

## THE WHITE HOUSE

## Office of the Press Secretary

For Immediate Release

February 4, 1998

REMARKS BY THE PRESIDENT  
ON "HIGH HOPES" PARTNERSHIPS

The East Room

2:40 P.M. EST

THE PRESIDENT: Thank you very much. Fabiola, you can introduce me any time you want. (Laughter.) You were magnificent, and I know you're family is very proud of you today.

Mr. Vice President, thank you for all the work you've done on our education initiatives. Secretary Riley, thank you for what you said and for what you've done. And I want to thank you and all your people, Leslie Thornton and the others who worked on this. I want to thank Gene Sperling -- the Vice President has already blown his head up too big -- (laughter) -- but he has been working on this issue with deep personal conviction for five years. Now, all of you who know Gene know that since he never sleeps, that's the equivalent of 10 years' work for anyone else. (Laughter.)

I thank Harris Wofford, and all the people at AmeriCorps, including the young volunteers who are here today; Linda Chavez-Thompson; and especially Congressman Chaka Fattah, for whom this has been a life passion. I thank the members of Congress, both Republicans and Democrats who are here and those who could not come today. We have an extraordinary representation from Congress among those who are here and among those who are not. I thank the college presidents who are here and the over 300 they represent, and the heads of organizations who are here.

And I think before I begin I should recognize a man who has been a mentor to all of us, and a great friend to Hillary and to me for many years, Mr. Eugene Lange, would you please stand. Thank you and God bless you, sir, for everything you have done. Thank you. (Applause.)

Since this is my only public appearance of the day, before I begin it is important, I think, to say a few words about the situation in Iraq. Later today, Secretary Albright is going to report to me about her intensive week of meetings with our friends in the Persian Gulf, Europe and Russia. I'm encouraged by the strong consensus she found that Iraq must fulfill all the United Nations Security Council resolutions, and that it must allow international weapons inspectors full and unfettered access to all suspect sites.

All of us would prefer a genuine diplomatic solution. I want to reiterate that to every single American. All of us would prefer a genuine diplomatic solution.

The best way to stop Saddam from building nuclear biological or chemical weapons is simply to get the international inspectors

back to work with no restraints. Keep in mind, they have done a marvelous job. They have uncovered more weapons potential and weapons stores than were destroyed in the entire Gulf War. But I will say again, one way or the other, we are determined to deny Iraq the capacity to develop weapons of mass destruction and the missiles to deliver them. That is our bottom line. (Applause.) Thank you.

Now, back to the moment. Last week in my State of the Union Address, when I spoke about what we had to do to strengthen America for the 21st century, I said I wanted an America where everybody has a chance to work, where everyone has a chance to get ahead with that work, where people have the chance to live up to their God-given potential, where our government provides opportunity and our citizens exhibit the responsibility to give something back to their communities. This is the kind of America the High Hopes initiative we announced today will put within our reach.

Thanks to the new \$1,500 HOPE Scholarships, the lifetime learning tax credits, the education IRAs, education grants for serving with AmeriCorps, streamlined loans and expanded Pell Grants, we have opened the doors to college wide to those willing and able to work for it. Now we have to make sure that all our students, especially those from our hardest-pressed families, have a guardian angel helping to guide them to those doors and to make sure they are ready to walk through them. That's what this is all about.

You know, I was listening to Secretary Riley's lilting southern accent, looking at the Vice President, thinking about all three of us white southerners up here, over-represented on the platform -- (laughter) -- and remembering the last 20 years that Dick Riley and I have worked together on these issues. There's a reason we feel so passionately about this.

When I was born in Arkansas, the per capita income of my state for 56 percent of the national average. That's what the average income was. And I came from a family without a lot of money. Nobody in my family had ever been to college before, but by the time I got out of Ramble Grade School in Hot Springs, Arkansas, I never had any doubt that I was going to college. My family told me I was going to college, all my teachers told me I was going to college, all the people at my church told me I was going to college. Everybody told me I was going to college. It never occurred to me that I wouldn't go to college -- and yet no one in my family had ever been to college before. I was in an environment which made it very difficult for me to fail. That's the environment I want for every child in America. (Applause.)

Now, Congressman Fattah has a similar story. His grandmother set him early on his path to college. She used to tell him and his five brothers, unless your dead or dying, you're going to school. (Laughter.) Apparently, the acorn does not fall far from the tree. I just found out that on this, perhaps the most important day of his public service, Chaka Fattah would not let his son, Chip, come to the ceremony because he wouldn't permit him to miss class. (Applause.)

But you know, a lot of our young students are not as lucky. They grow up without realizing how important or how possible college is. There may not be anyone in their homes to push them to take algebra, to take those other classes that are important to college. They probably don't know how to secure scholarships or grants or loans. And, maybe most important, there may not be anybody pumping them up with hopes and dreams.

That's why we have to make mentorship a way of life in

America. The High Hopes initiative will enlist colleges and community groups to form partnerships with thousands of middle schools and give more than a million students both the information and the inspiration to seize the opportunity of college.

Our balanced budget for 1999 includes \$140 million to help these groups harness the power of citizen service and reach out to students, no later than 7th grade, and work with them all the way to high school graduation. Trained mentors and role models will help children pick challenging courses, tutor them when they need some extra help, take them on college visits and other academic field trips, and help them during the college application process.

And with Representative Fattah's leadership, we will make sure children and their parents receive a 21st Century Scholar certificate telling them how much aid for college they will receive well in advance, so they will never have any doubt that if they do their part they can, in fact, go on to college. (Applause.)

I want to thank the more than 300 college presidents and more than 50 major education, religious, civil rights and service groups who have embraced this initiative. And to show you the depth of support -- we've already seen how many members of Congress have come here for this today -- I'd like to ask the leaders of these groups and the college presidents who are here today to stand and be recognized. Look at them. Thank you very much. (Applause.)

Again, I want to thank the Republican and Democratic members of Congress who are here. I want to thank Linda-Chavez Thompson and the rest of the members of my Race Advisory Board for their help with this initiative. They found already that early mentoring and tutoring has made a remarkable difference in the lives of minority students. And they believe, as I do, that these High Hope Partnerships will help close our nation's opportunity gap and help us to build that one America.

I want to thank General Colin Powell and the people who are working in the President's Summit on Service. Remember, when we had that summit they identified making sure that every child in America who needed it had a mentor as one of the five things we ought to be able to guarantee to all of America's children.

I want to thank, as I said, Eugene Lang, and all others who have gone into their personal pockets to give children this kind of guarantee long before the rest of us were involved in the endeavor.

The High Hopes Partnerships are just one of the ways we're working to raise expectations and lift the sights of our young people. Because we know that high school drop-out rates are still too high, especially among Hispanic Students, the Vice President just announced a \$600 million effort to focus more classroom attention on those most at risk. We're also expanding Head Start to a million children; enlisting thousands more college students to make sure all our 8-year-olds can read; working to add 100,000 qualified teachers to the 1st, 2nd and 3rd grades to get average class size down to 18; challenging our states to adopt high academic standards and to ensure that all our children master the basics.

In every community in this country, there are children with an enormous ability, who just need a little spark to go on to great things. There's a child in rural Tennessee who, with a helping hand and a higher education will go on to a career in medical research; a child in Southwest Washington who, with the guidance of a

caring college student, will go on to become a college President; a first generation American in Texas who might go on to become President of the United States.

We have to have high hopes for all of our children. And we have to make them know that they can have high hopes for themselves. A great nation that aspires to even greater things in a new century in a new millennium cannot afford to leave a single child behind. And we don't intend to. Thank you and God Bless you.

END

2:52 P.M. EST

## THE WHITE HOUSE

## Office of the Press Secretary

For Immediate Release

February 4, 1998

## HIGH HOPES for College for America's Youth

February 4, 1998

"I also ask this Congress to support our efforts to enlist colleges and universities to reach out to disadvantaged children starting in the sixth grade so that they can get the guidance and hope they need so they can know that they, too, will be able to go on to college."

--President Clinton, State of the Union address, January 27, 1998

Today President Clinton is announcing a new initiative, High Hopes for College, to inspire more of our young people to have high expectations, to stay in school and study hard, and to go to college. This long-term investment -- starting with \$140 million in the FY1999 Budget -- would promote partnerships between colleges and middle or junior high schools in low-income communities, providing children with the support they need, starting in sixth or seventh grade and continuing through high school graduation.

**TELLING FAMILIES EARLY: COLLEGE IS WITHIN REACH.** Families need to know that college is affordable regardless of their income. High Hopes would provide children and their families in low-income communities at the middle and junior high school level, with a 21st Century Scholar certificate, an official, early notification of the Federal college aid for which they are eligible.

**COLLEGE-SCHOOL PARTNERSHIPS PROVIDE CHILDREN WITH MENTORING AND OTHER SUPPORT.** It takes more than money to go to college and succeed. To make the hope of college education real, degree-granting colleges (including 2-year institutions) would be encouraged to establish partnerships with middle and junior high schools with large concentrations of low-income children. Working with parents, community and religious groups, and businesses, the partnerships would provide information about what it means and what it takes to go to college, as well as support services -- such as mentoring, tutoring, college visits, summer programs, after-school activities, and counseling -- to help the children stay on track. The partnerships would help ensure that children have access to the rigorous core courses that prepare them for college and would help educate parents to help their children prepare for college.

**STAYING WITH THE CHILDREN THROUGH HIGH SCHOOL GRADUATION.** The High Hopes initiative would be flexible, allowing partnerships to design their own efforts based on local needs and resources. In order to be most effective in increasing college attendance by low-income youth, the programs must be based on research and experience with what works, and must:

- begin not later than middle or junior high school (the 6th or 7th grade);
- continue to provide help through high school; and

-- serve a whole group of students (such as an entire sixth grade).

HIGH HOPES COULD REACH 3,000 MIDDLE SCHOOLS, MORE THAN 1 MILLION STUDENTS. The President's Budget calls for a \$140 million investment in new High Hopes partnerships in 1999, and an additional \$70 million for new partnerships in each of the years 2000 and 2001 (as well as continuation funds for the original partnerships). If each project begins with one sixth or seventh grade class, this would fund partnerships with 3,000 middle and junior high schools. If each project adds an incoming class each year, more than 1 million students would be served over five years.

See attached letter of bipartisan support.

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THE WHITE HOUSE  
WASHINGTON

February 13, 1998

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MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING  
RE: NEC Weekly Report  
cc: ERSKINE BOWLES

*Sally Katzen:* I am elated to note that this past week was Sally Katzen's first as the Deputy Director of the NEC. She is quickly immersing herself in a number of issues including climate change and Social Security as well as leading processes in issues she has had previous experience in, such as electricity restructuring.

*Social Security Speech at Georgetown:* While we did not get nightly network news coverage, your speech generated good coverage. CNN, Fox and MSNBC ran stories on the speech throughout the day and papers across the country, including those overseas, gave the speech considerable play. We have attached some stories. It is also worth noting that the speech prompted a lot of articles and editorials presenting the basic issues involved in Social Security reform -- certainly an important factor in our efforts to challenge a national discussion on this issue.

*Social Security Process Update:* On Thursday, several members of my staff, as well as other White House staff, and I met with Concord Coalition and AARP representatives, including Martha Phillips and John Rother, to discuss the initial steps for the Social Security Forum to be held in Kansas City on April 7. We are in the process of developing options for the forum's structure, including presentations, a town hall, pro/con debates, panel discussions, intergenerational conversations, and more. On the communications side, we talked about the possibility of securing television coverage of part of the forum and looking at the option of feeding the Kansas City forum via satellite into a number of additional sites around the country. On these and other issues, we plan to follow up with the two groups early next week. We will update you on our progress.

*IRS Update:* As you may know, the Senate Finance Committee held a hearing on Wednesday on "innocent spouses." The Committee received compelling testimony from several women who, following a divorce or separation, had serious difficulty with the IRS over tax liabilities from tax returns they signed while married. On Monday, in advance of the hearing, Secretary Rubin announced a series of Administrative actions, including new training and forms, to help innocent spouses. He also renewed our strong commitment to the legislative proposals that are in the House-passed IRS reform bill to help make it easier for people to qualify for innocent spouse relief.

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*Electricity Restructuring:* We expect to be sending you a decision memorandum at the end of next week on electricity restructuring. One impediment to moving forward had been a disagreement between DOE and EPA staff regarding the impact of electricity restructuring on carbon emissions. To resolve this disagreement, the NEC and CEQ convened a technical working group to examine the evidence. The result is that consensus has been reached on the issue among technical staff at NEC, CEQ, CEA, and Treasury, and we are working with DOE and EPA to see whether the consensus is acceptable to both of them. The decision memorandum will focus on the other major remaining issues that we have not been able to resolve.

*High Hopes College-School Partnerships:* We are taking several steps to press for support for your proposal. Working with the Education Department, we will hold three briefings next week to consult with groups on some of the details of the legislation. We need to move fairly quickly in order to include the program in the consideration of the reauthorization of the Higher Education Act. The Ford Foundation is very interested in our proposal, and is working with Rep. Fattah to sponsor a congressional staff trip to Houston to visit a model program there. They are contacting, in particular, the authorizing and appropriating committee staff. I also sent a letter to Gen. Powell notifying him of the initiative and soliciting any ideas or views he might have on how High Hopes could support the Service Summit's goals.

2/17/98

*School Construction:* Tomorrow, the Vice President and Secretary Riley will be in Florida and California, respectively, releasing the state and local figures for your school modernization proposal. We are looking into you possibly doing some radio actualities. We have met with Hill staff (Lowey, Rangel, Moseley-Braun), Treasury, Education, and OMB to go over content and strategy issues. We expect to have a bill ready to go when Congress returns from recess. If the Senate still plans to bring up Coverdell by early March, we want to be ready with a strong substitute that includes school construction (and possibly also class size).

*Student Loan Interest Rate:* Bob Shireman on my staff was called to the Hill by Buck McKeon and Dale Kildee, the chair and ranking members of the Postsecondary Education Subcommittee earlier this week. At the meeting, they pressed the banks, college and student associations, as well as the Administration on the need to move quickly to address the July 1 interest rate change. We are encouraging them to wait for a Treasury study -- which could be released as early as next week -- on the issue. It will show that while the July 1 rate is too low for banks to be profitable, the current rate is too high. Our strong message will be that (1) the report shows that students are paying too much now, and the banks can absorb a reduction, and (2) the number one priority in "fixing" the July 1 problem should be to keep costs low for students.

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THE WHITE HOUSE  
WASHINGTON

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March 13, 1998

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MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPURLING

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Bowles

RE: NEC WEEKLY REPORT

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cc: ERSKINE BOWLES

*G. I. Bill:* We have good news on the job training reform bill. On Friday afternoon (3/13), we reached an agreement among the Governors, local community groups, education groups, AFSCME and Republican Hill staff on changes to the Manager's Amendment of the Workforce Development Act (the Senate version of the G.I. Bill) proposed by the Departments of Labor and Education. (Labor Department did a good job in negotiations with AFL-CIO so that while they will not support it, they will not oppose it either.) We feel it is now possible to bring the bill to the floor this week -- possibly Thursday. If so, we may want you to make a call or two and put out statements to make sure we are identified with the victory. You should know that as the bill goes to conference we will need to ensure we get the \$250 million for Youth Opportunities Act which is in the Senate bill but not in the House.



*Medicare Buy-In Strategy:* In order to show we are seriously pressing to pass the Medicare Buy-In this year, we asked Senator Moynihan and Congressional Democrats to do a public introduction of the bill with you this week. We were originally going to do it as a departure statement on Wednesday, but in the hopes of having Congressman Gephardt participate in the event it is being moved to Tuesday -- perhaps on the Hill. The four members who will definitely participate in the event are Brown, Stark, Moynihan and Daschle. We are also working on a state-by-state analysis to be released on that date, which Members will use during the April recess. This week, we will also work with outside validators like the American Academy of Actuaries, key academics, and the Progressive Policy Institute to get their agreement that this is a sound, responsible policy.



*Budget Resolution:* The Senate Budget Committee is expected to act on a budget resolution next week. Your economic team has been working with Senator Daschle and Democrats on the committee on an alternative which would be your budget slightly modified for CBO scoring purposes. Senator Daschle and others held a press conference on Friday (3/13) to promote the alternative and highlight our priorities. In addition to the alternative, we expect Democrats on the committee to offer targeted amendments to focus on our priorities, such as child care and education, and defects in the Republican resolution, such as their expected exhortation to sunset the tax code.

**ISTEA:** As you know, on Thursday (3/12) the Senate passed the 6-year ISTEA reauthorization bill by a vote of 96-to-4, and the House plans to take up ISTEA before the Easter recess, in order to send you a bill by May 1. Although the Senate bill provides \$50 billion more in contract authority than you requested, the Administration prevailed on almost all of the policy issued including extending and preserving DOT's Disadvantaged Business Enterprise program, which expands economic opportunity for women and minority-owned firms; lowering the alcohol-blood level to .08; and fending off any adverse environmental riders.

**Employment and Training:** The NEC has started a policy process to determine ways to leverage existing programs to address the perceived "skills shortage" and to develop new programs to make our job training program more responsive to market-determined skill needs. We are considering a number of proposals, such as regional skills alliances (among employers, training providers, and workers), re-employment zones (that would provide grants to areas suffering from sudden changes in their economic situations to re-employ workers who lose a job through "no fault of their own"), and incentives to businesses to provide current employees job training. You should be aware that while there are estimates of large numbers of vacancies, particularly in the IT industry, there are different views as to both the numbers and the ability of U.S. workers to fill those jobs. Secretary Daley, for example, thinks that much of the shortage is result of labor market inefficiencies and the unwillingness of some companies to retrain U.S. workers. The NEC, Commerce, and Labor strongly believe that we need to stress training of U.S. workers rather than simply lifting the H1-B caps (which is all that industry is talking about).

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**Retirement Savings Summit:** We are currently finalizing the list of 100 participants to be appointed by the Administration, in consultation with the Democratic congressional leadership, for the White House Retirement Savings Summit to be held on June 4-5. My staff has worked closely with other White House offices (Presidential Personnel, Public Liaison, Legislative Affairs, others) and several departments -- particularly the Department of Labor -- in developing a strong and diverse list. We are working on a plan to contact our appointees and publicly announce the names of our participants and the date of the summit during the week of March 23, perhaps along with other savings ideas or a possible event while you are in Africa.

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**Coverdell Bill and School Construction:** The Senate next week is expected to act on the Coverdell Bill. We have been working with Senator Daschle to craft a substitute that will be our school construction proposal. The debate will highlight Democratic support for public schools versus Republican efforts to help affluent students attend private schools.

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Bowles

Additionally, your school construction proposal was introduced last week in the House by Rep. Rangel who was joined by 63 cosponsors (all Democrats, so far). On the Senate side, Sen. Moseley-Braun was joined by Sen. Moynihan and 10 other Democrats. We have been working on endorsements. We now have 50 organizations endorsing, including the Congress of National Black Churches, the National Grange, and several Historically Black Colleges (who see this issue as critical to the pipeline of minority youth).

**High Hopes:** The legislation was sent to the Hill earlier this week, and Rep. Fattah quickly went to work getting cosponsors for his amendment to the reauthorization of the Higher Education Act, which is scheduled to be marked-up in Committee next Wednesday. With one more cosponsor, we will have a majority of the Committee, including four Republicans so far and we

are going to work with him to do better. We are thinking about ways that we might turn this bipartisan support into publicity and momentum.

**America Reads:** A panel named by the National Academy of Sciences will be releasing its findings Wednesday on the research on learning to read. We are working with the Education Department to determine whether the findings might be noteworthy enough to merit a statement by you or the Vice President. On the work-study effort, we will likely reach 1000 colleges in the next month or so and I recently got information about a particularly impressive effort: NYU has more than 600 America Reads work-study tutors. We are thinking of ways that you might be able to highlight and praise the NYU success.

**Student Loan Interest Rate:** In an interesting development, the Postsecondary Education Subcommittee chairman and ranking member have reached an agreement that would provide students with the low rate that the Vice President announced last month. However, they will supplement the rate with Federal payments to the banks, which could cost billions. We will congratulate them for putting the interests of students first, but criticize them for padding bank profits ahead of taxpayers (or other important program spending). We are convening a group of experts from a number of agencies to explore possible market-based mechanisms (such as auctions) for both ensuring student access to loans while keeping any taxpayer subsidy down to the minimum necessary.

Responding to lender threats to withdraw from the program, Education is developing a contingency plan for covering any loan access problem. On Thursday (3/12), Education released a statement critical of the banks' threats, and assuring students that we will not let anyone go without the aid they need and are eligible for. (The Secretary has the authority to call on Sallie Mae and the guaranty agencies to act as "lenders of last resort," and to provide them with the capital if necessary.)

**Social Security:** Senator Roth joined Representative Kasich this week in putting forward proposals to use the surplus to fund individual accounts. The proposals are still being developed, but they do not appear to be comprehensive Social Security reform plans. In particular, they only deal with individual accounts, and do nothing directly to address the actuarial imbalance in the Social Security system.

Our stance on these proposals is designed to balance two pressures: First, using some of the surplus to fund individual accounts could ultimately form part of a comprehensive reform to Social Security -- and therefore we don't want to ridicule the current proposals. But to signal now that we are actively considering individual accounts could alienate our base -- which would complain that even if individual accounts will have to be part of any eventual real deal, we shouldn't give away the store now. Our position has thus been to stay without basic message that until we have addressed Social Security reform, no one should drain the surplus. Without doing what's needed to achieve comprehensive Social Security reform there proposal can only be viewed as a tax cut to drain the surplus. (Interestingly, Senator Gregg has been cited in the press as making the same argument: that we should not use the surplus for individual accounts without knowing what the rest of the Social Security package is.)

The Kasich and Roth proposals may be included in some form in the budget resolutions that will be marked up next week, and we are working actively with Treasury and SSA to analyze the specifics of the plans as they come out.

Finally, I spoke at Brookings this week on our Save Social Security First policy. The reception was very positive -- including many leaders in the field, such as Charlie Schultze, Henry Aaron, and Gary Burtless.

*Next Generation Internet:* On Thursday (3/12), legislation which would authorize your Next Generation Internet initiative passed the Senate Commerce Committee with a unanimous voice vote. Similar legislation has been introduced on the House side. Agencies involved in the NGI are already beginning to demonstrate exciting new applications -- including modeling the impact of El Nino, training troops using virtual reality, cutting the time required to develop new drugs, and allowing cardiologists to provide expert advice to patients in remote rural areas.

*Cox-Wyden:* The NEC is coordinating the follow-up to your discussions with the Governors on the Internet Tax Freedom Act. The Governors held a press conference, Friday (3/13), to announce a new version of their proposal, which we think moves in the right direction. We have also learned that both the House and Senate versions of the bill will be modified to address some of the concerns of the Governors. Meanwhile, we are refining our view of which are the most important pieces of the legislation and how best to coordinate the study called for in the current bill with a process to address the larger (and more difficult) issue of mail order taxes.

*Apparel Industry Partnership:* Kitty Higgins and I attended a meeting (3/6) of the Apparel Industry Partnership. Negotiations on forming the Fair Labor Association have come down to two key issues: (1) the frequency and targeting of external monitoring; and (2) whether the Association has the power to decide that compliance is impossible in certain countries, potentially requiring that companies leave that country to remain in compliance. The proposals on the table are unacceptable to the companies, which will respond with counter proposals at the next meeting on March 26th. The remaining issues require some work but are much easier.

*Electricity Restructuring:* In anticipation of a meeting with you, we have been working with the climate change team to narrow the differences on the one open issue -- authority for a cap and trade program for carbon. We have come very close to an agreement among all the White House players that may satisfy everyone's concerns and enable Secretary Pena to begin responding to criticisms that the administration has not yet provided details of its proposal for reform.

*Financial Services Modernization:* On Friday (3/13), my staff convened a meeting of Treasury experts and other agencies and White House offices to discuss the House Republican Leadership bill that was unveiled earlier this week. Unlike the Administration's proposal, the Republican version of modernization would materially weaken the national banking system; threaten the safety and soundness of insured financial institutions; limit the Administration's ability to influence financial institution policy; and, equally important, reduce the effectiveness of CRA and consumer protection that are an important part of our proposal. Treasury is preparing a letter indicating strong opposition, which will be sent early next week after consultation with Democratic members.

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**Product Liability Reform Legislation:** Activity has picked up in the Senate, and Senators Rockefeller and Gorton asked for (and had) a meeting with Erskine Bowles on Friday (3/13). The purpose of the meeting was to go through a long list of so-called "technical changes" that Senator Gorton was proposing. My staff coordinated a review of Gorton's proposals with some of the agencies and White House personnel, including Bruce Lindsey. Our approach was to accept a few that are truly technical but reject the majority. The meeting with the Senators went well, and Senator Rockefeller was very appreciative of the Administration's efforts to work with him. Senator Gorton was also appreciative, but expressed concern that he might not be able to sell the package to his Republican colleagues.

**Regulatory Reform Legislation:** With your guidance, we prepared and sent a letter to Senators Levin and Thompson specifying the changes we need to be able to support their legislation. On Tuesday (3/10), the Committee marked up the bill and voted it out 8-4 (Senators Levin and Glen joining all the Republicans). Our changes were not offered or incorporated in the bill. The prospects for Senate floor action are highly uncertain, with Lott sending mixed signals about his support.

**Securities Litigation:** The NEC was asked to convene a meeting to review the status of the current legislative effort and next steps. As you may recall, Senators Dodd and Gramm have a bill supported by the Uniform Standards Coalition, a group of companies, accountants, and attorneys led by the High Tech industry. The bill seeks to create a uniform national standard for certain securities fraud cases. Its proponents argue that, without federal standards, few companies will take advantage of the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995. Last fall, you indicated that you would support this new legislation.

✓ The SEC has been working with Senator Dodd's staff and the Uniform Standard's Coalition to address concerns about the legislation's overbreadth. Progress is being made. There was consensus at our meeting that the White House should be clear that we expect the Hill to satisfy the SEC's concerns, and that there needs to be an appropriate record (by colloquy form key Senators or otherwise, that, if the cases progressing through the courts do not ultimately reaffirm the Second Circuit pleading standard and recklessness as a basis of liability, they will work with the SEC and the Administration to legislate that result.

THE WHITE HOUSE

WASHINGTON

March 15, 1998

3-16-98

MEMORANDUM FOR THE PRESIDENT

FROM: BRUCE REED  
GENE SPERLING  
MIKE COHEN  
BOB SHIREMAN

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SUBJECT: Education Strategy

JS wants to make sure we are on top of POMS notes

You have proposed a popular, comprehensive education agenda to expand opportunity, strengthen quality, and help prepare students, especially the most disadvantaged, to reach tough academic standards and to enter college. These proposals build on your efforts since 1993 to raise standards, strengthen accountability and expand flexibility, expand public school choice, and improve the quality of schools by providing them with better prepared teachers and up-to-date technology.

Some of your proposals, such as America Reads and the expansion of the 21st Century Schools program, stand a good chance of enactment. But many, including class size reduction, school modernization, and national tests, face a steep challenge in Congress, where the Republicans want to expand education IRAs, create school vouchers, fold existing programs into block grants, and do relatively little else. In addition, we will face a tough battle to fund your education priorities in the appropriations bill, because the Republicans will advance different spending priorities within education, and because likely Congressional increases in highway spending will squeeze the total funds available for education.

To overcome Republican opposition and enact significant portions of your education agenda, we propose a four-part strategy:

- (1) Build momentum by pressing for the proposals that are most likely to pass.
- (2) Make it costly for Republicans to oppose your new education initiatives -- school modernization, education opportunity zones, class size -- by getting Democrats to bring them up every time Republicans try to move a key piece of their education agenda (vouchers, Coverdell, etc.)
- (3) Pursue a multi-pronged approach to national standards and tests.

(4) Conduct a national education campaign to keep your entire education agenda visible and use the bully pulpit to promote education reform.

**I. Building momentum by pressing for the proposals that are most likely to pass with bipartisan support.**

Several pieces of education legislation reflecting your priorities stand good to excellent chances of enactment with bipartisan support. Three of these (America Reads, G.I. Bill, and the Higher Education Act) have July 1 deadlines for enacting necessary authorizations or changes.

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**A. America Reads.** The House has already passed its version, known as the Reading Excellence Act, which provides funds to States to improve reading efforts in needy local schools through teacher training, tutoring, and family literacy. Sen. Jeffords has pledged to move a similar piece of legislation in the Senate, though no action is yet scheduled. We are working to meet a July 1 deadline imposed by the FY 1998 Appropriations bill for triggering \$210 million advance-appropriated for these purposes (for FY 99), and believe the deadline can be met if we push. The House bill has some problems but ultimately would be acceptable, and we expect that the Senate bill will be an improvement.

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**B. Charter Schools.** Last session the House passed H.R. 2616 by a strong bipartisan vote (367-57). This bill, introduced by Reps. Riggs and Roemer and endorsed by you would modify the existing federal Charter Schools Program by (1) steering more federal charter school funding to states that provide charter schools with the maximum flexibility and strongest accountability for results, and to states that have not reached a cap on the number of charter schools permitted by that state's charter schools law, and (2) encouraging states to direct an appropriate level of other federal education resources to charter schools. Sen. Lieberman and Sen. Coats have proposed similar legislation in the Senate, and the Senate Labor Committee has scheduled a hearing for March 31. The prospects are good for enacting a charter schools bill this year, though Sen. Kennedy is not eager to move a charter schools bill, and controversial issues (e.g., whether to steer federal funds to states that allow entities other than state or local school boards to authorize and oversee charter schools) still need to be resolved.

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**C. Reauthorization of the Higher Education Act (including your High Hopes proposal and teacher recruitment proposals and the student loan interest rate fix).** Both the House and Senate Education Committees are scheduled to take up the Higher Education Act in the next few weeks, aiming for floor action by May and a conference in June. In addition to reauthorizing the main student aid programs, this bill would include your High Hopes proposal and teacher recruitment proposals. It also needs to include a change in the new student loan interest rate scheduled to go into effect on July 1. (There is a chance that the Congress will separate out this most pressing component of the bill. If that happens, the pressure to move the overall bill will subside considerably, and the chances of having a comprehensive higher education bill to sign before Congress adjourns will be significantly reduced.)

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Education Opportunity Zones initiative squarely addresses the real problems of urban education, in a way that strengthens public schools and endeavors to help all students, not just a few. It is based on the premise that we can and must fix failing school systems and schools rather than abandoning them. It proposes to accomplish this by ending social promotions, intervening in failing schools, rewarding outstanding teachers, and removing incompetent ones. If Congressional Republicans attempt to move a voucher proposal this year, this proposal is our best defense. In the meantime, you can reiterate your call for sweeping, Chicago-style reforms. One opportunity will be to announce the first grant awards from the new Comprehensive School Reform program (included in last year's appropriations bill by Reps. Obey and Porter), which provides funds for implementing proven schoolwide reforms such as those developed by the New American Schools Development Corporation.

*Yes!!!*  
**C. Class Size Reduction:** The most popular element of your education agenda -- class size -- is worth a separate, concerted rollout. We believe that next month you should speak to the legislature in Delaware, where Governor Carper has proposed major class size reductions and an end to social promotions. The Education Department is developing a series of reports and other tools for you to announce (e.g., a summary of class size research, a white paper documenting how smaller classes can lead to better classroom practices, and state-by-state figures on how many new teachers can be hired under your proposal). The elementary and secondary education groups are eager to mobilize grass roots support. We may also have a chance to press this issue during the budget resolution debate, much of which will concern whether tobacco revenues can be used for child care and class size.

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 The fate of these three initiatives is likely to be determined at the end of the session, as work on tobacco legislation and tax and appropriations bills are completed. It is very unlikely that Republicans will give you victories on class size, school construction or opportunity zones unless they get comparable victories on Coverdell or vouchers. You will have the greatest leverage to make deals at the end of the session, and may then decide whether to strike a deal that gives both you and the Republicans significant parts of your education agendas.

### III. National standards and tests

We face a tough challenge again in Congress this year. We fully expect Goodling to use the reauthorization of the National Assessment of Education Progress later this year to prohibit national testing. Almost all Republicans are likely to support Goodling, and Black and Hispanic Caucus members will do so too unless their substantive concerns about the tests are addressed. Further, while we will have our greatest leverage once again in the appropriations process, we expect that it will be at least as difficult as it was last year to secure funding. To increase our odds of winning this battle, we are pursuing a number of steps to broaden our support. These include:

Use NAGB and Achieve to change the political dynamics around the tests. Last year's appropriations agreement placed NAGB in charge of the tests. Since then, we have appointed Diane Ravitch and Gov. Engler to the panel, in an effort to bolster Republican support. NAGB has now taken complete hold of test development, and has made a series of policy decisions that should make the testing program less vulnerable to criticism from the right. While Goodling remains almost as hostile to NAGB's efforts as he was to the Education Department's, early indications are that NAGB may be making positive inroads among other Republicans. We have encouraged NAGB to keep members of Congress of both parties informed of its work, and Ravitch in particular to make the case to opinion leaders that test development is on the right track.

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Lou Gerstner and Achieve are prepared to play a more active role in supporting national standards and tests, in the context of Achieve's recently launched effort to help states compare individual student performance across states to each other and to national standards. Achieve's work parallels a provision in last year's appropriation's agreement, which called on the National Academy of Sciences to study how existing state tests could be used to compare students to national standards. We are working to set up an opportunity, such as a conference call with Achieve's Board of Directors or a one-on-one meeting with Gerstner, in which you can enlist Achieve's support. We expect that Achieve would be willing to call on Congress to support development of a national test and the technical work necessary to help states align state tests to the NAEP standards.

Encourage Democrats to propose specific authorization for national tests. As noted previously, we expect Goodling propose a prohibition on national tests in the context of NAEP reauthorization.

To counter this effort, we are working with George Miller in the House, and Kennedy and Bingaman in the Senate, on Democratic legislation to authorize national testing. We would work with them on the details of the bill, but make sure the legislation was seen as theirs rather than ours. This approach would leave them free to cut whatever deals were needed in each body to build support for the legislation, without requiring us to own what they came up with. It would also leave us free to argue, as we always have, that congressional authorization to proceed with test development is unnecessary.

In the House, our first priority must be to hold Democrats together. This will be difficult, because the Black and Hispanic caucuses are very suspicious of national testing. To have a chance of holding the caucuses, Miller probably would have to craft a proposal that includes a Spanish-language version of the reading test, a prohibition on use of the tests for high stakes purposes, protections against test bias, and detailed requirements for reporting test results. The provisions that will unite Democrats are likely to spur Republican opposition, so the result is partisan polarization. Nonetheless, that may leave us better positioned than before to conduct a high profile fight with Republican opponents of the testing.

How to hold  
together  
our opponents to  
social mobilization

The situation in the Senate remains more favorable. There the task for Kennedy and Bingaman will be to craft a proposal that can hold as much Republican support as possible. While it is too early to determine the shape of such a proposal, last year's experience suggests that steps to strengthen NAGB and further guarantee its independence will be necessary. The Achieve recommendations are likely to play a role in shaping a Senate bill as well.

The chances that this approach will lead to authorization bills that pass both houses is remote at best. But these steps are necessary to hold and expand our support in both houses, to defend against efforts by Goodling and Ashcroft to ban further work on the test, and to deprive Goodling of the procedural argument that testing should not proceed without Congressional involvement.

**Pursue an appropriations strategy to enable work to continue on test development.** The most important Congressional action regarding national tests will come in the appropriations bill, where we will have to fight to ward off proposals to prohibit further work. The steps outlined above will better position us for a replay of last year's battle, by enabling us to hold Democrats in the House and by taking away Goodling's charge that the authorizing committees have been cut out of the process. Nonetheless, it is likely that you will also have to threaten to veto any appropriations bill that ends funding for the test.

#### IV. Conducting a National Education Campaign.

**A. Campaign for Education Initiatives.** Because this could prove to be a worse-than-do-nothing Congress on education, it is worth a separate discussion on how to transform America's schools without help from Washington. The TIMSS roundtable on Monday is an opportunity to begin that discussion. We believe the bully pulpit can be effective, and a high-profile effort targeted at urban school districts might make a real difference, but the last two decades suggest it will be very difficult. Nevertheless, our legislative agenda and the standards movement generally can only benefit from a vigorous national campaign for education reform. The campaign should consist of events and actions in support of your legislative agenda, as well as of state, local and business efforts to promote standards-based education reform.

Specific events we are planning include:

The upcoming meeting with leaders from business, education, and state and local government to focus public attention on the TIMSS results.

An address to a state legislature to promote your overall education package with an emphasis on class size reduction. The Education Department is working on a White Paper on the benefits of class size reduction that could be released at this speech.

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A visit to an urban school district that illustrates key aspects of your Education Opportunity Zones proposal, such as ending social promotions, intervening in failing schools, removing incompetent teachers and rewarding teachers who achieve certification from the National Board of Professional Teaching Standards. This event could be timed to accompany the transmittal or introduction of legislation, or the release of an Education Department report on turning around failing schools.

An event with CEO's and governors on the ACHIEVE Board of Directors in support of national standards and tests.

An event with teachers and CEOs that would demonstrate your commitment to technology training for teachers, in the same way that NetDay dramatized the importance of connecting schools to the Internet. The event could highlight (a) companies that are forming partnerships with teachers colleges to train all new teachers; and (b) states that have made a commitment to include "technological literacy" as part of the teacher certification process.

An event that showcases the benefits of educational technology in key areas such as (a) increasing communication between parent and teachers; (b) improving performance in key subjects such as math, science, and reading; and (c) providing parents with an easy to understand "report card" of how their local school is doing relative to other schools.

An event that is timed to the availability of funding for the Technology Literacy Challenge Fund, the "e-rate," or significant donations from the private sector.

A meeting with mayors during a U.S. Conference of Mayors Conference on Public Schools, to be held in May.

Following up on your Hispanic investments, a speech at a conference on School Dropouts, sponsored by Brookings or another think-tank or foundation.

A roundtable discussion with business and education leaders about "making performance count" for students, by supporting a growing nationwide effort by employers to examine high school transcripts and other indicators of academic performance in the hiring process.

A commencement address at a public high school, or charter school, to underscore your efforts to strengthen public education.

A White House Conference on Strengthening Public Schools, to kick off back-to-school events in the Fall.

The release of reports on school violence from the Education and Justice Departments

- Vice Presidential involvement in a series of forums and a Fall symposium on modernizing schools.

The release of a report on Saving for College (to highlight our Higher Education Act proposal to stop punishing savings through the student aid formula).

An announcement that 1,000 colleges are participating in the America Reads Work-Study challenge. We will reach that number in a month or so. This announcement could be combined with a visit to a college that has made a dramatic commitment to the America Reads effort (such as NYU, with more than 600 tutors).

*see ✓*  
*at college*  
*great!*

- Possible signing ceremonies before July 1 on: G.I. Bill for American Workers, reducing student loan interest rate, America Reads, and Charter Schools legislation.
- A statement highlighting bipartisan support for High Hopes, perhaps as soon as next week when the proposal may get Committee support.

- A visit to a model High Hopes-type early intervention program, or an announcement of new partnerships created in response to your challenge.

*Fig*  
*198 - (Sign. for legislation at RADA)*

Over the longer term, we could begin planning an event to mark the 10-year anniversary of the Charlottesville National Education Summit (September 1999) or the establishment of the National Education Goals (February 2000). Governors, business leaders and many in the education community are beginning to think about how best to use these anniversaries to provide additional impetus for education reform. In light of your personal leadership at the Charlottesville Summit and in establishing the Goals, it would be natural for you to look back on what has been accomplished since then and to define the work ahead.

*Yes*  
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*could*  
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**B. Campaign on Higher Education.** In addition to campaigning for our education initiatives, we will be ready to kick-off our "Campaign on Higher Education" sometime in the next 4-6 weeks. This year-long campaign -- which will include events, roundtables, and dissemination of easy-to-read information packets -- will inform every American that college is now affordable.

The focus will be on three key groups: (1) high school/college students who benefit *today* from the historic expansion in college aid; (2) middle and junior high school students and their parents who should be thinking now about college; and (3) those working adults who need additional skills, but do not know about the availability of aid to go back to school.

For our kick-off of the campaign, the Department of Education is finalizing a pamphlet promoting the affordability of college. This pamphlet will be sent to every high-school and middle-school in the country, and we will ask every school to photocopy it so that every student

receives the information directly. We also are working with the Department of Education on a series of PSAs on college affordability, an interactive Web site, and other ways of disseminating what we have done to make college more affordable.

THE WHITE HOUSE

WASHINGTON

4-6-98

April 3, 1998

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MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING  
RE: NEC WEEKLY REPORT  
cc: ERSKINE BOWLES

I apologize for the length of this "weekly report," but it reflects the many important activities of NEC issues which took place over the past *two weeks*.

**Electricity Restructuring:** The Administration unveiled its electricity restructuring package -- jointly coordinated by the NEC and CEQ -- on Wednesday (3/25). I want to stress to you the degree that Secretary Pena should be complimented for being an extraordinary team player in the process that led to consensus and our proposal. As you know, our proposal is expected to save American consumers \$20 billion a year and reduce carbon emissions from utilities by 25 to 40 million metric tons in 2010 (3 to 6 percent of utility emissions projected for that year, and 1 to 2 percent of total national emissions). The proposal received mixed reviews. A relatively positive *Wall Street Journal* article quoted Colorado Republican Dan Schaefer, a key player on this issue on the Hill, as calling the proposal a "meaningful step" in advancing electricity restructuring. And Enron Corporation was also very positive. But despite the inclusion of many crucial environmental provisions -- as well as the unleashing of competition, which Tom Casten of Trigen and others have argued should improve efficiency and thus reduce emissions -- some environmental groups criticized the absence of cap-and-trade authority for carbon in the proposal. Our response has been that we look forward to working with Congress to find the appropriate legislative vehicle for cap-and-trade authority, and that the electricity proposal as it stands is expected to reduce emissions. Lastly, on March 31st, somewhat later than originally expected California opened its retail electricity market to competition.

\* **SAPER Summit and other savings education announcements:** Deputy Secretary Larry Summers, Assistant Secretary Olena Berg, SEC Commissioner Laura Unger, Senator Baucus, Congressman Pomeroy, and I held a press conference on Thursday (3/26) to announce your package of savings education initiatives. We highlighted the need to increase the relatively low and declining private savings rate, the new elements of the Labor Department's retirement education campaign, and the SEC's major grassroots effort to educate investors, the "Facts on Saving and Investing Campaign," which took place this week. We also took the opportunity to announce the names of the 100 people who were jointly chosen by the Administration and the Democratic Congressional leadership to participate in the first National Summit on Retirement Income Savings -- the Republican leadership has named the remaining 100 participants. Representative Pomeroy's efforts on this issue were recognized and both he and Sen. Baucus spoke.

**Kid's Health:** On Wednesday (4/1), Secretary Shalala, Bruce Reed, and I coordinated a press conference at the White House to highlight the successful six-month anniversary of the start of the Children's Health Insurance Program (CHIP). We announced that two more states--New York and Illinois-- children's health plans were approved. Additionally, a six-month progress report on the implementation of CHIP was released. The report reviews Federal and State progress towards achieving the goal of covering up to 5 million uninsured children--after only six months, eight states have approved plans (over one million children will now have health coverage), another fifteen states have submitted their child health plans for approval and virtually all other states have processes in place to develop and submit their plans.

**Equal Pay:** Today, Friday, April 3rd is "Equal Pay Day," the day on which women's earnings, added to their previous year's earnings, are said to equal what men earn in one calendar year. Many organizations around the country are holding events this week to highlight the issue; the White House event was held yesterday. The Vice President participated in this event which also included Senators Moseley-Braun, Rep. DeLauro, Secretary Herman, Linda Chavez-Thompson, and John Sweeney. (Senator Daschle was unable to attend because of votes on the floor.) The Vice President's announcement included both the Administration's endorsement of Senator Daschle and Rep. DeLauro's equal pay legislation, which will strengthen the Equal Pay Act by authorizing compensatory and punitive damages for gender-based pay discrimination and prohibiting retaliation against employees' disclosure of wages. We also announced administrative actions that will highlight the problem of pay disparity and enhance enforcement of wage discrimination laws in the private sector and the Federal government. CNN ran a very good story all day today, and *AP* and *Reuters* also ran very positive stories.

**America Reads:** Larry Stein and I met with David Hoppe (Lott's Chief of Staff) on Tuesday (3/24) to discuss the need for the Majority Leader's leadership in moving the America Reads (and the GI Bill) through the Senate. We stressed that these two issues were important to you and that we want to resolve them in a bipartisan manner without politicalization. We promised Hoppe that we would treat the issues and any support they offered in a non-political and bipartisan spirit. We made the case that the Republicans committed to giving us an America Reads type proposal in the B.B.A., and that both issues provide an opportunity for bipartisan wins in the near term. Stein and I both thought that Hoppe was appreciative of the spirit in which we approached him and that he seemed cautiously receptive.

**G. I. Bill:** On Thursday (4/2) the Senate version of the G. I. Bill (the "Workforce Development Act") was sent around to all members of the Senate to get a "unanimous consent" to hold floor debate on April 20. However, Senators Lautenberg, Torricelli, and Feinstein all put holds on the bill. All of the holds concerned the fact that local units of government with populations of between 200,000 and 500,000 that are designated as "service delivery areas" (SDAs) under current law, would no longer automatically receive training funds with the bill under consideration. Working with the Department of Labor and Larry Stein we feel a compromise has been drafted. The

compromise would allow these (newly exempted) SDAs, who have a right to ask for an appeal from their Governor to retain the training funds, to also have the right to ask the Secretary of Labor to overturn Governor's denial, if the SDA had a good performance record.

**H1-B:** On Thursday (4/2), the Senate Judiciary Committee marked up legislation that is intended to respond to the growing demand for skilled workers in the information technology (IT) industry. The Committee reported out (by a vote of 12-6) a modification of a bill originally introduced by Sen. Abraham, that would increase the annual cap on the number of temporary visas for foreign "specialty" workers under the H-1B program. All of the Republicans voted for the bill, as did Senators Feinstein and Kohl. (The committee also voted on a substitute introduced by Senators Kennedy and Feinstein for which all of the Democrats voted (and all of the Republicans opposed). The Administration submitted a letter of support for the overall approach of the Kennedy-Feinstein bill (increased training and reforms to the H-1B program to protect American workers in conjunction with a small, temporary increase in the number of visas). We are stressing that the current Abraham bill--even with its improvements--still must be stronger on ensuring additional training and real reforms.

*good idea* | **IRS Update:** The Senate Finance Committee passed its version of IRS reform this week by a vote of 20-0. Secretary Rubin was able to secure several improvements, including seats on the new oversight Board for the Treasury Secretary and a union representative. Our main concern with the bill now is that, unlike the House bill, it is not fully paid for. It is short \$9.8 billion over ten years. Roth added costly provisions, such as reducing certain penalties, that added significantly to the cost. He has pledged to find additional offsets. Given that Congress has still not passed a bill and that Roth has scheduled additional hearings in late April, we have discussed a possible radio address on IRS reform for April 11. This would provide you another opportunity to express disappointment that Congress failed to pass a bill by April 15, press for quick action in Congress after the recess, and highlight positive steps the IRS has been taking on the customer service front, including expanded electronic filing.

**Student Loan Interest Rate:** In late February we proposed a pro-student rate that Treasury analysis indicated was adequately profitable for banks. The House committee adopted our reduction for students, but proposed additional subsidies for banks costing \$1-4 billion over 5 years. Director Raines has warned that this could result in a sequester that would increase student loan fees paid by borrowers, and cut vocational rehabilitation, foster care and adoption assistance, and Medicare. CBO this week released an analysis indicating that while current rates provide excessive profits, the Administration's proposal would *not* be sufficiently profitable for banks. Treasury is analyzing CBO's methodology, which is complex. We have been quietly floating a proposal that would allow subsidies for two years and then transition to an auction-based system.

**School Construction:** Last Wednesday (3/25), Senator Faircloth offered (and later withdrew) an amendment to the supplemental that threatened to take \$5 billion of the ESF (the fund Treasury

uses to stabilize currency fluctuations) and move it to school construction. This amendment would have set an awful precedent in that it would have busted the budget since ESF does not provide outlays. However, the upshot of Faircloth's amendment is that he made the case for school construction, citing the GAO report, etc. This suggests that the threat to attach your school modernization proposal to Coverdell is having an impact -- Republicans may be starting to feel that they need to support a large school construction initiative of some type. When the Senate returns, it will take up the Coverdell legislation, including a vote on school construction. To gear up for that, you will be touring a school in or near Chicago next Wednesday. That will be followed by forums in at least 20 cities around the country that day; all of them will participate in a conference call with VPOTUS. We hope that will help to get significant regional coverage, and possible addition national press, in advance of the upcoming Senate vote.

*High Hopes:* Last Thursday (3/27), Bob Shireman on my staff joined Education Department staff in a small meeting at the Ford Foundation in New York. Ford is interested in partnering with us to fund model programs (building on their efforts in Houston and other cities), and to increase awareness about approaches that work in improving education and college attendance in high-poverty areas. This may develop into an announcement of a financial commitment by the Foundation, perhaps with the involvement of Lucent Technologies. *This announcement -- which is tentatively on your schedule for May 4 -- may give us a hook for highlighting the bipartisan involvement in the House, and to perhaps bring in a Senate Republican.*

The Senate-mark-up of the reauthorization of the Higher Education Act occurred Wednesday afternoon (4/1). Chairman Jeffords, who would normally be sympathetic, wants to protect a program he created in 1992, and may hold this issue as a bargaining tool with the House and with us. A number of efforts by Riley, Fattah and me ended in a good colloquy between Jeffords and Kennedy during the mark up in which they pledged to work together on a joint approach as the bill moved to the floor. We have been reaching out to Republican Senators with some success. Chaka Fattah seems to have secured Specter--which is important because of his appropriations role. I have had two good conversations with Senator Frist who seems increasingly interested, though I have had less success with Senator Collins.

*Master Teachers:* The Senate Committee version of the reauthorization of the Higher Education Act, voted out Wednesday (4/1), does not include any provision that would undermine the Administration's financial support for the National Board for Professional Teaching Standards.

*INTELSAT:* This week in Salvador, Brazil, the U.S. government went along with the decision by 141 other INTELSAT member governments to spin off six satellites into a separate, publicly traded company -- temporarily called New Skies Satellites -- that will provide services in the global satellite communications market. The Brazil decision marks the end of a contentious four-year debate within INTELSAT, an intergovernmental organization dominated by monopoly telephone providers, in which the U.S. has often been alone in insisting that any spin off company must be

fully separate and independent. The NEC has coordinated the Administration's interagency effort on INTELSAT, itself contentious at many points, and Dorothy Robyn from my staff participated in Brazil. You should know that we believe the creation of New Skies is the first, and most difficult, step toward complete privatization of INTELSAT. Finally, while the Justice Department believes the restructuring is pro-competitive, several U.S. satellite communications companies are criticizing it on the grounds that remaining links between INTELSAT and New Skies will harm competition.

**ISTEA:** The House this week passed its ISTEA reauthorization bill by a 337-80 vote. Three challenges to funding provisions in the bill -- including an Administration-supported amendment by Rep. Spratt to extend the current short-term ISTEA law to July 1, so as to allow for completion of the House budget resolution -- were defeated by similar margins. Good news came in the form of 1) a 225-194 vote to defeat an amendment by Rep. Marge Roukema that would have eliminated DOT's Disadvantaged Business Enterprise program, and 2) House approval of an amendment by Rep. Danny Davis to increase annual funding for welfare-to-work transportation services from \$42 million to \$150 million (we requested \$100 million/year in NEXTEA). The leadership did not allow for a vote on Rep. Lowey's amendment to lower the legal blood alcohol content to .08. Conferees will begin work following Easter recess, in hopes of reaching a compromise bill by Memorial Day.

Your senior advisers are actively debating various legislative strategies that deal with the problems in both ISTEA bills. In the next few days, we will be doing additional analysis of 1) the demonstration projects, 2) the crowding out effect ISTEA would have on other priority investments (including non-highway transportation investment), and 3) historical data showing that, from 1980-1995, Highway Trust Fund (HTF) outlays exceeded receipts (this was possible because of interest earned on HTF surpluses from 1967-79). Press coverage of the \$9 billion in House demonstration projects has been extremely critical, and some Senate Republicans (e.g., Warner) are genuinely embarrassed by that as well as the sheer size of the House bill and its off-budget provision. Thus, it may well be possible to get some improvements in those areas.

**Securities Litigation Reform:** As you may recall, one of your greatest concerns with the Private Securities Litigation Reform Act of 1995 was the ambiguity created by that law concerning whether recklessness remained a basis of liability for securities fraud claims and whether the pleading standard established in the Second Circuit was still intact. Despite your concerns with the 1995 law, last year you decided that the Administration should not oppose efforts led by the High Tech industry to pass further securities litigation legislation which would create a uniform national standard for securities fraud class action suits and provide a "safe harbor" for forward-looking statements in an effort to encourage companies to provide greater information to consumers. Last Wednesday (3/25), at reconfirmation hearings before the Senate Banking Committee, SEC Chairman Levitt told Senators D'Amato, Dodd and Gramm that he and Commissioners Hunt and Unger can support a revised version of this legislation worked out between SEC and Senate staffs. *(Commissioner Johnson continues to believe that no legislation is justified at this time.)* To gain

Levitt's support, the three Senators clearly moved in our direction by narrowing the scope of the bill. Although the concessions obtained by the SEC appear to be consistent with your objectives, the NEC has asked the DOJ to review independently the final language. We will then consult with the OVP, Bruce Lindsey and John Podesta, before any Administration view on the final bill is communicated.

**Financial Modernization:** House Banking Committee Ranking Democrat John LaFalce credited "the Administration's opposition" as being "the turning point" in the Democrats' successful effort Tuesday to defeat the Republican's Financial Modernization bill. House leaders were forced to pull the bill from the floor, recognizing that their tactic of merging the Financial Modernization bill with the popular Credit Union legislation (see below) had backfired. Financial Modernization which would remove inappropriate barriers to integration among banking, insurance, and securities firms. The Republican's bill was seen by most banks as favoring securities and insurance firms at the banks' expense. We have tried to position the Administration not as picking sides, but rather as ensuring a level playing field so that consumers win. We are also concerned that the Republican's bill would undermine the Community Reinvestment Act by forcing new financial activities to occur in holding company affiliates whose assets are not counted toward CRA obligations. The SAP said that, if the bill were presented to the President in its current form, "the Secretary of the Treasury would recommend that it be vetoed." The Republicans pledged to bring the bill up again during the week of May 4th, but most commentators believe that making the changes necessary to gain additional support would cost support as well.

**Credit Unions:** The credit unions had a major victory on Wednesday (4/1) in their intensive campaign to reverse a recent Supreme Court decision on credit union membership, when the House passed a credit union bill 411-8. The Court decision overturned a long-standing NCUA interpretation concerning the extent to which credit union membership must be based on a "common bond." The bill passed this week did not fully restore the broad authority to add new membership groups that the credit unions had sought, but it provided significant flexibility beyond that available after the Court decision. It also added positive new safety and soundness reforms and, for the first time, CRA-like obligations for credit unions. The NEC will run an interagency process to prepare for the Senate's consideration of the bill.

**Apparel Industry Partnership (AIP):** Kitty Higgins and NEC staff attended a meeting of the AIP in NYC on Thursday (3/26). The meeting confirmed our suspicion that the discussions are near or at an impasse. Companies complain of mission creep as they battle on such issues as whether it is possible to be in compliance when manufacturing in China and what constitutes a "living wage." Meanwhile, the NGOs and Labor are being pressed from their left. NEC will work closely with Labor, State and NSC to identify ways the Administration could help to break the impasse.

**Child Labor:** The NEC/NSC is convening a policy process to decide whether to develop a legislative proposal to authorize you to take appropriate action in response to persistent,

exploitative child labor practices. This proposal is intended to address Rep. Chris Smith's bill requiring automatic sanctions against any country whose laws did not prohibit child labor (defined such that the US and UK would be sanctioned countries). The NEC has also is working on a strategy to promote your Child Labor budget proposals on the Hill in the face of skepticism that IPEC (the International Programme for the Elimination of Child Labour) has the capacity to absorb the 10-fold increase in funding you proposed (from \$3 to \$30 million) to fund their country-based programs to end the most intolerable forms of child labor. The strategy includes: (1) demonstrating how IPEC's parent organization (the ILO) and the Labor Department can enhance IPEC's capacity; and (2) framing the \$30 million investment as small in relation to the size of the problem.

**Social Security Forum:** The NEC has been working with the Concord Coalition and AARP on their April 7 Social Security Forum at Penn Valley Community College in Kansas City. We have held daily meetings with Communications, Scheduling, Legislative Affairs, Cabinet Affairs, and others to discuss the Concord/AARP Forum and your role in it. At present, you will give opening remarks and later participate -- with four members of Congress selected by each leader (Kerrey, Santorum, Pomeroy, Hulshof) and a panel of experts (Marilyn Moon, Gary Burtless, Fred Goldberg, David Walker) -- in an interactive conversation with the audience moderated by Gwen Ifill. Between those two sessions, you will conduct satellite feeds, off-stage, into five town meetings on Social Security hosted by individual members of Congress in their districts. We will meet with you on Monday to discuss the Forum in greater detail.

**Press Briefing on the Supplemental:** On Tuesday (3/31), we coordinated a press conference at the White House with Secretary Albright, Secretary Rubin, and Secretary Cohen highlighting the importance of passing a budget supplemental that includes funding for all of our national security priorities: UN arrears, IMF, Bosnia, and Iraq. The three Cabinet Secretaries delivered the message that national security should be above the usual legislative wrangling. Later that day, the House passed the supplemental without funding for Bosnia or the UN by an extremely thin margin (212-208) with 17 Republicans breaking ranks. That legislation will now go to conference; the Senate supplemental is similar, but does include IMF funding and does not include the domestic offsets to pay for the emergencies.

**Asia Financial Markets:** The IMF expects to reach agreement with Indonesia on Wednesday on a revised reform package, which is likely to include added flexibility on food and fuel subsidies, a framework for corporate debt workouts and tightened monetary and interest rate targets. Once the agreement is finalized, the IMF intends to release Indonesia's next \$3 billion disbursement in 3 equal, monthly installments in order to maintain leverage. Australia, Singapore and Japan are likely to provide an additional \$1.3 billion directed at corporate debt guarantees and trade financing. Although the details are not yet fully known, Treasury expects that we will be able to welcome the agreement, while expressing significant cautions about ensuring implementation. Separately, the State Department has announced a package of \$70 million in humanitarian

assistance for Indonesia, including approximately \$50 million in food assistance; and secured World Bank support for an April 1 donors conference to coordinate assistance for Indonesia. We are keeping a close eye on Malaysia, which is undertaking a "home-grown" reform package, drawing on IMF advice but refraining from requesting IMF funds and the attendant policy conditions.

*Santiago Trade:* Following the meeting of hemispheric trade ministers in Costa Rica, there is widespread support for a strong and comprehensive launch of negotiations toward the Free Trade Area of the Americas (FTAA) at the Santiago Summit of the Americas, including the creation of a consultative group on labor and the environment. Anticipating that there will be considerable press interest in fast track at that juncture, the international economic Principals agreed the best approach is to acknowledge that fast track authority will be important in maintaining U.S. international leadership, but that we are finding ways to move forward on our market opening agenda without it, as evidenced by the success of the FTAA launch.

*International Tobacco:* In anticipation of the March 31 mark-up of the tobacco bill, Principals agreed that our main emphasis in the international arena should be on developing a strong set of health-oriented advertising, labeling and marketing standards through the World Health Organization and ensuring that there is sufficient funding to enable developing countries to implement these standards. The international provisions in the McCain bill were incorporated at the urging of Senator Wyden, against the opposition of Senators Hollings and Ford. While these provisions remained unchanged, it was agreed that representatives from the Administration would meet with Commerce Committee staff next week to work out compromise language for the Chairman's mark regarding funding for international public health and education, restrictions on official U.S. promotion of tobacco and on advertising, labeling and sales practices overseas, and anti-smuggling efforts.

*Japan Economic Policy:* In the run-up to the end of Japan's fiscal year, the ruling LDP party announced a proposal for 16 trillion yen (\$123 billion or 3.1 percent of GDP) in fiscal stimulus and hinted at additional tax cuts later this year. Although this is an encouraging development, it is difficult to assess at this juncture whether it will have a significant impact on the economy, since such top-line numbers customarily include a large number (half or more) of repackaged existing commitments. The initial reaction of the markets suggested considerable skepticism. In addition, the Japanese government announced this week a new three year deregulation plan that contains some important and meaningful steps in such areas as financial services and housing, but falls short in critical areas such as telecommunications and pharmaceuticals. We will press for more progress between now and the G-8 Summit. Hashimoto committed to you in Vancouver last year that he would produce concrete results by Birmingham, and last week he publicly called upon his government to work toward that goal.

THE PRESIDENT AND VICE PRESIDENT  
5-20-98

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THE WHITE HOUSE  
WASHINGTON

May 18, 1998

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MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING  
RE: NEC WEEKLY REPORT  
cc: ERSKINE BOWLES

*Mergers and Business Concentration:* As you know, the NEC is undertaking a broad review of mergers and business concentration, in an effort to better understand the recent wave of domestic and global mergers and alliances. Separate from mergers, we may also look at activities -- e.g., in computers and airlines -- that raise potential competition policy/antitrust concerns. As a first step, I have scheduled a two-hour meeting with a small group of principals (CEA, OMB, Treasury, Commerce, Labor and Transportation). CEA is preparing a background paper on mergers (recent trends, causes and consequences), corporate concentration, and the changing philosophy of antitrust enforcement. In addition, I have asked Secretaries Rubin, Daley and Slater to discuss whether they see problems in the industries they oversee.

*H-1B:* This week, both the Senate and the House will take action on legislation to increase the number of temporary visas for foreign "specialty" workers. This Monday (5/18), the Senate will begin voting on a bill introduced by Senator Abraham. The Administration strongly opposes this bill because it does not provide adequate protections for U.S. workers. (In fact, the Secretary of Labor would recommend a veto of the current bill.) On Wednesday (5/20), the House Judiciary committee will markup a bill introduced by Rep. Lamar Smith that the Administration would support if it also included a training component and a smaller increase in the number of visas.

*High Hopes for College:* We had a good breakthrough in our negotiations with Sen. Jeffords. He would like to fold High Hopes into the program he created in 1992, and is willing to give up on any requirement that the grants go through states--this was the major sticking point. While there are other important details to work out, I am optimistic that we can have a reasonable approach in the Senate, which when conferenced with our proposal in the House, will be a real victory.

*America Reads:* Last Wednesday (5/13), the Senate Labor & Human Resources Committee unanimously approved its version of the House-passed reading legislation. (As you know, this needs to be enacted by July 1 or the \$210 million advance appropriation goes to special education). The bill focuses more on teacher training than on tutoring (this is consistent with the latest research, but not with our original proposal). A trigger was also included, allowing

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4-21-98

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Moseley-Braun's school construction substitute. We do not expect to win, but my staff is working with Communications and others to focus national and regional media attention on the vote. To further promote your commitment to education and to build the pressure to invest in education, you will be sending a letter to the Hill on Monday (4/20) -- possibly leaked over the weekend -- perhaps making some calls to the Hill, and making a statement after a planned meeting with Sen. Daschle on Tuesday (4/21). Also on Monday, the Vice President will make calls to the Hill, and 20 cities will participate on a press conference call. Secretaries Rubin and Riley will likely also send letters, while education and other groups will be engaged in grassroots efforts (e.g., running radio ads in some parts of the country).

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signature

**High Hopes for College:** As you know, our primary stumbling block in the Senate has been Chairman Jeffords, who supports the concept but is promoting a State-based approach that he created in the 1992 reauthorization (which we have never proposed to fund). A diffuse state program would not garner the kind of interest that we want from the higher education and philanthropic community. Bob Shireman, on my staff, met with Jeffords's staff on Wednesday (4/15) to explain our approach and to attempt to find room for compromise; they promised to go back to the Chairman with a response to our ideas. On Friday (4/18), we briefed a number of the groups that support High Hopes so they will be aware of where Senator Jeffords is.

**Higher Education Act:** The reauthorization bill is now *not* expected to come up on the House floor next week. This provides us more time to encourage negotiations on the interest rate, and to strategize on the National Board for Professional Teaching Standards (many are advising that a low-key approach would be most successful). The bill has slowed largely because Kasich is not willing to provide the funds that are needed to pay for the interest rate proposal (giving students the low rate we recommended, but dunning taxpayers to subsidize banks). Prior to the recess, Frank Raines called Kasich to encourage him to balk at the cost, and since then my staff, OMB, Treasury and Education have met with staff on the Budget and Authorizing Committees to encourage negotiations before the bills move forward. While members on both sides of the aisle lean toward the banks once students are protected, they seem responsive to our appeal to encourage negotiations instead of giving away the store.

EBB

**Securities Litigation:** The NEC principals, joined by Erskine Bowles, met on Wednesday (4/15) to discuss next steps on the Securities Litigation legislation pending in the Senate. We agreed that the SEC had made excellent progress in negotiations with Senators Dodd, D'Amato and Gramm to eliminate much of the overbreadth in the original bill and to obtain commitments for legislative history that might be helpful in court cases interpreting the 1995 Reform Act. Moreover, Senators Dodd and D'Amato promised to introduce legislation to codify the Second Circuit pleading standard, under which pleading recklessness is sufficient to satisfy the scienter requirement, if the courts ultimately determine that the 1995 Reform Act changed that standard. We concluded that the Administration should: (1) explore Congressional willingness to add findings language that DOJ believes would help the bill survive any Tenth Amendment challenge; and (2) send a letter from Lindsey and Sperling to key Senators indicating conditional support of the SEC negotiated bill, provided that it is accompanied by appropriate legislative history.

**Financial Modernization and Credit Unions:** The NEC convened a deputies-level meeting

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THE WHITE HOUSE  
WASHINGTON

July 10, 1998

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MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING  
RE: NEC WEEKLY REPORT  
cc: ERSKINE BOWLES

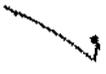
*Inflation-Protected Savings Bonds:* On Wednesday (7/8), the Vice President, Secretary Rubin, and Deputy Secretary Summers announced the first issuance of inflation-protected savings bonds and that eight distinguished Americans -- Helen Keller, Dr. Hector Garcia, Dr. Martin Luther King, Jr., Chief Joseph, Gen. George C. Marshall, Albert Einstein, Marian Anderson, and Spark Matsunaga -- would appear on the bonds. As you may recall, you announced in September, 1996 that Treasury would begin offering these type of bonds this year. Inflation-protected savings bonds are considered to be good investments for those people who want a fixed, secure rate of return because (1) they protect investors from inflation; (2) they are exempt from state and local income taxes; (3) federal taxes can be deferred until the bond is redeemed or stops earning interest at 30 years; and (4) all or part of the interest earned may be tax exempt if used for college tuition and fees at eligible post-secondary educational institutions. You should know that the *New York Times*, *Wall Street Journal*, *Associated Press*, CNN, and CBS News all ran positive stories on the Vice President's announcement.

*IRS Reform:* As you know, the Senate passed the IRS Reform bill Thursday (7/9) by a vote of 96-2. We put out a statement from you -- which led to a front-page headline in the *USA Today* -- in strong support of the bill and expressing your eagerness to sign it. We are preparing for a signing ceremony for later this month, depending on when Congress sends us the bill.

*Budget Resolution-Reconciliation:* The Republicans have still not agreed to a budget resolution. While still very fluid, the likely scenario at this point appears to be for them to pass a bare bones budget resolution before the August recess that would instruct the tax committees to pass a deficit neutral tax cut. The tax committees would then have the option of financing the tax cut through entitlement cuts, some corporate tax raisers, or by spending the surplus. While the Senate may live up to that instruction for a modest tax cut we expect that the House may call for a larger tax cut that seeks to hide the fact that it spends the surplus with gimmicks and dynamic scoring. To prepare for the upcoming debate, we are working on several fronts. First, working with Public Liaison, Jack Lew, Larry Stein, and I are going to brief a wide range of outside groups next Friday (7/17) to deliver a strong message that priority programs (e.g., Medicaid, EITC) are at risk as Republican scramble to pay for a tax cut. Second, in preparation for your lunch Monday with Leaders Daschle and Gephardt, we are developing illustrative tax cut packages that House and Senate Democrats could offer in the fall as part of our strategy against the Republican tax cut.

7-13-98

**Higher Education Act Reauthorization:** On Thursday night (7/9), the Senate passed its version of the Higher Education Act reauthorization by a vote of 96-1. You should know that there are budget and policy issues that still need to be worked out; for example, it is still not paid for under OMB scoring, and cuts into some funding needed for running the student aid programs. However, you issued a statement in which you generally praised the bill because of the number of significant successes:



**\$11 billion in interest-rate savings for students.** Both the House and the Senate adopt the student rate proposed by the Vice President in February. The bill, though, still includes a subsidy for lenders that we do not support, and which is not fully paid for under OMB scoring.



**Incorporating elements of the High Hopes proposal.** While a few changes are still needed, the bill moves a long way toward establishing a High Hopes effort and we expect differences between the House and the Senate bills to be worked out in conference (the House bill includes the Administration program as proposed).



**Promoting high-quality distance learning.** The Senate bill authorizes the Learning Anytime Anywhere program you proposed to support distance learning pilot projects. The bill also provides the Secretary of Education some authority to expand student-aid eligibility at degree-granting institutions that offer on-line courses.



**Improving teacher recruitment and training.** The Senate bill incorporates the Administration's "Recruiting New Teachers for Underserved Areas" proposal and many components of the "Lighthouse Partnership for Teacher Preparation" proposal.



**Creating the government's first-ever performance-based organization (PBO).** Adopting a concept developed by the Reinventing Government effort, a PBO would be created within the Education Department for the delivery of student aid. A Chief Operating Officer will be hired and held accountable for results in the administration of the programs (the hiring process for a COO is already well under way).



**Other Notable Provisions.** Other provisions in the bill, which we have not had enough time to fully analyze and take a position on, include: (1) a Wellstone amendment to allow college attendance to count as work for up to two years under welfare reform (opponents argue that this provision opens a large loophole, threatening the success of welfare reform); (2) a Bingaman amendment to require States to pay greater attention to the quality of teacher training programs in their States; (3) a Feinstein amendment to allow Pell Grants -- which are now limited to undergraduates -- to be used for one year of post-baccalaureate education for teacher training programs; and (4) other provisions to address alcohol abuse on campus, combat violence against women, require states to provide voter registration forms for college students, and create a student loan ombudsman at the Education Department.

*Technology for Americans with Disabilities:* The NEC staff has created a working group to develop policies that would increase the availability of information technology that is usable by persons with disabilities. For example, "text-to-speech" technology can help people who are blind and speech recognition technology can help people who are unable to use a keyboard.

*Product Liability:* As you know, the Republicans declared the product liability bill "dead" this week, after a cloture petition was defeated in a party-line vote on Thursday (7/9). Even ardent bill supporters like Senators Rockefeller and Dodd voted against cloture, when the vote became entangled in a Democratic effort to force Senator Lott to allow a vote on the Patients' Bill of Rights as an amendment to this or some other measure. Republicans blamed Democratic loyalty to the trial lawyers; Democrats blamed Republican unwillingness to allow votes on the Patients Bill of Rights and an exemption from the bill for gun manufacturers that the NRA opposed. Senator Daschle also blamed Senator Lott for slipping in the Baxter amendment to help his constituent, while blocking consideration of other amendments. Senator Rockefeller's staff think that the bill still might be brought back to the floor if time agreements are reached on other key Democratic agenda items. You should know that, we told Senator Lott that we would not veto the bill over his amendment--as it was part of the Biomaterials title and not the core Product Liability bill. Press reports say the leadership expects to move the biomaterials title separately, but since the Baxter amendment involved that title, others doubt Lott will want to draw attention to the issue again.

*Bankruptcy:* Larry Stein and I are scheduled to meet with Senators Durbin and Grassley on Monday (7/13) to discuss the Administration's bankruptcy reform proposal and how to ensure that the Senate bill is not moved closer to the House version during Senate floor consideration, tentatively scheduled for the week of July 20-24. Preliminary reaction to our proposal from staff has been favorable, with a number of Democrats eager to advance the proposal and Senator Grassley's office liking a number of pieces and finding the package constructive.

*Credit Unions:* The Credit Unions will be holding a rally on Capitol Hill with key supporters in Congress on Tuesday (7/14) in advance of Senate floor consideration of the credit union bill on Friday (7/17) and Monday (7/20). It remains unclear whether a floor fight will ensue on Senator Shelby's proposal to exempt small banks (80% of all banks) from CRA. It is widely believed that you would not hesitate to veto the credit union bill, if the CRA "poison pill" were included. Senator D'Amato (who has thus far successfully blocked the CRA amendment) has asked us not to issue a veto threat unless necessary on the eve of the vote, as it might further inflame partisan tensions in the Senate and make defeat of the CRA amendment more difficult, not less. Another amendment on Federal Home Loan Bank legislation, supported by Senator Hegel and Federal Housing Finance Board Chairman Bruce Morrison, but opposed by the Treasury Department, may also be contentious, although is not a veto issue.

*H-1B Visas:* Discussions on H-1B legislation continue among Republicans in the House and Senate and between Republicans and the business community. Reports indicate that they may be close to reaching an agreement that would not satisfy our stated concerns that any raising of the H-1B cap be accompanied by new funds for training and adequate protections for American workers. Following the discussion you and I had and some subsequent NEC meetings, we have decided to have tough, private discussions to raise the veto possibility if adequate training and protections for U.S. workers are not provided. If this is not effective, we may want to issue a public veto threat.

*G.I. Bill:* Progress continues on the conference on the G.I. Bill; Senate and House members are planning to meet next Thursday to begin wrapping up the final issues. We continue to be cautiously optimistic that we will have a bill before the end of the summer. You should know that Senator Abraham has threatened to hold up the bill if the Administration does not respond to Governor Engler's desire to privatize Michigan's employment service. The Michigan issue is an extremely delicate situation and we will continue to work with the Labor Department to craft a suitable compromise as quickly as possible.

*Reverend Jackson's Trillion Dollar Roundtable:* Next Wednesday (7/15), I will be traveling to New York for Reverend Jackson's Trillion Dollar Roundtable event. The overall purpose of the Trillion Dollar Roundtable effort is to recruit CEOs for the mission of increasing the flow of capital, particularly equity capital, to underserved areas and groups. The NEC, Treasury, SBA, OMB and other agencies have been meeting with Reverend Jackson and others active in his effort for the past several weeks to discuss how the Administration can support the undertaking. We have also met internally to explore potential new proposals, but we have explained to the Reverend that we will not be ready to make any announcements of new policy on July 15, and that such an announcement could in any event impede our attempts to secure funding for our FY99 community empowerment budget proposals. We did, however, agree to continue meeting with him and his group through the fall as part of an overall effort to explore new ideas that could be announced in the next budget cycle. We also agreed to do a video hook-up between the Reverend and the Vice President--since the Vice President's Empowerment Zone conference is the same day--which Reverend Jackson was very pleased with.

The Trillion Dollar event seems likely to consist of a number of panels on aspects of this issue (e.g., current government programs that channel capital to disadvantaged areas, private venture capital vehicles that could accomplish this goal, new ideas for government action). Rep. Gephardt, Sen. Rockefeller, Frank Raines of Fannie Mae, Leland Brendsel of Freddie Mac, Jack Smith of GM, Hugh McColl of NationsBank are expected to participate in panels. Sandy Weill of Travelers may co-open the event with Rev. Jackson. I may be participating in the "new government ideas" panel. If so, I will take the opportunity to describe the relevant new initiatives in your FY 99 budget.

*Japan:* On Thursday, I held an NEC principals meeting to discuss strategy for getting the Japanese to take additional action on the economy in preparation for the Japan state visit. Your advisors -- Sandy Berger, Madeleine Albright, and Erskine Bowles, Bob Rubin, myself and others -- expressed concern that this weekend's election could weaken Hashimoto's ability to take action and thus we agreed that you should send a letter to Hashimoto expressing the importance of taking action on fiscal and financial elements immediately following the election in order to set the stage for a successful U.S.-Japan Summit. This message will also be reinforced by Fed Chairman Greenspan who will be in Tokyo this weekend.

8-3-98

THE WHITE HOUSE

WASHINGTON

July 31, 1998

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MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING <sup>W3301</sup>

RE: NEC WEEKLY REPORT

cc: ERSKINE BOWLES

Handwritten initials

**G.I. Bill:** After 3½ years of hard work, Congress finally passed job training reform -- based upon your G.I. Bill for America's Workers. Your last minute phone call to Senator Harkin was critical in him lifting his hold on the bill over a state formula issue. We also worked closely with Secretary Herman -- who should be commended for her skillful negotiations -- to reach an agreement with Gov. Engler over his reform of the Michigan employment service. We hope that we will get the bill for a Friday signing ceremony.

**Privacy:** On Friday (8/31) the Vice President held an event, coordinated by the Vice President's office and the NEC, highlighting the Administration's commitment to strengthen the protection of Americans' privacy. The specific policy announcements were developed under an NEC/DPC process, and included actions and calls for legislation on medical records, children's privacy, financial records, profiling, and identity theft. This announcement received very good press coverage; the *Wall Street Journal* and the *Washington Post* both ran positive stories, as did CNN and ABC News.

Handwritten notes: "AUGUST 1 1998" and "SPERLING"

**Individual Development Accounts:** On Monday (7/27), the Senate passed by voice vote the Human Services reauthorization bill which reauthorizes Head Start, the Community Services Block Grant (CSBG), and the Low-Income Home Energy Assistance Program (LIHEAP) for five years. This bill includes the Coats-Harkin Individual Development Account (IDA) proposal which we support. On Wednesday (7/29), the House Education and Workforce Committee adopted a Souder (R-IN) amendment by voice vote to include the Coats-Harkin IDA bill on their version of the Human Services reauthorization bill. This bill will likely come to the House floor in September and should face no serious threats to passage, unless Republicans try to reattach their controversial Head Start voucher proposal (which they recently separated from the bill).

**Homeownership:** The U.S. housing market continues to set new records. On Thursday (7/28), new home sales hit an all-time high in June, rising from 901,000 in May to 935,000 in June. And last week, the Census Bureau reported that the homeownership rate rose to its highest rate in American history, rising from 65.9 percent in the first quarter to 66.0 percent in the second quarter. Since you took office, more than 6.5 million American families have become homeowners. While this quarter's data showed declines among minorities and those with lower incomes, these groups have seen tremendous growth over the past several years: 628,000 African-American households and 588,000 Hispanic families have become homeowners since the end of 1994. Secretary Cuomo put out statements on both releases highlighting your strong record on the economy and homeownership.

**Surplus and Tax Cuts:** On Wednesday (9/29) I met with about 20 members of the House Democratic Budget Group, chaired by Rep. Pomeroy, to advance our goal of strengthening their resolve for "Saving Social Security First." Congressman Cardin opened with a discussion which was very much in sync with our position. I passed out an excerpt of your remarks at the IRS signing and drove home the point that your commitment to reserving the surplus is unwavering. I also walked them through Kasich's proposal. You should know that Kasich has proposed to set aside the "cash" component of Social Security -- that is, the difference between annual Social Security revenues and annual benefit payments -- for comprehensive Social Security reform. Kasich would then use the interest received by the Social Security trust fund to, in effect, pay for tax cuts. In other words, he makes his tax cut equal to the amount of Social Security interest combined with the deficit/surplus in the rest of the non-Social Security budget. At the conclusion of the meeting the Members of the group were leaning towards not offering an alternative and sticking with a clean message of Social Security first versus tax cuts.

**School Modernization Day:** In order to kick off September with a major national event that sets Democrats apart from Republicans on education, we have set aside September 8 as School Modernization Day. Working with the Democratic leadership on the Hill as well as mayors, local elected officials, and numerous education organizations, we are organizing media events at schools across the country that would amplify the message you will be delivering at a school in the Washington area. You will release the third annual "Baby Boom Echo" report, providing new state-by-state data on record enrollment increases. This will be your first message event after you return from Russia, and with the House of Representatives returning that week and the back-to-school focus in the Nation, there is real potential for this effort to give us momentum on the education funding issues over which we will be fighting with Congress.

**Higher Education Act Reauthorization:** Bob Shireman, on my staff, joined Secretary Riley and others for meetings Wednesday through Friday (8/29-8/31) with Chairmen Goodling and McKeon [scheduled for this afternoon], Chairman Jeffords, Senators Kennedy and Dodd, and the Democratic House conferees (Reps. Clay, Kildee, Martinez, and Andrews). Goodling made it clear that he wants to have a fight over Master Teachers, and that he is not pleased with the reduced interest rate on direct consolidation loans. To save Master Teachers, we are going to need the Senate, and Jeffords and Kennedy seemed willing to help. DPC is holding a strategy session on that issue this afternoon. On the overall bill, Secretary Riley will send a letter early next week; our current inclination is to include a veto recommendation based on several issues. While the wide margin of support for the bills in Congress gives a threat little credibility, we are hopeful that the Senate Democrats, at least, will echo the message that Republicans must be cooperative if they want to get this bill done this year.

**Hispanic Education:** With the help of OPL and DPC, Bob Shireman held a meeting this week with a coalition of groups interested in Hispanic Education issues. In addition to informing them of our plans on bilingual education, we shared information about congressional action on the Hispanic investments that are a part of your FY 99 Budget. We also discussed the Hispanic Caucus's request that the White House sponsor a "Dropout Summit." We have some concerns about this idea and will provide you with more information in preparation for your meeting with the Hispanic Caucus next week.

THE WHITE HOUSE  
WASHINGTON

September 25, 1998

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MEMORANDUM FOR THE PRESIDENT

FROM: GENE SPERLING

RE: NEC WEEKLY REPORT

cc: ERSKINE BOWLES

*Reverend Jackson's Conference in Rural Ohio:* On Monday (9/28), Reverend Jackson will be hosting a conference in Appalachia -- Nelsonville, Ohio. This conference is a continuation of the Reverend's Trillion Dollar Roundtable effort and his work to expand access to capital in distressed communities. Besides representatives of SBA and USDA, I am sending Emil Parker, on my staff, and he will read a statement from you thanking the conferees for their work. When he returns, we will send you a memo on the outcomes of the discussion.

*Number of People Without Health Insurance Increases:* On Tuesday (9/29), the Census Bureau will release its estimates of health insurance coverage for 1997. Three main findings from the report are: (1) the number of uninsured has increased by 1.7 million, from 41.7 to 43.4 million; (2) the number of uninsured children remained constant at 10.7 million; and (3) there was no increase in the number of uninsured in poverty (11.2 million). Census has not yet released enough information to understand these trends, but since the number of uninsured has increased and the number on Medicaid has decreased, we expect that advocates will blame welfare reform -- states are turning away poor people at doors of welfare offices so that they are not learning about Medicaid eligibility. While there is some evidence that this is happening, all of the increase in the uninsured is occurring in adults above the poverty line who are probably not eligible for Medicaid. One explanation is that with improvements in the economy and increased employment due to welfare reform the number of adults eligible for Medicaid has dropped. And since many entry-level jobs and part-time jobs do not offer health insurance, these workers are more likely to be uninsured.

As additional data become available, NEC and DPC will work to thoroughly assess these trends. We are planning to brief key reporters and validators on Monday (9/28) expressing our concerns about the trend and emphasizing our policies intended to change it. We are also, as part of our FY 2000 budget process, looking at policies that can better ensure that workers eligible for Medicaid are enrolled and those not eligible have affordable options (e.g., simplifying Medicaid; considering expanding CHIP for adults).

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Welfare Reform  
Uninsured  
Welfare Reform  
Uninsured

**H-1B Visas:** On Wednesday night, Senator Abraham and I reached an agreement on increasing H-1B visas for highly skilled foreign workers. The following day, the House passed the bipartisan compromise, 288-133 (99 Democrats voted for the legislation and 98 voted against). I believe that this bill represents a big win for you: for example, while the original bill did not include any new funds for training, the compromise includes at least \$75 million; and while the original bill did not include strong protections for U.S. workers, the compromise includes three types of layoff protections and a requirement that companies first try to recruit American workers. In the final hours before this deal was sealed, I personally talked and met with Democratic members (Conyers, Klink, Lofgren, and Watt) and Ceci Rouse and Peter Jacoby met with the leadership staff to ensure that they felt included in the process. You should know that Karen Tramontano was instrumental in moving the AFL-CIO from opposing this bill to taking no position.

**HEA Reauthorization:** The conferees filed the report Friday (9/25). Vote are expected on Monday (9/28) in the House and on Monday or Tuesday in the Senate. While some higher education groups had some misgivings of the final compromise, we joined the Democrats in praising the overall bill. The HEA Reauthorization agreement includes a number of your initiatives, including \$11 billion in savings to students by slashing the student loan interest rate from 8.25 percent to 7.46 percent; launching a new national effort to help disadvantaged students prepare for college by providing competitive grants to states and to local partnerships (based on your High Hopes initiative); improving teacher quality, preparation and recruitment through grants to partnerships; promoting high-quality distance learning opportunities by expanding student aid eligibility; and creating the Federal government's first ever Performance Based Organization that will modernize student aid delivery.

**Bankruptcy:** On Wednesday (9/23), the Senate passed, 97-1, a bankruptcy bill that reflects all of the major elements of the Administration's proposals which you approved in June. The Senate bill reflects a significant step toward balanced bankruptcy reform, dealing with abuses by both debtors and creditors. We have begun work on finding a compromise on the House and Senate bills. The credit industry urges adherence to the House approach, while advocates for women, consumers, and the bankruptcy system fear that the Senate's moderation will be sacrificed in conference. House Republicans (and some in the Senate) clearly prefer the House's more extreme bill, but that approach would face trouble on the Senate floor and a veto recommendation from your advisors. Legislative Affairs feels that while the Senate vote shows strong bipartisan support for reform, the Senate would more likely sustain a veto of a House-like bill. The closer the bill ends up to the Senate approach, the weaker our ability to sustain a veto. Early next week, we will send a conferee letter and will talk with members and lobbyists signaling what our priorities are to maximize our influence in the conference.

**Financial Modernization:** On Wednesday (9/23), the Federal Reserve approved the merger between Travelers Group and Citibank. That same day, Erskine Bowles, Secretary Rubin, and Sally Katzen met with Sandy Weill, CEO of Travelers, and Jack Reed, CEO of Citibank, to discuss the Financial Modernization bill. The Chief of Staff and Secretary Rubin reminded the

Should we sign  
the bill?  
Conyers only?  
Should we  
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## THE WHITE HOUSE

## Office of the Press Secretary

For Immediate Release

October 7, 1998

REMARKS BY THE PRESIDENT  
AT BILL SIGNING CEREMONY FOR  
THE HIGHER EDUCATION AMENDMENTS OF 1998

The East Room

11:48 A.M. EDT

THE PRESIDENT: Just so Harold doesn't mistake all that applause for me, let's give him another hand. I thought he was -- (applause.) That's what this is all about today.

I want to thank all the previous speakers -- Secretary Riley for being the most dedicated, complete and productive Secretary of Education in the history of this country. I'm very grateful to him. (Applause.) We always salt the crowd with employees of the Education Department. (Laughter.) We are very, very grateful to you, sir.

I want to thank Senator Jeffords and Senator Kennedy, Chairman Goodling and Congressman Clay, and, as was mentioned previously, Congressman McKeon and Congressman Kildee, all the members of the education committees of the House and the Senate and the staff.

I'd like to also point out that there are members who care deeply about education who aren't on those committees, and some of them are here. We have over 30 members of Congress from both parties here -- I'd like to ask the members of the Congress who are here who aren't on the education committees and, therefore, have not yet stood up, to please stand up. All of you who are here. (Applause.)

I notice Senator Kennedy already acknowledged Senator Specter, understanding how the Appropriations Committee works. (Laughter.) But his presence here means he considers it to be an education committee -- and we thank you for that. (Applause.)

I'd like to make one big point first. You've all heard about the details of this legislation. What I want us to all be very clear on is that the bill I will sign in a few moments will enhance the economic strength of America. It will strengthen the communities of America. It will improve the lives of the families of America. And it certainly will widen the circle of opportunity.

When I ran for President in 1992, one of the things I most wanted to do was to open the doors of college to all Americans who were willing to work for it. In the 1980s, the cost of a college education was the only really important thing to families that increased at a higher rate than the cost of health care.

And yet, in the world in which we live and certainly in the one in which Harold and his contemporaries will live, college is no longer a luxury for the well-to-do or even an opportunity for hard-working, middle-class kids whose parents save. It is an economic necessity for

every American and for our country as a whole.

That is why we worked so hard in the bipartisan, balanced budget agreement to create the \$1,500 Hope Scholarships, the tax credits for the first two years of college, tax breaks for junior and senior year, for graduate school, for adults going back to school. That is why with bipartisan support we dramatically expanded the Pell Grant program, created 300,000 more work-study positions, the education IRAs -- the education grants for those serving in AmeriCorps now are nearly numbering 100,000 young Americans -- student loans payable, or repayable, as a percentage of future incomes, so no one needed to fear borrowing the money and then being broke if they took a job that didn't pay a lot of money; the tax deductibility of the interest on student loans. And today, with this lowering of the interest rates, as has already been said, to the lowest rate in nearly two decades, we can really say that every high school graduate in America, regardless of income, can afford to go to college. (Applause.)

I asked the Congress to slash the interest rates on the student loans. As Chairman Goodling said, it was the lowest rate now in 17 years. Let me tell you what it means to a college student. It's a \$700 tax cut to the average student borrowing for a college degree on the front end. And anybody who can remember what it was like back then knows that \$700 to a college student is still real money.

I asked Congress to use technology to help all Americans, including those in the work force, to upgrade their skills any time, anywhere, and this bill does that. I asked them to help us recruit more and better-trained teachers, to improve teacher training, direct our best teachers to schools with the greatest needs. This bill does that.

Finally, I asked Congress to create a nationwide mentoring program -- you heard Harold talk about it, the one that affected his life. All of us have at some level come in contact with the Pioneer Program -- Eugene Lang's "I Have a Dream" program in New York City. Many of us have been involved at the state level, as I was, in creating scholarships for all our young people who achieved a certain level of academic excellence.

What this bill does is something more, and I think profoundly important. And again, like others, I want to thank Senator Jim Jeffords; I want to thank Gene Sperling of my staff who worked on this, and I especially I want to thank Congressmen Chaka Fattah of Philadelphia who pushed this so hard. (Applause.)

This bill seeks to make national what Harold talked about affecting his life. It essentially seeks, first of all, to provide mentors to kids in their middle school years who need it, and then to give the mentors weapons. At a minimum, the mentors will be able to say, look, here's who you are, here's where you come from, here's how much money you have. And if this is what your income looks like when you get out of high school and you stay in school and you learn your lessons, we can tell you right now, this is how much money you can get to go to college. Now, it's already there, but they don't know it. So we're not only trying to open the doors of college to all Americans, but to make sure all Americans know the doors are open. And those are two very different things.

Secondly, this bill provides funds to enable partnerships to be established between universities and other groups and our middle schools so that they can have more programs, hopefully one for every school and every student in America, eventually like the one that benefitted Harold. So I can't tell you how important I think this is. So now we can say, we've opened the doors of college to all Americans, and we have

a system by which, if we really implement it, we can make sure all the Americans know the doors are open.

The other day I was in Philadelphia, and Chaka got a bunch of young kids, middle school kids together, and we took them down town and drank a Coke with them. Every one of them wanted to go to college. And we talked about this program, and every one of them was, I think, impressed by the fact that the Congress of the United States actually cared about them -- and I might add, probably a little surprised. Glad to know that somehow, somebody was trying to set up a system to really reach down into their lives, at one of the most challenging and difficult points in those lives, often under the most difficult circumstances under which they're living, and open the door to a different future.

I don't think anyone would question that when Harold talked about his friend who's now working as a scientist in Utah, that that young person is not only better off, the rest of us are better off as well. America is a better place as well. (Applause.)

I also want to say very briefly, I am personally grateful for the Congress in a bipartisan fashion responding to the problem of alcohol and drug abuse and the health threat it presents on our campuses -- we all remember the tragic loss of five students last fall in Virginia -- by changing the law to allow campuses to notify parents when children younger than 21 have alcohol and drug violations. We have no way of knowing, but we believe this will save lives. And I thank the Congress for giving us the chance to do that.

Let me also say something that I think it's important for me to say as President -- I am proud not only of what is in this bill, but of how this bill passed. This is the way America should work. This is the way Congress should work. Members of Congress, I assure you, brought their different convictions and their partisan views to the debate, and we had the debate. But in the end, we acted together. We put the progress of the country and the people of the country ahead of our partisan differences and reached a principled resolution of the matters in dispute. That's the way America is supposed to work, and that's the way the American people want us to work. And so I want to thank every one of you for making sure on this terribly important issue, that is the exactly the way you worked. Thank you very much. (Applause.)

Finally let me just say, in the closing days of this congressional session I hope that there will be similar bipartisan action on the agenda for public school excellence that I offered eight months ago -- an agenda that demands high responsibility and high standards; offers choice and opportunity; calls for voluntary national standards and voluntary exams to measure their performance, supervised by a completely bipartisan committee; and the end to social promotion, but help for the school districts that end social promotion so that we don't brand children a failure when the system fails them, but instead give them access to the mentors, the after-school programs, the summer school programs that they need; an effort to make our schools safer, more disciplined, more drug-free; a plan that would provide for 100,000 teachers, for smaller classes in the early grade; funds to modernize or build 5,000 schools at the time when we have the largest student population in history; a plan to connect all of our classrooms to the Internet by the year 2000.

Today we celebrate putting partisanship aside for a historic higher education law. We can do no less for our public schools. We have to pass the agenda, and we must pass, literally, the annual education investment bill which funds a lot of the programs -- Read Start, Technology, the summer school and after-school programs.

So once again we have to put progress ahead of partisanship. In this room, many Presidents have signed many pieces of legislation into law. Some of them were very momentous. But if, when you leave here today, you remember this life story of the young man who spoke before me and you imagine how many other people there are like him in America, and how many more stories there will be because of this bill, you can all feel very, very proud.

Thank you very much. (Applause.)

(The bill is signed.)

END

12:03 P.M. EDT

## THE WHITE HOUSE

## Office of the Press Secretary

For Immediate Release

October 7, 1998

## STATEMENT BY THE PRESIDENT

Today I am pleased to sign into law H.R. 6, the "Higher Education Amendments of 1998." This legislation is the culmination of bipartisan efforts by the Congress and my Administration to increase access to college, make higher education more affordable, improve teacher quality, and modernize the delivery of student aid. I particularly want to thank Senators Jeffords, Coats, Kennedy, and Dodd, and Representatives Goodling, McKeon, Clay, Kildee, Andrews, and Petri, as well as other Members of the Conference Committee, for their help in guiding this legislation through the Congress.

I also owe a particular debt of gratitude to Representative Fattah, whose consistent and tireless work resulted in a new effort that will turn the dream of college into a reality for many of the poorest families in America. The "GEAR UP" program, based in part on my High Hopes for College proposal, provides competitive grants to States and local partnerships to encourage colleges to work with middle schools in high-poverty areas to ensure that students receive and benefit from financial aid information, rigorous courses, tutoring, mentoring, and scholarships for college.

I am pleased to see a number of my other initiatives included in this bipartisan legislation. College students across the country will save hundreds or even thousands of dollars on their loan repayments with the extension of the low student loan interest rate on new loans that went into effect on July 1st of this year. In addition, the bill allows borrowers to refinance outstanding loans at a lower rate by extending for 4 months the current interest rate on Direct Consolidation Loans. The bill, however, is not perfect. It is unfortunate that the legislation permits continuation of the practice of providing excessive payments to lenders and guaranty agencies instead of reducing taxpayer costs by using competitive market forces. In addition, it is regrettable that the legislation does not allow more than 4 months for the millions of Americans who are paying high interest rates on their current student loans to get the new low consolidation rate, or make that rate available to all borrowers. I urge the Congress to revisit these issues in the future.

This bill builds upon the proposals I sent to the Congress to improve teacher quality, training, and recruitment as our Nation face the need to hire more than two million teachers over the next 10 years. New partnerships between teacher education institutions and school districts, partnerships to improve teacher recruitment, Teacher Quality Enhancement State grants, and increased accountability will help improve teacher quality for all our children. I am also pleased that the Congress did not prohibit Federal funding for the National Board for Professional Teaching Standards.

This legislation will promote high-quality distance-learning opportunities to provide students, including non-traditional students, with increased educational opportunities. The Learning Anytime, Anywhere Partnership (LAAP) program, as I proposed, will award competitive grants to partnerships to create new distance-learning models, explore the efficiencies and cost reductions that can be

realized through institutional partnerships, and develop innovative measures of student achievement through distance learning.

I am also pleased that H.R. 6 reauthorizes and improves upon many programs in the current Higher Education Act designed to promote equal educational opportunity. In particular, I would like to commend Representative Hinojosa for his work to increase funding levels and improve programs for students attending Hispanic-serving institutions. I am also pleased that H.R. 6 reauthorizes the Education of the Deaf Act, which supports Gallaudet University and the National Technical Institute for the Deaf, and strengthens programs to support tribal and historically black colleges and universities.

The bill also revolutionizes the delivery of student aid by creating within the Government the first-ever Performance-Based Organization (PBO) -- a concept promoted by Vice President Gore's National Partnership for Reinventing Government -- to improve services to students and enhance administrative efficiency and accountability. I am delighted with this bipartisan effort to modernize student aid delivery in the Department of Education.

I do note some constitutional concerns regarding provisions in this bill relating to the appointment and reappointment of the Chief Operating Officer of the PBO, and the issuance of regulations regarding student loan repayment incentives that would have to be certified by the Congressional Budget Office. While I do not regard these provisions as binding, the Secretary of Education as a matter of policy will implement these provisions so far as possible in a manner consistent with the principles embodied in the legislation.

There are costs associated with H.R. 6 after fiscal year 1999 that are not fully offset under Administration budget scoring. Under the Budget Enforcement Act, a sequester of mandatory programs will be required in future years if savings to offset the costs of this Act are not enacted. My Administration will work with the Congress to offset these costs to avoid a potential sequester.

This bill represents a positive, bipartisan advancement for students, teachers, and the future of higher education. Now the Congress must take the critical next step, providing full funding for the new initiatives this legislation creates -- GEAR UP, teacher preparation and recruitment, and LAAP -- for fiscal year 1999. I look forward to working with the Congress to ensure this funding is made available.

WILLIAM J. CLINTON

THE WHITE HOUSE,  
October 7, 1998.

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## THE WHITE HOUSE

## Office of the Press Secretary

For Immediate Release

October 7, 1998

## HELPING MORE STUDENTS PREPARE FOR COLLEGE THROUGH "GEAR UP"

"I also ask this Congress to support our efforts to enlist colleges and universities to reach out to disadvantaged children starting in the sixth grade so that they can get the guidance and hope they need so they can know that they, too, will be able to go on to college."

--President Clinton, State of the Union address, January 27, 1998

The Higher Education Amendments of 1998 launch GEAR UP, a new national effort to encourage more young people to have high expectations, stay in school and study hard, and go to college.

High-achieving students from low-income families are five times less likely to attend college than high-achieving students from high-income families [NELS 1998].

In a recent survey, almost 70% of parents indicated that they have little information or want more information about which courses their child should take to prepare for college, and 89% of parents want more information about how to pay for college, including the use of tax credits [Gallup, Sept. 1998].

The President's High Hopes Proposal. Earlier this year, President Clinton proposed the High Hopes for College initiative to create a national ethic that every college should partner with at least one middle school in a low-income community to help raise expectations and ensure that students are well-prepared for college. In the new HEA law, the High Hopes proposal and the National Early Intervention Scholarship and Partnership (NEISP) program are joined, as two different types of grants, under the new GEAR UP program.

GEAR UP (Gaining Early Awareness and Readiness for Undergraduate Programs). This new competitive grant program, authorized at \$200 million in FY99, supports early intervention and college awareness activities at both the local and the state level. The Senate's FY99 Appropriations bill allocates to GEAR UP \$75 million of the \$140 million the President requested for High Hopes. The House Appropriations bill did not include funding for GEAR UP. The final appropriations legislation is now pending in Congress. GEAR UP funding will be split between partnership grants and state grants, with at least one-third allocated to each.

GEAR UP Partnership grants. As outlined in the President's High Hopes for College proposal, this initiative will award multi-year grants to locally-designed partnerships between colleges and high-poverty middle schools, plus at least two other partners -- such as community organizations, businesses, religious groups, state education agencies, parent groups, or non-profits -- to increase college-going rates among low-income youth. To be most effective, partnerships will be based on the following proven strategies:

Informing students and parents about college options and financial aid, and providing students with a 21st Century Scholar Certificate -- an early notification of their eligibility for financial aid;

Promoting rigorous academic coursework based on college entrance requirements;

Working with a whole grade-level of students in order to raise expectations for all students; and

Starting with 6th or 7th grade students and continuing through high school graduation with comprehensive services including mentoring, tutoring, counseling, and other activities such as after school programs, summer academic and enrichment programs, and college visits.

GEAR UP State grants. These grants are based on the current National Early Intervention Scholarship and Partnership (NEISP) program and will be awarded to states to provide scholarships, college information and early intervention activities. State programs will target services to low-income students and will provide college scholarships for participating students. College and community partnerships are not required but are encouraged, and many NEISP programs involve local organizations. Nine states received NEISP grants in FY98 totaling \$3.6 million. These NEISP programs provide a variety of early intervention services and college awareness activities to students from 1st to 12th grade.

We anticipate that GEAR UP grant applications will be available in the beginning of next year. Questions or requests for more information can be directed to gearup@ed.gov.

#### EXAMPLES OF MENTORING AND EARLY INTERVENTION PROGRAMS

Many states education agencies, colleges, and secondary schools have had success working together to increase college enrollment rates among low-income students. To this end, the new GEAR UP program will support early intervention initiatives with elements of the successful practices described below.

Early Identification Program (Fairfax, Virginia): George Mason University (GMU) and the Fairfax County Public Schools developed the Early Identification Program (EIP) in 1987 to increase the number of minority students who enter college. Since then, additional school districts and new partners have joined the effort, including Booz Allen and Hamilton, Mobil Corporation, NationsBank and Crestar Bank. The program works with minority students that demonstrate academic potential and provides year-round tutoring, mentoring and other support throughout high school, including weekend and summer academic programs, special projects in math, science, English and computer science, campus visits, and workshops for parents. The program reports having graduated 6 classes from high school with a 71% retention rate. Of those who completed 4 years in EIP, 95% have gone on to college.

Pace Hispanic Outreach Program (White Plains, NY): The program is a unique tutorial initiative for Hispanic immigrant students at the White Plains High School that is run through a collaborative effort involving the White Plains School District, Pace University and Centro Hispano. One-to-one tutorial sessions are held during study hall periods and are designed to complement and reinforce classroom instruction in English, mathematics and social studies. In addition, the program enlists high school counselors to provide weekly clinics to help high school seniors prepare college applications, financial aid forms and essays. Active community support and parental involvement has helped build confidence among participants by reducing the sense of powerlessness that language barriers cause in some Hispanic families.

Passport to College (Riverside, California): At the core of this effort is a partnership between Riverside Community College in California, the local school district, and a number of schools and local businesses. Its purpose is to encourage disadvantaged students to continue on to college. The program works with an entire grade of students, beginning in 5th grade, and follows them through high school graduation. Currently, 11,500 students are participating. Volunteers work with the students, teachers and parents in activities, including: campus tours, classroom presentations, teacher training workshops, parent meetings, and financial aid workshops. All participating students who graduate from high school are guaranteed admission to Riverside Community College.

Project GRAD (Houston, Texas): Project GRAD (Graduation Really Achieves Dreams) is a school-community collaboration to improve the instructional quality and school environment for children in Houston's inner city schools. This effort combines research-based curricular reform in math, reading and language arts with comprehensive services, including tutoring, mentoring and counseling, for children in kindergarten through high school. The project works with whole networks of schools -- elementary through high school -- to develop a consistent emphasis on high standards for all students. Project GRAD also promises all 9th grade students a \$1,000 per year college scholarship if they reach basic academic standards. Currently, 24 schools in Houston and over 17,000 students are involved with Project GRAD. This massive effort is supported by a partnership of school, corporate, and community-based organizations and foundations.

## THE WHITE HOUSE

## Office of the Press Secretary

For Immediate Release

May 19, 2000

REMARKS BY THE PRESIDENT  
AT SULZBERGER MIDDLE SCHOOL

Philadelphia, Pennsylvania

2:40 P.M. EDT

THE PRESIDENT: Well, one thing I can say is, I'm glad I didn't have to run against Toya Doe for President of the United States. (Laughter.) Didn't she do a wonderful job? I thought she was great. She was terrific. (Applause.) Thank you.

I'm so glad to see you all. I'm glad to be back in Philadelphia. I want to thank my great friend, Chaka Fattah, for so many things, but especially for championing this program and creating the certificate that the students will receive today. I also want to acknowledge the presence here of another great member of the House of Representatives from the state of Pennsylvania, Ron Klink. Thank you for being here today, Ron. (Applause.)

I thank Pedro Ramos for his fine remarks and his work. And I thank your principal, Kathleen Lacey, for having us here. Thank you. (Applause.) I'd also like to acknowledge, on this side of me is the Deputy Secretary of Education from Washington, D.C., the people who fund this program, Mr. Frank Holleman. Thanks for coming, Frank. (Applause.)

And we also have the Shoemaker Middle School principal, James Slaughter. (Applause.) And two of your cluster leaders, Janet Samuels, and Armita Sims -- thank you for being here. (Applause.) And I'd also like to acknowledge the two school board members who are here, Sandra Glenn, and my longtime friend, Reverend Ralph Blanks. It's nice to see you, my friend. I'm glad to see you. (Applause.)

There's one more Sulzberger success story I'd like to acknowledge today, and that is a man who was Vice President of his class here 42 years ago, just got a master's degree in education -- in elementary education and administration. And he's a teacher at Shoemaker -- Congressman Fattah's father, Mr. David Fattah. Welcome. Thank you, sir. (Applause.)

Now, before I talk about this program, I have to just mention one other thing, because something happened nearby here yesterday that I want to mention. Previous speakers have said that I devoted a lot of time as President to education, and I have. I have supported virtually every one of the reforms that Mr. Ramos discussed. I believe there should be no social promotion, but I think there ought to be strategies to turn around schools that aren't working. I think that children ought to have after-school and summer school programs and mentoring programs; I don't think kids should be branded failures when the system fails them. So I think all children can learn. That's why I like this. (Applause.)

I have supported the school dress policy that you mentioned,

and zero tolerance for guns in schools. But one of the things I have recognized over the years is that the first and most important thing is that our children have to be safe in school and on the way to and from school if they're going to learn in school. (Applause.)

The reason I bring that up today is that I've been heavily involved in trying to make our streets and our schools safer, for over seven years. I'm proud of the fact that crime has gone down every year I've been in office, and that we've put another 100,000 police on the streets, we've provided more after-school programs and other things for kids to do. We passed the Brady Bill and the assault weapons ban. But we need to do more.

And I have advocated a comprehensive strategy for stronger enforcement of the laws on the books, putting 50,000 more police on the street in high crime neighborhoods, and doing more to keep guns away from criminals and kids -- including closing the gun show loophole and requiring child trigger locks, and stopping large ammunition clips from being imported. I also think if people buy a handgun they ought to get a license, like they do when they buy a car, to prove they don't have a criminal background and they know how to use the gun safely.

But, anyway, the reason I mention this today is, yesterday the State Senate of your neighbor, New Jersey, in an overwhelming bipartisan vote -- Republicans and Democrats -- voted to raise the legal age of handgun purchase to 21; to require ballistics tests for all new guns, so we can keep up with the bullets used in crimes; to increase enforcement efforts and require the development of smart guns that can only be fired by the people who own them and, therefore, cannot be stolen or otherwise used or abused.

Now, this is a big deal because it will also minimize accidental deaths involving children. So I just wanted to say that the people of New Jersey and their representatives -- in joining California, Massachusetts, Maryland and other states in taking this kind of action -- deserve our thanks. This will not keep any lawful gun owner from hunting, from sport-shooting, from having weapons for self-defense -- nothing that changes the law of lawful ownership, but it will save some children's lives, like the kids that are in this room today.

And that's what that Million Mom March was about last weekend. Nobody wants to take anything away from anybody they're legally entitled to. But we ought to do more to make America the safest big country in the world. And the NRA -- they're about to meet in their convention down in Charlotte today, and I hope they have a good meeting, but I hope they -- they need to think about this. Nobody who differs with them on this issue is trying to take anybody's gun away from them, but we just want more criminals and kids to be without the ability to get guns, because they're not supposed to have them, and nobody claims they can legally have them, and we just want to keep more people alive. And I think New Jersey did a good thing yesterday, and we ought to give them a hand for what they did. (Applause.)

Now, I want to talk about Gear-Up a minute. And I want to sort of tell you how this started. It was mentioned earlier that a person in Philadelphia had promised 6th graders if they'd stay in school that he would send them to college. I have a friend in New York, Gene Lang, who did that many years ago -- promised the kids at his old elementary school that if they'd stay in school, he'd send them to college.

And Chaka came to me one day, Congressman Fattah did, and he said, you know, we're doing all this work to open the doors of college to everybody. Now, for example, all you kids, if you had to borrow the

money to go to college you might say, well, how can I borrow the money to go to college, I might not be able to pay it back. So we changed the law so you can borrow the money at lower costs, and then, whatever you decide to do, you can pay it back as a small percentage of your annual salary -- no matter how much you borrow.

We increased the Pell Grants. We passed the HOPE Scholarship, which gives a tax credit of up to \$1,500 for a college education, which essentially says that we make community college free. This year, I'm asking the Congress to allow a tax deduction of up to 28 percent of the cost of college tuition, up to \$10,000. So if you owe \$2,800 in income tax and you spend up to \$10,000 on college tuition, you wouldn't owe any income tax anymore. That would be good. (Applause.)

Anyway, what he said to me was, that's all well and good, but most people that I know in inner-city Philadelphia -- or rural Arkansas, where I'm from, for that matter -- they don't know we did that. And the kids that need it most are least likely to know about it. So, he said, we ought to have a mentoring program to help kids when they're coming of age and they start to think about this, so that they get the learning and other support they need and they know that they will be able to go to college if they do what they're supposed to do.

We worked as hard as we could to open the doors of college for all, but you guys have got to walk through those doors. And I really believe that in the future we will look and back and see this Gear-Up program as a profoundly important step in ending inequality, in lifting people in America. And no matter what he said giving me credit for it, it was Congressman Fattah's idea. It wouldn't be here if it weren't for him. And he deserves the credit. (Applause.)

One thing I noticed about being President is, because you've got the microphone, you tend to get the credit. Now, sometimes you tend to get the blame, too. (Laughter.) I was glad to support it, glad to fight for it, and I'm glad we got it done. But I thank you, Congressman, for what you did.

Now, why is it so important? Your great Philadelphian, Benjamin Franklin, once said, "Genius without education is like silver in the mine." Not mind, mine. What does that mean? The silver is not worth anything unless you get it out of the mine, right? Otherwise, it's just down some dark hole somewhere. So, always, always, education has been important. But today it is more important than ever before. And all of you know why, don't you?

You've seen computers, you know how the Internet works. What you may not know is that we are doubling the whole volume of knowledge in the world about every five years now. We are developing supercomputers that will soon operate on chips the size of a teardrop. You will live in an age where you'll find out what's in the black holes in outer space and what's in the deepest holes in the ocean.

You may know somebody that's in the wheelchair because they had an accident. Probably in the lifetime of the children in this room, the biological sciences and the computer sciences will merge, and when somebody has an accident and they've injured their spine, they'll take a picture of that spine, and a computer program will design a little chip you can put in the spine that will allow people to get up and walk -- in your lifetime.

I think in your lifetime we'll find cures for Alzheimer's, for Parkinson's Disease. I think we'll have a vaccine for AIDS. I think we'll be able to keep women from dying from breast cancer, and men from dying from prostate cancer. I think that you will communicate as a

normal course through your computers, over the Internet, with people all over the world. And pretty soon that little screen that you use for the Internet will get smaller and smaller, and you'll be able to use it for telephone conversations and for your television. And all your communications will be in one small, but powerful, computer, with one screen and one keyboard. And then someday, you'll get rid of the keyboard and you'll just talk at the computer and it will do what you tell it to.

It's going to be an exciting time. But if you don't have a good education -- if you don't read well, speak clearly, write well, understand basic math and basic technology -- you won't be able to take full advantage of it. On the other hand, if you do have a good education, this technological revolution is going to take more people out of poverty more quickly, and enable more poor neighborhoods in America and poor villages in remote countries around the world to develop their capacities than anything that has ever happened in all of human history.

So I might see, as you grow up, the poor parts of my native state in the Mississippi Delta flourishing, because it won't matter that they're way out in the country anymore because they're connected to the Internet. I'll be able to see poor neighborhoods in Philadelphia and New York City and other urban areas able to get the same kind of investment and start the same kind of businesses and do the same kind of things anybody anywhere else can -- if we have a good education.

You know, there are places in America -- you kids might be surprised about this -- there are Indian reservations in America where 70 percent of the people still don't have telephones -- 70 percent -- where over half the people don't have jobs. But they, too, can be helped, but only if they have education.

So I wanted to come here today because I think kids in poor neighborhoods and poor places like I grew up are just as smart as kids anywhere else. (Applause.) I think the good Lord has made education equal. But I think you've got to gear up -- (laughter.) Otherwise, I don't care how smart you are -- Ben Franklin was right, your silver might as well be down in the mine.

I was the first person in my family ever to go to college. I had a grandmother who got a correspondent's degree in nursing; lived in a little old place with about 50 people until she was old enough to move to the biggest city around, which had 6,000 people in it. But from the time I was a kid, for whatever reason, my mother and my grandmother and my step-father, who didn't have a high school diploma, they told me I was going to college. From the time I was eight or nine, I believed them. They said it and I just decided I was.

We've done everything we could to remove the financial barriers. We've done everything we could to give your schools support, to identify problems and turn them around and increase the quality of education. But the children have to live in an environment where excellence is expected and people know it will be rewarded. (Applause.) So the idea behind Gear-Up is get children when they're young and stay with them until they actually go to college.

Every one of you who's been a part of it, I thank you. I thank the leaders from the schools, the universities, the businesses, the community organizations for mentoring our young people, for taking them around college campuses, for letting people see colleges and imagine it. I never went on a college campus when I was 9 or 10 years old, I think, until my music took me there. One of the things I learned from the time I was your age is, if you want to do something big with

your life, first you have to imagine that you can do it. You have to know how to put a picture in your mind of what you want to be.

So, Toya says, I want to be a teacher. How does she know she wants to be a teacher? Because she's seen people teaching, and doing good things, and lighting fires of excitement in children's minds. And so she can imagine what a wonderful thing it would be to be a good teacher.

The Bible says, where there is no vision, the people perish. I wish it were written in positive terms -- where there is vision, the people flourish. I want you to be able to imagine your dreams. And that's another big part of this program.

I want to thank all the educators for getting the young people excited about academic achievement, and helping to improve their study skills, and strengthening the curriculum, and getting kids to take courses like algebra they might otherwise just as soon not take, but it will help you go to college. (Applause.) And take the hard courses. Challenge yourself. Your mind is just like any other muscle in your body, if you want it to work better you've got to work at it. Don't be afraid.

Do you know that over 90 percent of the people -- really about 99 percent of the people -- are capable of learning 100 percent of what they need to know to do nearly anything. Most of us never use more than a modest percentage of our brain power. You should be brave, you can do it.

I believe that intelligence is equally distributed in the world, but opportunity isn't. What we're trying to do is to make opportunity as equally distributed as intelligence is. (Applause.) But effort is not equally distributed either.

I remember when -- I'm going to Chicago when I leave you, and since Philadelphia is in the basketball playoffs and Chicago isn't, I can now say this -- (laughter.) Back in the years when the Bulls were doing so well -- you know, my wife grew up in Chicago -- so we were out there and we knew a lot of people that were associated with them. And everybody was talking about how Michael Jordan was the greatest natural basketball player they had ever seen. And this friend of mine who was associated with the Bulls said, yes, he certainly is, and you'd be amazed, because he's also the first person that comes to practice, the last person that leaves, he still shoots more free throws in practice than anybody on the team. You'd be amazed how much more of a natural athlete he is because he works harder than everybody else. (Applause.)

I like to play golf. But once I heard a commentator say to a great golfer that all the people who played with him said it was astonishing that he was also a lucky golfer. And he said, yes, I've been real lucky, but I've noticed that the harder I work, the luckier I get. (Laughter.)

So we're dealing with three things here: what you've got inside you, the silver in the mine; whether you have opportunities and you know it, your vision; and then your effort, which only you can supply. But we believe in you and you must believe in yourself. You've got to stay in school and aim high, and go to college because you can afford it and there will be a place for you. And there is only going to be more emphasis on that.

And I understand that the Sulzberger School already has 300 students enrolled. And I understand that the reading and math scores have already gone up. So I want to tell you -- I'm just going to make

one announcement today, because I believe in this. Today, we're going to give out \$185 million in new grants for summer school and after-school programs; to support 48 states in setting up learning centers, to try to help more people do what you're doing in this Gear-Up program and in other programs that work. Everybody needs an education in America and we've got to provide it. (Applause.)

Now, guess what? We had 1,000 good applications we can't fund with that \$185 million. And one of the things that I want to do to support Gear-Up here is to get enough money into our budget so that every school in the country will be able to offer after-school programs to every child who needs it. That's in our budget this year. And we're going to fight for it, and I hope you'll help us. (Applause.)

And so far, we haven't persuaded the Congress to adopt this, or to fully fund Representative Fattah's Gear-Up program so that more kids can be in it. But I think that my coming here and showing you, and having Toya speak to the country through the press corps here, ought to give a little more impetus behind the Gear-Up program. We need more support for it. (Applause.)

Out here in this audience today, there may be another future great president; there may be another future great business leader; there may be another future great minister; there may be someone who will discover an absolute cure for AIDS; there may be someone who will design a car that will get 500 or 600 miles a gallon. All of you think about that. One of you could do that. And every one of you can have a good life, and do something that makes a difference, and have children of your own that will have even better lives. That's what Gear-Up is all about. We believe in you. And we want you to believe in yourselves.

Good luck, and God bless you. (Applause.)

Now, symbolizing what every student who completes this program will do, Congressman Fattah and I are going to give Toya Doe, representing all of you, her 21st Century Scholars Certificate. I hope that all of you will have these, go through this program and finish it. This is a ticket to the future. And, remember, if you gear up, you'll get to college. And after that, there's no stopping you.

So let's give Toya another big hand. (Applause.)

END 3:02 P.M. EDT

## THE WHITE HOUSE

## Office of the Press Secretary

For Immediate Release

May 19, 2000

WHY GEAR UP IS IMPORTANT FOR AMERICA'S YOUNG PEOPLE  
May 19, 2000

GEAR UP is creating college opportunities for at-risk youth. -- Enacted in 1998, GEAR UP funds partnerships of high-poverty middle schools, colleges and universities, community organizations, and business to work with entire grade levels of students. The partnerships provide tutoring, mentoring, information on college preparation and financial aid, an emphasis on core academic preparation and, in some cases, scholarships. -- GEAR UP works with students starting in 7th grade or earlier through high school graduation because research shows that students taking challenging courses (including algebra) in middle school are much more likely to succeed in high school and go on to college. -- In its first year, GEAR UP is serving more than 450,000 students nationwide. Over 1,000 organizations are GEAR UP partners, including colleges and universities, libraries, arts organizations, local chambers of commerce, the YMCA, Boys and Girls Clubs, Wal-Mart, Unisys, and the New York Times Education Program. Next academic year, GEAR UP will serve over 750,000 students and President Clinton has requested \$325 million in FY 2001 to serve 1.4 million children.

The College Opportunity Gap Is Real. -- Only 47 percent of low-income high school graduates immediately enroll in college or trade school, compared to 82 percent of high-income students. (National Center for Education Statistics, Condition of Education 1999) -- Only 18 percent of African-Americans and 19 percent of Hispanic high school graduates earn a bachelor's degree by their late twenties, compared to 35 percent of whites. (NCES, Condition of Education 1999) -- The opportunity gap persists regardless of academic preparation: 22 percent of college-qualified high school graduates with low family incomes don't pursue post-secondary education, compared to only 4 percent of high-income graduates. (NCES, Access to Postsecondary Education for 1992 High School Graduates.)

GEAR UP's Approach Is Unique Among Federal Programs. GEAR UP complements existing federal programs by: -- Starting earlier. GEAR UP partnerships start no later than the 7th grade because research shows that students who take challenging coursework in middle school, including algebra, are far more likely to succeed in high school and college. -- Staying with children through high school graduation. GEAR UP provides long-term mentoring over a period of six or more years, helping children stay on track for college, and often providing scholarships when they reach college. -- Transforming schools. GEAR UP partnerships work with entire grades of students to transform their schools. Services include mentoring, tutoring, strengthening curriculum, teacher professional development, summer and after-school academic and enrichment programs, and college visits. -- Supporting college scholarships. Some GEAR UP partnerships provide college scholarships, which research shows to be particularly important in preventing drop-outs among low-income students. -- Leveraging local resources. GEAR UP encourages colleges and other community organizations enter into partnerships with low-income middle schools and leverages non-federal resources with a one-for-one match requirement. -- Bolstering state efforts. GEAR UP also supports state early college preparation and scholarship efforts.

GEAR UP is Modeled on Proven Programs. Evaluation research on existing

programs demonstrates the value of and the need for the GEAR UP approach. Evaluation research on existing programs demonstrates the value of and the need for the GEAR UP approach. -- I Have a Dream provides an entire grade of low-income students with intensive mentoring, academic support, and a promise of public and private aid for college tuition. Roughly 75 percent of Chicago IHAD students in the class of 1996 graduated from high school, as compared to only 37 percent of students in the control group. -- Project GRAD is a college-school-community partnership to improve inner-city education. Students receive curricular, counseling, and scholarship opportunities to bring college within reach. Project GRAD has produced dramatic results on a large scale. The number of students graduating from one Project GRAD high school increased by 64 percent between 1988 and 1998, while the overall district number declined by 7 percent, and five times more students are going to college.