

## OPPORTUNITY IN PERIL

STATEMENT OF VAUGHN THOMPSON, SENIOR, EASTERN MICHIGAN UNIVERSITY, IN TESTIMONY BEFORE THE SENATE COMMITTEE ON LABOR AND HUMAN RESOURCES:

*"As a low-income student, my expected parental contribution was Zero. Yet my student aid package consisted of a \$2,000 Guaranteed Student Loan and a \$1,690 Pell Grant... I find it hard to believe that I could be an example of the neediest student, yet was still required to borrow a loan."*

*"While I have been successful, it hasn't been without a lot of costs. After the completion of my first semester, my mother lost her job due to her company's relocation. By the 1989-90 academic year, our two incomes totaled less than \$7,000. Even at this income level and with the maximum Pell grant, maximum Supplemental Educational Opportunity Grant (SEOG), and College Work-Study, I still had to take out a loan... the Pell Grant and SEOG only covered 56 percent of my total college costs."*

*"Like all students, I realize I must pay my fair share. I would rather work than take out a loan. There is no way that I could pursue graduate study right now even though I would like to. I want to pay off my undergraduate loans before I incur new ones."*

## THE BUSH PLAN: MORE OF THE SAME

# IV

**A**merica is sending her leaders a clear message: It is time to change direction.

America yearns for new economic leadership — leadership that promises growth and equity. That requires change. We must change the policies that created the squeeze on the middle class; we must eliminate the chronic budget deficit that hampers our economic growth; and we must invest wisely in our infrastructure to increase competitiveness and productivity.

On January 28th, 1992, President George Bush had a chance to commit this country to change when he rose before the assembled Congress and the American people to deliver his address on the State of the Union.

He was silent on redressing the tax inequities that burden working Americans; he showed very little interest in deficit reduction; and his budget priorities neglected our children, our communities, and our infrastructure.

Change begins with a return to basic values. America is looking for leaders who will stand up for the values that drive our economy — the values of solid craftsmanship, quiet leadership in our families and our communities.

Instead of strengthening these values, instead of change, America was told to stay the course — another year of the

same values that made America the world's leading debtor nation in one decade, ignored the hopes of the middle class, and crippled our industrial capabilities.

### Leaving The Middle Class Where He Found Them

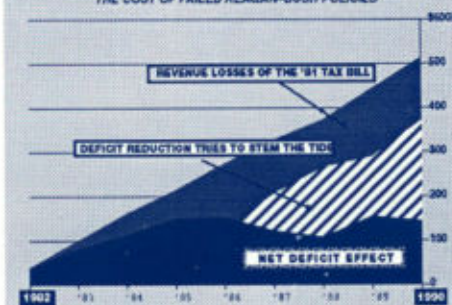
President Bush said his State of the Union would bring "big changes and the promises they hold," but instead of tax relief for the middle class, he repeated the old cry for a broad-gauged, untargeted reduction of the top capital gains tax rate. America has been down this road before.

The Reagan-Bush era witnessed an unparalleled transfer of wealth from the middle class to the wealthiest Americans and encouraged unproductive speculation.

Through special tax breaks provided by the Republicans, the average tax bill of the wealthiest

*In 1992, America is sending her leaders a clear message: It is time to change direction.*

STILL PAYING AFTER ALL THESE YEARS  
THE COST OF FAILED REAGAN-BUSH POLICIES





## THE NEED TO TARGET TAX INCENTIVES

*Untargeted tax giveaways will not get America moving again.*

*Most economists agree that a new round of such incentives would do little to create a short-term stimulus for the economy, and they would make only a very modest contribution to long-term growth, even if they are well designed.*

*If they are poorly targeted, as they were in the 1980s as well as in the President's latest proposal, their long-term effect is likely to be perverse because of resultant increases in the deficit. Tax breaks for saving or investment that would have taken place anyway add to the budget deficit without generating any offsetting increases in private saving. Thus, they produce a net decrease in national saving.*

*More to the point, this failed policy of the past should not be the centerpiece of any sensible recovery plan for today's economy, nor for a comprehensive long-term design for the future.*

served by the program since it began in 1965.

Belatedly, the Bush Administration has recognized the effectiveness of Head Start, and the President's proposed budget for 1992 includes increases to permit a 25 percent participation rate among eligible children. That's good, but not good enough. Democrats remain firmly committed to full funding of Head Start to reach all eligible children.

Democrats recognize government's responsibility to help America's children attain their full potential. We also understand that government cannot replace the family.

We support programs that encourage parental responsibility, such as the Department of Health and Human Services' Parent Child Centers and stronger enforcement of child support awards. People must take responsibility for the families they create. Government can offer a helping hand, but this assistance must promote self-sufficiency and responsible behavior.

### Elementary and Secondary Education: *Preparing Young Americans for the Twenty-First Century*

America is trying to prepare our young people for the Twenty-First Century. In schools that are products of the Nineteenth Century.

Our families, our workplaces, and our entire society have undergone dramatic changes, while our schools have, until recently, remained frozen in time. Technological progress and the decline in well-paying jobs for high school graduates have transformed the mission of our schools.

Our schools need to do

more than provide some of our children with basic skills; they need to provide all our children with higher-order thinking skills.

Comprehensive reform cannot be achieved by the plan promoted by President Bush and Congressional Republicans. The Bush Administration's "America 2000," emphasizes federally-administered plans that are top-down in concept, top-heavy in structure, and take the day-to-day responsibility out of the hands of parents, teachers, and local communities.

Furthermore, the Bush plan seems motivated more by political priorities than educational imperatives. Its centerpiece — "New American Schools" — would make a grant to one school in each congressional district. While every little bit helps, there is a real need to improve education for *every* student in *every* school in *every* community all across America.

Democrats believe that the demands of an international economy should be met by educational reform for *all* schools. This approach also promotes broad-based cooperation that includes parents, teachers, business people, and civic leaders in the reform process and provides assistance to bring curricula and instructional

Each class of dropouts earns:

- \$237 billion less over their lifetimes than their counterparts who graduate high school.

Each class of high school graduates saves:

- \$70 billion in lost tax revenues
- \$3 billion in welfare and unemployment benefits, and
- \$3 billion in the costs of crime.



## A HEAD START SUCCESS:

### Cheryl Bundrage, Bradenton, Florida

*Cheryl Bundrage has tried to pass on to others the kind of help she got in Head Start 20 years ago. Head Start helped her master preschool readiness skills, placing her ahead of her classmates when she enrolled in kindergarten. Head Start "prepares you early enough for what one would expect to have accomplished for preparation to kindergarten," Cheryl says.*

*This foundation has translated into an impressive academic and professional career. In school she won numerous academic awards and was selected twice for Who's Who in American High Schools. Since her graduation from the University of South Florida with a bachelor's degree in Applied Mathematics, she has been employed with an insurance company as a claims adjuster.*

*Cheryl's Head Start experience instilled in her a sense of community involvement, and she is particularly interested in helping other students educationally. In college, she tutored blind students in Math; today she tutors Head Start staff who are seeking to complete courses of study. Cheryl sums up her Head Start experience as giving her "a positive outlook on life."*

*(from Head Start Success Stories, January, 1990, Region V Head Start Training and Technical Assistance Resource Center).*

which would have denied much-needed food to from one million to two million children.

■ **Child Immunizations:** The federal Childhood Immunization Program helps prevent childhood disease. Democrats have consistently fought Republican efforts to cut this program.

■ **Head Start:** Twenty-five years ago, Democrats realized that children who have the right kind of help in their early years

tend to avoid educational failure in future years. Head Start is one of the most cost-effective ways to help children learn and stay in school.

Studies show that participation in a quality preschool program such as Head Start improves scholastic achievement, high school graduation rates, enrollment in post-secondary education programs, and employment prospects. Moreover, it decreases youth delinquency and welfare dependency. A total of 12,518,014 children have been

Americans fell dramatically. Meanwhile the incomes of most middle-income families stagnated and they were asked to bear a greater portion of the tax burden.

The Reagan/Bush Administration promised that increased saving and elimination of the federal deficit would result from the 1981 tax giveaways. But the saving rate actually plummeted, and the tax bill cost a staggering \$2.5 trillion during the 1980s alone. Our national debt ballooned as a result.

Congress struggled to reduce the debt, but the tide of red ink stole resources from investments that would have provided America with a stronger economic foundation: investments in education, infrastructure, and worker training — the investments that our major economic competitors are making every day.

## Overlooking Our Future

### Job Training

*The President's program creates no new Job Corps slots*

### Mass Transit

*The President's proposed cut would have eliminated 42,000 jobs*

### Older Americans Employment

*The President's Budget would have cut 12,870 employment slots for older persons.*

*No wonder less than a third of the President's Party in the House of Representatives supported his Budget.*



## The Investment Deficit

Our economic problems were not built in a day, and cannot be solved with a single tax gimmick. America needs a long-term program. To find the billions of dollars needed to fund his short-term tax proposals, the President sacrificed the investments that would make real changes in our economy.

■ The Bush Administration has continued a decade of shifting the burden of infrastructure investment to the states and localities, allowing our roads and bridges to decay, and offering no vision of our future infrastructure needs.

■ The President seeks to pump even more money into our overburdened health care system, rather than addressing the real problems of cost-shifting, administrative duplication and inefficiency, and lack of preventive care.

■ Across America, families are trying to build a better future by strengthening their neighborhoods, but the President proposes to slash community development and services.

The only Administration response to our trade deficit has been to weaken the value of the dollar, making our exports less expensive on the world market but ultimately reducing our quality of life. Exclusive reliance on a weak currency does not strengthen our economy. And foreign investors do not necessarily share our priorities to make America competitive.

American industry leads the world in many areas, such as computer, medical and communications technology. Other sectors are at the brink of resurgence after years of restructuring. American trade policy must do all it can to maximize those advantages. The President's winter "trade trip" to Tokyo, at which he extracted promises to buy a few more auto parts in trade for continued access to the U.S. market, drew a clear, dismaying picture of a superpower in peril and a leader with no strategy.



## HELPING LIFE'S JOURNEY: FROM CHILDHOOD TO CITIZENSHIP



### A Healthy Start

American children should enjoy the birthright of a healthy start in life that will give them a fair chance to achieve their God-given potential.

Shortchanging children's health is wasteful — in fiscal, as well as human, terms. The old saying really is true: an ounce of prevention is worth a pound of cure. Thus, every dollar spent to immunize a child saves more than three dollars in the child's first year alone by reducing the need for costly medical intervention. Over the years, every dollar spent to immunize a child saves more than ten dollars by reducing the costs of serious illness and death from disease. And studies clearly show that the health care costs of children who see a doctor annually are nearly ten percent lower than children who do not.

Democrats support programs with proven success at providing children with a healthy start in life and preparing them for school:

- **Special Supplemental Food Program for Women, Infants and Children:** Enacted by Democrats, the WIC Program provides nutritious free food benefits to low-income expecting mothers and their children. WIC helps

nearly one million women give birth to healthy babies each year and provides nutrition for more than two million infants and young children. Because of the short-sighted budget priorities of the Bush Administration, current funding for WIC serves just 54 percent of those who are eligible.

- **Child Nutrition:** Federal programs provide nutritious food to children in schools, family and group day care homes, and child care facilities. President Bush's 1992 budget proposed cuts in these programs

After moving steadily forward during the 1960's and 70's progress on important indicators of children's health slowed or stopped during the Reagan-Bush '80s:

- *Fewer pregnant women received prenatal care — a condition that increases the risk that their children will be born malnourished or unhealthy;*
- *More babies were born at low birth weight — a condition that imperils their health for as long as they live;*
- *And fewer infants and preschool children were immunized against preventable disease.*