

NATIONAL CENTER ON EDUCATION AND THE ECONOMY

11 November 1992

Hillary Clinton
The Governor's Mansion
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Little Rock, AR 72206

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I still cannot believe you won. But utter delight that you did pervades all the circles in which I move. I met last Wednesday in David Rockefeller's office with him, John Sculley, Dave Barram, and David Heselkorn. It was a great celebration. Both John and David R. were more expansive than I have ever seen them -- literally radiating happiness. My own view and theirs is that this country has seized its last chance. I am fond of quoting Winston Churchill to the effect that "America always does the right thing -- after it has exhausted all the alternatives." This election, more than anything else in my experience, proves his point.

The subject we were discussing was what you and Bill should do now about education, training, and labor market policy. Following that meeting, I chaired another in Washington on the same topic. Those present at the second meeting included Tim Barnicle, Dave Barram, Mike Cohen, David Hornbeck, Hillary Pennington, Andy Plattner, Lauren Resnick, Betsy Brown Ruzzi, Bob Schwartz, Mike Smith, and Bill Spring. Shirley Malcom, Ray Marshall, and Susan McGuire were also invited. Though these three were not able to be present at last week's meeting, they have all contributed by telephone to the ideas that follow. Ira Magaziner was also invited to this meeting.

Our purpose in these meetings was to propose concrete actions that the Clinton administration could take -- between now and the inauguration, in the first 100 days and beyond. The result, from where I sit, was really exciting. We took a very large leap forward in terms of how to advance the agenda on which you and we have all been working -- a practical plan for putting all the major components of the system in place within four years, by the time Bill has to run again.

I take personal responsibility for what follows. Though I believe everyone involved in the planning effort is in broad agreement, they may not all agree on the details. You should also be aware that, although the plan comes from a group closely associated with the National Center of Education and the Economy, there was no practical way to poll our whole Board on this plan in the time available. It represents, then, not a proposal from our Center, but the best thinking of the group I have named.

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We think the great opportunity you have is to remold the entire American System for human resources development, almost all of the current components of which were put in place before World War II. The danger is that each of the ideas that Bill advanced in the campaign in the area of education and training could be translated individually in the ordinary course of governing into a legislative proposal and enacted as a program. This is the plan of least resistance. But it will lead to these programs being grafted onto the present system, not to a new system, and the opportunity will have been lost. If this sense of time and place is correct, it is essential that the administration's efforts be guided by a consistent vision of what it were to accomplish in the field of human resource development, with respect both to choice of key officials and the program.

What follows comes in three places:

First, a vision of the kind of national -- not federal -- human resources development system the nation could have. This is interwoven with a new approach to governing that should inform that vision. What is essential is that we create a seamless web of opportunities, to develop one's skills that literally extends from cradle to grave and is the same system for everyone -- young and old, poor and rich, worker and full-time student. It needs to be a system driven by client needs (not agency regulations or the needs of the organization providing the services), guided by clear standards that define the stages of the system for the people who progress through it, and regulated on the basis of outcomes that providers produce for their clients, not inputs into the system.

Second, a proposed legislative agenda you can use to implement this vision. We propose four high priority packages that will enable you to move quickly on the campaign promises:

1. The first would use your proposal for an apprenticeship system as the keystone of a strategy for putting a whole new postsecondary training system in place. That system would incorporate your proposal for reforming postsecondary education finance. It contains what we think is a powerful idea for rolling out and scaling up the whole new human resources system nationwide over the next four years, using the (renamed) apprenticeship ideas as the entering wedge.
2. The second would combine initiatives on dislocated workers, a rebuilt employment service and a new system of labor market boards to offer the Clinton administration's employment security program, built on the best practices anywhere in the world. This is the backbone of a system for assuring adult workers in our society that they need never again watch with dismay as their jobs disappear and their chances of ever getting a good job again go with them.
3. The third would concentrate on the overwhelming problems of our inner cities, combining elements of the first and second packages into a special program to greatly raise the work-related skills of the people trapped in the core of our great cities.
4. The fourth would enable you to take advantage of legislation on which Congress has already been working to advance the elementary and secondary reform agenda.

The other major proposal we offer has to do with government organization for the human resources agenda. While we share your reservations about the hazards involved in bringing reorganization proposals to the Congress, we believe that the one we have come up with minimizes those drawbacks while creating an opportunity for the new administration to move like lightning to implement its human resources development proposals. We hope you can consider the merits of this idea quickly, because, if you decide to go with it or something like it, it will greatly affect the nature of the offers you make to prospective cabinet members.

The Vision

We take the proposals Bill put before the country in the campaign to be utterly consistent with the ideas advanced in America's Choice, the school restructuring agenda first stated in A Nation Prepared, and later incorporated in the work of the National Alliance for Restructuring Education, and the elaboration of this view that Ray and I tried to capture in our book, Thinking for a Living. Taken together, we think these ideas constitute a consistent vision for a new human resources development system for the United States. I have tried to capture the essence of that vision below.

An Economic Strategy Based on Skill Development

- The economy's strength is derived from a whole population as skilled as any in the world, working in workplaces organized to take maximum advantage of the skills those people have to offer.
- A seamless system of unending skill development that begins in the home with the very young and continues through school, postsecondary education and the workplace.

The Schools

- Clear national standards of performance in general education (the knowledge and skills that everyone is expected to hold in common) are set to the level of the best achieving nations in the world for students of 16, and public schools are expected to bring all but the most severely handicapped up to that standard. Students get a certificate when they meet this standard, allowing them to go on to the next stage of their education. Though the standards are set to international benchmarks, they are distinctly American, reflecting our needs and values.
- We have a national system of education in which curriculum, pedagogy, examinations, and teacher education and licensure systems are all linked to the national standards, but which provides for substantial variance among states, districts, and schools on these matters. This new system of linked standards, curriculum, and pedagogy will abandon the American tracking system, combining high academic standards with the ability to apply what one knows to real world problems, and qualifying all students to a lifetime of learning in the postsecondary system and at work.
- We have a system that rewards students who meet the national standards with further education and good jobs, providing them a strong incentive to work hard in school.

- Our public school systems are reorganized to free up school professionals to make the key decisions about how to use all the available resources to bring students up to the standards. Most of the federal, state, district, and union rules and regulations that now restrict school professional ability to make these decisions are swept away, though strong measures are in place to make sure that vulnerable populations get the help they need. School professionals are paid at a level comparable to that of other professionals, but they are expected to put in a full year, to spend whatever time it takes to do the job and to be fully accountable for the results of their work. The federal, state, and local governments provide the time, staff development resources, technology, and other support needed for them to do the job. Nothing less than a wholly restructured school system can possibly bring all of our students up to the standards only a few have been expected to meet up to now.
- There is a real -- aggressive -- program of public choice in our schools, rather than the flaccid version that is widespread now.
- All students are guaranteed that they will have a fair shot at reaching the standards: that is, that whether they make it or not depends on the effort they are willing to make, and nothing else. "School delivery standards" are in place to make sure this happens. These standards have the same status in the system as the new student performance standards, assuring that the quality of instruction is high everywhere, but they are fashioned so as not to constitute a new bureaucratic nightmare.

Postsecondary Education and Work Skills

- All students who meet the new national standards for general education are entitled to the equivalent of three more years of free additional education. We would have the federal and state governments match funds to guarantee one free year of college education to everyone who meets the new national standards for general education. So a student who meets the standard at 16 would be entitled to two free years of high school and one of college. Loans, which can be forgiven for public service, are available for additional education beyond that. National standards for sub-baccalaureate college-level professional and technical degrees and certificates will be established with the participation of employers, labor, and higher education. These programs will include both academic study and structured on-the-job training. Eighty percent or more of American high school graduates will be expected to get some form of college degree, though most of them less than a baccalaureate. These new professional and technical certificates and degrees typically are won within three years of acquiring the general education certificate, so, for most postsecondary students, college will be free. These professional and technical degree programs will be designed to link to programs leading to the baccalaureate degree and higher degrees. There will be no dead ends in this system. Everyone who meets the general education standard will be able to go to some form of college, being able to borrow all the money they need to do so, beyond the first free year.

This idea of post-secondary professional and technical certificates captures all of the essentials of the apprenticeship idea, while offering none of its drawbacks (see below).

But it also makes it clear that those engaged in apprentice-style programs are getting more than narrow training; they are continuing their education for other purposes as well, and building a base for more education later. Clearly, this idea redefines college. Proprietary schools, employers and community-based organizations will want to offer these programs, as well as community colleges and four-year institutions, but these new entrants will have to be accredited if they are to qualify to offer the programs.

- Employers are not required to provide slots for the structured on-the-job training component of the program but many do so, because they get first access to the most accomplished graduates of these programs, and they can use these programs to introduce the trainees to their own values and way of doing things.
- The system of skill standards for technical and professional degrees is the same for students just coming out of high school and for adults in the workforce. It is progressive, in the sense that certificates and degrees for entry level jobs lead to further professional and technical education programs at higher levels. Just as in the case of the system for the schools, though the standards are the same everywhere (leading to maximum mobility for students), the curricula can vary widely and programs can be custom designed to fit the needs of full-time and part-time students with very different requirements. Government grant and loan programs are available on the same terms to full-time and part-time students, as long as the programs in which they are enrolled are designed to lead to certificates and degrees defined by the system of professional and technical standards.
- The national system of professional and technical standards is designed much like the multistate bar, which provides a national core around which the states can specify additional standards that meet their unique needs. There are national standards and exams for no more than 20 broad occupational areas, each of which can lead to many occupations in a number of related industries. Students who qualify in any one of these areas have the broad skills required by a whole family of occupations, and most are sufficiently skilled to enter the workforce immediately, with further occupation-specific skills provided by their union or employer. Industry and occupational groups can voluntarily create standards building on these broad standards for their own needs, as can the states. Students entering the system are first introduced to very broad occupational groups, narrowing over time to concentrate on acquiring the skills needed for a cluster of occupations. This modular system provides for the initiative of particular states and industries while at the same time providing for mobility across states and occupations by reducing the time and cost entailed in moving from one occupation to another. In this way, a balance is established between the kinds of generic skills needed to function effectively in high performance work organizations and the skills needed to continue learning quickly and well through a lifetime of work, on the one hand, and the specific skills needed to perform at a high level in a particular occupation on the other.

Institutions receiving grant and loan funds under this system are required to provide information to the public and to government agencies in a uniform format. This information covers enrollment by program, costs and success rates for students of different backgrounds, and characteristics, and career outcomes for those students,

thereby enabling students to make informed choices among institutions based on cost and performance. Loan defaults are reduced to a level close to zero, both because programs that do not deliver what they promise are not selected by prospective students and because the new postsecondary loan system uses the IRS to collect what is owed from salaries and wages as they are earned.

Education and Training for Employed and Unemployed Adults

- The national system of skills standards establishes the basis for the development of a coherent, unified training system. That system can be accessed by students coming out of high school, employed adults who want to improve their prospects, unemployed adults who are dislocated and others who lack the basic skills required to get out of poverty. But it is all the same system. There are no longer any parts of it that are exclusively for the disadvantaged, though special measures are taken to make sure that the disadvantaged are served. It is a system for everyone, just as all the parts of the system already described are for everyone. So the people who take advantage of this system are not marked by it as "damaged goods." The skills they acquire are world class, clear and defined in part by the employers who will make decisions about hiring and advancement.

The new general education standard becomes the target for all basic education programs, both for school dropouts and adults. Achieving that standard is the prerequisite for enrollment in all professional and technical degree programs. A wide range of agencies and institutions offer programs leading to the general education certificate, including high schools, dropout recovery centers, adult education centers, community colleges, prisons, and employers. These programs are tailored to the needs of the people who enroll in them. All the programs receiving government grant or loan funds that come with dropouts and adults for enrollment in programs preparing students to meet the general education standard must release the same kind of data required of the postsecondary institutions on enrollment, program description, cost and success rates. Reports are produced for each institution and for the system as a whole showing differential success rates for each major demographic group.

- The system is funded in four different ways, all providing access to the same or a similar set of services. School dropouts below the age of 21 are entitled to the same amount of funding from the same sources that they would have been entitled to had they stayed in school. Dislocated workers are funded by the federal government through the federal programs for that purpose and by state unemployment insurance funds. The chronically unemployed are funded by federal and state funds established for that purpose. Employed people can access the system through the requirement that their employers spend an amount equal to 1-1/2 percent of their salary and wage bill on training leading to national skill certification. People in prison could get reductions in their sentences by meeting the general education standard in a program provided by the prison system. Any of these groups can also use the funds in their individual training account, if they have any, the balances in their grant entitlement or their access to the student loan fund.

Labor Market Systems

- The Employment Service is greatly upgraded and separated from the Unemployment Insurance Fund. All available front-line jobs -- whether public or private -- must be listed in it by law. This provision must be carefully designed to make sure that employers will not be subject to employment suits based on the data produced by this system -- if they are subject to such suits, they will not participate. All trainees in the system looking for work are entitled to be listed in it without a fee. So it is no longer a system just for the poor and unskilled, but for everyone. The system is fully computerized. It lists not only job openings and job seekers (with their qualifications) but also all the institutions in the labor market area offering programs leading to the general education certificate and those offering programs leading to the professional and technical college degrees and certificates, along with all the relevant data about the costs, characteristics and performance of those programs -- for everyone and for special populations. Counselors are available to any citizen to help them assess their needs, plan a program, and finance it, and once they are trained, to find an opening.
- A system of labor market boards is established at the local, state and federal levels to coordinate the systems for job training, postsecondary professional and technical education, adult basic education, job matching and counseling. The rebuilt Employment Service is supervised by these boards. The system's clients no longer have to go from agency to agency filling out separate applications for separate programs. It is all taken care of at the local labor market board office by one counselor accessing the integrated computer-based program, which makes it possible for the counselor to determine eligibility for all relevant programs at once, plan a program with the client and assemble the necessary funding from all the available sources. The same system will enable counselor and client to array all the relevant program providers side by side, assess their relative costs and performance records and determine which providers are best able to meet the client's needs based on performance.

Some Common Features

- Throughout, the object is to have a performance-and-client-oriented system to encourage local creativity and responsibility by getting local people to commit to high goals and organize to achieve them, sweeping away as much of the rules, regulations and bureaucracy that are in their way as possible, provided that they are making real progress against their goals. For this to work, the standards at every level of the system have to be clear: every client has to know what they have to accomplish in order to get what they want out of the system. The service providers have to be supported in the task of getting their clients to the finish line and rewarded when they are making real progress toward that goal. We would sweep away means-tested programs, because they stigmatize their recipients and alienate the public, replacing them with programs that are for everyone, but also work for the disadvantaged. We would replace rules defining inputs with rules defining outcomes and the rewards for achieving them. This means, among other things, permitting local people to combine as many federal programs as they see fit, provided that the intended beneficiaries are progressing toward the right outcomes (there are now 23 separate federal programs for dislocated workers). We would make individuals, their families and whole communities the unit of service, not

agencies, programs, and projects. Wherever possible, we would have service providers compete with one another for funds that come with the client, in an environment in which the client has good information about the cost and performance record of the competing providers. Dealing with public agencies -- whether they are schools or the employment service -- should be more like dealing with Federal Express than with the old Post Office.

This vision, as I pointed out above, is consistent with everything Bill proposed as a candidate. But it goes beyond those proposals, extending them from ideas for new programs to a comprehensive vision of how they can be used as building blocks, or a whole new system. But this vision is very complex, will take a long time to sell, and will have to be revised many times along the way. The right way to think about it is as an internal working document that forms the background for a plan, not the plan itself. One would want to make sure that the specific actions of the new administration were designed, in a general way, to advance this agenda as it evolved while not committing anyone to the details, which would change over time.

Everything that follows is cast in the frame of strategies for bringing the new system into being, not as a pilot program, not as a few demonstrations to be swept aside in another administration, but everywhere, as the new way of doing business.

In the sections that follow, we break these goals down into their main components and propose an action plan for each.

Major Components of the Program

The preceding section presented a vision of the system we have in mind chronologically from the point of view of an individual served by it. Here we reverse the order, starting with descriptions of program components designed to serve adults, and working our way down to the very young.

HIGH SKILLS FOR ECONOMIC COMPETITIVENESS PROGRAM

Developing System Standards

- Create National Board for Professional and Technical Standards. Board is private not-for-profit chartered by Congress. Charter specifies broad membership composed of leading figures from higher education, business, labor, government and advocacy groups. Board can receive appropriated funds from Congress, private foundations, individuals, and corporations. Neither Congress nor the executive branch can dictate the standards set by the Board. But the Board is required to report annually to the President and the Congress in order to provide for public accountability. It is also directed to work collaboratively with the states and cities involved in the Collaborative Design and Development Program (see below) in the development of the standards.

Charter specifies that the National Board will set broad performance standards (not time-in-the-seat standards or course standards) for college-level Professional and Technical certificates and degrees in not more than 20 areas and develops performance

examinations for each. The Board is required to set broad standards of the kind described in the vision statement above and is not permitted to simply reify the narrow standards that characterize many occupations now. (More than 2,000 standards currently exist, many for licensed occupations -- these are not the kinds of standards we have in mind.) It also specifies that the programs leading to these certificates and degrees will combine time in the classroom with time at the work-site in structured on-the-job training. The standards assume the existence of (high school level) general education standards set by others. The new standards and exams are meant to be supplemented by the states and by individual industries and occupations. Board is responsible for administering the exam system and continually updating the standards and exams.

Legislation creating the Board is sent to the Congress in the first six months of the administration, imposing a deadline for creating the standards and the exams within three years of passage of the legislation.

Commentary:

The proposal reframes the Clinton apprenticeship proposal as a college program and establishes a mechanism for setting the standards for the program. The unions are adamantly opposed to broad based apprenticeship programs by that name. Focus groups conducted by JFF and others show that parents everywhere want their kids to go to college, not to be shunted aside into a non-college apprenticeship "vocational" program. By requiring these programs to be a combination of classroom instruction and structured OUT; and creating a standard-setting board that includes employers and labor, all the objectives of the apprenticeship idea are achieved, while at the same time assuring much broader support for the idea, as well as a guarantee that the program will not become too narrowly focussed on particular occupations. It also ties the Clinton apprenticeship idea to the Clinton college funding proposal in a seamless web. Charging the Board with creating not more than 20 certificate or degree categories establishes a balance between the need to create one national system on the one hand with the need to avoid creating a cumbersome and rigid national bureaucracy on the other. This approach provides lots of latitude for individual industry groups, professional groups and state authorities to establish their own standards, while at the same time avoiding the chaos that would surely occur if they were the only source of standards. The bill establishing the Board should also authorize the executive branch to make grants to industry groups, professional societies, occupational groups, and states to develop standards and exams. Our assumption is that the system we are proposing will be managed so as to encourage the states to combine the last two years of high school and the first two years of community college into three year programs leading to college degrees and certificates. Proprietary institutions, employers, and community-based organizations could also offer these programs, but they would have to be accredited to offer these college-level programs. Eventually, students getting their general education certificates might go directly to community college or to another form of college, but the new system should not require that.

Collaborative Design and Development Program

The object is to create a single comprehensive system for professional and technical education that meets the requirements of everyone from high school students to skilled dislocated workers, from the hard core unemployed to employed adults who want to improve their prospects. Creating such a system means sweeping aside countless programs, building new ones, combining funding authorities, changing deeply embedded institutional structures, and so on. The question is how to get from where we are to where we want to be. Trying to ram it down everyone's throat would engender overwhelming opposition. Our idea is to draft legislation that would offer an opportunity for those states -- and selected large cities -- that are excited about this set of ideas to come forward and join with each other and with the federal government in an alliance to do the necessary design work and actually deliver the needed services on a fast track. The legislation would require the executive branch to establish a competitive grant program for these states and cities and to engage a group of organizations to offer technical assistance to the expanding set of states and cities engaged in designing and implementing the new system. This is not the usual large scale experiment, nor is it a demonstration program. A highly regarded precedent exists for this approach in the National Science Foundation's SSI program. As soon as the first set of states is engaged, another set would be invited to participate, until most or all the states are involved. It is a collaborative design, rollout and scale-up program. It is intended to parallel the work of the National Board for College Professional and Technical Standards, so that the states and cities (and all their partners) would be able to implement the new standards as soon they become available, although they would be delivering services on a large scale before that happened. Thus, major parts of the whole system would be in operation in a majority of the states within three years from the passage of the initial legislation. Inclusion of selected large cities in this design is not an afterthought. We believe that what we are proposing here for the cities is the necessary complement to a large scale job-creation program for the cities. Skill development will not work if there are no jobs, but job development will not work without a determined effort to improve the skills of city residents. This is the skill development component.

- Participants
 - Volunteer states, counterpart initiative for cities
 - 15 states, 15 cities selected to begin in first year. 15 more in each successive year.
 - 5 year grants (on the order of \$20 million per year to each state, lower amounts to the cities) given to each, with specific goals to be achieved by the third year, including program elements in place (e.g., upgraded employment service), number of people enrolled in new professional and technical programs and so on.
 - A core set of High Performance Work Organization firms willing to participate in standard setting and to offer training slots and mentors.

- Criteria for Selection
 - strategies for enriching existing co-op tech prep and other programs to meet the criteria.
 - commitment to implementing new general education standard in legislation.
 - commitment to implementing the new Technical and Professional skills standards for college.
 - commitment to developing an outcome and performance-based system for human resources development system.
 - commitment to new role for employment service.
 - commitment to join with others in national design and implementation activity.
- Clients
 - young adults entering workforce.
 - dislocated workers.
 - long-term unemployed.
 - employed who want to upgrade skills.
- Program Components
 - institute own version of state and local labor market boards. Local labor market boards to involve leading employers, labor representatives, educators, and advocacy group leaders in running the redesigned employment service, running intake system for all clients, counseling all clients, maintaining the information system that will make the vendor market efficient and organizing employers to provide job experience and training slots for school youth and adult trainees.
 - rebuild employment service as a primary function of labor market boards.
 - develop programs to bring dropouts and illiterates up to general education certificate standard. Organize local alternative providers, firms to provide alternative education, counseling, job experience, and placement services to these clients.
 - develop programs for dislocated workers and hard-core unemployed (see below).
 - develop city and state-wide programs to combine the last two years of high school and the first two years of colleges into three-year programs after acquisition of the general education certificate to culminate in college certificates and degrees. These programs should combine academic and structured on-the-job training.
 - develop uniform reporting system for providers, requiring them to provide information in that format on characteristics of clients, their success rates by

program, and the costs of those programs. Develop computer-based system for combining this data at local labor market board offices with employment data from the state so that counselors and clients can look at programs offered by colleges and other vendors in terms of cost, client characteristics, program design, and outcomes. Including subsequent employment histories for graduates.

- design all programs around the forthcoming general education standards and the standards to be developed by the National Board for College Professional and Technical Standards.
- create statewide program of technical assistance to firms on high performance work organization and help them develop quality programs for participants in Technical and Professional certificate and degree programs. (It is essential that these programs be high quality, nonbureaucratic and voluntary for the firms.)
- participate with other states and the national technical assistance program in the national alliance effort to exchange information and assistance among all participants.
- National technical assistance to participants.
 - executive branch authorized to compete opportunity to provide the following services (probably using a Request For Qualifications):
 - state-of-the art assistance to the states and cities related to the principal program components (e.g., work reorganization, training, basic literacy, funding systems, apprenticeship systems, large scale data management systems, training systems for the HR professionals who make the whole system work, etc.). A number of organizations would be funded. Each would be expected to provide information and direct assistance to the states and cities involved, and to coordinate their efforts with one another.
 - It is essential that the technical assistance function include a major professional development component to make sure the key people in the states and cities upon whom success depends have the resources available to develop the high skills required. Some of the funds for this function should be provided directly to the states and cities, some to the technical assistance agency.
 - coordination of the design and implementation activities of the whole consortium, document results, prepare reports, etc. One organization would be funded to perform this function.

Dislocated Workers Program

- new legislation would permit combining all dislocated workers programs at redesigned employment service office. Clients would, in effect, receive vouchers for education and training in amounts determined by the benefits for which they qualify. Employment service case managers would qualify client worker for benefits and assist the client in the selection of education and training programs offered by provider

institutions. Any provider institutions that receive funds derived from dislocated worker programs are required to provide information on costs and performance of programs in uniform format described above. This consolidated and voucherized dislocated workers program would operate nationwide. It would be integrated with Collaborative Design and Development Program in those states and cities in which that program functioned. It would be built around the general education certificate and the Professional and Technical Certificate and Degree Program as soon as those standards were in place. In this way, programs for dislocated workers would be progressively and fully integrated with the rest of the national education and training system.

Levy Grant System

- this is the part of the system that provides funds for currently employed people to improve their skills. Ideally, it should specifically provide means whereby front-line workers can earn their general education credential (if they do not already have one) and acquire Professional and Technical Certificates and Degrees in fields of their choosing.
- everything we have heard indicates virtually universal opposition in the employer community to the proposal for a 1-1/2% levy on employers for training to support the costs associated with employed workers gaining these skills, whatever the levy is called. We propose that Bill take a leaf out of the German book. One of the most important reasons that large German employers offer apprenticeship slots to German youngsters is that they fear, with good reason, that if they don't volunteer to do so, the law will require it. Bill could gather a group of leading executives and business organization leaders, and tell them straight out that he will hold back on submitting legislation to require a training levy, provided that they commit themselves to a drive to get employers to get their average expenditures on front-line employee training up to 2% of front-line employee salaries and wages within two years. If they have not done so within that time, then he will expect their support when he submits legislation requiring the training levy. He could do the same thing with respect to slots for structured on-the-job training.

College Loan/Public Service Program

- We presume that this program is being designed by others and so have not attended to it. From everything we know about it, however, it is entirely compatible with the rest of what is proposed here. What is, of course, especially relevant here, is that our reconceptualization of the apprenticeship proposal as a college-level education program, combined with our proposal that everyone who gets the general education credential be entitled to a free year of higher education (combined federal and state funds) will have a decided impact on the calculations of cost for the college loan/public service program.

Assistance for Dropouts and the Long Term Unemployed

- The problem of upgrading the skills of high school dropouts and the adult hard core unemployed is especially difficult. It is also at the heart of the problem of our inner cities. All the evidence indicates that what is needed is something with all the important characteristics of a nonresidential job Corps-like program. The problem with the Job Corps is that it is operated directly by the federal government and is therefore not embedded at all in the infrastructure of local communities. The way to solve this problem is to create a new urban program that is locally -- not federally -- organized and administered, but which must operate in a way that uses something like the federal standards for contracting for Job Corps services. In this way, local employers, neighborhood organizations and other local service providers could meet the need, but requiring local authorities to use the federal standards would assure high quality results. Programs for high school dropouts and the hard-core unemployed would probably have to be separately organized, though the services provided would be much the same. Federal funds would be offered on a matching basis with state and local funds for this purpose. These programs should be fully integrated with the revitalized employment service. The local labor market board would be the local authority responsible for receiving the funds and contracting with providers for the services. It would provide diagnostic, placement and testing services. We would eliminate the targeted jobs credit and use the money now spent on that program to finance these operations. Funds can also be used from the JOBS program in the welfare reform act. This will not be sufficient, however, because there is currently no federal money available to meet the needs of hard-core unemployed males (mostly Black) and so new monies will have to be appropriated for the purpose.

Commentary:

As you know very well, the High Skills: Competitive Workforce as sponsored by Senators Kennedy and Hatfield and Congressman Gephardt and Regula provides a ready-made vehicle for advancing many of the ideas we have outlined. To foster a good working relationship with the Congress, we suggest that, to the extent possible, the framework of these companion bills be used to frame the President's proposals. You may not know that we have put together a large group of representatives of Washington-based organizations to come to a consensus around the ideas in America's Choice. They are full of energy and very committed to this joint effort. If they are made part of the process of framing the legislative proposals, they can be expected to be strong support for them when they arrive on the Hill. As you think about the assembly of these ideas into specific legislative proposals, you may also want to take into account the packaging ideas that come later in this letter.

ELEMENTARY AND SECONDARY EDUCATION PROGRAM

The situation with respect to elementary and secondary education is very different from adult education and training. In the latter case, a new vision and a whole new structure is required. In the former, there is increasing acceptance of a new vision and structure among the public at large, within the relevant professional groups and in Congress. There is also a lot of existing activity on which to build. So we confine ourselves here to describing some of those activities that can be used to launch the Clinton education program.

Standard Setting

Legislation to accelerate the process of national standard setting in education was contained in the conference report on S.2 and HR 4323 that was defeated on a recent cloture vote. Solid majorities were behind the legislation in both houses of Congress. While some of us would quarrel with a few of the details, we think the new administration should support the early reintroduction of this legislation with whatever changes it thinks fit. This legislation does not establish a national body to create a national examination system. We think that is the right choice for now.

Systemic Change in Public Education

The conference report on S.2 and HR 4323 also contained a comprehensive program to support systemic change in public education. Here again, some of us would quibble with some of the particulars, but we believe that the administration's objectives would be well served by endorsing the resubmission of this legislation, modified as it sees fit.

Federal Programs for the Disadvantaged

The established federal education programs for the disadvantaged need to be thoroughly overhauled to reflect an emphasis on results for the student rather than compliance with the regulations. A national commission on Chapter 1, the largest of these programs, chaired by David Hornbeck, has designed a radically new version of the legislation, with the active participation of many of the advocacy groups. Other groups have been similarly engaged. We think the new administration should quickly endorse the work of the national commission and introduce its proposals early next year. It is unlikely that this legislation will pass before the deadline -- two years away -- for the reauthorization of the Elementary and Secondary Education Act, but early endorsement of this new approach by the administration will send a strong signal to the Congress and will greatly affect the climate in which other parts of the act will be considered.

Public Choice Technology, Integrated Health and Human Services, Curriculum Resources, High Performance Management, Professional Development, and Research and Development

The restructuring of the schools that is envisioned in S.2 and HR 4323 is not likely to succeed unless the schools have a lot of information about how to do it and real assistance in getting it done. The areas in which this help is needed are suggested by the heading of this section. One of the most cost-effective things the federal government could do is to provide support for research, development, and technical assistance of the schools on these topics. The new Secretary of Education should be directed to propose a strategy for doing just that, on a scale sufficient to the need. Existing programs of research, development, and assistance should be examined as possible sources of funds for these purposes. Professional development is a special case. To build the restructured system will require an enormous amount of professional development and the time in which professionals can take advantage of such a resource. Both cost a lot of money. One of the priorities for the new education secretary should be the development of strategies for dealing with these problems. But here, as elsewhere, there are some existing programs in the Department of Education whose funds can be redirected for this

purpose, programs that are not currently informed by the goals that we have spelled out. Much of what we have in mind here can be accomplished through the reauthorization of the Office of Educational Research and Improvement. Legislation for that reauthorization was prepared for the last session of Congress, but did not pass. That legislation was informed by a deep distrust of the Republican administration, rather than the vision put forward by the Clinton campaign. But that can and should be remedied on the next round.

Early Childhood Education

The president-elect has committed himself to a great expansion in the funding of Head Start. We agree. But the design of the program should be changed to reflect several important requirements. The quality of professional preparation for the people who staff these programs is very low and there are no standards that apply to their employment. The same kind of standard setting we have called for in the rest of this plan should inform the approach to this program. Early childhood education should be combined with quality day care to provide wrap-around programs that enable working parents to drop off their children at the beginning of the workday and pick them up at the end. Full funding for the very poor should be combined with matching funds to extend the tuition paid by middle class parents to make sure that these programs are not officially segregated by income. The growth of the program should be phased in, rather than done all at once, so that quality problems can be addressed along the way, based on developing examples of best practice. These and other related issues need to be addressed, in our judgment, before the new administration commits itself on the specific form of increased support for Head Start.

Putting the package together:

Here we remind you of what we said at the beginning of this letter about timing the legislative agenda. We propose that you assemble the ideas just described into four high priority packages that will enable you to move quickly on the campaign promises:

1. The first would use your proposal for an apprenticeship system as the keystone of the strategy for putting the whole new postsecondary training system in place. It would consist of the proposal for postsecondary standards, the Collaborative Design and Development proposal, the technical assistance proposal and the postsecondary education finance proposal.
2. The second would combine the initiatives on dislocated workers, the rebuilt employment service and the new system of labor market boards as the Clinton administration's employment security program, built on the best practices anywhere in the world. This is the backbone of a system for assuring adult workers in our society that they need never again watch with dismay as their jobs disappear and their chances of ever getting a good job again go with them.
3. The third would concentrate on the overwhelming problems of our inner cities, combining most of the elements of the first and second packages into a special program to greatly raise the work-related skills of the people trapped in the core of our great cities.

4. The fourth would enable you to take advantage of legislation on which Congress has already been working to advance the elementary and secondary reform agenda. It would combine the successor to HR 4323 and S.2 (incorporating the systemic reforms agenda and the board for student performance standards), with the proposal for revamping Chapter 1.

Organizing the Executive Branch for Human Resources Development

The issue here is how to organize the federal government to make sure that the new system is actually built as a seamless web in the field, where it counts, and that program gets a fast start with a first-rate team behind it.

We propose, first, that the President appoint a National Council on Human Resources Development. It would consist of the relevant key White House officials, cabinet members and members of Congress. It would also include a small number of governors, educators, business executives, labor leaders and advocates for minorities and the poor. It would be established in such a way as to assure continuity of membership across administrations, so that the consensus it forges will outlast any one administration. It would be charged with recommending broad policy on a national system of human resources development to the President and the Congress, assessing the effectiveness and promise of current programs and proposing new ones. It would be staffed by senior officials on the Domestic Policy Council staff of the President.

Second, we propose that a new agency be created, the National Institute for Learning, Work and Service. Creation of this agency would signal instantly the new administration's commitment to putting the continuing education and training of the "forgotten half" on a par with the preparation of those who have historically been given the resources to go to 'college' and to integrate the two systems, not with a view to dragging down the present system and those it serves, but rather to make good on the promise that everyone will have access to the kind of education that only a small minority have had access to up to now. To this agency would be assigned the functions now performed by the assistant secretary for employment and training, the assistant secretary for vocational education and the assistant secretary for higher education. The agency would be staffed by people specifically recruited from all over the country for the purpose. The staff would be small, high powered and able to move quickly to implement the policy initiatives of the new President in the field of human resources development.

The closest existing model to what we have in mind is the National Science Board and the National Science Foundation, with the Council in the place of the Board and the institute in the place of the Foundation. But our council would be advisory, whereas the Board is governing. If you do not like the idea of a permanent council, you might consider the idea of a temporary President's Task Force, constituted much as the council would be.

In this scheme, the Department of Education would be free to focus on putting the new student performance standards in place and managing the programs that will take the leadership in the national restructuring of the schools. Much of the financing and disbursement functions of the higher education program would move to the Treasury Department, leaving the higher education staff in the new institute to focus on matters of substance.

In any case, as you can see, we believe that some extraordinary measure well short of actually merging the departments of labor and education is required to move the new agenda with dispatch.

Getting Consensus on the Vision

Radical changes in attitudes, values and beliefs are required to move any combination of these agendas. The federal government will have little direct leverage on many of the actors involved. For much of what must be done a new, broad consensus will be required. What role can the new administration play in forging that consensus and how should it go about doing it?

At the narrowest level, the agenda cannot be moved unless there is agreement among the governors, the President and the Congress. Bill's role at the Charlottesville summit leads naturally to a reconvening of that group, perhaps with the addition of key members of Congress and others.

But we think that having an early summit on the subject of the whole human resources agenda would be risky, for many reasons. Better to build on Bill's enormous success during the campaign with national talk shows, in school gymnasiums and the bus trips. He could start on the consensus-building progress this way, taking his message directly to the public, while submitting his legislative agenda and working it on the Hill. After six months or so, when the public has warmed to the ideas and the legislative packages are about to get into hearings, then you might consider some form of summit, broadened to include not only the governors, but also key members of Congress and others whose support and influence are important. This way, Bill can be sure that the agenda is his, and he can go into it with a groundswell of support behind him.

That's it. None of us doubt that you have thought long and hard about many of these things and have probably gone way beyond what we have laid out in many areas. But we hope that there is something here that you can use. We would, of course, be very happy to flesh out these ideas at greater length and work with anyone you choose to make them fit the work that you have been doing.

Very best wishes from all of us to you and Bill.

Marc Tucker