the Governors agree that while we do not need a new data-gathering agency, we do need a bipartisan group to oversee the process of determining and developing appropriate measurements and reporting on the progress toward meeting the goals. This process should stay in existence until at least the year 2000 so that we assure ten full years of effort toward meeting the goals.

A CHALLENGE

These national education goals are not the President's goals or the Governors' goals; they are the nation's goals.

These education goals are the beginning, not the end, of the process. Governors are committed to working within their own states to review state education goals and performance levels in light of these national goals. States are encouraged to adjust state goals according to this review, and to expand upon national goals where appropriate. The President and the Governors challenge every family, school, school district, and community to adopt these national goals as their own, and establish other goals that reflect the particular circumstances and challenges they face as America approaches the twenty-first century.

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THE WHITE HOUSE

Office of the Press Secretary

EMBARGOED FOR RELEASE
AT 9:00 PM (EST)
WEDNESDAY, JANUARY 31, 1990

THE PRESIDENT'S STATE OF THE UNION ADDRESS

FACT SHEET

The President's first State of the Union address emphasized four themes:

- I. Investments for a Competitive America
- II. Opportunity
- III. Stewardship
- IV. Democracy

The President explained that he came to speak not about the state of the government with its myriad of detailed programs, but the state of the American Union: its people, its place in the world, and the challenges it faces.

I. INVESTMENTS FOR A COMPETITIVE AMERICA

The President declared his aim to invest in America, and to encourage the creation of capital of all kinds.

A. Investing in Productive Capital

The President urged action to reduce government dissaving and increase private saving. These measures will generate more job-creating productive capital investment.

Reducing Government Borrowing. The President's budget for FY 1991 involves a sharp reduction in the deficit to \$63.1 billion, in full compliance with the Gramm-Rudman-Hollings deficit reduction law. The proposed deficit is down more than 70 percent from the \$221 billion Federal deficit in 1986.

- o The President's budget achieves this deficit reduction with no increase in taxes.
- o The President's proposal balances the Federal budget by 1993, as required by Gramm-Rudman-Hollings, further increasing funds for domestic investment and reducing the need for U.S. foreign borrowing.
- o The President proposes to protect the long term integrity of the Social Security system. His proposal will assure that the build up of Social Security reserves in the future will not be used to mask the non-Social Security deficit and will not be used to finance non-Social Security spending.

Increasing Private Savings. The President called for enactment of a new initiative, The Savings and Economic Growth Act of 1990, to increase private savings and to create more jobs and growth in the coming decade. Its provisions include:

- o Creating Family Savings Accounts. To provide better for the future of America's families, the President put forward his plan to increase savings. Elements of this plan include the following:
 - Married couples earning under \$120,000, singles earning under \$60,000, and taxpayers who are Heads of Household with incomes under \$100,000 are eligible, if they have earned income and are not dependents on another return.
 - Each person may contribute up to \$2,500 (couples up to \$5,000) or the amount of their compensation, whichever is less. Contributions to the Family Savings Account are not tax deductible.
 - Earnings are not taxable as they accumulate, but would be taxable if withdrawn before seven years have elapsed. Earnings on deposits at least seven years old may be withdrawn tax free.
 - Earnings on contributions fewer than seven years old are taxed like regular interest income if withdrawn, and earnings on deposits made fewer than three years previously are subject to an additional ten percent penalty tax upon withdrawal.
 - Contributions themselves are never subject to tax when withdrawn, only earnings.

- o Reducing the Rates on Capital Gains. To encourage investment for a more competitive America, the President proposed:
 - A phased-in exclusion of up to 30 percent of the capital gain on an asset. Eventually, only assets held for at least three years would receive the full exclusion.

<u>Year Sold</u>	<u>Years Held</u>		
	1	2	3
1990	30%	30%	30%
1991	20%	30%	30%
1992	10%	20%	30%

- In general, all capital assets held by individuals, except for collectibles, will be eligible for the capital gains exclusion. Corporations will not be eligible for a capital gains tax rate reduction.
- o Home Ownership Initiative. To encourage saving and home ownership, the President proposed:
 - Modifying current IRA laws so that first-time home buyers can withdraw up to \$10,000 without penalty for early withdrawal.

B. Intellectual Capital -- New Technologies for the Future

Research and Development. The President proposed a record high \$71 billion in Federal budget authority for research and development, up \$4.5 billion, or seven percent.

- o The President remains committed to doubling the National Science Foundation budget by 1993, and has provided a 14 percent increase in FY 1991 toward that end.
- o The President's budget calls for a 26 percent increase in funding of science and engineering education.

Incentives for the Private Sector.

- o The President supports making the Research and Experimentation Tax Credit permanent.
- o The President also supports making permanent the rules for allocating R&D by transnational companies.

- o President Bush has proposed an initiative to reform our nation's product liability laws.

Space. The President proposed a 24 percent funding increase for NASA in FY 1991, with growth in the five elements of the space program:

- o Building space transportation infrastructure.
- o Proceeding with Space Station Freedom.
- o Exploring the space frontier through manned exploration.
- o Enhancing scientific understanding.
- o Developing the commercial potential of space.

C. Educational Excellence for All Americans

National Education Goals. The President announced six national education goals for the year 2000. This is the first phase in realizing commitments made at the President's Education Summit with Governors. Key education-related programs and initiatives include:

- o All children in America will start school ready to learn.
 - The President is proposing an increase of \$500 million for Head Start to bring total funding to \$1.9 billion. This provides up to 70 percent of poor children one year of Head Start before they enter school.
 - The President's FY 1991 request will double the Even Start budget to \$48 million.
 - Chapter 1 Compensatory Education grants to local education agencies would be increased under the President's proposal to \$4.96 billion, the highest level ever. Schools use some of these funds to serve disadvantaged pre-kindergarten and kindergarten children.
 - The President will increase support for services to handicapped pre-school children to \$258 million.
- o We will increase the percentage of students graduating from high school to at least ninety percent.

- The President proposed \$50 million for new research and demonstration activities to help schools learn more about how to prevent dropouts and how to help dropouts return to schooling.
- The Job Training Partnership Act (JTPA) contains \$1.7 billion to target services to about 683,000 disadvantaged youths, most of whom are dropouts.
- The President's budget funds the Youth Opportunities Unlimited program at \$50 million, supporting programs to help at-risk youth stay in school and develop marketable skills.
- o American students will leave grades four, eight, and twelve having demonstrated competency over challenging subject matter including English, mathematics, science, history, and geography.
 - The President proposed increasing statistics funding within the Department of Education's research effort by 50 percent, from \$40 million in FY 1990 to \$60 million.
 - The President's Educational Excellence Act proposes initiatives for magnet and merit schools, alternative certification, and other programs. The President is also proposing a \$25 million initiative to improve training of principals.
 - Chapter 1 Local Education and Concentration Grants fund remedial education programs for nearly five million disadvantaged students.
- o U.S. students will be first in the world in science and mathematics achievement.
 - The President proposes funding for the Dwight D. Eisenhower Mathematics and Science Education Grants of \$230 million, a 70% increase over FY 1990.
 - National Science Scholars is one of the President's initiatives in the Educational Excellence Act.
 - The President will increase National Science Foundation (NSF) funding for education from \$360 million to \$460 million, a 28% increase.
 - The President calls for increasing the number of minority students in science and engineering through Scientific Literacy for the 21st Century, a NASA program.
 - The President will increase education-related funding under the Department of Energy by 47 percent.

- o Every adult American will be literate and possess the knowledge and skills necessary to compete in a global economy and exercise the rights and responsibilities of citizenship.

- The President proposes \$239 million for adult education programs in the Education Department.
- The President proposes funding for a National Literacy Clearinghouse.
- The President has doubled ACTION's Literacy Corps budget to \$6 million.
- The Job Opportunities and Basic Skills (JOBS) program is fully-funded at \$1 billion.

- o Every school in America will be free of drugs and violence and provide a disciplined environment conducive to learning.

- The President's National Drug Strategy establishes drug-free schools as a national priority.
- The President proposed \$593 million in funding for the Drug-Free Schools and Communities program, a \$54 million increase.

Parents and Education. The President urged parents to spend time with their children -- reading to them, helping them with their homework, and sharing the values they learned as children.

D. Transportation

The President believes that the Federal government is a partner with the States and the private sector in making needed investments in our transportation infrastructure. The President's transportation-investment plan includes:

- o Increasing funds for air traffic control personnel, modernization of equipment, airport expansion, and safety- and security-related research and development.
- o Funding research and development of Intelligent Vehicle Highway Systems and magnetically levitated trains.

The President has directed the Department of Transportation to formulate a comprehensive Statement of National Transportation Policy.

E. Free and Fair Trade

The President called for a free, open, and fair international trading system, one in which markets, not governments, determine what industries and farmers produce and how nations trade. The President's priorities include:

- o Strengthening the trading system by bringing the Uruguay Round of Multilateral Trade Negotiations to a successful conclusion in December 1990. A key objective for President Bush is to end the costly government subsidies and trade restrictions that distort international agricultural markets at the expense of the American farmer. The President also seeks to expand the GATT to cover trade in services, investment, and intellectual property, which are now outside the GATT system.
- o Challenging unfair barriers to American exports by working closely with Congress and American business to pursue an open, strengthened world trading system. The President continues to implement aggressively the market-opening provisions of the Omnibus Trade and Competitiveness Act of 1988, consistent with his commitment to providing American exporters with fair and open access to foreign markets.

F. Agriculture

The President is committed to a farm program based on the following principles:

- o Farm policy tools must be market-oriented in order to minimize distortions and allow farmers the flexibility to respond to market signals.
- o Competitiveness requires an adequate investment in agricultural infrastructure and a firm response to unfair trade practices.
- o Food and fiber production must be sensitive to environmental concerns.

The President will work with the Congress to develop a 1990 farm bill based on these principles.

II. OPPORTUNITY

The President declared his belief that our challenge today is to make our democratic system even better, with greater opportunity for all.

A. Fighting Drug Abuse and Violent Crime

The President is committed to working with States, localities, and every sector of society to stop illegal drug use and its related crime, health and social problems. The President's National Drug Control Strategy and the second phase of the strategy, presented on January 25, outlines a multi-faceted, comprehensive approach to counter this scourge:

- o Drug Education and Prevention. Although the overall number of drug users is declining, the President believes we must redouble our efforts to ensure that children decide not to use drugs and that users are induced to stop.
- o Drug Treatment. Treatment should be made available for those who may benefit from its assistance and research must be encouraged to determine the most effective drug treatment modalities, particularly for segments of the population such as pregnant women and infants.
- o International Initiatives. The President will attend a Drug Summit with other Western Hemisphere leaders on February 15. He is proposing initiatives to strengthen America's efforts against the international drug trade and counter money laundering.
- o The Criminal Justice System and Interdiction. The President will propose initiatives designed to strengthen the criminal justice system's ability to counter drugs and to enhance our interdiction and other law enforcement efforts.

In addition to addressing violent crime as it relates to drug use, the President has proposed fundamental, comprehensive reforms to the entire criminal justice system. Several provisions of the President's drug and crime initiatives were enacted in the first session of the 101st Congress. The remainder are essential to a comprehensive and responsible approach to reducing violent crime.

The President called upon Congress to enact the remaining provisions of his Comprehensive Violent Crime Control Act, including provisions relating to exclusionary rule reform, death penalty reform, habeas corpus reform, and strengthening current law through tougher sentences for firearm-related crimes.

B. Health Care Reform

The President directed Secretary of Health and Human Services Sullivan to review the recommendations of the health care studies now underway that deal with health care challenges, including improving access to health care and moderating growth in health care costs. The Secretary's study will be presented to the President through the Domestic Policy Council.

C. A Commitment to Civil Rights For Every American

The President called on all citizens to confront and condemn racism, anti-semitism, bigotry, and hate.

The President is dedicated to the principle that the enjoyment of basic civil rights is the birthright of every American. Each citizen must have the opportunity to go as far as his or her abilities and ambition will allow. In 1990, the President will work for:

- o Passage of the Americans with Disabilities Act to extend to the disabled the civil rights already guaranteed to millions of Americans by existing civil rights laws.
- o Strengthening of the Civil Rights Act of 1968, as it relates to the interference by force, or threat of force, with an individual who is exercising, or encouraging others to exercise, rights protected by the Fair Housing Act.
- o Quick action by the Congress on the Hate Crimes Statistics Act.

D. Child Care

Parental choice is the core of the President's approach to child care. The President called for action on legislation to implement the child care plan he advanced last year. The President's plan includes a new child tax credit that would provide for a refundable credit of up to \$1,000 per child under age four for low-income working families and make the current Dependent Care Tax Credit refundable to taxpayers who have no tax liability.

While flexible on the legislative details, acceptable legislation must reflect the President's four principles: parental choice, non-discrimination against parents who work at home, offering parents the fullest range of choices, and targeting assistance to those who need it most.

E. H.O.P.E.

The President has put forward a comprehensive agenda of Homeownership and Opportunity for People Everywhere, in order to bring basic shelter and affordable housing within the reach of millions of Americans. Elements of H.O.P.E. include:

- o Legislation allowing first-time home buyers to draw, without penalty, on IRA savings as a down payment for their first home. The President has directed Secretary Kemp of the Department of Housing and Urban Development to convene a Blue Ribbon Commission to identify and suggest ways to remove barriers to affordable housing.
- o Promoting more housing choice for low-income families. H.O.P.E. includes a new grant program, funded at \$2.2 billion over three years, to help low-income families become owners. In addition, the President supports housing vouchers, as well as resident ownership and resident management of low income housing in order to empower low-income families and broaden their choice in housing.
- o Creating 50 Enterprise Zones over the next four years. Completely eliminating the capital gains tax on certain investments in these zones.
- o \$412 million to help preserve the affordability of existing housing where rents may rise and create hardship for low-income tenants.
- o Operation Bootstrap designed to coordinate better housing subsidies and supportive services for low-income households in order to help them become self-sufficient.
- o \$247 million for an initiative to reduce homelessness among the chronically mentally ill and recovering substance abusers through public-private partnerships.

F. Homelessness

The President called for a strong continued commitment by all Americans to end homelessness. The President has requested 23 percent higher funding for programs under the McKinney Act umbrella. His request of \$819 million is \$92 million more than the level needed to "fully fund" the McKinney Act.

In addition to the budget, the President's program to end homelessness seeks to link programs, increase coordination among providers, and reach out to the most isolated homeless. The Federal government will institute new procedures to coordinate Federal programs and expand efforts to make federally-owned property, especially residential property, available to assist the homeless.

G. Volunteerism

The President believes that the definition of a successful life must include service to others. He encouraged every American to adopt society's problems as his or her own and to commit themselves to serve others. Volunteerism is a necessary part of the solutions to pressing social problems such as drug abuse, illiteracy, poor educational performance, homelessness, and community disintegration.

- o The President has asked Congress for \$25 million annually, for four years, to implement the recommendations of the Kean Commission on the Points of Light Initiative Foundation.
- o The President will use his Office to promote a new community ethic of volunteerism that requires no financial incentive and encourages participation in whatever measure the individual can provide.

III. STEWARDSHIP

The President remarked that our obligation to future generations requires us to exercise stewardship in safekeeping our precious environmental inheritance.

A. Department of the Environment

As evidence of the importance he places on environmental protection, the President proposes to elevate the Environmental Protection Agency to Cabinet status. The President proposed a \$2 billion increase in overall environmental spending, including a 12 percent increase in the EPA's operating budget.

B. America the Beautiful

The President proposed a new three-part initiative to exercise responsible stewardship of America's natural resources:

- o Land Acquisition. The President proposes to expand land acquisition for national parks, refuges, forests and other public lands. Over \$1 billion of key land and water resources will be purchased over the next four years through the Land and Water Conservation Fund.
- o Reforestation. The President proposes to create a working alliance between environmental activism and community service. The President has budgeted \$175 million for the first year to plant over one billion trees a year across America, using public-private partnerships and volunteer programs.

- o Protection and Restoration. Over the next decade, the President's Legacy '99 program will improve threatened natural resources, such as wetlands and endangered species, and enhance recreational opportunities in our national parks, wildlife refuges, and other public lands. The President has called for a 40 percent increase in funds to protect and enhance our natural resources.

C. Clean Air

Last July, the President sent to Congress the most comprehensive Clean Air proposal in history. In anticipation of a new Clean Air Act, he is requesting an additional \$80 million for EPA's Office of Air and Radiation Programs. The President's proposal will:

- o Combat acid rain by achieving a permanent 10 million ton reduction in sulfur dioxide emissions.
- o Bring all cities into attainment with the Clean Air Act's health standards.
- o Reduce toxic emissions by 75-90 percent from factories and plants within seven years of enactment.
- o Encourage innovative approaches to meeting these goals through clean coal technologies and alternative fuels for automobiles.
- o Achieve reductions cost-effectively through market incentives, an emissions trading program, and flexibility for the private sector and State governments to find optimal approaches toward meeting clean air requirements.

D. Global Climate Change Research

The President proposes \$1 billion (a 57 percent increase over 1990 levels) to advance scientific knowledge of global climate change.

IV. DEMOCRACY

The President declared that, today, with communism crumbling, our aim must be to ensure democracy's advance. He also said that it is time to acclaim a new consensus at home and abroad -- a common vision of the peaceful world we want to see.

A. Our Democratic Allies

The President paid tribute to the steadfastness of the democratic allies of the Atlantic Community and Japan in securing peace and prosperity over four decades, which has helped bring us to this moment of opportunity.

B. Eastern Europe

The President said that we will continue to offer our hand to the emerging democracies of Eastern Europe.

Support for East European Democracy. As the force of freedom spreads throughout the region, the President is proposing a \$300 million fund for assistance to Eastern European democracies, and the broadening of last year's SEED Act, as part of a comprehensive strategy for the region.

Presidential Mission. Following the President's visits to Poland and Hungary in July, an active and constructive new relationship has developed. The President will follow up vigorously on the Cabinet-level Missions he sent last year to Poland and Hungary and Secretary Baker's forthcoming visit to Prague, providing the best expertise America has to offer to support the countries of Eastern Europe as they move toward democratic change. Following Lech Walesa's visit to the United States in November, the President has invited two leading architects of Eastern Europe's democratic revolution -- President Havel of Czechoslovakia and Prime Minister Mazowiecki of Poland -- to pay official visits to Washington early this year.

C. Soviet Union

The President declared that the time is right to move beyond containment and build a new relationship with the Soviet Union -- to endorse and extend the peaceful process of internal change toward pluralism and economic opportunity.

Malta and Moscow. Secretary Baker will be in Moscow next week to follow up on the important understandings reached at Malta in early December between the President and Chairman Gorbachev. A major push will be made to resolve key issues in arms control -- START, CFE, nuclear testing, chemical weapons, and Open Skies -- and our intensive dialogue on European, regional, and global issues will continue.

D. Panama

The President declared that "Panama is free" in citing the American military action that liberated Panama from the dictator Noriega.

U.S. Troops. The President announced that Operation Just Cause has achieved its objectives, and that U.S. troops will be down to their pre-operation level by the end of February.

Reconstruction. The President last week announced an action plan to foster Panama's economic recovery, totaling \$1 billion, including

- o Nearly \$500 million in loans, guarantees, and export opportunities to strengthen Panama's private sector and create jobs;

- o An additional \$500 million in economic assistance to be provided in FY 1990; and
- o \$42 million in humanitarian assistance.

E. Defense

In an era of dramatic change in the strategic environment, the President spoke of a new era in defense planning. Yet the President stressed that peace will continue to be served by an America strong enough -- and sure enough -- to defend our interests and ideals.

Restructured Military Posture. As outlined in the budget, we are beginning the transition to a restructured military, one that is leaner, more agile and flexible, more geared to contingencies outside of Europe, while continuing to meet our inescapable responsibility to maintain deterrence.

F. CFE Initiative

In recognition of changes in Eastern Europe and the Soviet Union, and after consultation with the leaders of NATO, the President announced a major new step for further reduction in U.S. and Soviet manpower in Central and Eastern Europe to 195,000 on each side. This level of forces reflects the advice of his senior military advisors and is designed to protect American and European security.

G. Foreign Affairs

In a new world of unparalleled challenges and opportunities, the President said that there is a need for leadership that only America can provide.

International Affairs Budget. In such a new era, there is a greater premium than ever on political and economic, rather than military, tools of policy. Security assistance, development assistance, humanitarian assistance, and diplomacy therefore remain essential responsibilities. The President has proposed for FY 1991 a total of \$20 billion in budget authority for these purposes, an increase of \$1.4 billion over FY 1990. This is an investment in peace and a cost-effective way to help maintain international security and address the causes of conflict.

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THE WHITE HOUSE

Office of the Press Secretary

For Immediate Release

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NATIONAL GOALS FOR EDUCATION

INTRODUCTION

At the historic education summit in Charlottesville five months ago, the President and the Governors declared that "the time has come, for the first time in U.S. history, to establish clear national performance goals, goals that will make us internationally competitive." The six national education goals contained here are the first step in carrying out that commitment.

America's educational performance must be second to none in the 21st century. Education is central to our quality of life. It is at the heart of our economic strength and security, our creativity in the arts and letters, our invention in the sciences, and the perpetuation of our cultural values. Education is the key to America's international competitiveness.

Today, a new standard for an educated citizenry is required, one suitable for the next century. Our people must be as knowledgeable, as well-trained, as competent, and as inventive as those in any other nation. All of our people, not just a few, must be able to think for a living, adapt to changing environments, and to understand the world around them. They must understand and accept the responsibilities and obligations of citizenship. They must continually learn and develop new skills throughout their lives.

America can meet this challenge if our society is dedicated to a renaissance in education. We must become a nation that values education and learning. We must recognize that every child can learn, regardless of background or disability. We must recognize that education is a lifelong pursuit, not just an endeavor for our children.

Sweeping, fundamental changes in our education system must be made. Educators must be given greater flexibility to devise challenging and inspiring strategies to serve the needs of a diverse body of students. This is especially important for students who are at risk of academic failure — for the failure of these students will become the failure of our nation. Achieving these changes depends in large part on the commitment of professional educators. Their daily work must be dedicated to creating a new educational order in which success for all students is the first priority, and they must be held accountable for the results.

This is not the responsibility of educators alone, however. All Americans have an important stake in the success of our education system, and every part of our society must be involved in meeting that challenge. Parents must be more interested and involved in their children's education, and students must accept the challenge of higher expectations for achievement and greater responsibility for their future. In addition, communities, business and civic groups,

and state, local, and federal government each has a vital role to play throughout this decade to ensure our success.

The first step is to establish ambitious national education goals -- performance goals that must be achieved if the United States is to remain competitive in the world marketplace and our citizens are to reach their fullest potential. These goals are about excellence. Meeting them will require that the performance of our highest achievers be boosted to levels that equal or exceed the performance of the best students anywhere. The performance of our lowest achievers must be substantially increased far beyond their current performance. What our best students can achieve now, our average students must be able to achieve by the turn of the century. We must work to ensure that a significant number of students from all races, ethnic groups, and income levels are among our top performers.

If the United States is to maintain a strong and responsible democracy and a prosperous and growing economy into the next century, all of our citizens must be involved in achieving these goals. Every citizen will benefit as a result. When challenged, the American people have always shown their determination to succeed. The challenge before us calls on each American to help ensure our nation's future.

NATIONAL EDUCATION GOALS

Readiness for School

GOAL 1: By the year 2000, all children in America will start school ready to learn.

Objectives:

- o All disadvantaged and disabled children will have access to high quality and developmentally appropriate preschool programs that help prepare children for school.
- o Every parent in America will be a child's first teacher and devote time each day helping his or her preschool child learn; parents will have access to the training and support they need.
- o Children will receive the nutrition and health care needed to arrive at school with healthy minds and bodies, and the number of low birthweight babies will be significantly reduced through enhanced prenatal health systems.

High School Completion

GOAL 2: By the year 2000, the high school graduation rate will increase to at least 90 percent.

Objectives:

- o The nation must dramatically reduce its dropout rate and seventy-five percent of those students who do drop out will successfully complete a high school degree or its equivalent.
- o The gap in high school graduation rates between American students from minority backgrounds and their non-minority counterparts will be eliminated.

Student Achievement and Citizenship

GOAL 3: By the year 2000, American students will leave grades four, eight and twelve having demonstrated competency in challenging subject matter including English, mathematics, science, history, and geography; and every school in America will ensure that all students learn to use their minds well, so they may be prepared for responsible citizenship, further learning, and productive employment in our modern economy.

Objectives:

- o The academic performance of elementary and secondary students will increase significantly in every quartile, and the distribution of minority students in each level will more closely reflect the student population as a whole.
- o The percentage of students who demonstrate the ability to reason, solve problems, apply knowledge, and write and communicate effectively will increase substantially.
- o All students will be involved in activities that promote and demonstrate good citizenship, community service, and personal responsibility.
- o The percentage of students who are competent in more than one language will substantially increase.
- o All students will be knowledgeable about the diverse cultural heritage of this nation and about the world community.

Science and Mathematics

GOAL 4: By the year 2000, U.S. students will be first in the world in science and mathematics achievement.

Objectives:

- o Math and science education will be strengthened throughout the system, especially in the early grades.
- o The number of teachers with a substantive background in mathematics and science will increase by 50 percent.
- o The number of U.S. undergraduate and graduate students, especially women and minorities, who complete degrees in mathematics, science, and engineering will increase significantly.

Adult Literacy and Lifelong Learning

GOAL 5: 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.

Objectives:

- o Every major American business will be involved in strengthening the connection between education and work.
- o All workers will have the opportunity to acquire the knowledge and skills, from basic to highly technical, needed to adapt to emerging new technologies, work methods, and markets through public and private educational, vocational, technical, workplace, or other programs.
- o The number of quality programs, including those at libraries, that are designed to serve more effectively the needs of the growing number of part-time and mid-career students will increase substantially.
- o The proportion of those qualified students, especially minorities, who enter college; who complete at least two years; and who complete their degree programs will increase substantially.
- o The proportion of college graduates who demonstrate an advanced ability to think critically, communicate effectively, and solve problems will increase substantially.

Safe, Disciplined, and Drug-Free Schools

GOAL 6: By the year 2000, every school in America will be free of drugs and violence and will offer a disciplined environment conducive to learning.

Objectives:

- o Every school will implement a firm and fair policy on use, possession, and distribution of drugs and alcohol.
- o Parents, businesses, and community organizations will work together to ensure that schools are a safe haven for all children.
- o Every school district will develop a comprehensive K-12 drug and alcohol prevention education program. Drug and alcohol curriculum should be taught as an integral part of health education. In addition, community-based teams should be organized to provide students and teachers with needed support.

NECESSARY CHANGES AND RESTRUCTURING

These goals are ambitious, yet they can and must be achieved. However, they cannot be achieved by our education system as it is presently constituted. Substantial, even radical changes will have to be made.

Without a strong commitment and concerted effort on the part of every sector and every citizen to improve dramatically the performance of the nation's education system and each and every student, these goals will remain nothing more than a distant, unattainable vision. For their part, Governors will work within their own states to develop strategies for restructuring their education systems in order to achieve the goals. Because states differ from one another, each state will approach this in a different manner. The President and the Governors will work to support these state efforts, and to recommend steps that the federal government, business, and community groups should take to help achieve these national goals. The nature of many of these steps is already clear.

The Preschool Years

American homes must be places of learning. Parents should play an active role in their children's early learning, particularly by reading to them on a daily basis. Parents should have access to the support and training required to fulfill this role, especially in poor, under-educated families.

In preparing young people to start school, both the federal and state governments have important roles to play, especially with regard to health, nutrition, and early childhood development. Congress and the administration have increased maternal and child health coverage for all families with incomes up to 133 percent of the federal poverty line. Many states go beyond this level of coverage, and more are moving in this direction. In addition, states continue to develop more effective delivery systems for prenatal and postnatal care. However, we still need more prevention, testing, and screening, and early identification and treatment of learning disorders and disabilities.

The federal government should work with the states to develop and fully fund early intervention strategies for children. All eligible children should have access to Head Start, Chapter 1, or some other successful preschool program with strong parental involvement. Our first priority must be to provide at least one year of preschool for all disadvantaged children.

The School Years

As steps are taken to better prepare children for schools, we must also better prepare schools for children.

This is especially important for young children. Schools must be able to educate effectively all children when they arrive at the schoolhouse door, regardless of variations in students' interest, capacities, or learning styles.

Next, our public education system must be fundamentally restructured in order to ensure that all students can meet higher standards. This means reorienting schools so they focus on results, not on procedures; giving each school's principal and teachers the discretion to make more decisions and the flexibility to use federal, state, and local resources in more productive, innovative ways that improve learning; providing a way for gifted professionals who want to teach to do so through alternative certification avenues, and giving parents more responsibility for their children's education through magnet schools, public school choice, and other strategies. Most important, restructuring requires creating powerful incentives for performance and improvement, and real consequences for persistent failure. It is only by maintaining this balance of flexibility and accountability that we can truly improve our schools.

The federal government must sustain its vital role of promoting educational equity by ensuring access to quality educational programs for all students regardless of race, national origin, sex, or handicapping condition. Federal funds should target those students most in need of assistance due to economic disadvantage or risk of academic failure.

Finally, efforts to restructure education must work toward guaranteeing that all students are engaged in rigorous programs of instruction designed to ensure that every child, regardless of background or disability, acquires the knowledge and skills necessary to succeed in a changing economy. In recent years, there has been an increased commitment to mathematics and science improvement programs. The federal government should continue to enhance financial assistance to state and local governments for effective programs in these areas. Likewise, there has been a greater federal emphasis on programs that target youth at risk of school failure and dropping out. The federal government should continue to enhance funding and seek strategies to help states in their efforts to seek solutions to these problems.

Improving elementary and secondary student achievement will not require a national curriculum, but it will require that the nation invest in developing the skills and knowledge of our educators and equipping our schools with up-to-date technology. The quality of teachers and teaching is essential to meeting our goals. We must have well-prepared teachers and we must increase the number of qualified teachers in critical shortage areas, including rural and urban schools, specialized fields such as foreign languages, mathematics and science, and from minority groups. Policies must attract and keep able teachers who reflect the cultural diversity of our nation. Policies that shape how our educators are prepared, certified, rewarded, developed and supported on the job must be consistent with efforts to restructure the education system and ensure that every school is capable of teaching all of our children to think and reason. Teachers and other school leaders must not only be outstanding, the schools in which they work must also be restructured to utilize both professional talent and technology to improve student learning and teacher- and system-productivity.

The After-School Years

Comprehensive, well-integrated lifelong learning opportunities must be created for a world in which three of four new jobs will require more than a high school education; workers with only high school diplomas may face the prospect of declining incomes; and most workers will

change their jobs ten or eleven times over their lifetime.

In most states, the present system for delivering adult literacy services is fractured and inadequate. Because the United States has far higher rates of adult functional illiteracy than other advanced countries, a first step is to establish in each state a public-private partnership to create a functionally literate workforce.

In some other countries, government policies and programs are carefully coordinated with private sector activities to create effective apprenticeship and job training activities. By contrast, the United States has a multilayered system of vocational and technical schools, community colleges, and specific training programs funded from multiple sources and subject to little coordination. These institutions need to be restructured so they fit together more sensibly and effectively to give all adults access to flexible and comprehensive programs that meet their needs. Every major business must work to provide appropriate training and educational opportunities to prepare employees for the twenty-first century.

Finally, a larger share of our population, especially those from working class, poor, and minority backgrounds, must be helped to attend and remain in college. The cost of a college education, as a percentage of median family income, has approximately tripled in a generation. That means more loans, scholarships, and work-study opportunities are needed. The federal government's role in ensuring access for qualified students is critical. At the same time, the higher education system must use existing resources far more productively than it does at present, and must be held more accountable for what students do or do not learn. The federal government will continue to examine ways to reduce students' increasing debt burden and to address the proper balance between grant and loan programs.

ASSESSMENT

National education goals will be meaningless unless progress toward meeting them is measured accurately and adequately, and reported to the American people. Doing a good job of assessment and reporting requires the resolution of three issues.

First, what students need to know must be defined. In some cases, there is a solid foundation on which to build. For example, the National Council on Teachers of Mathematics and the Mathematical Sciences Education Board have done important work in defining what all students must know and be able to do in order to be mathematically competent. A major effort for science has been initiated by the American Association for the Advancement of Science. These efforts must be expanded and extended to other subject areas.

Second, when it is clear what students need to know, it must be determined whether they know it. There have been a number of important efforts to improve our ability to measure student learning at the state and national levels. This year for the first time, the National Assessment for Education Progress (NAEP) will collect data on student performance on a state-by-state basis for thirty-seven states. Work is underway to develop a national assessment of adult literacy. These and other efforts must be supported and strengthened.

Tinkering with America

As the federal budget debate gets under way, there's one irony I can't ignore. It would be amusing—if it didn't much matter. But it matters a lot. At stake is our future, as a nation and as a people.

Here we stand at the dawn of the 1990s—in a world of profound, unprecedented, and largely peaceful change. South Africa is being forced to move toward dismantling its hated apartheid system, without war. In the Soviet Union and Eastern Europe, communism is being transformed and replaced, without war. And Soviet military power—the justification for the unprecedented military buildup of the 1980s—is disintegrating before our eyes.

Yet the Administration proposes increasing the Pentagon budget by \$5 billion. Since this 2 percent increase is half what would be necessary to keep pace with inflation, we're told it's a major *decrease* in military spending.

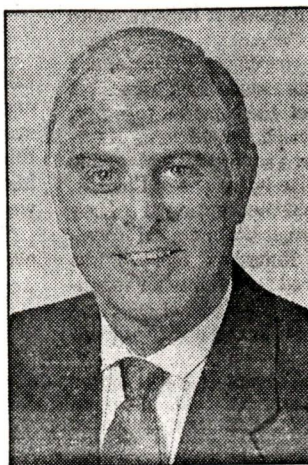
The White House also proposes increasing federal education spending by 2 percent. This \$500 million increase wouldn't begin to make up for the 33 percent cut in federal support for elementary and secondary schools in the 1980s. Still, we're told it represents an important *increase* in federal education spending.

Here we are, seven years after the *Nation At Risk* report warned that educational mediocrity threatens America's future. We've made only marginal progress. Our schools remain in need of basic, systemic change.

The White House budget, through its 2 percent tinkering, trivializes both the geopolitical changes transforming our globe—and the economic and social challenges confronting our nation.

It's time to reexamine our defi-

A Budget That Shortchanges Our Future



KEITH GEIGER
President, NEA

nition of national security. As we enter this new decade, it is clear that America's future depends more on our economic and social vitality than on amassing ever larger stockpiles of nuclear arms. We must commit significant resources to our nation's crumbling infrastructure, decaying cities, endangered environment, burgeoning deficit—and, above all, to educating tomorrow's adults. Universally excellent schools are the foundation of America's future.

President Bush is fond of say-

ing that improving education is not a matter of money. He and others in the Administration frequently point out that America spends more on its schools than any other industrialized nation.

Well, we do—and we don't. When all levels of schooling—preschool through postgraduate—are included, the United States ranks near the top. But when you exclude higher education, we're close to the bottom.

These are the findings of *Shortchanging Education*, a new study by the Economic Policy Institute. The EPI economists analyzed education spending in 16 industrial nations. They found that when all spending—public and private, preschool through university—is included, the United States is in a three-way tie for second place. Sweden spends relatively more; Canada and the Netherlands spend equivalent amounts.

But when postsecondary schooling is excluded, America ranks 12th or 14th—depending on the precise measure of spending used. Both Japan and West Germany (and at least nine other nations) spend relatively more on kindergarten through secondary school than does America. And when the analysis is limited to public spending, preschool through university, we're in 14th place.

The EPI economists conclude: "Spending more money is not, of course, the only answer to the difficult problem of revitalizing primary and secondary education in the U.S. But . . . as in every other service, we may 'get what we pay for.'"

The Administration doesn't dispute the EPI findings. It simply attempts to ridicule the report. That's not the kind of objectivity America needs as we move forward with serious school reform.

SHORTCHANGING EDUCATION

HOW U.S. SPENDING ON GRADES K-12 LAGS BEHIND OTHER INDUSTRIAL NATIONS

By M. Edith Rasell and Lawrence Mishel

Introduction and Summary

Over the past decade, Americans have become increasingly concerned about the educational and academic achievements of U.S. students, particularly at the primary and secondary levels. Numerous high-level commissions, composed of leaders from government, education, and business, have examined the schools, and most recently, state governors and Administration officials, including President Bush, met at the "Education Summit" to discuss needed reforms. Improving the education of U.S. students has risen to the top of the public agenda.

President Bush, who has declared his desire to be known as the "education president," has, however, attempted to limit the discussion of educational reform initiatives to those which do not involve spending additional public funds. At the "Education Summit" in September, President Bush declared that the U.S. "lavishes unsurpassed resources on [our children's] schooling." Therefore, "our focus must no longer be on resources. It must be on results."¹ At this same conference, Secretary of Education Lauro Cavazos stated that the problem with U.S. education "is not ... an issue of dollars... [F]unding is truly not an issue."²

The President and Administration officials have justified this anti-spending stance by asserting that the U.S. education system is already well-funded in comparison with other industrialized nations. Two measures of spending have been used by Administration officials and others to compare U.S. expenditures with those of other countries. One measure is spending per pupil. According to Secretary of Education Cavazos, "we are already spending more money per student than our major foreign competitors, Japan and Germany."³ President Bush's Chairman of the Council of Economic Advisers, Michael J. Boskin, agrees: "[w]e spend more, per pupil, than most of the other major industrialized economies."⁴ In *The New York Times*, Chester E. Finn, Jr., former Assistant Secretary of Education in the Reagan Administration and now director of the Educational Excellence Network of Vanderbilt University, wrote: "[w]e already spend far more per pupil than any other nation."⁵

The second measure of spending which is used to make international comparisons is the share of national income devoted to education. In an appearance on the NBC "Today Show" just before the September 1989 "Education Summit," President Bush's Chief of Staff John Sununu declared: "[w]e spend twice as much [on education] as the Japanese and almost 40 percent more than all of the other major industrialized countries of the world."⁶ The Council of Economic Advisors chairman Michael Boskin stated, "we spend a very large amount of our national income on education."⁷

The Administration's proposition that U.S. education is well-funded and therefore poor student performance cannot be a matter of insufficient monies is a key element in the national debate over education. It has provided policymakers at federal, state, and local levels a convenient rationale for not devoting more resources to education in a time of budgetary stress.

This paper is an examination of the statistical under-pinnings of the Administration's claims. It concludes that the assertions about funding are misleading and therefore are invalid guides to education policy. Specifically, our examination of education expenditures in 16 industrialized countries, adjusted for differences in national income, shows:

*** U.S. public and private spending on pre-primary, primary and secondary education, the levels of schooling which have been the focus of most concern, is lower than in most other countries. The U.S. ties for twelfth place among 16 industrialized nations, spending less than all but three countries.

*** When expenditures for K-12 are further adjusted to reflect differences in enrollment rates, the U.S. falls to fourteenth place, spending less than all the other countries but two.

*** When U.S. *public* spending alone is compared to *public* spending abroad, we rank fourteenth in spending for *all* levels of schooling, fourteenth in spending on K-12, and thirteenth in K-12 spending adjusted for enrollments.

*** If the U.S. were to increase spending for primary and secondary school up to the *average* level found in the other 15 countries, we would need to raise spending by over \$20 billion annually.

*** Because the U.S. spends comparatively more than other countries on higher education, when expenditures on all levels of education -- pre-primary, primary, secondary and post-secondary -- are calculated, we are in a three-way tie for second place among the countries studied.

This paper is focused on education spending. It is not a prescription for improving the U.S. education system. We recognize that money does

not guarantee excellence and we suspect that other changes -- in curriculum, in the status of teachers, and in expectations about students, to name just a few, will also be fundamental to any improvement in education quality and student achievement. But to begin a process of education reform by denying the need to increase spending, especially when U.S. schools are under-funded compared to those in other industrialized countries, places a severely limiting constraint on any plans for educational improvement.

Comparing Educational Effort

This paper compares education spending in 16 industrialized countries: most of western Europe, Canada, Japan and the U.S.⁸ Our data source is the United Nations Educational, Scientific and Cultural Organization (UNESCO)⁹, virtually the only commonly accepted source for such comparisons and the same source used by Administration officials. U.S. 1985 expenditure data come from the *Digest of Education Statistics*¹⁰ (see Appendix A for details).

International Comparisons: Education Share of National Income

We will begin our study by comparing education expenditures expressed as a percentage of national income (Gross Domestic Product). This is a common method used for international comparisons which allows us to avoid the distortions caused by fluctuating exchange rates. Also, education expenditures expressed as a percentage of national income provide a measure of the national effort which each country directs toward education.

Table 1 shows education expenditures as a percentage of national income for 16 countries in 1985, the last year for which such data are available (tables appear beginning on page 11). A first but, as we will show later, misleading glance shows that U.S. spending on all levels of schooling, including pre-school, primary, secondary and higher education, in 1985 amounted to 6.8 percent of national income. This places the U.S. in a three-way tie for second place with one of the highest expenditure levels among the 16 countries studied. By this measure it appears that only Sweden spends a larger share of national income on education than does the U.S., and Canada and the Netherlands spend equivalent amounts. This figure showing the U.S. to spend a relatively large percentage of national income on education is the basis for the claims made by the President and others that the U.S. spends "lavishly" on education and that we spend more than most other countries.

This comparatively high expenditure on education is due, in large part, to the substantial sums the U.S. spends on *higher* education. A relatively larger number of U.S. students are enrolled in post-secondary

education than in most other countries. In 1985, 5.1 percent of the entire U.S. population was enrolled in some form of higher education, a figure two to three times larger than the percentage enrollments of any other country, except Canada (see Table 2). Larger enrollments, in what is also a more expensive form of education, raise U.S. total education expenditures above levels in many other countries.

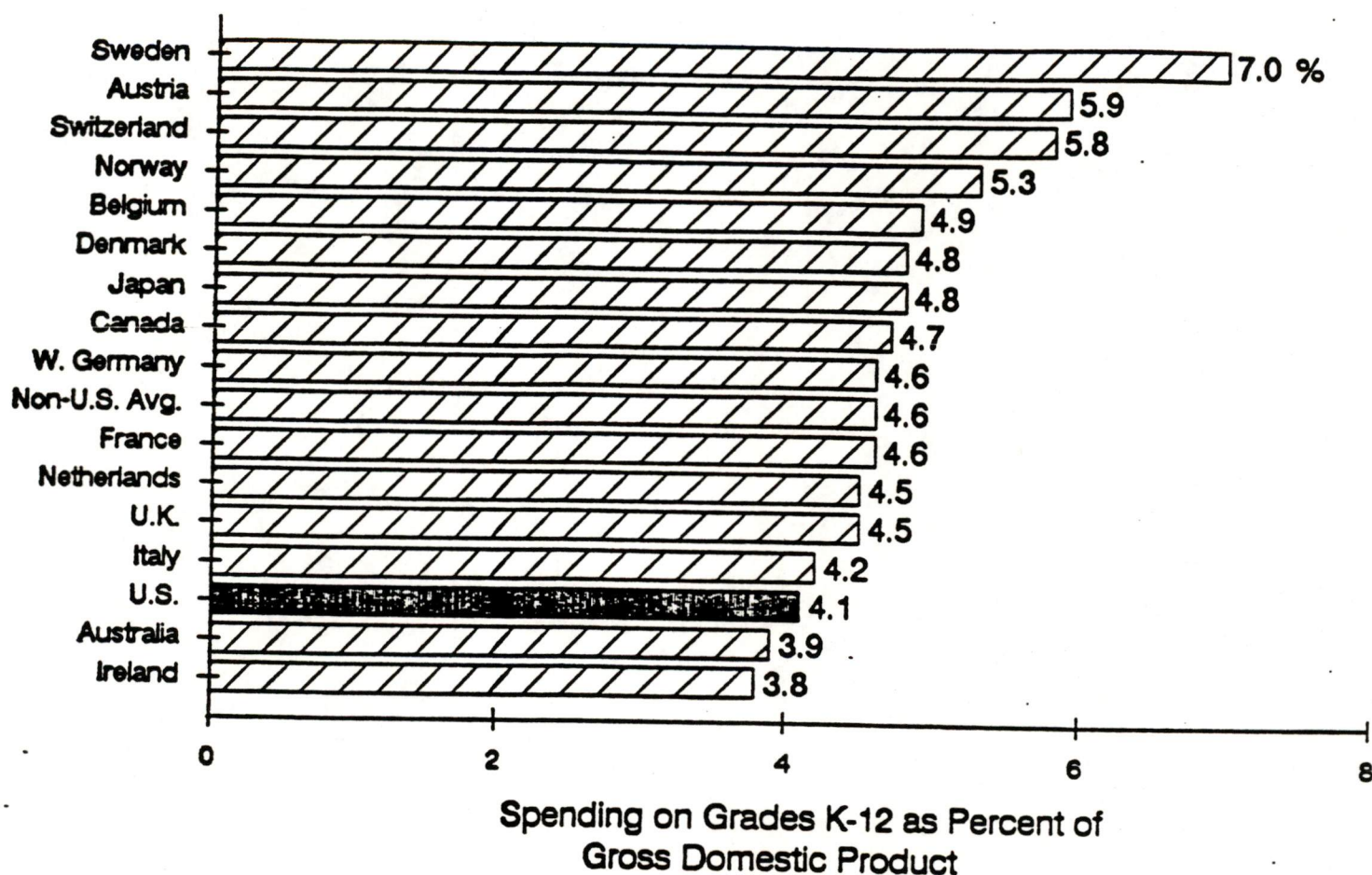
But the current crisis of American schools is not in higher education; it is in the primary and secondary school systems. A comparison of funding for *all* levels of education combined thus obscures the main focus of concern about American education. If spending on K-12 only is compared, as shown in column 2 of Table 1, in 1985 the U.S. tied for twelfth place, spending *less* than 11 of the other countries. Only three of the countries studied spent less than the U.S. on primary and secondary education.¹¹

But this picture of relative spending is still incomplete. Calculations of funding adequacy must also be related to the size of the school age population in each country. Among the countries studied, the U.S. enrolls a relatively large percentage of the population in pre-primary, primary and secondary school (see Table 2). For example, over 19 percent of the U.S. population is enrolled in K-12, but less than 15 percent of the West German population and only 14 percent of the population in Switzerland. In Table 1, column 3, the K-12 expenditure figures of column 2 are adjusted to take into account the relative size of each country's K-12 enrollment (see Appendix A for methodology). By this more accurate calculation, among the 16 countries studied, *the U.S. spends less on pre-primary, primary and secondary education than all but two other countries.* Only Australia and Ireland spend less than the U.S. for the critically important grades K-12 (see Figure 1).

We can also compare U.S. education spending as a share of national income with the *average* share of the other 15 countries as shown in the bottom row of Table 1. The U.S. spent 4.1 percent of its national income on K-12 education in 1985, while the average abroad was 4.6 percent. If the U.S. were to have reached this average in 1985, we would have needed to raise spending for pre-primary, primary, and secondary school by over 12 percent, or by \$20.6 billion annually. In 1988 dollars, the equivalent sum is \$23.5 billion.

All the international comparisons made thus far still give an incomplete picture of comparative education spending. Large U.S., Japanese and German trade imbalances skew the data and make the U.S. education expenditure appear larger than is actually the case. A more accurate picture of education spending, taking into account trade imbalances, would lower U.S. spending and raise Japanese and German spending beyond the levels shown in Table 1. Further details and data appear in Appendix B.

Figure 1
Comparison of Country Education Expenditures, 1985



Source: Table 1.

Operating and Capital Expenditures

The rankings described above are derived from comparisons of education spending which include both operating expenses and capital expenditures. In order to judge whether the low U.S. rankings might be a result of some unique allocation of spending between capital and operating accounts, Table 3 ranks the 16 nations according to operating expenditures only. The comparison shows the U.S. position, relative to the other countries, to be nearly unchanged.

Public Spending on Education Compared

We have seen that the U.S. spends a smaller share of its national resources on K-12 than do most other industrialized countries. But there is another dimension in which the characterization of the U.S. as a big spender on education is wrong -- *public expenditures*.

For most of the 16 countries studied, UNESCO assembles data on *public* expenditures for education because public revenues provide virtually all of the money spent on education. Even in countries where a sizable segment of the school population is enrolled in private school, most private schools' expenses are paid with public money. Thus, public expenditures approximate total education spending. The two exceptions are Japan and the U.S. where 20-25 percent of all education funding comes from private sources. For these two countries, UNESCO provides data on public and private education expenditures.

Education policy is primarily, although not exclusively, concerned with public schools. Moreover, public education spending reflects the conscious national commitment to educating the next generation. It is therefore useful to compare levels of public spending in the U.S. and Japan, with public spending in the other 14 countries.

As Table 4 shows, when public spending abroad for all levels of education is compared with public spending in the U.S., the U.S. no longer ties for second place, but falls to fourteenth. Japanese public spending on all levels of education was 5.1 percent of national income, compared with 5.0 percent for the U.S. In a comparison of public funding for K-12 only, the U.S. falls from the already low ranking of 12 (when both public and private money is included), to number 14. If we educated public and private K-12 students at the actual per pupil expenditure rate found in public schools, this would increase spending and raise the U.S. ranking from 14 to 13.¹²

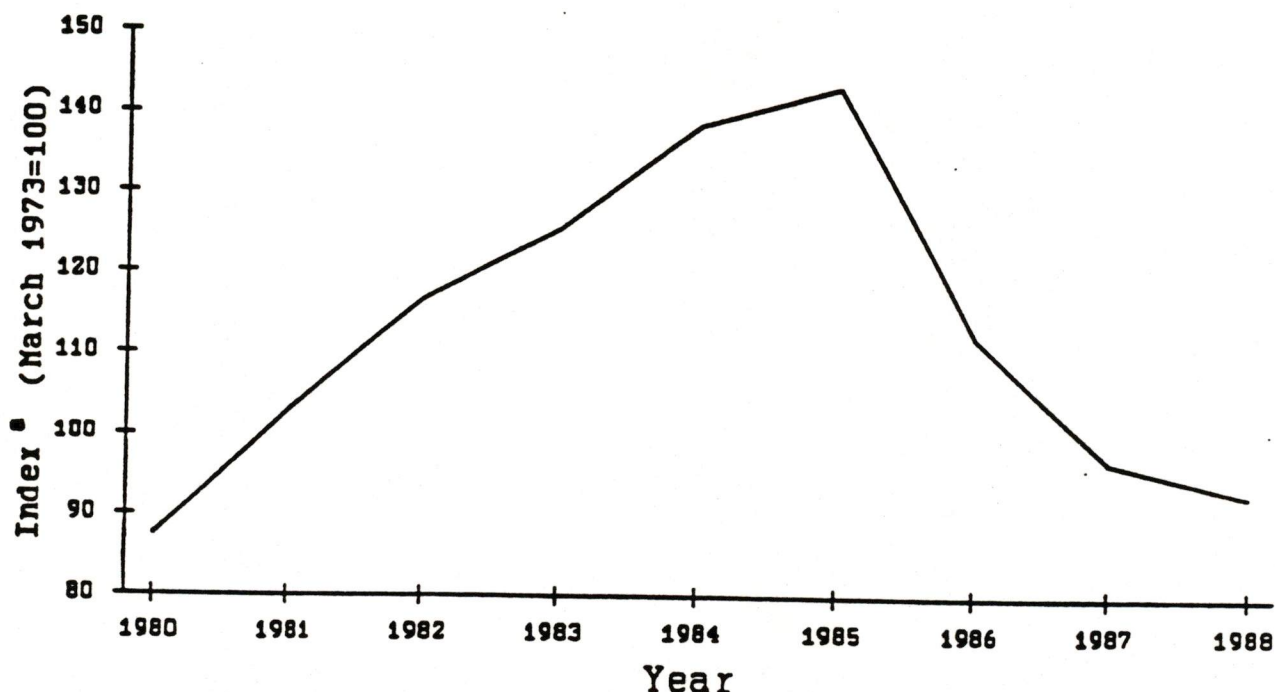
International Comparisons: Expenditures per Pupil

Thus far we have focused on education's share of national income in different countries. Education investment can also be analyzed by comparing expenditures per pupil. As we have seen, this is the measure Messrs. Cavazos, Boskin, and Finn have sometimes used to claim that the U.S. spends more on education than its economic competitors.

However, there are two potential sources of error in the use of per pupil expenditures to compare nations' spending on education. The first is the instability of exchange rates. Before cross-national comparisons can be made, expenditures measured in each country's national currency must be expressed in some common unit of measurement, e.g. dollars, yen, marks, etc. But whatever measure one chooses, it requires converting data collected in all other currencies to one currency.¹³ However, exchange rates fluctuate, sometimes markedly, and this has been particularly true in the 1980s. For instance, in 1985, if \$100,000 would have purchased a German school bus, by 1988, due to a decline in the value of the dollar, the same bus would have cost \$166,000. If exchange rates were used to convert German expenditures into dollars, the purchase of the bus by a German school district in 1985 would have been shown as an expenditure of

\$100,000, while the same purchase in 1988 would appear as an expenditure of \$166,000. The size of the German expenditure measured in German marks would be unchanged, but fluctuations in the exchange rate used to convert marks to dollars would markedly change the dollar value of the expenditure. In 1985, the year which we have been examining, the dollar was particularly overvalued (see Figure 2). The effect is to make the U.S. expenditures on education appear relatively greater than those in other countries.

Figure 2
Value of the Dollar, 1980-88



a. Nominal multilateral trade-weighted value of the U.S. dollar.

Source: Federal Reserve Board.

The problem of using exchange rates to make spending comparisons is illustrated in Table 5. Using 1985 exchange rates, as shown in column 1, the U.S. ranked fourth among the 16 countries studied. But if some other value of the dollar is used to make the conversion, e.g., the 1988 exchange rate, then the U.S. ranking changes to ninth (column 2).

The second problem in using per pupil expenditures is that they do not necessarily reflect the national effort devoted to education. The real issue underlying cross-national comparisons is not the numbers of dollars or pounds which each country spends, but the relative national effort

devoted to education. For example, a poorer country could spend a relatively large share of national income on education, i.e., could make a large national effort to educate its youth, but have a much lower spending per pupil than a richer country devoting a smaller share of its income to education. Before meaningful international comparisons can be made, education expenditure levels must be related to some measure of total national income.

Moreover, countries with high per capita incomes will also have higher wages reflecting a higher standard of living. For example, high living standards in the U.S. mean that, in general, workers are better paid than in other countries. Therefore, we would expect education expenditures per pupil to be higher in the U.S. than in other countries.

Per pupil expenditures can be used to make international comparisons if two conditions are met: exchange rates are avoided, and if some measure of national income is included in the calculation. Such a measure is shown in Table 6. Expenditures per student are expressed as a percentage of per capita income measured in each nation's own currency. We find that of the 16 countries studied, U.S. spending on pre-primary, primary, and secondary education is lower than in all but two other countries.¹⁴

The Historical Record

The study thus far has examined expenditures at a single point in time, 1985, and has found that the U.S. spent relatively little on pre-primary, primary, and secondary education compared with other industrialized countries. Another important issue is how U.S. funding for education has changed over time and how U.S. spending has changed relative to that of other countries. Tables 7 and 8 show U.S. funding of K-12 education in the postwar period. Expenditures are expressed as a percentage of national income.

As shown in Table 7, expenditures for pre-primary, primary and secondary education peaked in 1974, and have fallen steadily since (see column 1). Thus, spending for education has not kept pace with overall economic growth. Over this same period, however, enrollments also have fallen (see column 3). Primary and secondary school enrollment, as a percentage of the total population, was at its highest level in 1969, and has been gradually falling since that time. Adjusting expenditure figures for the changing enrollments, using the same method as in the international comparisons, shows that the decline in spending for education has been more than offset by shrinking enrollments (see Table 7, column 2). In the 1980s, the declining fraction of the population enrolled in school has meant adjusted expenditures have risen, despite the slowdown in actual funding for education.

Table 8 shows how the funding sources for public education have changed over time. Adjusted federal revenues, after rising until 1980, by 1985 had fallen by .08 percent of national income. In the same five year period, state and local revenues rose by .14 percent and .08 percent, respectively. (Since these are percentages of our two to three billion dollar national income, these small changes of less than one percent actually indicate billion dollar variations in education expenditures. In 1988, 0.1 percent of national income equaled \$4.46 billion.) Thus, the federal government's education funding responsibilities were shifted onto states and localities. The observed rise in adjusted total revenue is solely due to increased funding by states and localities. Among other consequences, this has increased the potential for greater disparities in funding between school districts across the nation.

Despite the increase in overall U.S. education funding of K-12 between 1980 and 1985, our position relative to other countries declined. Table 9 shows K-12 expenditures in 1980 and 1985 for the 16 countries we have been comparing, with both years' expenditures adjusted for the 1985 U.S. enrollment rate. In 1980 the U.S. ranked twelfth in adjusted spending on K-12, spending less than eleven other countries. But by 1985, the U.S. had fallen in rank to number fourteen.

U.S. education expenditures since 1985 are shown in Table 10.¹⁵ Spending for pre-primary, primary, and secondary education, expressed as a percentage of national income and adjusted for 1985 enrollments, rose from 3.88 percent in 1980, to 4.08 percent in 1985, reached 4.21 percent in 1987, and has been relatively constant between 1987 and 1989. Because comparable international data are not available, we cannot determine how this post-1985 U.S. trend affects its relative ranking with the other countries.

Conclusion

We have seen that when public plus private spending on all levels of education is compared with spending in other industrialized countries, the U.S. is in a three-way tie for second place among the countries studied. However, when spending for primary and secondary education alone is compared with expenditures abroad, the U.S. ranking falls to a tie for twelfth place. And when adjustments are made for enrollment size, the U.S. falls further to fourteenth place, spending less than all the other countries except two.

When levels of public spending on education only are compared, showing the social commitment to public education, again the U.S. compares unfavorably with the other countries. Comparisons of public spending for all levels of education, and for K-12 alone, both place the U.S. in fourteenth place. In enrollment adjusted K-12 public expenditures, the U.S. does slightly better, ranking number thirteenth. But by all

comparisons, the U.S. devotes fewer resources to primary and secondary education than do most industrialized nations.

The claim that the U.S. spends more than other nations on education is misleading. By all comparisons, the U.S. devotes a smaller share of its resources to pre-primary, primary and secondary education than do most industrialized countries.

The comparatively weak U.S. investment in K-12 is not a result of a more efficient administrative structure or favorable demographics. In fact, the U.S. might be expected to spend proportionally more than other countries because of the particular characteristics of the U.S. school system and American society. Our decentralized school system gives more local autonomy and local choice, but is also more expensive than a single, centrally administered system. Our population is more heterogeneous than in most other countries. Some immigrants do not speak English. Students come from a variety of cultural backgrounds. The very high number of children living in poverty makes additional demands on the school system.

Available data do not permit cross-country comparisons to be made in much more detail, but other evidence suggests that the spending gap is particularly wide between the youngest American and foreign children. For example, it is generally accepted that the U.S. Head Start Program of early childhood education for disadvantaged children age three to five is valuable and cost effective, yet limited federal funding permits only 20 percent of eligible children to take part. Many of our competitors seem to have a stronger commitment to early childhood education, and some of them have nearly universal pre-kindergarten enrollments. In France, 100 percent of four- and five-year-olds attend school/educational day care, 90 percent of three-year-olds attend, and 36 percent of two-year-olds. In Belgium, 96 percent of three- to six-year-olds are in school, and in the Netherlands, 98 percent of four- and five-year-olds.¹⁶

Spending more money is not, of course, the only answer to the difficult problem of revitalizing primary and secondary education in the U.S. But the data presented here indicate that in education, as in every other service, we may "get what we pay for." Given the level of investment in our pre-primary, primary, and secondary schools, it is not surprising that we are slipping behind in comparative measures of performance as well.

**TABLE 1: COMPARISON OF INDUSTRIALIZED COUNTRY EXPENDITURES
FOR EDUCATION, 1985**

<u>Country</u>	<u>EXPENDITURES /GDP</u>		<u>RANK</u>			
	(1) <u>K-12 and Higher Education</u>		(2) <u>K-12 Only</u>		(3) <u>Adjusted^a K-12</u>	
United States	6.8‡	2	4.1‡	12	4.1‡	14
Australia	5.5	12	3.7	15	3.9	15
Austria	5.8	11	4.7	7	5.9	2
Belgium	6.1	7	4.9	5	4.9	5
Canada	6.8	2	4.7	7	4.7	8
Denmark	6.0	8	4.5	10	4.8	6
France ^b	5.9	10	5.1	3	4.6	9
Germany, West	4.6	16	3.5	16	4.6	9
Ireland ^b	6.0	8	5.0	4	3.8	16
Italy ^c	4.8	15	4.1	12	4.2	13
Japan	6.5	5	4.8	6	4.8	6
Netherlands ^b	6.8	2	4.7	7	4.5	11
Norway	6.3	6	5.4	2	5.3	4
Sweden	7.6	1	6.3	1	7.0	1
Switzerland	5.1	14	4.2	11	5.8	3
United Kingdom ^b	5.2	13	3.9	14	4.5	11
Non-U.S. Average	5.8		4.5		4.6	

^a Adjusted for the 1985 U.S. K-12 enrollment rate

^b 1984 data

^c 1983 data

Sources: UNESCO; Statistical Yearbook, 1988.
National Center for Education Statistics, U.S. Department
of Education; Digest of Education Statistics, 1988.

TABLE 2: COMPARISONS OF PERCENTAGE ENROLLMENTS, 1985

ENROLLMENT/TOTAL POPULATION

<u>Country</u>	<u>Higher Education</u>	<u>K-12</u>
United States	5.1%	19.7%
Australia	2.3	18.8
Austria	2.4	15.8
Belgium	2.6	19.8
Canada	4.9	19.6
Denmark	2.3	18.5
France ^a	2.3	21.8
Germany, West	2.5	14.9
Ireland ^a	1.9	25.6
Italy ^b	2.0	19.5
Japan	1.9	20.1
Netherlands ^a	2.7	20.4
Norway	2.1	19.8
Sweden	2.6	18.0
Switzerland	1.7	14.0
United Kingdom ^a	1.8	17.1

^a 1984 data

^b 1983 data

Sources: UNESCO; Statistical Yearbook, 1988.

National Center for Educational Statistics, U.S. Department of Education; Digest of Education Statistics, 1988.

TABLE 3: COMPARISON OF INDUSTRIALIZED COUNTRY OPERATING EXPENDITURES FOR EDUCATION, 1985

<u>Country</u>	<u>EXPENDITURES /GDP</u>		<u>RANK</u>			
	(1) K-12 and Higher Education		(2) K-12 Only		(3) Adjusted ^a K-12	
United States	6.2%	3	3.8%	10	3.8%	13
Australia	5.0	11	3.4	15	3.5	15
Austria	5.3	10	4.2	8	5.3	2
Belgium	5.8	5	4.7	3	4.7	4
Canada	6.4	2	4.4	6	4.4	7
Denmark	5.8	5	4.3	7	4.6	6
France ^b	5.6	7	4.8	2	4.3	8
Germany, West	4.1	16	3.2	16	4.2	10
Ireland ^b	5.5	9	4.5	5	3.5	15
Italy ^c	4.4	15	3.8	10	3.9	12
Japan	4.8	13	3.6	14	3.6	14
Netherlands ^b	6.0	4	4.1	9	4.0	11
Norway	5.6	7	4.7	3	4.7	4
Sweden	6.7	1	5.6	1	6.2	1
Switzerland	4.7	14	3.8	10	5.3	2
United Kingdom ^b	5.0	11	3.7	13	4.3	8
Non-US Average	5.1		3.9		4.1	

^a Adjusted for the 1985 U.S. K-12 enrollment rate

^b 1984 data

^c 1983 data

Sources: UNESCO; Statistical Yearbook, 1988.
National Center for Education Statistics, U.S. Department
of Education; Digest of Education Statistics, 1988.

TABLE 4: JAPAN AND THE UNITED STATES: PUBLIC AND PRIVATE EDUCATION EXPENDITURES, 1985

	EXPENDITURES/GDP (rank)		
	<u>K-12 and Higher Education</u>	<u>K-12 Only</u>	<u>Adjusted^a K-12</u>
<u>United States</u>			
Public and Private	6.8% (2)	4.1% (12)	4.1% (14)
Public only	5.0 (14)	3.8 (14)	4.3 ^b (13)
<u>Japan</u>			
Public and Private	6.5% (5)	4.8% (6)	4.8% (6)
Public only	5.1 (13)	NA.	NA.

^a Adjusted for the 1985 U.S. K-12 enrollment rate (public plus private)

^b The 1985 U.S. K-12 public enrollment rate is adjusted for the 1985 U.S. K-12 public plus private enrollment rate

NA = not available

Source: UNESCO; Statistical Yearbook, 1988.

National Center for Education Statistics, U.S. Department of Education; Digest of Education Statistics, 1988.

**TABLE 5: COMPARISON OF K-12 1985 EXPENDITURES PER PUPIL
IN INDUSTRIALIZED COUNTRIES**

Converted to Dollars Using:

<u>Country</u>	1985 EXCHANGE RATES		1988 EXCHANGE RATES	
	<u>Expenditures Per Pupil</u>	<u>Rank</u>	<u>Expenditures Per Pupil</u>	<u>Rank</u>
United States	\$3,456	4	\$3,456	9
Australia	2,040	11	2,291	14
Austria	2,564	8	4,297	6
Belgium	2,015	12	3,254	10
Canada	3,322	5	3,683	8
Denmark	2,802	6	4,410	5
France ^a	2,051	10	3,094	12
Germany, West	2,395	9	4,016	7
Ireland ^a	956	16	1,380	16
Italy ^b	1,233	15	1,809	15
Japan	2,647	7	4,927	4
Netherlands ^a	1,919	13	3,224	11
Norway	3,792	3	5,002	3
Sweden	4,224	1	5,932	2
Switzerland	4,205	2	7,061	1
United Kingdom ^a	1,668	14	2,314	13

^a 1984 data

^b 1983 data

Sources: UNESCO; Statistical Yearbook, 1988.
National Center for Education Statistics, U.S.
Department of Education; Digest of Education
Statistics, 1988.

**TABLE 6: COMPARISON OF INDUSTRIALIZED COUNTRY K-12 EXPENDITURES
PER PUPIL AS A PERCENT OF PER CAPITA INCOME, 1985**

<u>Country</u>	<u>Percent</u>	<u>Rank</u>
United States	20.8 [‡]	14
Australia	19.5	15
Austria	29.7	2
Belgium	25.0	5
Canada	24.0	8
Denmark	24.5	6
France ^a	23.2	10
Germany, West	23.5	9
Ireland ^a	19.4	16
Italy ^b	21.1	13
Japan	24.1	7
Netherlands ^a	23.0	11
Norway	27.1	4
Sweden	35.3	1
Switzerland	29.6	3
United Kingdom ^a	22.8	12
Non-U.S. Average	23.5	

^a 1984 data

^b 1983 data

Sources: UNESCO; Statistical Yearbook, 1988.
National Center for Education Statistics, U.S.
Department of Education; Digest of Education
Statistics, 1988.

TABLE 7: UNITED STATES K-12 EXPENDITURES, 1949-1985

<u>Year</u>	<u>EXPENDITURES/GDP</u>		
	(1) <u>Total</u>	(2) <u>Adjusted^a Total</u>	(3) <u>Enrollment as % of Population</u>
1949	2.41%	2.38%	19.08%
1959	3.39	2.78	22.98
1965	4.01	3.03	24.95
1969	4.51	3.37	25.22
1972	4.57	3.56	24.18
1974	4.74	3.81	23.41
1976	4.50	3.73	22.70
1978	4.19	3.69	21.40
1980	4.18	3.88	20.34
1982	4.13	4.00	19.46
1984	4.01	3.98	18.98
1985	4.08	4.08	18.83

^a Adjusted to the 1985 K-12 enrollment rate.

Note: These 1980 and 1985 adjusted expenditures differ from those shown in Tables 1 and 9. See endnote 15 for an explanation.

Source: National Center for Education Statistics, U.S. Department of Education; Digest of Education Statistics, 1988.

**TABLE 8: SOURCE OF PUBLIC REVENUES FOR UNITED STATES
PUBLIC K-12, 1949-1985**

<u>ADJUSTED^a REVENUES/GDP</u>			
<u>Year</u>	<u>(1) Federal</u>	<u>(2) State</u>	<u>(3) Local</u>
1949	.06‡	.82‡	1.18‡
1959	.11	.98	1.41
1965	.22	1.08	1.46
1969	.25	1.23	1.61
1972	.29	1.31	1.69
1974	.31	1.47	1.69
1976	.31	1.51	1.66
1978	.33	1.56	1.53
1980	.33	1.72	1.57
1982	.26	1.75	1.64
1984	.24	1.80	1.63
1985	.25	1.86	1.65
Change 1980-1985	-.08	+.14	+.08

^a Adjusted to the 1985 K-12 enrollment rate.

Source: National Center for Education Statistics, U.S. Department of Education; Digest of Education Statistics, 1988.

**TABLE 9: COMPARISON OF INDUSTRIALIZED COUNTRY 1980 AND 1985
EXPENDITURES FOR EDUCATION**

<u>Country</u>	<u>Total K-12 Expenditures/GDP</u>		<u>Rank</u>	
	<u>1980^a</u>		<u>1985^a</u>	
United States	4.1%	12	4.1%	14
Australia	4.0	13	3.9	15
Austria	5.3	4	5.9	2
Belgium	4.6	9	4.9	5
Canada	4.9	7	4.7	8
Denmark	5.5	3	4.8	6
France ^b	3.8	15	4.6	9
Germany, West	4.4	10	4.6	9
Ireland ^b	4.0	14	3.8	16
Italy ^c	3.8	16	4.2	13
Japan	5.3	4	4.8	6
Netherlands ^b	4.8	8	4.5	11
Norway	5.7	2	5.3	4
Sweden	8.5	1	7.0	1
Switzerland	5.1	6	5.8	3
United Kingdom ^b	4.4	10	4.5	11
Non-U.S. Average	4.6		4.6	

^a Adjusted for 1985 U.S. K-12 enrollment

^b Data listed for 1985 is actually 1984

^c Data listed for 1985 is actually 1983; data listed for 1980 is actually 1979.

Sources: UNESCO; Statistical Yearbook, 1988.

NCES, U.S. Department of Education; Digest of Education
Statistics, 1988.

TABLE 10: UNITED STATES K-12 EXPENDITURES, 1980-1989

<u>Year</u>	<u>Expenditures/GDP^b</u>
1980	3.88‡
1982	4.00
1985	4.08
1986	4.19
1987 ^a	4.21
1988 ^a	4.20
1989 ^a	4.22

^a Estimate

^b Adjusted for the 1985 K-12 enrollment rate

Source: National Center for Education Statistics, U.S. Department of Education; Digest of Educational Statistics, 1988, and 1989 (forthcoming).

APPENDIX A: METHODOLOGY FOR COMPARING EXPENDITURES

The purpose of this paper is to compare education expenditures, in particular for pre-primary, primary and secondary education, among industrialized countries. The only source of education expenditure data for multiple countries is the UNESCO *Statistical Yearbook*. Data from 1985 and 1980 were examined. 1985 is the most recent year for which data are available for most countries, and 1980 was chosen arbitrarily as a starting point from which to estimate trends.

The 1988 *Yearbook* provides the enrollment and expenditure data for all countries in this report, with the exception of the U.S. 1985 expenditure. Since UNESCO lists no U.S. education expenditure figures for years since 1983, these figures were obtained from the U.S. Department of Education's 1988 *Digest of Education Statistics*. A question immediately arises concerning the comparability of the U.S. and UNESCO data. Examination of total education expenditure figures for 1982 and 1983, the most recent years for which both UNESCO and *Digest* data are available, shows that the numbers correspond quite closely. In 1982, UNESCO's figure was 1.5 percent greater than the *Digest*'s, and in 1983, the *Digest*'s was .93 percent larger than UNESCO's.

Public and Private Expenditures

For all countries except the U.S. and Japan, UNESCO provides data on *public* spending for education which includes nearly all education expenditures. In the U.S., about 25 percent of all education spending is private money which is spent primarily for higher education. The UNESCO figures given for the U.S. are for combined public and private spending. In Japan, approximately 20 percent of all education spending is private and it is also biased toward higher education. Since 1984, the UNESCO figures for Japan include both public and private expenditures. Our calculation of 1980 public and private Japanese education spending is explained below.

Spending for Pre-Primary, Primary, and Secondary Education

Our primary goal is to compare K-12 spending among industrialized countries. Unfortunately, UNESCO does not disaggregate total expenditures into spending for K-12 and higher education, but this information can be calculated from the data given. (In this paper, when the expression K-12 is used, "K" represents all the pre-primary years.) UNESCO divides total education spending into current (operating expenses) and capital expenditures and provides the distribution of *current* expenditures between K-12 and higher education. However, data on capital expenditures are not available by level of schooling. It is therefore necessary to estimate total spending on K-12 by making assumptions about the distribution of capital spending between K-12 and higher

education. (For most countries, capital spending is less than ten percent of total spending.)

First, the ratio of current spending on K-12 to current spending on both K-12 and higher education is determined. This ratio is then applied to total capital expenditures to estimate capital spending for K-12. The estimated K-12 capital spending is added to K-12 current spending to give a preliminary figure for K-12 expenditures. (Other additions to this amount are described below.) This method assumes that capital spending is apportioned between K-12 and higher education exactly as is current spending. Although this assumption is probably not strictly accurate (see below), it affects the calculation of every country's expenditures (by a very small amount), and so will not bias our results toward any particular country. The comparison of K-12 operating expenses (current expenditures) shown in Table 4 yields essentially the same rankings as our comparison of total K-12 spending.

As mentioned above, current expenditures are disaggregated into spending for K-12 and higher education, but also into two additional categories: "other" and "not distributed." The latter two categories, as defined by UNESCO, include, respectively, spending on "special, adult, and other types of education which cannot be classified by level" and "administration for which there is no breakdown by level of education." The U.S. assigns no expenditures to these two categories while in other countries these two items account for up to 25 percent of all current expenditures. Ignoring these two categories would have seriously biased our results. To compare K-12 expenditures among countries, all education spending, including the sizable expenditures listed in the "other" and "not distributed" categories, must be assigned to either K-12 or higher education.

The exact distribution of these expenditures by level of education is not available. Therefore, we estimate their contribution to total K-12 spending by assuming that spending in these two categories is distributed between K-12 and higher education in the same proportion as is the rest of current spending. Adding these amounts to the preliminary K-12 total described above gives total K-12 spending.

1985 U.S. education expenditures are obtained from the *Digest of Education Statistics*. We want to estimate 1985 U.S. spending on K-12 by the same method that is used for the other countries, i.e., by assuming that the percentage of total capital spending which goes to K-12 is the same as the percentage of current spending for K-12. Therefore, we need to know the percentage of current spending for K-12, as well as total current and capital spending for all levels of education. The *Digest* supplies most of these data, except the distribution of private K-12 spending between current and capital expenses. So one additional assumption is necessary to calculate total U.S. K-12 spending. We assume that the ratio of current to capital K-12 spending is the same for private

expenditures as for public. We can then determine total K-12 spending for the U.S.

More detailed data show that current and capital spending in the U.S. are not distributed between K-12 and higher education in the same proportions. K-12 usually accounts for a larger share of current spending than of capital spending. Put another way, capital spending is skewed toward higher education. In our treatment of capital expenditures, some fraction of capital spending for higher education is attributed to K-12. Our method tends to over-estimate K-12 spending, especially for the U.S. where expenditures on higher education are so large. This upward bias in our estimate of K-12 spending, particularly for the U.S., is a bias against our conclusion that the U.S. is a low spender on pre-primary, primary, and secondary education.

Japan presents other difficulties. As noted above, 20 percent of all education spending in Japan is private money. Therefore we need to include both public and private expenditures in our calculations of K-12 spending. Beginning in 1984, UNESCO lists both total (public plus private) education spending and public spending for Japan. Prior to 1984, only public expenditures are provided. In Table 9, 1980 combined public and private education expenditures are estimated by increasing the 1980 public spending figure by the percentage of 1985 private to public spending. This assumes that private expenditure as a percentage of total spending was equal in 1980 and 1985. Another piece of information is also lacking. To calculate public plus private K-12 spending in 1980, the distribution of private as well as public spending by level of education is needed. But this information is provided for public spending only. Since private expenditures are skewed toward higher education, we would be wrong to assume equivalent distributions between K-12 and higher education for both public and private expenditures. Therefore, we use the 1985 distribution figure for public plus private spending, applied to the 1980 combined expenditures, to estimate total 1980 K-12 spending in Japan.

Enrollments and Enrollment Adjusted Expenditures

UNESCO data on enrollments are used to make all the international comparisons. The enrollment figures include students in both private and public schools since the expenditures cover both private and public schools.

Because different countries have different proportions of school-age children in their populations, some adjustment must be made for differing enrollment rates among countries. For example, when expenditures are expressed as a percentage of national income, a country with 20 percent of its population enrolled in school would be expected to spend more on education than a country with an enrollment rate of only 15 percent. To

permit meaningful comparisons, expenditures must be adjusted to a common enrollment rate, where the enrollment rate is calculated as the percentage of the population actually enrolled in school.

Any enrollment rate could have been chosen as the standard to which all countries' expenditures are adjusted. We chose the 1985 U.S. rate. To adjust other countries' expenditures to the U.S. enrollment rate, foreign expenditures as a percentage of GDP are multiplied by the ratio of the U.S. enrollment rate to the foreign enrollment rate. This raises (lowers) expenditures for countries with enrollment rates below (above) those of the U.S. The adjusted expenditure figure shows the level of spending which would occur if each country enrolled the same percentage of the population as did the U.S., while its rate of spending remained unchanged. This adjustment assumes constant returns to scale in education.

Non-U.S. Averages

A non-U.S. average is the weighted average of all countries' (except the U.S.) expenditures expressed as a percentage of GDP. The weights are the ratio of the number of each country's students over the total number of students in all (except the U.S.) countries.

APPENDIX B: EDUCATION SHARE OF NATIONAL SPENDING

To indicate the national effort expended on education by each country, the education spending data in Table 1 is expressed as a portion of total national *income*, i.e., Gross Domestic Product. Usually national spending equals national income. However, when a country has a trade deficit (or surplus), national income and national spending diverge by the amount of the deficit (or surplus). This has the effect of making the education effort appear relatively greater in a deficit nation and relatively smaller in a surplus country. In effect, using national income as the denominator does not take into account the fact that the total national spending in a trade deficit country has been swollen by borrowing from abroad. In a trade deficit country, national spending is greater than national income, and education expenditures are a smaller share of national spending than of national income. Thus, a more accurate picture might be obtained by comparing the fraction of each country's total *national spending* which is devoted to education.

Table B1 shows education expenditures as a percentage of national spending for the U.S., which has a large trade deficit, and the two major trade surplus countries -- West Germany and Japan. In 1985, U.S. spending on pre-primary, primary and secondary education was only 3.99 percent of total national spending, while Germany spent 4.81 percent and Japan 4.92 percent. In either case, whether education expenditures are calculated as a share of national income or national spending, the U.S. spends less than all but two of the 16 countries studied.

TABLE B1: TRADE ADJUSTED EDUCATION EXPENDITURES, 1985
(in millions)

	<u>Germany (DM)</u>	<u>Japan (Y)</u>	<u>United States (\$)</u>
1. GDP	1,830,490	316,303,000	3,967,472
2. Trade Surplus	66,390	10,775,000	-118,652
3. Total Spending (1-2)	1,764,100	305,528,000	4,086,124
4. Adjusted K-12 Spending	84,806	15,022,619	162,960
-As Share of GDP	4.6%	4.8%	4.1%
-As Share of Total Spending	4.8%	4.9%	4.0%

Sources: National Center for Education Statistics, U.S. Department of Education; Digest of Educational Statistics, 1988.
UNESCO; Statistical Yearbook, 1988.
OECD, National Accounts, Vol. 1, 1989.

Endnotes

1. Speech at Education Summit, University of Virginia, September, 28, 1989. (White House transcript).
2. Press Briefing, Charlottesville, Virginia; September 27, 1989. (White House transcript).
3. Press Conference, May 3, 1989. (U.S. Department of Education transcript).
4. Speech at an American Council for Capital Formation conference, Washington, D.C., October 12, 1989. (ACCF transcript).
5. "Bargain Remedies for our Educators," *New York Times*, June 22, 1989.
6. NBC "Today Show," September 27, 1989.
7. Speech at an American Council for Capital Formation conference, Washington, D.C., October 12, 1989. (ACCF transcript).
8. Included in the study are Canada, Japan, Australia, and all of western Europe, except for the three least wealthy countries: Turkey, Greece and Portugal. Spain is omitted because the UNESCO data are insufficient, and Luxembourg because of its small size. Other analysts might prefer another grouping of countries. However, any selection of industrialized countries would show the U.S. to be a relatively low spender on education.
9. UNESCO. 1988. *Statistical Yearbook*. Paris: UNESCO. This is virtually the only source of data for making international comparisons of education spending. It was the data source for comparative studies of education spending done by the U.S. Department of Education and the Congressional Research Service. Some of the UNESCO data are reproduced in the annual *Statistical Abstract of the United States* by the U.S. Department of Commerce.
10. National Center for Education Statistics, U.S. Department of Education. 1988. *Digest of Education Statistics*. Washington, D.C.: Government Printing Office.
11. It might be argued that the U.S. "backloads" education system by putting more money into higher education. If so, comparing education spending at the K-12 level, as we do, biases any comparison against the U.S. system and the appropriate comparison is spending for all education levels (which shows the U.S. is a relatively high spender). This may or may not be so. However, if the U.S. system must be evaluated at the college level then no cross-country comparisons of spending and student performance are

possible since student test scores are only available for fourteen year olds. As a result, there are no data to support the claim that we have high spending and low performance.

12. There are many factors which account for the lower expenditures of private schools. In 1985, 75 percent of private primary and secondary students were in grades K-8, and only 25 percent were in grades 9-12. Education in the lower grades is less expensive than education in higher grades. Many private schools offer fewer extracurricular activities and special classes than do public schools. Private schools also receive some public monies, although the U.S. Department of Education does not calculate the exact amounts. The sources of these funds include the Title I program for low income students, salaries for some special education teachers, sharing of textbooks and bus transportation, and others.
13. Purchasing power parity rates could be used for the conversions, but these also give misleading results. Expenditures must be related to some measure of national income.
14. This is not a second, independent confirmation of this ranking, but a different calculation using the same data as in Table 1.
15. The enrollment adjusted expenditure figures of Tables 7 and 10 differ from those in Tables 1 and 9. Since UNESCO does not provide any expenditure or enrollment information for years after 1986, all data, both expenditures and enrollments, in Tables 7 and 10 were obtained from the 1988 and 1989 (forthcoming) *Digest of Education Statistics*. The 1985 figure of 4.08 percent, calculated from the *Digest* data, is close to the value in Tables 1 and 9 of 4.1 percent. Differences stem from our use of a calculated capital expenditure figure which is greater than true spending, and from minor discrepancies between the U.S. and UNESCO data. The 1980 figure of 4.1 percent in Table 9 is 6 percent greater than the 3.88 percent shown in Tables 7 and 10. UNESCO lists 1980 K-12 expenditure as \$116.0 billion which is very similar to the 1981 *Digest's* figure of \$116.3 billion. However, the 1988 *Digest* gives a revised 1980 K-12 expenditure of \$112.3 billion, and this is the value used in Tables 7 and 10. Also, UNESCO enrollment figures tend to be larger than those reported by the U.S. These two factors account for the difference between the 1980 numbers.
16. Hough, J.R. 1984. "France" in *Educational Policy, an International Survey*, J.R.Hough, ed., New York: St Martin's Press.

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THINK TANK FINDS BUSH IS WRONG: U.S. SPENDING ON EDUCATION LAGS BEHIND THAT OF MOST OTHER INDUSTRIAL NATIONS

Report Shows Bush Administration Rationale Against Increased Education Investment Is Not Supported by Analysis of K-12 Outlays

U.S. ranks 14th of 16 nations in international comparison

Washington, DC -- President Bush, despite his desire to be known as the "Education President," has repeatedly opposed substantially increased spending on the nation's schools. The President and officials of his administration have claimed that this country already spends more on education than those nations which regularly surpass us in tests of educational performance. (See compiled quotes in report, pp. 1 and 2.)

A new report released today by the **Economic Policy Institute** concludes that the facts do not support the President's arguments. The study finds that 13 other industrial countries invest more, relative to the size of their economy, on grades K-12 than does the United States. Among the 16 countries whose education spending the EPI study measures, Sweden ranked first. Others whose spending was found to be higher than the U.S. are Japan (ranked 6th), West Germany (tied with France for 9th highest spender), Norway (4th), and Austria (2nd). Only Ireland and Australia were found to invest less on basic education than the U.S. (ranked 14th).

The report points out that the statistics cited by the Administration measure total education spending, including expenditures for postsecondary, college and university education, but that virtually all of the recent reports and commissions on U.S. educational deficiencies have identified education in grades K through 12 as the part of the system which needs improvement. When spending on higher education is removed from the comparative data, the relative position of U.S. spending falls from a three-

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way tie for second highest in spending to close to the bottom of the group of 16 industrial nations.

The EPI report, entitled ***Shortchanging Education: How U.S. Spending on Grades K-12 Lags Behind Other Industrial Nations***, was written by Edith Rasell, a staff economist at the Institute and by EPI Research Director Lawrence Mishel. The authors used widely-accepted data published by UNESCO and the *U.S. Digest of Education Statistics*, to compare education spending for 1985 (the latest data available) in 16 industrialized countries including most of Western Europe, Japan, Canada and the U.S. The data come from the same sources relied on by the Administration.

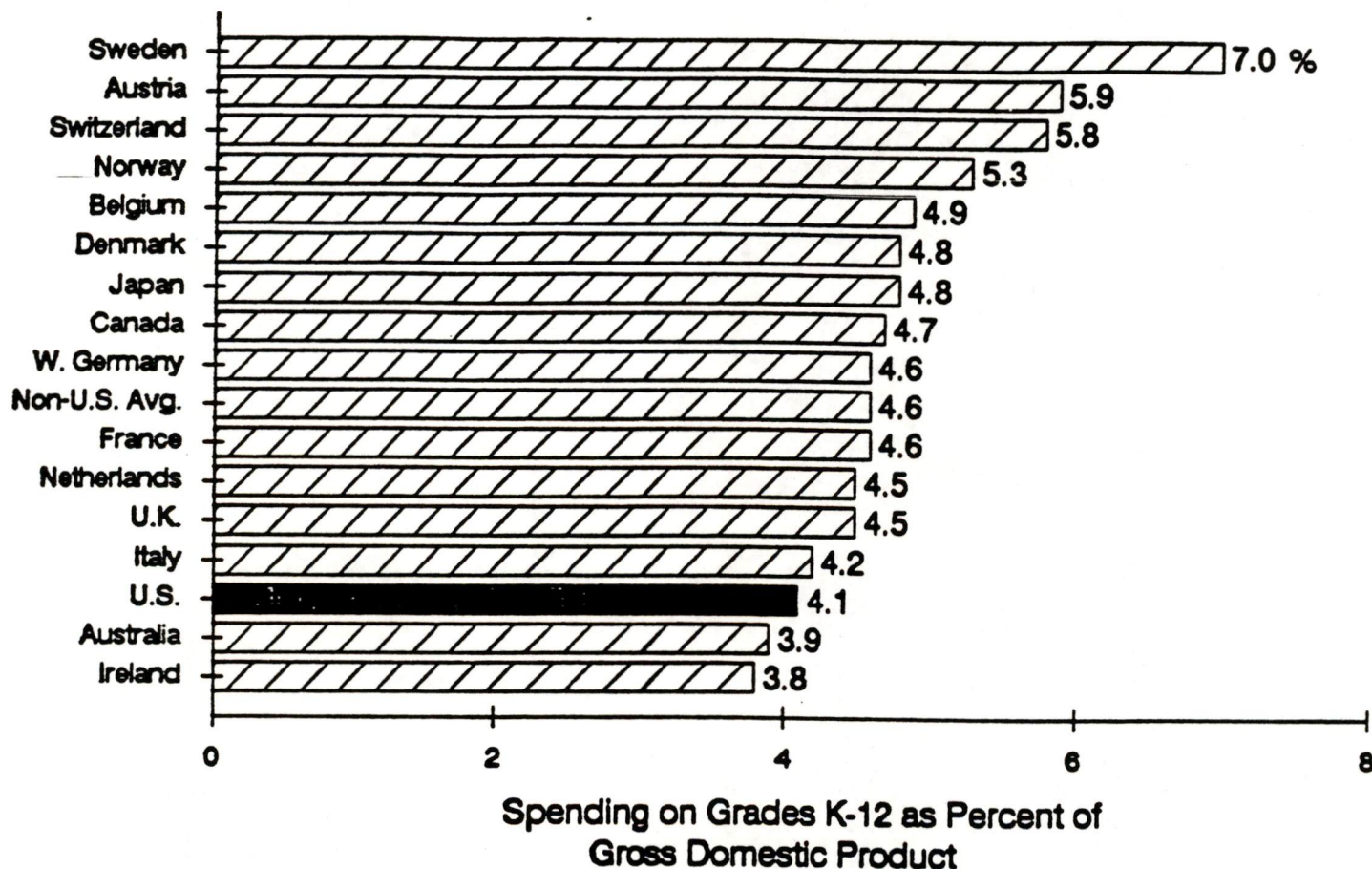
Among the report's major findings are the following:

- U.S. public and private spending on pre-primary, primary and secondary education, is lower than in most other countries. When the raw (unadjusted) data are considered, the U.S. ties for twelfth place among 16 industrialized nations, investing less than all but three countries.
- Because some countries have a larger percentage of school age children in their population than others, the study also calculates expenditures for K-12 adjusted to account for these differences in enrollment rates and finds that the U.S. falls to fourteenth place, spending less than all the other countries but two.
- If the U.S. were to increase spending for primary and secondary school up to the average level found in the other 15 countries, we would need to raise spending by over \$20 billion annually.

Bush Administration officials' claims of high relative levels of U.S. education spending are sometimes couched in terms of spending as a percent of total national income ("We spend a very large amount of our national income on education." -- Council of Economic Advisers Chairman, Michael Boskin), and they are sometimes couched in terms of spending per pupil ("We are already spending more money per student than our major foreign competitors, Japan and Germany." -- Secretary of Education Lauro Cavazos). The EPI report calculates its education spending comparisons both ways and finds that, when size differences of school age population

and currency fluctuations are accounted for, the relative position of the United States turns out to be virtually the same: only two or three other nations out of the 16 studied invest less on basic education than the U.S.

Comparison of Industrialized Country Education Expenditures, 1985



The authors of the report note that this is the first time that economists have examined the factual underpinnings of the Bush Administration's claims about education spending, which have had a major impact on the public debate about educational reform. "Over the past year, as they have declared their interest in improving education, President Bush, CEA Chairman Michael Boskin, White House Chief of Staff John Sununu, Education Secretary Lauro Cavazos and other Administration officials have repeated these statistical claims which have effectively ruled out consideration of increased federal financial support for education," declared report co-author Lawrence Mishel. "But when you examine the

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parts of the educational system which need improvement, it turns out that the U.S. spends less than any of our major international competitors. Although not all needed educational reforms cost more money, this report shows that we cannot dismiss the idea that more money might help improve basic education," said Mishel.

The study calculates that it would take additional investments of more than \$20 billion per year just to bring the U.S. up to the average level of spending of the 16 nations studied. But the report's other author, economist Edith Rasell, noted that there are many characteristics of the U.S. education system that might make it more expensive for the U.S. to achieve levels of educational performance comparable to that of other countries. "Because the United States is a huge continental nation with a decentralized school system and with higher rates of poverty and immigration than most other industrialized countries, we could expect education expenses to be higher than in a smaller, more homogeneous nation," she observed. "For example, France and Belgium have near-universal enrollment of three to six-year-olds in pre-kindergarten educational programs. But despite the overwhelming evidence of the value of early education, the U.S., with its decentralized system, has a much smaller percentage of children in these programs. As a result, we have to invest more money in compensatory education thereafter just to achieve the same level of performance."

The report concludes by noting that more money is not the only answer to the difficult problems of revitalizing primary and secondary education in the U.S. But, it warns, "the data presented here indicate that, in education, as in every other service, we may 'get what we pay for.' Given the level of investment in our pre-primary, primary, and secondary schools, it is not surprising that we are slipping behind in comparative measures of performance as well."

The report issued today is one of a series of analytical briefing paper studies on key economic policy issues regularly published by the **Economic Policy Institute**, a non-profit, non-partisan economic think tank founded in 1986 and supported by grants from foundations, labor unions, corporations, and individuals. The Institute's founders include economic policy experts Lester Thurow, Robert Reich, Robert Kuttner, Barry Bluestone, Ray Marshall, and EPI's President, Jeff Faux.

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Campbell: Federal Government Should Give States More Flexibility

By TRIP DuBARD=

Associated Press=

COLUMBIA, S.C. (AP) Carroll Campbell and the nation's other governors plan to deliver a clear message to President George Bush when they meet for an education summit later this month: Free states from oppressive federal regulation.

"We want to show them what we can do if they'll get off our backs," Campbell, a Republican, said in a recent interview with The Associated Press.

The summit Sept. 27-28 at the University of Virginia in Charlottesville, Va., will be the first meeting of the nation's governors and the president since Franklin Roosevelt held an emergency meeting in 1933 for economic recovery talks in the midst of the Depression.

Campbell said he hopes to use the occasion to persuade federal authorities to loosen restrictions on the use of federal funds and allow more flexibility.

"The federal government should not run education," he said. "It should be a supporter."

"Our idea is that we've got to certainly be able to fund education adequately, but we ... certainly have to remove some of the restrictions against innovation."

Campbell cited as an example restrictions on the use of some computers purchased for disadvantaged students under a federal program. State officials would like to use them to assist adult literacy classes when they are not being used for the disadvantaged, but federal restrictions prevent such use.

"We want to see if we can't define in this (meeting) the federal, state and local role," he said. "Too many times you get these people that come out of ivory towers in Washington that think they know what's good, when they've never been out there to see what works."

In preparation for the national summit, Campbell has asked more than 100 state educators, business leaders, parents and students to attend a state summit on education issues Wednesday in Columbia.

In addition to increased flexibility for state programs, Campbell is expected to nourish two other main concerns at both meetings:

Dropout prevention. South Carolina's dropout rate has ranked among the top 10 states in the nation and has been growing steadily. Recent estimates are that between 33 percent and 40 percent of the state's students leave school prematurely.

The Governor's Council on At-Risk Youth is designed specifically to help children in danger of drifting out of public education. And legislation passed this year known as "Target 2000" establishes pilot dropout prevention programs and creates programs designed to help parents become their child's first teachers.

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Adult illiteracy. Authorities estimate that as many as one-fifth of the state's residents are unable to read well enough to perform basic tasks. In South Carolina, the Initiative on Work Force Excellence uses technical schools to set up literacy workshops within workplaces.

Still, Campbell opposes such topical subjects as a national education curriculum or national teachers' exams.

"I think the states ought to still have that control," he said of the curriculum proposal. "I don't want the federal government to be saying what every kid is going to take in school."

He believes states should have the final word on a teacher's qualifications. But he does not object to the federal government proposing an ideal test for teachers that states could follow if they wished.

As for "choice" the concept of allowing parents to pick the public school they want their child to attend Campbell says he favors it in a limited fashion.

"I think that you can deal with choice up to an extent," he said.

Campbell said for example, parents in Wisconsin may choose the public school they want their children to attend.

"(But) in Wisconsin, they have a homogenous society. We're a heterogeneous society. You might be promoting some isolation that you don't want to do," Campbell said.

He said he favors choice as long as desegregation can be maintained.

"The idea of choice is taking place in South Carolina." Greenville, for example, has established a four-year high school with a special international studies concentration that any parent in the district can choose to send his child to.

South Carolina state government has made dramatic commitments to public education over the past decade.

The Education Finance Act, begun 11 years ago, was designed to moderate disparities between rich and poor school districts. In 1984, the state passed the Education Improvement Act, which used a 1 percent sales tax increase to fund such things as higher teacher salaries and greater accountability.

And this year, the General Assembly passed the Target 2000 legislation, which some call "EIA II." That program allows individual schools greater flexibility in designing their programs, emphasizes parent education and dropout prevention and formalizes a relationship between the state's schools and businesses.

South Carolina has also established a math-science high school, and funded research programs for its colleges and universities.

"Quite frankly, I think that we're a whole lot better off than we were 10 years ago," Campbell said.

AP 9-16-89

AM-Education Summit, 1164

Money, Flexibility, 'Choice' Will Battle for Attention at Summit
Eds: Also moved in advance Sept. 13 as b0627.

By TAMARA HENRY=

AP Education Writer=

WASHINGTON (AP) The nation's governors, preparing for the first presidential summit since the Depression, are tackling a tough assignment: how to shore up America's failing school system.

Few substantive results are expected from the Sept. 27-28 session at the University of Virginia in Charlottesville, but some governors say the summit may bring much-needed attention to the issue.

"Most Americans still believe that when we talk about a crisis in education we are talking about someone else's kid in some other school," said New Jersey Gov. Thomas H. Kean, who has earned a reputation as an education leader in his nearly eight years in office.

"If the presidential summit can turn that attitude around and highlight the need for a national focus on education, that will be a major achievement."

Florida Gov. Bob Martinez said the presidential emphasis on education will make it "a major issue in every state."

The White House has not released an agenda, but governors responding to a pre-summit poll by The Associated Press said the three key issues were expected to be increased federal financing, less government meddling and more parental control popularly called "choice."

The governors expect the sessions will be closed to allow open discussion between them and Bush.

The meeting is only the third such policy session called by an American president. Theodore Roosevelt held a meeting in 1908 to deal with the ravaging of forests, and Franklin Roosevelt called an emergency meeting in 1933 for economic recovery talks in the midst of the Depression.

The decline of education first gained nationwide attention in 1983 with the government's "Nation at Risk" report that warned of students' academic failures. Statistics have shown little improvement since.

The cost of education continues to soar, with the administration projecting that federal, state and local spending will reach a record \$353 billion.

The federal government spends a little under 2 percent of its overall budget, or \$22 billion, on education. The federal share of the nation's total education spending has fallen to about 6 percent from around 9 percent in 1980.

Bush has offered a \$441 million package of increases that include money to reward good schools and teachers, create magnet schools and promote alternate teacher certification systems.

New York Gov. Mario Cuomo criticized the Bush administration for worrying more about summits than spending federal money on education.

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°°If the education summit becomes a cheerleading session in which the president encourages us to raise local taxes, we don't need a summit," said Cuomo, a Democrat. °°We don't need to be encouraged to spend. We need help."

Another Democrat, Idaho Gov. Cecil Andrus, complained that the federal government has decreased its funds to the state by more than 7 percent a year for the last two years, mainly by changing various educational formulas.

°°We at the state level are making an honest effort to make progress," Andrus said. °°The (Republican) Legislature is working with us. We're making an effort, but everytime we take two steps forward they take some federal money away and we lose a step."

Ohio Gov. Richard Celeste said a °°dramatic retreat" in college grants and financial assistance means more students must turn to loans to continue their education. That keeps many blacks and Hispanics from college because °°they view those loans as a form of servitude," Celeste said.

Indiana Gov. Evan Bayh said the federal government should fully finance such early childhood programs as Headstart. The highly acclaimed program provides education, social, medical and nutritional services to only 20 percent of the low-income pre-school children who need it.

Gov. George Sinner of North Dakota said Bush should target more federal aid to rural schools, which need money to expand their often limited courses.

°°The key is to make sure that we help him find the money and that it's focused on things like early childhood education, drug education, rewarding excellence, employability, dropout reduction, good citizenship," said Michigan Gov. James Blanchard, a Democrat. °°We need to put some ... meat on the Bush proposal."

Iowa Gov. Terry Branstad said the best hope was to persuade the administration to give the states more flexibility.

°°When they give you the money they're going to call the shots," said Montana Republican Gov. Stan Stephens. °°And I think the shots are best called for education at the local level first, the state level second and the federal level third."

Many states face high dropout rates, but even those states with relatively low rates are worried.

South Dakota Gov. George Mickelson said his state's dropout rate, still among the nation's lowest, is creeping upward. The state ranked fifth lowest in 1982, eighth lowest in 1986 and now is 12th lowest.

The centerpiece of Bush's education initiatives is °°choice," allowing parents to decide what school their children will attend. Among the governors, however, there is no clear consensus on the issue.

Minnesota Democratic Gov. Rudy Perpich is a key promoter of the choice programs under way in his state and has touted the concept nationally.

Gov. Michael S. Dukakis of Massachusetts favors parental choice programs °°if they contain careful safeguards to prevent discrimination and resegregation." The state Legislature is considering such a program.

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“Our educational policy,” said Tennessee Gov. Ned McWherter, “favors the concept of neighborhood schools whenever possible to allow communities and parents to have more involvement.”

Virtually all the governors oppose national standards for education curriculum, but consider uniform standards for teachers more palatable. However, a recent nationwide poll of parents found strong support for national curriculum standards.

Rhode Island Gov. Edward D. DiPrete says standardized curricula “often resulted in rather unexciting, seamless textbook versions of all manner of essential debates that have their place in history, science and literature.”

“While a minimum level of performance might seem a rational response for the nation, it runs the risk of simply becoming the least common denominator,” DiPrete said.

Some governors are expected to tout pet projects at the summit.

Oklahoma Gov. Henry Bellmon favors longer school years and “even a longer school day,” while Nevada Gov. Bob Miller has signed into law a plan to lower the pupil-teacher ratio in public schools.

Gov. Gerald L. Baliles said Virginia has begun a literacy program requiring students to pass reading and math tests before being admitted to high school. State schools also are being required to keep track of dropouts, interviewing students and parents about why the student wants to leave school.

“The opportunity for the governors and the president to sit down and discuss openly education issues and a national agenda for education will be invaluable,” said Kansas Gov. Mike Hayden, a Republican.