

REMARKS OF SENATOR BOB DOLE
NATIONAL SCHOOL BOARD ASSOCIATION
HYATT REGENCY
WASHINGTON, D.C.
SUNDAY, JANUARY 30, 1983

THE PRESIDENT AND THE NEW CONGRESS

● OUR BEST HOPE FOR 1983 IS THAT PRESIDENT REAGAN AND THE 98TH CONGRESS WILL WORK TOGETHER TO DEAL WITH AN AGENDA WHERE WE AGREE ACTION IS NEEDED. THAT MEANS ACTION ON THE DEFICIT, ON UNEMPLOYMENT, ON SOCIAL SECURITY, AND ATTENTION TO THE SHIFTING PATTERNS OF INDUSTRY AND JOB CREATION IN OUR ECONOMY. AT THE SAME TIME WE HAVE TO REALIZE THERE WILL BE MAJOR AREAS WHERE WE WILL NOT AGREE. NO ONE IS GOING TO COMPROMISE AWAY THE GAINS WON TOWARDS RESTRAINING THE GROWTH OF SPENDING, CONTROLLING THE TAX BURDEN, AND BEATING BACK INFLATION. THE AMERICAN PEOPLE STILL OVERWHELMINGLY SUPPORT THOSE GOALS.

● THE PRESIDENT, THE HOUSE LEADERSHIP, AND THE SENATE LEADERSHIP WILL HAVE TO WORK TOGETHER TO FORGE A CONSENSUS ON MAJOR DECISIONS IF WE ARE TO GET THE JOB DONE. ON SOME ISSUES WE SIMPLY CANNOT AFFORD TO HAVE A LEGISLATIVE STALEMATE: SOCIAL SECURITY IS ONE OF THESE, AND THE PRESIDENT AND THE SPEAKER HAVE SHOWN A STATESMANLIKE REGARD FOR THE PUBLIC INTEREST IN SUPPORTING THE BIPARTISAN SOCIAL SECURITY PACKAGE.

● PRESIDENT REAGAN WILL HAVE TO WORK WITH THE HILL, AND HE HAS SHOWN HE IS PREPARED TO DO THAT: BUT THE PRESIDENT STILL SETS THE AGENDA. ON TAXES, SPENDING, DEFICITS, EMPLOYMENT, AND TRADE THE PRESIDENT WILL PROPOSE, AND CONGRESS MUST DISPOSE. THOSE OF US WHO HAVE IDEAS OF OUR OWN WILL WORK WITH THE WHITE HOUSE TO GET THINGS DONE--BUT THE LEADERSHIP STILL MUST AND WILL COME FROM THE PRESIDENT. THAT IS WHY WE ARE UNLIKELY TO SEE ANY MAJOR DEPARTURE FROM THE PRINCIPLES OF GOVERNMENT RONALD REAGAN HAS ESPOUSED IN HIS FIRST TWO YEARS IN OFFICE.

● THERE IS NO COHERENT ALTERNATIVE TO REPUBLICAN LEADERSHIP. THE PEOPLE STILL RECOGNIZE THAT OUR ECONOMIC PROBLEMS WERE A LONG TIME IN THE MAKING AND THAT THE CURE WILL TAKE TIME TOO. ACCORDING TO CBS/NEW YORK TIMES VOTER EXIT POLLS IN THE LAST ELECTION, VOTERS BY A 5 TO 4 MARGIN BLAMED OUR ECONOMIC PROBLEMS ON PAST DEMOCRATIC POLICIES RATHER THAN ON PRESIDENT REAGAN.

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THE ECONOMY

PROGNOSIS

● NOW THAT ALL THE ELECTION-YEAR RHETORIC HAS BEEN CLEARED AWAY, WE CAN REALISTICALLY ASSESS THE STATE OF THE ECONOMY AND THE PROSPECTS FOR THE NEXT FEW YEARS. THE FACT IS THAT THE GROUNDWORK HAS BEEN LAID FOR A STABLE AND LASTING RECOVERY, WITHOUT INFLATION. IT IS ABSOLUTELY CRUCIAL THAT WE PROCEED WITH CARE AT THIS POINT, AND NOT THROW AWAY THE GAINS ALREADY MADE.

● INFLATION WAS CUT TO 3.9 PERCENT IN 1982, FROM 12.4 PERCENT IN 1980. THIS IS THE LOWEST INFLATION RATE SINCE 1972.

● INTEREST RATES ARE DOWN AND STILL FALLING. THE PRIME RATE IS DOWN TO 11 PERCENT, WAY DOWN FROM THE 21 PERCENT THAT PREVAILED WHEN PRESIDENT REAGAN TOOK OFFICE. HOME MORTGAGE RATES ARE DOWN 3 POINTS SINCE LAST YEAR. LONG-TERM RATES FOR BUSINESS LOANS ARE OFF 3 TO 4 POINTS FROM A YEAR AGO.

● GOVERNMENT SPENDING GROWTH RATE IS DOWN TO 11.2 PERCENT THIS YEAR FROM 17.4 PERCENT IN 1980. THE 1983 BUDGET RESOLUTION PROJECTS THE GROWTH RATE OF GOVERNMENT TO FALL TO 7.5 PERCENT BY 1985.

● LOWER TAXES WITH MAJOR IMPROVEMENTS IN TAX EQUITY WILL HELP BUOY THE RECOVERY, BOTH ON THE CONSUMER SIDE AND ON THE INVESTMENT SIDE. THE COMBINED EFFECT OF THE 1981 AND 1982 TAX BILLS HAS BEEN TO LOWER INDIVIDUAL TAXES OVER 3 YEARS BY \$344 BILLION, AS WELL AS IMPROVE COMPLIANCE AND TAX FAIRNESS. LOWER INDIVIDUAL RATES BOOST PERSONAL INCOME AND RESTORE INCENTIVE, WHILE FAVORABLE CAPITAL COST RECOVERY RULES SHOULD SPUR INVESTMENT. ALREADY A SIGNIFICANT RESULT OF THE TAX CHANGES HAS BEEN TO BOOST THE SAVINGS RATE TO ABOUT 7 PERCENT: ADDITIONAL SAVINGS WE NEED TO BUILD THE CAPITAL POOL TO FINANCE RECOVERY.

● THE UNEMPLOYMENT PROBLEM. UNEMPLOYMENT, OF COURSE, IS THE MAJOR NEGATIVE IN THE ECONOMIC PICTURE, AND IT MAY CONTINUE TO RISE IN THE NEAR TERM. HIGH UNEMPLOYMENT COSTS THE GOVERNMENT IN LOST REVENUE AND LOST PRODUCTION, AND IT HAS TO COME DOWN. BUT IT HAS TO COME DOWN AND STAY DOWN WITHOUT INFLATIONARY STIMULUS--THAT IS WHAT WE HAVE FAILED TO DO IN THE PAST.

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FINANCE COMMITTEE ACTION CONCERNING EDUCATION ISSUES

EDUCATION SAVINGS ACCOUNT

● AN IDEA THAT HAS BEEN AROUND FOR SEVERAL YEARS AND MAY RECEIVE ATTENTION IN THE NEW CONGRESS IS TO USE AN IRA-TYPE ARRANGEMENT TO ENCOURAGE SAVINGS FOR COLLEGE EDUCATION OR ADVANCED VOCATIONAL TRAINING. CONTRIBUTIONS TO AN ACCOUNT SET UP FOR THIS PURPOSE WOULD BE TAX-FREE SUBJECT TO LIMITS ON THE USE OF FUNDS FOR THE STATED PURPOSE. IN THE AREA OF EDUCATION OF ONE'S CHILDREN, IN PARTICULAR, THE PRESIDENT HAS A STRONG INTEREST IN THIS INITIATIVE. IT COULD PROVIDE SUPPORT FOR EDUCATION WITH A FREE-MARKET APPROACH, WHICH HAS A LOT OF APPEAL.

● A FAMILY MAY ESTABLISH AN ACCOUNT FOR EACH CHILD EACH YEAR UP TO \$750 MAY BE SET ASIDE IN EACH ACCOUNT WITH AN ANNUAL MAXIMUM AMOUNT PER FAMILY OF \$3,000. JUST LIKE AN IRA, THE AMOUNT CONTRIBUTED TO AN ACCOUNT MAY BE DEDUCTED BY THE CONTRIBUTOR. THE INCOME DERIVED FROM THE AMOUNTS IN THE ACCOUNT WILL BE TAX-DEFERRED, SIMILAR TO AN IRA. AMOUNTS MAY BE CONTRIBUTED TO AN ACCOUNT UNTIL THE CHILD REACHES AGE 21 OR UNTIL THE CHILD BEGINS COLLEGE OR POST-SECONDARY VOCATIONAL TRAINING, IF EARLIER.

● LEGISLATION LIKE THIS IS NECESSARY BECAUSE OF THE DRAMATIC ESCALATION IN THE COSTS OF SPECIALIZED TRAINING AND COLLEGE EDUCATION. COSTS OF COLLEGE EDUCATION HAVE DOUBLED OVER THE LAST DECADE FOR BOTH PUBLIC AND PRIVATE INSTITUTIONS. THE TOTAL COST OF ATTENDING COLLEGE IN 1982-83 IS ESTIMATED TO BE 13 PERCENT HIGHER THAN LAST YEAR AT PUBLIC INSTITUTIONS AND OVER 11 PERCENT HIGHER AT PRIVATE INSTITUTIONS. THE AVERAGE COST PER YEAR AT A PUBLIC UNIVERSITY IS ESTIMATED TO BE OVER ABOUT \$4,400 AND, FOR A PRIVATE UNIVERSITY, ABOUT \$7,500.

● OUR SOCIETY DEMANDS MORE AND MORE SPECIALIZED EDUCATION IN ORDER TO PERFORM THE NEW JOBS THAT WILL BE CREATED IN THE FUTURE. HOWEVER, COLLEGE COSTS ARE BEYOND THE MEANS OF MANY FAMILIES IF THEY HAVE NOT PREPARED FOR THEIR CHILDREN'S EDUCATION WELL IN ADVANCE. THIS IS AN UNFORTUNATE SITUATION FOR THE CHILDREN INVOLVED AND, FROM A BROADER PERSPECTIVE, FOR THE SOCIETY AS A WHOLE.

SAVINGS ACCOUNTS V. TAX CREDITS

● THE EDUCATION SAVINGS ACCOUNT CONCEPT COMPLEMENTS THE TUITION TAX CREDIT PROPOSALS. ONE OF THE MAJOR CRITICISMS OF THE ADMINISTRATION'S TAX CREDIT PROPOSAL VOICED BY SUPPORTERS OF THE CONCEPT HAS BEEN THAT THE CREDITS ARE NOT ALLOWED FOR COLLEGE EDUCATION. IT MAY BE MORE APPROPRIATE TO PROVIDE INCENTIVES FOR FAMILIES TO SAVE IN ADVANCE FOR COLLEGE EDUCATION THAN MERELY TO PROVIDE A CREDIT AGAINST TAXES PAID CURRENTLY WHILE A CHILD IS IN COLLEGE. TAX CREDITS COULD BE REASONABLY LIMITED TO PRE-COLLEGE EDUCATION.

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TUITION TAX CREDITS

- ALTHOUGH THE FINANCE COMMITTEE FASHIONED A COMPROMISE TUITION TAX CREDIT PROPOSAL LAST YEAR AFTER EXTENSIVE CONSIDERATION, THE BILL RECEIVED NO FURTHER ACTION LAST YEAR. BUT THE COMMITTEE'S EFFORTS COULD FORM THE BASIS FOR LEGISLATION IN THE 98TH CONGRESS.
- PRESIDENT REAGAN IS LIKELY TO SEND UP A TUITION TAX CREDIT BILL IN THE CONGRESS. THE BILL WILL BE VERY SIMILAR TO THE BILL REPORTED BY THE FINANCE COMMITTEE LAST SEPTEMBER.
- THE BILL SHOULD AGAIN PASS THE FINANCE COMMITTEE THIS YEAR. WITH A STRONG DRIVE BY THE WHITE HOUSE, AND ALL-OUT GRASS ROOTS EFFORT BY SUPPORTERS, THE BILL COULD BE ENACTED THIS CONGRESS.
- TUITION TAX CREDITS FOR ELEMENTARY AND SECONDARY SCHOOLING ARE OF CRITICAL IMPORTANCE TO ENSURE THAT MIDDLE AND LOW INCOME FAMILIES HAVE ACCESS TO EDUCATIONAL ALTERNATIVES ON THE SAME BASIS AS HIGHER INCOME AMERICANS.
- TAX CREDITS WILL STRENGTHEN PRIVATE SCHOOLS AND HELP STIMULATE INNOVATION AND COMPETITION IN EDUCATION WHICH WILL ALSO HELP THE PUBLIC SCHOOLS. WITH IMPROVED SCHOOLING, OUR NATION'S COMPETITIVE POSITION IN WORLD TRADE WILL BE STRENGTHENED, AND OUR QUALITY OF LIFE WILL BE IMPROVED.
- THE BILL SUPPORTED BY THE PRESIDENT HAS VERY TOUGH ANTI-DISCRIMINATION PROVISIONS TO PREVENT EVEN INDIRECT ASSISTANCE TO RACIALLY DISCRIMINATORY SCHOOLS.
- THE BILL SHOULD BE FISCALLY PRUDENT. THE NEW BILL HAS NO COST UNTIL FISCAL YEAR 1984, IS PHASED IN OVER A THREE-YEAR PERIOD, AND COSTS LESS THAN \$800 MILLION ANNUALLY ONCE IT IS FULLY EFFECTIVE. IN ADDITION, HIGH INCOME TAXPAYERS (OVER \$60,000 PER YEAR) WILL BE INELIGIBLE FOR CREDITS. THE BILL WILL NOT HELP THE WEALTHY.

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SOCIAL SECURITY

- BIPARTISAN COOPERATION CONTINUES TO BE THE KEY TO RESOLVING THE SOCIAL SECURITY FINANCING CRISIS. THE NATIONAL COMMISSION DEVELOPED A BIPARTISAN PACKAGE THAT DESERVES SUPPORT. IT IS NOT PERFECT, AND EVERYONE HAD TO SWALLOW HARD ON SOME ITEMS: THAT IS THE COST OF REACHING AGREEMENT.
- THE WORK OF THE COMMISSION MADE CLEAR THAT IT IS A CRISIS IN SOCIAL SECURITY THAT WE ARE CONFRONTING. THE COMMISSION AGREED THAT \$150-\$200 BILLION IS NEEDED BETWEEN 1983 AND 1989 TO ENSURE THE SOLVENCY OF THE SYSTEM THROUGH 1990. THIS MEANS PROVIDING ABOUT A 15 PERCENT RESERVE RATIO BY 1990 UNDER THE PESSIMISTIC--SOME WOULD SAY REALISTIC--ASSUMPTIONS. THIS IS STILL A RESERVE LEVEL LOWER THAN AT ANY POINT IN HISTORY, AND DOES NOT TAKE INTO ACCOUNT THE MEDICARE PROGRAM, WHICH WILL HAVE SERIOUS RESERVE PROBLEMS BY 1990 IF NOTHING IS DONE.
- THE REAL JOB IS, AND ALWAYS HAS BEEN, UP TO CONGRESS. THE BIPARTISAN PACKAGE, INCLUDING A 6-MONTH DELAY IN COST-OF-LIVING ADJUSTMENTS, PARTIAL ACCELERATION OF SCHEDULED PAYROLL TAX INCREASES, COVERAGE OF NEW FEDERAL WORKERS AND NON-PROFIT ORGANIZATIONS, AND PARTIAL TAXATION OF BENEFITS FOR HIGHER-INCOME BENEFICIARIES, WILL BE BEFORE CONGRESS RIGHT AWAY. THE FINANCE COMMITTEE HAS SCHEDULED HEARINGS FOR FEBRUARY 15.
- LONG-TERM CHANGES ARE ALSO NEEDED, OF COURSE, AND THE WORK OF THE COMMISSION HAS HELPED GIVE US VALUABLE GUIDANCE. WE CANNOT FORGET THAT THE PAYROLL TAX BURDEN IS ALREADY HEAVY AND SCHEDULED TO INCREASE, AND THE CONFIDENCE OF YOUNG PEOPLE IS CRITICALLY LOW. THE LONG-TERM DEFICIT CAN BE REDUCED CONSIDERABLY BY VERY GRADUALLY SLOWING THE GROWTH OF BENEFITS AS PEOPLE COME ON TO THE ROLLS IN THE FUTURE. ANOTHER ROUTE IS TO RAISE THE RETIREMENT AGE, AGAIN VERY GRADUALLY, FOR PEOPLE RETIRING SOME 20 OR 30 YEARS FROM NOW. IN EITHER CASE AMPLE TIME WOULD BE AVAILABLE FOR PEOPLE TO ADJUST THEIR SAVINGS AND RETIREMENT DECISIONS.

MAJOR FEATURES OF THE PACKAGE

- COLA DELAY. EVEN WITH THE 6-MONTH DELAY OF THE COST-OF-LIVING INCREASE, BENEFITS FOR 1984 FOR THE AVERAGE RETIRED COUPLE WILL BE ABOUT \$330 HIGHER THAN THEIR BENEFITS FOR 1983, ASSUMING AN INFLATION RATE OF 4 PERCENT.
- TAXATION OF BENEFITS ABOVE THRESHHOLD. MANY LOW AND MODERATE INCOME RETIRED TAXPAYERS ARE ALREADY TAXED ON THEIR PENSIONS, DIVIDENDS, INTEREST, AND OTHER INCOME. BASIC FAIRNESS REQUIRES THAT INDIVIDUALS WITH SUBSTANTIAL AMOUNTS OF OTHER INCOME SHOULD AT LEAST TREAT SOME OF THEIR SOCIAL SECURITY BENEFITS AS INCOME SUBJECT TO INCOME TAX. ONE-HALF IS AN APPROPRIATE AMOUNT AND SHOULD NOT CAUSE UNDUE HARD-SHIP.

TAXATION OF BENEFITS ABOVE THE THRESHHOLD SHOULD ONLY AFFECT ABOUT 11 PERCENT OF ALL SOCIAL SECURITY BENEFICIARIES, SO THE GREAT MAJORITY

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OF SOCIAL SECURITY RECIPIENTS WILL NOT BE AFFECTED BY THIS CHANGE.

- PAYROLL TAX ACCELERATION. THE ACCELERATION OF THE PAYROLL TAX INCREASE WILL ONLY INCREASE PAYROLL TAX REVENUES BY \$9 BILLION BETWEEN NOW AND 1988. HALF OF THIS AMOUNT--THE EMPLOYEE PORTION--WILL BE OFFSET BY AN INCOME TAX CREDIT. THE OTHER HALF--THE EMPLOYER PORTION--WILL BE DEDUCTIBLE ON THE EMPLOYER'S INCOME TAX RETURN. THE NET EFFECT WILL ONLY BE TO TAKE ABOUT \$3 BILLION OUT OF THE ECONOMY--AN INSIGNIFICANT FACTOR IN A 3 TRILLION DOLLAR ECONOMY.

BY REMOVING THE ENORMOUS AMOUNT OF MISINFORMATION AND UNCERTAINTY WHICH HAS SCARED THE ELDERLY PEOPLE OF THE COUNTRY, THE BILL WILL IMPROVE CONFIDENCE, BOTH AMONG THE ELDERLY AND IN THE FINANCIAL MARKETS. THESE SHOULD HAVE SIGNIFICANT POSITIVE ECONOMIC EFFECTS.

- BENEFITS VS. TAXES. OF THE \$169 BILLION FINANCING PACKAGE, ONE CAN VIEW THE LARGEST COMPONENT AS BEING ON THE BENEFIT SIDE THROUGH SLOWING THE RATE OF FUTURE BENEFIT GROWTH AND PARTIAL TAXATION OF BENEFITS FOR THE HIGHEST-INCOME BENEFICIARIES.

● <u>BENEFIT SLOWDOWN AND RECAPTURE</u>	\$70 BILLION - 41%
COLA ADJUSTMENTS	(\$40 BILLION)
RECAPTURE OF BENEFITS THROUGH TAX SYSTEMS	(\$30 BILLION)
● <u>EXPANSION OF COVERAGE AND REPAYMENT OF MILITARY SERVICE OBLIGATION</u>	\$41 BILLION - 24%
COVERAGE OF FEDERAL AND NONPROFIT EMPLOYEES	(\$23 BILLION)
MILITARY SERVICE DEBT	(\$18 BILLION)
● <u>TAX SPEEDUP AND RESTRUCTURING OF SELF-EMPLOYMENT TAX</u>	\$58 BILLION - 34%
TAX SPEED UP	(\$40 BILLION)
SELF-EMPLOYMENT RESTRUCTURING	(\$18 BILLION)
	\$169 TOTAL

TAX DEDUCTION PROVIDED FOR THE SELF-EMPLOYED WILL REDUCE THE TOTAL TAX BURDEN BY ABOUT \$18.5 BILLION. THUS THE REAL ADDITIONAL PAYROLL TAX BURDEN WILL BE SLIGHTLY BELOW \$40 BILLION OVER THE PERIOD 1983-1990.

FEDERAL ROLE IN EDUCATION

- WHILE I AM A FIRM BELIEVER IN THE CONCEPT OF FEDERAL AID TO EDUCATION, I BELIEVE EVEN MORE DEEPLY THAT QUALITY OF EDUCATION DEPENDS UPON QUALITY OF LOCAL INVOLVEMENT.
- PROVIDING FEDERAL FUNDS TO HELP EDUCATE OUR YOUNG PEOPLE REPRESENTS ONE OF THE BEST INVESTMENTS WE CAN MAKE WITH OUR FEDERAL TAX DOLLARS -- OUR CHILDREN ARE OUR COUNTRY'S FUTURE.
- THE PRIMARY FEDERAL RESPONSIBILITY IN EDUCATION IS TO GUARANTEE EQUAL OPPORTUNITY AND ACCESS TO EDUCATION FOR ALL AMERICAN CHILDREN.
- EQUAL EDUCATIONAL OPPORTUNITY AND ACCESS MEAN EXACTLY THAT -- POOR YOUNGSTERS OF FARM FAMILIES IN IMPOVERISHED RURAL AREAS SHOULD HAVE THE SAME OPPORTUNITY TO GET A GOOD EDUCATION AS THE CHILDREN OF RICH PARENTS IN A WEALTHY SUBURBAN OR METROPOLITAN AREA.

YOUNGSTERS DISADVANTAGED BY PHYSICAL OR MENTAL HANDICAPS SHOULD HAVE AS MUCH OPPORTUNITY TO DEVELOP THEIR LEARNING POTENTIAL AS IS PROVIDED TO THEIR MORE FORTUNATE SCHOOLMATES. BLACK CHILDREN AND BROWN CHILDREN SHOULD HAVE THE SAME EDUCATIONAL OPPORTUNITIES AS WHITE CHILDREN, WHETHER THEY LIVE IN KANSAS OR IN MISSISSIPPI OR IN TEXAS OR CALIFORNIA.

- ONE OF THE MAJOR REASONS THE FEDERAL GOVERNMENT BECAME SO DEEPLY INVOLVED IN ELEMENTARY AND SECONDARY EDUCATION WAS THE FAILURE OF SOME STATES AND OF TOO MANY COMMUNITIES TO PROVIDE EQUAL OPPORTUNITIES TO CHILDREN DISADVANTAGED BY POVERTY, RACE, OR BY PHYSICAL OR MENTAL DISABILITIES.
- NOW ECONOMIC FORCES AND POLITICAL TIDES ARE CAUSING OUR NATION TO REEXAMINE THE PROPER ROLE OF THE FEDERAL GOVERNMENT IN THE EDUCATION OF YOUNG AMERICANS.
- WE HAVE COME TOGETHER HERE TO DISCUSS THE FEDERAL ROLE IN EDUCATION. I WANT YOU TO KNOW THAT I VALUE YOUR VIEWS AND ENCOURAGE YOUR EFFORTS TO EDUCATE ME AND MY COLLEAGUES ABOUT THE POTENTIAL IMPACT THAT PROPOSALS BY THE ADMINISTRATION AND THE CONGRESS WILL HAVE ON YOU AT THE LOCAL LEVEL.
- THE PRESIDENT HAS INITIATED A GREAT REEVALUATION OF THE SHAPE AND COURSE OF THE FEDERAL GOVERNMENT, AND ~~IS PERHAPS NO~~
~~ISSUE MORE IMPORTANT TO OUR COUNTRY'S FUTURE THAN THE EDUCATION~~
~~OF OUR CHILDREN. AND YET PERHAPS~~ THERE IS MUCH THAT CAN BE DONE TO PROMOTE DEREGULATION OF THOSE AREAS OF FEDERAL EDUCATION POLICY WHICH HAVE BECOME OVERLY INTRUSIVE IN STATE AND LOCAL AUTONOMY.
- THOSE OF YOU WHO ARE CHARGED WITH THE RESPONSIBILITY OF ADMINISTERING OUR LOCAL SCHOOL SYSTEMS KNOW THAT IT IS AT THE LOCAL LEVEL WHERE THE MAGIC OF EDUCATION IS ACCOMPLISHED -- THROUGH TEACHING AND LEARNING.

- LEADERSHIP AT THE STATE LEVEL IS DIRECTED AT CREATING THE LARGER FRAMEWORK OF EDUCATIONAL ACTIVITY AT THE LOCAL LEVEL, WITH THE ADDITIONAL IMPORTANT RESPONSIBILITY OF ENFORCING EQUITY WITHIN THE STATE.
- THIS TASK IS MUCH LESS OPERATIONAL AT THE FEDERAL LEVEL. VIRTUALLY ALL FEDERAL INVOLVEMENT SHOULD HAVE THE PURPOSE OF GUARANTEEING EQUAL OPPORTUNITY AND ACCESS.
- THOSE PRINCIPLES OF EQUALITY AND ACCESS WERE THE BASIS OF THE ELEMENTARY AND SECONDARY EDUCATION ACT OF 1965. CHAPTER I OF THAT LAW CONTINUES TO SPEAK TO THOSE GOALS TODAY, AS DOES P.L. 94-142, THE EDUCATION OF ALL HANDICAPPED CHILDREN ACT.
- SUPPORT FOR THIS KIND OF FEDERAL ROLE IN EDUCATION HAS BEEN BIPARTISAN IN NATURE -- ACTUALLY IT HAS BEEN NONPARTISAN.

SENATOR ROBERT A. TAFT, SR. ONCE DESCRIBED THE FEDERAL ROLE THIS WAY:

"EDUCATION IS PRIMARILY A STATE FUNCTION, BUT IN THE FIELD OF EDUCATION, AS IN THE FIELDS OF HEALTH, RELIEF AND MEDICAL CARE, THE FEDERAL GOVERNMENT HAS A SECONDARY OBLIGATION TO SEE THAT THERE IS A BASIC FLOOR UNDER THOSE ESSENTIAL SERVICES FOR ALL ADULTS AND CHILDREN IN THE UNITED STATES."

- FOR THOSE OF YOU WHO ARE INTERESTED, THERE HAS BEEN NO LESSENING OF THE FEDERAL COMMITMENT TO EDUCATION, IF WE ARE USING FUNDING AS A BAROMETER OF THIS EFFORT: EDUCATION APPROPRIATIONS FOR FY 1982 TOTALLED \$14,737,246, AND THE

CONTINUING RESOLUTION FOR FY 1983, SETS THIS TOTAL FUNDING LEVEL AT \$15,097,527. THIS REPRESENTS AN ACTUAL INCREASE, WHILE OTHER AREAS OF THE BUDGET HAVE UNDERGONE SIGNIFICANT CUTS.

SCIENCE AND MATH EDUCATION

- BACK IN 1957, THE SOVIET LAUNCH OF SPUTNIK INSPIRED A RENAISSANCE OF FEDERAL AID TO EDUCATION. IN ITS AFTERMATH, CONGRESS PASSED THE NATIONAL DEFENSE EDUCATION ACT IN AN EFFORT TO OVERCOME OUR PERCEIVED SHORTAGE OF SKILLED SCIENTISTS AND MATHEMATICIANS.
THE DRIVING SPIRIT BEHIND THAT EFFORT WAS THE DESIRE TO SHARPEN THE SKILLS NEEDED TO CLOSE THE GAP BETWEEN THE UNITED STATES AND THE SOVIET UNION IN OUTER SPACE, AS WELL AS ON EARTH.
- WHILE THERE ARE STRONG REASONS FOR STRENGTHENING OUR NATIONAL DEFENSE, WE MUST MAKE CERTAIN THAT OUR PRIORITIES ARE BALANCED, AND THAT WE DO NOT LESSEN OUR FEDERAL COMMITMENT TO EDUCATION, SO THAT WE WILL BE ABLE TO SPEND MORE ON NATIONAL DEFENSE.
- TODAY, AGAIN, THERE IS A GROWING CONCERN THAT THE UNITED STATES IS LAGGING FAR BEHIND IN SCIENTIFIC AND MATHEMATICAL SKILLS.
- EVERY STANDARDIZED TEST USED TO MEASURE SCIENCE AND MATH CAPABILITIES HAS SHOWN A STEADILY DECLINING LEVEL OF ACHIEVEMENT OVER THE LAST TEN YEARS.
- IN A COMPARATIVE INTERNATIONAL STUDY, AMERICAN 13-YEAR-OLDS SCORED MORE POORLY ON A STANDARDIZED TEST THAN CHILDREN THE SAME AGE FROM ENGLAND, JAPAN, AUSTRALIA, FRANCE, BELGIUM, SCOTLAND, AND THE NETHERLANDS.
- HIGH SCHOOL AND COLLEGE ADMISSION REQUIREMENTS FOR BOTH MATH AND SCIENCE HAVE BEEN SIGNIFICANTLY REDUCED IN THE PAST DECADE.

- THE NUMBER OF MATH TEACHERS HAS DECLINED BY 77 PERCENT IN JUST TEN YEARS, AND THE NUMBER OF SCIENCE TEACHERS HAS DROPPED 65 PERCENT.
- 43 STATES HAVE A SHORTAGE OF MATH TEACHERS; 42 HAVE A SHORTAGE OF PHYSICS TEACHERS; 38 A SHORTAGE OF CHEMISTRY TEACHERS -- THIS SHORTAGE IS REACHING CRISIS PROPORTIONS.
- LOCAL EDUCATION SYSTEMS CANNOT COMPETE WITH THE SALARIES OF PRIVATE CORPORATIONS AND TOO MANY TALENTED TEACHERS ARE BEING ENTICED AWAY BY INDUSTRY.
- I HAVE A VERY DEEP CONCERN THAT, ULTIMATELY, NEGLECT OF SCIENCE AND MATH EDUCATION IS GOING TO WEAKEN AMERICA'S EDUCATIONAL SYSTEM AND JEOPARDIZE OUR NATIONAL SECURITY, AS WELL AS OUR COUNTRY'S LONG-TERM ECONOMIC RECOVERY AND DEVELOPMENT. OUR COMPETITIVE POSITION IN THE WORLD WILL BE UNDERMINED -- ALREADY WE ARE BUYING MUCH OF OUR HIGH TECHNOLOGY GOODS AND SERVICES FROM COUNTRIES LIKE JAPAN.
- BECAUSE OF THE DECLINE IN THE QUALITY OF EDUCATION IN THESE SPECIALIZED AREAS, WE COULD VERY WELL FIND OURSELVES LOSING A WHOLE GENERATION OF EXPERTS IN THESE FIELDS.
- IN THE 98TH CONGRESS, AN IMPORTANT PART OF THE AGENDA IN EDUCATION WILL BE LEGISLATIVE INITIATIVES TO STRENGTHEN OUR NATION'S EDUCATIONAL SYSTEM IN THE AREAS OF SCIENCE AND MATHEMATICS. SEVERAL BILLS HAVE ALREADY BEEN INTRODUCED, AND I HAVE JOINED THIS EFFORT AS A COSPONSOR OF SENATOR DOMENICI'S "NATIONAL MATHEMATICS AND SCIENCE EXCELLENCE IN EDUCATION ACT OF 1983."

- IT IS MY HOPE THAT THIS KIND OF LEGISLATION WILL HELP TO REVERSE THE DANGEROUS TREND THAT WEAKENS OUR COUNTRY'S ABILITY TO FACE THE CHALLENGES OF ITS FUTURE WITH HIGHLY QUALIFIED SCIENTISTS AND ENGINEERS.

- SENATOR DOMENICI'S PROPOSAL WILL:
 - ESTABLISH A MERIT SCHOLARSHIP PROGRAM FOR COLLEGE STUDENTS WHO ARE PREPARING TO BECOME ELEMENTARY AND SECONDARY SCHOOL TEACHERS IN MATHEMATICS AND SCIENCE.
 - INITIATE A PRESTIGIOUS AWARD PROGRAM, WITH THE NATIONAL SCIENCE FOUNDATION CONDUCTING THE COMPETITION FOR TEACHING EXCELLENCE BY OUR MOST CAPABLE TEACHERS.
 - AMEND THE EDUCATION CONSOLIDATION AND IMPROVEMENT ACT OF 1981 TO IMPROVE THE QUALITY OF MATH AND SCIENCE EDUCATION IN ELEMENTARY AND SECONDARY SCHOOLS.

- ANOTHER IMPORTANT PART OF THE LEGISLATIVE AGENDA IN THE 98TH CONGRESS WILL BE THE REAUTHORIZATION OF THE VOCATIONAL EDUCATION ACT. AS WE ARE ALL WELL AWARE, JOB TRAINING TO CREATE SKILLED WORKERS IS AN IMPORTANT PRIORITY IN THIS TIME OF HIGH UNEMPLOYMENT FOR YOUNG PEOPLE AS WELL AS THOSE WHO HAVE BEEN IN THE WORK FORCE FOR YEARS, WHO REQUIRE RE-TRAINING.

CONCLUDING REMARKS

- FOR YEARS, PEOPLE HAVE LOOKED TO CONGRESS AND THE PRESIDENT FOR ANSWERS TO THE NATION'S PROBLEMS. YET, UNFORTUNATELY, IT SEEMS THAT, AS THE YEARS HAVE GONE BY, THE NUMBER OF NEW PROBLEMS HAVE OUTPACED THE SOLUTIONS. CONGRESS MAY EVEN HAVE HELPED TO CREATE SOME OF THESE NEW PROBLEMS, BECAUSE, ALL TOO OFTEN, IT MAY HAVE PROVIDED THE WRONG ANSWERS TO THOSE PROBLEMS IT ATTEMPTED TO ADDRESS. HOWEVER, IN ORDER TO COME UP WITH THE RIGHT SOLUTIONS, WE NEED TO BE ABLE TO ASK THE RIGHT QUESTIONS. IN MATTERS AFFECTING OUR COUNTRY'S ELEMENTARY AND SECONDARY EDUCATION, WE NEED TO LISTEN TO PEOPLE LIKE YOU. IT DOES NOT MERELY SUFFICE TO HAVE GOOD INTENTIONS -- THERE NEEDS TO BE A DIALOGUE BETWEEN THOSE WHO UNDERSTAND THE PROBLEMS BEST, AND THOSE WHO WILL ATTEMPT TO SOLVE THEM.
- OUR NATION'S CHILDREN CAN DO LITTLE ABOUT THE STATE OF THE ECONOMY -- THEY ARE NEITHER VOTERS NOR ELECTED OFFICIALS. HOWEVER, THEIR NEEDS SEEM TO HAVE MULTIPLIED AS THE CHALLENGES FACING THEM HAVE GROWN MORE COMPLEX, AND MORE DEMANDS ARE MADE ON THEM AT AN EARLIER AGE. THE CHILDREN OF TODAY WILL BE THE LEADERS OF TOMORROW, AND WE SHOULD ESTABLISH OUR NATIONAL PRIORITIES ACCORDINGLY.