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Reorganization of Federal Education Program

Question of the Department of Education

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PERSONAL AND ~~CONFIDENTIAL~~

TO: PRESIDENT CARTER  
FROM: HAMILTON JORDAN  
RE: DEPARTMENT OF EDUCATION

I hope that you will have time to briefly review the memorandum I submitted about the Department of Education almost two months ago. It makes most of the arguments that I feel are important.

After reading the OMB and HEW memoranda, I only have several thoughts:

1. I see no reason to delay a decision on this matter. It has been studied for almost a year now. You have had to make decisions on more complex issues already

this year (B-1, energy, social security, SALT II, etc.) and I see little benefit to deferring this one longer. The longer you wait the more it will appear that you succumbed to political pressure (if you favor the separate department) or you are avoiding making an unpleasant decision that violates a campaign promise (if you ultimately decide to keep things as they are).

2. Let's be fair with our friends the teachers. They have been good to us and should know where we stand on this issue of importance to them. If you decide to go against the separate department, you should bring them in and tell them about it. The worst thing we could do would be to seek some middle course that fails to live up to our campaign commitment but that we claim fulfills it.

3. Implied in the argument against the separate department is that education is not important enough to require the personal attention of the President. There are few things in this world that are more important to

the people of our country than seeing that their children get a decent education. The HEW and OMB studies both contain data that suggest the quality of education in this country has declined in recent years. As an issue and problem, education merits the attention of the President.

4. The separate Department of Education was as explicit campaign promise made repeatedly by you. The burden of proof rests with those who oppose the separate department. They have not made a good case against the separate department. At best, you can argue that a separate department is needed. At worst, you can say that a separate department is a close call and/or no improvement over the present structure.

MEMORANDUM

THE WHITE HOUSE

WASHINGTON

October 13, 1977

TO: FRANK MOORE  
FROM: LES FRANCIS *LF*  
SUBJECT: Creation of a Department of Education

As you may know, the President will soon receive an option paper regarding the Department of Education issue. In fact, a decision from the President could come as early as late next week.

There are two main political issues that argue in favor of creation of a Cabinet-level Department of Education. They are:

1. As a candidate, Jimmy Carter made an unequivocal commitment to support creation of a Cabinet-level Department of Education. No argument to the contrary, no matter how persuasive, can diminish the significance of that earlier public promise. The President's public credibility will be severely damaged should he back away from that commitment now.
2. NEA's endorsement of the Carter/Mondale ticket **CAME** primarily because of the promise to support creation of a Department of Education. 1976 marked the first year ever that NEA endorsed a candidate for President. And, while I would never suggest that the President should do anything solely because of the interests of one union, neither should those interests be ignored. Nor, incidentally, should NEA's 1.4 million members -- and their votes -- be ignored. As we look to 1980, this group must be taken seriously.

These, then, are the major political arguments I see as crucial. Time for a Presidential decision is drawing near. I urge you to "weigh-in" with these arguments in conversations with Hamilton, Stu, the Vice President, and, if appropriate, the President.

Thanks.

*P.S. Obviously, my past association w/ NEA may have influenced my thinking somewhat, but I believe 2 points here are still worth making & not ties.*

THE WHITE HOUSE

WASHINGTON

November 28, 1977

MEMORANDUM FOR: THE PRESIDENT

FROM: RICHARD PETTIGREW

SUBJECT: OMB Recommendations Regarding  
a Department of Education

I find the OMB proposal for a broad Department of Education and Human Development most promising. Moving toward this option accomplishes the following:

- it most completely fulfills your campaign commitment, the breadth of which, I sense, was based on a perception that our educational efforts must better recognize and address the overall social conditions that influence learning capacity;
- it signals the prominence of education as a Federal concern, without turning education over completely at the Federal level to a narrow, insulated, professionally dominated establishment (as is already the case at the state and local levels);
- it promises a substantively defensible and politically attractive breaking-up of HEW, the popular epitome of overgrown, unaccountable bureaucracy; and
- it accomplishes the above goals without falling prey to the cargo preference-type charge that you are simply repaying a political debt.

The narrow Department option, on the other hand, is substantively weak in terms of any contribution to quality education. It has only short-run political value, and even this relatively "easy" step entails substantial political costs. It departs from the overall objectives of deliberate, comprehensive reorganization. Creation of such a small,

narrow-gauge, but Cabinet-level Department will send the wrong signals to "reorganization watchers" in and out of government. In addition, I fear that such a Department, once created, will be politically most difficult to broaden.

The OMB analysis favors a broad Department but recommends that you delay committing to this option until further groundwork, analytical and political, can be laid. I support this recommendation and strategy, but with one tactical caveat. Unless you signal publicly that a narrow Department is unacceptable, there will be no incentive for the NEA and its "Big Six" allies to negotiate with us on the broad Department option or, eventually, to support it. Tactically, we need to convince the NEA and its allies that if they do not cooperate in shaping and working for a broad Department, they will be left with the status quo.

In addition to providing time for political consensus-building, a delay in committing to a broad Department of specific content serves these purposes:

- it permits reorganization alternatives to be evaluated in light of the policy results of your welfare reform, health insurance and urban initiatives;
- similarly, it enables us to better conform education organization to your still emerging education policy, as embodied, for example, in your forthcoming Education Message and in the imminent Elementary and Secondary Education Act extension;
- it gives us necessary time to assess this step in the context of other desirable, major interdepartmental reorganizations that might be on the horizon;
- finally, it enables us to bypass constructively the first five to six months of next year, when the Administration will be pressing other priorities (some of which are very important to constituencies, e.g., Urban League and AFL-CIO, most skeptical of education reorganization).

In summary, the broad Department holds much promise for improving education and human development as a whole, conforms better to

your campaign commitment and to the overall goals of the reorganization effort, and responds well to popular concerns about the size and unworkability of HEW. If our consensus-building effort fails to generate the support necessary for a broad Department, we can still upgrade education within HEW and explore a full range of options for reorganizing HEW on alternative grounds, if segmenting that Department proves advisable.

I would opt for announcing your detailed position at mid-year, with the expectation that Congress would not act conclusively, due to other priorities, until 1979.

THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

November 28, 1977

MEMORANDUM FOR THE PRESIDENT

From: Charlie Schultze *CS*

Subject: OMB Reorganization Program for Education

1. I agree with the Reorganization Committee's conclusion that the creation of a narrowly based Department of Education is an unattractive alternative. It would not accomplish any of the educational goals set by the Reorganization Committee. Many of the budgetary tradeoffs between health, education and welfare now made by the HEW Secretary would be shifted up to the President. The creation of a narrowly focused department would probably lead to more advocacy, within the Administration, of various new Federal grant programs for particular educational purposes.

2. A broadly based Department of Education, OMB's second option, could take two forms: (i) the new department could include the training programs of the Department of Labor under CETA legislation; or (ii) those programs may be left in the Department of Labor.

If consolidation is undertaken without the training programs, this option has no readily apparent advantages over the third option in the memo -- the strengthening of the Education Division within DHEW. Moreover, like the first option, this option increases the visibility and number of issues that would have to be resolved at the Presidential level without any offsetting benefits beyond those in the option of a strengthened Education Division.

If the CETA training programs were included in a broad based Department of Education, however, the transfer might compound the very problem it is trying to solve. While there is a need to improve the transition from school to work, placing DOL's training programs in a Department of Education will split the government's manpower programs and make many of our potential employment and training policies difficult to undertake. There are two reasons:

- . First, it would create two very distinct employment and training efforts in two different departments. By leaving the direct job creation programs (public service employment) in the Department of Labor and the training programs in a Department of Education, any coordination or tradeoffs which are now possible between the two approaches will be eliminated.
  
- . Second, and more importantly, without any direct ties to labor organizations and the business community, the Department of Education is in a poor position to get political support for innovative programs involving private industry initiatives and on-the-job training for youth. Without these ties, a Department of Education probably will rely much more heavily on institutional training instead of on-the-job training. Conversely, without jurisdiction of training programs, the Department of Labor is likely to become a one-sided advocate of public service employment programs. Dividing responsibility for manpower programs between one department which concentrates on training and another which concentrates on direct jobs is almost bound to make for bad programs and administration.

Given these considerations, Option 3, the strengthening of the Education Division within DHEW, seems preferable. I have no strong feeling as to how consolidation with other human service activities should be conducted, but certainly much more coordination is imperative.



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE  
WASHINGTON, D. C. 20201

November 26, 1977

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MEMORANDUM FOR THE PRESIDENT

FROM JOE CALIFANO *JAC*

SUBJECT: Reorganization of Federal Education Programs

1. THE ISSUE

The issue presented for your decision at this time is, in my judgment, a very limited one: should a new, narrowly-based Department of Education be created by removing the Education Division from HEW or should education within HEW be reorganized and upgraded while analysis continues on a more broadly based Department that consolidates HEW's Education Division with other education, training or social service programs.

All my experience in government -- both as personal staff to a former President and as a Cabinet Secretary to you -- leads me to urge, in the most forceful way I can, that you reject the narrowly-based separate Department on the merits as inimical to the President's policy-making, managerial, and budgetary interests.

As the OMB memorandum indicates, virtually the only reason to create the narrowly-based separate Department would be to fulfill a campaign promise and satisfy political demands. I fully recognize the importance of your (and the Vice President's) campaign commitments -- they have guided my direction of HEW. And I will do all that I can to implement swiftly and effectively any decision that you make.

But the narrowly-based Department of Education does not meet your commitment to seek consolidation of "grant programs, job training, early childhood education, literacy training and other functions currently scattered throughout the government." (NEA Reporter, June 1976). That kind of broader consolidation, if politically feasible, may well make sense from a national and Presidential perspective.

But there are, at present, far too many political and substantive questions about such consolidation alternatives -- whether of HEW's education and social service programs (as OMB suggests), or of all education programs throughout the government, or of HEW's education and DOL's job training programs -- to make a decision today, or in the near future, about a more broadly based reorganization.

Accordingly, you need not break your commitment, you need only decide today that you are not going to keep it by creation of a narrowly-based Department of Education. And there are alternative political strategies that can strengthen support for you while substantially minimizing criticism from those few groups who intensively want creation of a separate Department.

There are, thus, three purposes of this memorandum:

First, to set out in greater detail the case against the narrowly-based separate Department;

Second, to sketch a possible reorganization of education within HEW that fleshes out OMB's thoughts on upgrading and streamlining HEW's Education Division;

Third, to suggest an organizational, legislative, and budgetary strategy to be implemented in conjunction with a Presidential decision not to create a narrowly-based separate Department of Education -- a strategy that would gain strong political support from most education and education-related interests and that would mute, although by no means dissipate, NEA criticism.

An immediate series of organizational, legislative, administrative and budgetary initiatives -- coupled with a decision to continue analysis of a more broadly based, education centered Cabinet consolidation -- would allow you to meet a number of substantive concerns expressed by elementary and secondary interest groups, while reserving judgment on whether you can fulfill your campaign commitment in a manner that advances national and Presidential objectives.

In sum, I would recommend that you adopt a modified OMB Option II-B with three major qualifications:

- You should not at this point, indicate publicly any preference for OMB's suggested consolidation of education and social service programs. As OMB acknowledges, the politics of this change are explosive.

OMB should be privately directed to continue studying that option but also to consider methods of combining all education and job training programs presently scattered around the Federal government.

- If consolidation of programs is the major reorganization objective, you should not foreclose the possibility that existing departments be the focus for further consolidations in education, training or social services.
- You should not defer judgment on the narrowly-based Department but should, instead, reject it as a live alternative.

## II. THE CASE AGAINST A CABINET-LEVEL DEPARTMENT OF EDUCATION

I believe a decision to establish a Cabinet-level Department of Education, especially one with a narrow base of interest and policy responsibility, would be a serious and lasting mistake.

There is no education problem that creation of a Cabinet-level Department will correct. And creation of a Cabinet-level Department will give you and future Presidents many unnecessary organizational and policy problems that in no way qualify as Presidential in terms of scope or significance.

In this regard, it is significant that both of the White House Reorganization Task Forces of the last decade recommended against the establishment of a separate Department of Education. And, of course, it is equally significant that your own reorganization staff has now independently reached the same, negative conclusion about a narrowly-based, Cabinet option.

For purposes of presentation and discussion, I have organized my concerns and reservations below in terms of the President's multiple roles as policy-maker, organizer and manager of the Executive Branch, maker of the Executive budget, and leader of an Administration in being.

### ● For the President as Policy-Maker

--A decision to establish a Department of Education is premature in the absence of a decision to raise Education to a very high position on the Administration agenda, or to commit to a sharply different role for the Federal Government in an area where States have traditionally exercised leadership and financial responsibility (and increasingly are likely to have the resources, with budget surpluses, to play that role).

--A narrow Department of Education will be a flawed, misshapen organizational structure for two distinct reasons:

- o It will include very little beyond HEW's existing Education Division, which currently is responsible for less than 40 percent of the government's annual outlay of \$25 billion for education;
- o It will overstate the limited Federal financial interest and responsibility for the costs of public schools (now at 9 percent), while failing to reflect the government's large and complex involvement with Higher Education, where 40 percent of the costs are borne at the Federal level.

--While the Federal Government should serve as trustee of the chance for all children to enjoy educational opportunity, a Department of Education is very likely to be dominated by an assertive, nationally organized interest group -- the NEA. While individual teachers are dedicated, institutional interest groups necessarily focus on economic self-interest.

--In this context, creation of a narrowly-based Department of Education will dump the NEA's agenda directly on the President's desk. This controversial agenda which, among other things, seeks nearly a fourfold increase in federal elementary and secondary spending, much greater use of federal funds for general aid, and federal guarantees of collective bargaining for teachers, is not likely to become, and should not be federal policy.

--A separate Department also signals the isolation rather than the connection of education to health, training, and other youth and family support programs, an outcome inconsistent with the Administration's commitment to bring government services together to help people.

o For the President as Executive Organizer and Manager

- The small Department of Education that can win support in Congress (with less than 5,000 employees and an annual budget of \$10 billion by OMB reckoning) runs counter to the President's general theme of organizational consolidation, and begins to break up the one domestic Department, HEW, in which functionally related programs have already been drawn together, and are, I hope, managed increasingly energetically from the top.
- If Cabinet membership can be justified and achieved for Education, the smallest, most self-contained element of HEW, the President will find himself under enormous pressures to accord a comparable status in the Cabinet for Health, for older Americans, and for other special constituency groups whose dependence or involvement with the Federal Government is at least as great as education. This issue will immediately, and with some fervor, be pressed in Health.
- The President will have more, rather than fewer, program managers reporting directly to him if Education -- and other interests in its wake -- gain Cabinet status.

As a result, more second-order policy and bureaucratic conflict will surface to the President's level, and fester until resolved by the President and his staff. Increasing the President's dispute resolution role by fragmenting related programs, as will happen with creation of a narrowly-based Department, is simply not the direction that management reforms in this Administration should take.

- In enacting a law to create a Cabinet Department of Education, Congress can be counted upon, in the area of Education especially, to legislate "protections" limiting Presidential leadership and control. In contrast, the Administration could proceed by reorganization authority, not new legislation, to reorganize Education within HEW, as suggested below, and this would be both far swifter and far more likely to protect or increase Presidential authority.

o For the President as Budget-Maker

- The most aggressive advocates of a separate Department of Education discuss the issue almost solely in terms of the leverage it will provide for more favorable treatment in the President's budget. The creation of a separate Department will unmistakably signal the Administration's willingness to sharply increase the Federal Government's share of school costs, even if the NEA's goal of nearly a fourfold increase in Federal financial assistance to the public schools is not a credible goal in the current budgetary climate.
- A narrow Department of Education with tight interest group and Congressional ties will, like other client Departments, fight hard not only within, but beyond the Administration family in public for greatly expanded funding. This will generate intensive pressure on the President to spend more on education than fiscal limitations allow.
- By establishing a separate Department, the President will give up the first cut on education budget demands now made at the Department level. It would be analogous to the President receiving direct budget requests from the Secretaries of the Army, Navy, and Air Force, without benefit of the cuts imposed by the Secretary of Defense!
- If the Administration's Education Budget ultimately falls short of that sector's heightened expectations, vocal and more visible expressions of disillusion by the educational community will readily replace the political good will earned by the President's support for creation of the separate Department.

o For the President as Leader of an Administration in Being

- A reorganization of the magnitude required to establish a Department of Education will entail a 24 to 36 month period of disruption -- even if Congress moves promptly to support a Presidential request.

- During that period, the Administration will find it exceedingly difficult to exercise policy leadership and program control. Indeed, I believe there is significant risk:
  - o Of losing the initiative in the renewal and redirection of key elementary and secondary education authorities that expire in 1978.
  - o Of losing effective policy level management and control of many existing educational programs by people who are loyal solely to you.
- A decision to split Education off from the rest of HEW would also leave that larger agency and its leadership with problems of adjustment.
- If the benefits of reorganization outweigh costs such as these, then there is reason to proceed. The converse proposition is also true.

### III. THE CASE FOR UPGRADING AND STRENGTHENING EDUCATION IN HEW

Those who want to see the establishment of a separate Department of Education frequently make their case in the framework of an argument against the viability of the Department of Health, Education, and Welfare. It has been argued:

First, that Education is neglected and submerged in the agenda of the larger Department and

Second, that HEW is too large, unmanageable, an organizational anachronism that never made any sense and, in any case, does not work.

In the Nixon-Ford era, Education was something of a step-child in the Executive Branch (no more, many would argue, than Health, Housing and other domestic concerns). Even in the cold winter of Fiscal 1970-1978, however, as the OMB analysis reminds us, controllable appropriations for Education

increased 165 percent alongside far smaller relative gains for Health (131 percent) and Human Development Services (120 percent). Education is not an area that lacks friends strategically placed in the Congress, even when it is not acknowledged by the Executive.

Since January, in addition to the improvements you made in the final Ford budget for Education, we have worked to strengthen the relationship of education to other services, to improve internal organization and management by actions that could be taken administratively, and to cut paperwork and other administrative burdens on schools and colleges.

#### Relating Education to Other Services

In your Administration, new emphasis has been given to strengthening the connections of Education to other program sectors of HEW, most notably through the President's Immunization initiative and the Milliken "community schools" demonstration project. Within HEW, I have also established nine formal internal Task Forces and less formal working groups that involve policy-makers in the Education Division with the leaders and program developers of other offices:

- School Health Programs
- Immunization (Long-term)
- Basic Skills
- Adolescent Pregnancy
- Venereal Disease
- Administering Health Professions Student Loans
- Smoking
- Sex Education
- Health Prevention/Educating for Enhanced Health

There is also active, programmatic and operational connection between the Education Division and other program offices of the Department in such important areas as:

- Indian Education (with Health and Human Development).
- Handicapped Education (with Health, Human Development, and Civil Rights).
- Health, Nutrition and Family Living (with Health, Human Development).
- Drug Abuse and Alcohol Abuse Education (with Health -- ADAMHA).
- Education for Parenthood (with Human Development).
- Information-sharing Technology (with Health, Human Development and Social Security Cash Assistance).

There is a great deal more to be done in bringing the diverse bureaucratic sectors of HEW together in a more active partnership to meet the needs of people. But as the Administration's experience in such interdepartmental initiatives as the Milliken project, Urban policy, and education and work attests, effective partnerships between self-contained bureaucracies do not happen painlessly, and the pain increases as you increase the needles of equal size and status pointing at the Presidency.

#### Organizational Changes and Plans

We have previously taken two major steps to improve the organization of HEW's Education Division.

- o In March, as part of the Department's overall reorganization, I established a new, comprehensive Bureau of Student Assistance in the Office of Education. We brought together seven major student grant and loan programs spending \$3.5 billion annually that were previously administered by four, independent HEW bureaus and offices. Included in

this realignment was internal transfer of the Health Professions Guaranteed Student Loan Program, a transfer that would prove hard to hold if Education were split off from the rest of HEW.

- o In April, Commissioner Boyer and I announced further organizational changes that substituted two internal Deputy Commissioners of Education for more than a dozen small, ineffectual line and staff offices that had previously reported directly to the Commissioner. This and other changes enabled us to reduce the number of staff units reporting to the Commissioner from 26 to 7, strengthening the Commissioner's office and eliminating a top heavy bureaucracy.

In OE alone, we have also made a government-wide mark by administrative actions that have eliminated repetitive reports and forms, and eliminated more than 6 million person-hours of paperwork production.

Despite these initiatives and reorganization to the limits of the Secretary's administrative authority, HEW's Education Division continues to have organizational problems that can only be corrected through legislative action.

- o As the OMB Decision Memorandum properly states "there is no single point of leadership (in the DHEW Education Division): the Commissioner and Assistant Secretary for Education share responsibilities which are legislatively delegated to each of them."
- o The Assistant Secretary, with very limited final authority, outranks the Commissioner who has practically all the operational responsibility for annual outlays approaching \$10 billion. Moreover, the Director of the National Institute of Education, whose program is important, but relatively modest, ranks with the Commissioner, and as an operational reality, has historically functioned quite independently of both of the Division's policy leaders. (For example, Congress directed NIE to evaluate Title I of the Elementary and Secondary Education Act, and to provide the report directly to Congress without review or clearance by the Secretary of HEW, or the Assistant Secretary of Education).

We have a proposal for major reorganization of the Education Division whose key features would end leadership confusion and redundancy, dramatically but rationally upgrade the function within the Department, and advance the internal streamlining and consolidation of education programs and offices already begun administratively. I have attached a preliminary statement of this proposal at Tab A. Its main features are as follows:

- o A single leader for education within HEW, who will be called the Under Secretary/ Commissioner for Education.
- o Consolidation of most OE programs into four bureaus -- basic education, vocational education, higher education and special education.
- o Creation of two new client-oriented subdivisions -- one for student programs and one for teacher programs -- each to be headed by a Presidential appointee. This innovation would not only allow HEW to keep the student aid programs separate (as per the major reorganization of March 1977), but would also create a division especially for teachers. This Teachers' Bureau would bring together in one place all teacher education programs and services.
- o Creation of an Educational Research and Reform unit that would bring together, in a coordinated fashion, important related pieces of OE that are now separate: innovation (FIPSE), research (NIE) and data gathering and evaluation (NCES).
- o Devolution of certain staff functions from the Office of the Secretary to the Office of Under Secretary for Education, including strengthening its planning and evaluation capability.

The proposal is preliminary, and if you approve its general outline, will require formal review by OMB and the refinement that will occur through wider circulation. In contrast to the anticipated 24-36 months required to present and enact legislation to establish a new Department and get it operational, however, the key goals of organizational reform of education within HEW sketched here can occur through reorganization plan, and clearly be put in place, I believe, during the first half of 1978.

#### IV. THE OUTLINES OF A SUBSTANTIVE AND POLITICAL STRATEGY

As a result of Executive Branch stagnation during the Nixon-Ford years, pressure from both the Congress and the elementary and secondary interest groups has steadily mounted. There is a generalized concern for the Federal education effort to have:

- o Coherent and innovative programs;
- o An increase in Federal funding;
- o Greater cross-Government coordination;
- o An elevated status within the Executive Branch.

I believe that the support for a separate Department of Education is thin -- based in most instances on a desire to have the Federal Government assume a more active programmatic, budgetary and coordinating role.

Thus, the Administration can, in the context of the traditional federal role and an upgraded Education Division within HEW, devise a legislative, budgetary and organizational strategy for secondary and elementary education that will gain you much political credit in many quarters and that can significantly undercut criticism from others:

- o It will be warmly received by those who are neutral about or antagonistic toward a separate Department of Education -- the higher education community, the AFT, many prominent members of the black community and other civil rights groups;
- o It will be favorably received by those who advocate creation of a separate Department but without great intensity -- local and State school administrators, parents groups, etc.; and,
- o It holds out significant gains for the NEA.

##### A. Substantive Components.

The strategy includes the following components:

1. A significant strengthening of education within HEW as described above.

2. Development of a coherent and innovative elementary and secondary program that establishes the Federal policy in elementary and secondary education for your first term. As you know, the Administration must submit such a program next year because most of the elementary and secondary education legislation is up for reauthorization.

The program, which is consistent with the Federal government's limited, but catalytic role in elementary and secondary education, will emphasize the following themes if you approve:

- o The promotion of access and equal education opportunity for disadvantaged, handicapped, language-limited, Indian and minority students.
- o Improving the quality of education.
- o Integrating elementary and secondary schools with other social services and broadening the educational effort to the workplace and the home. (The Milliken project and childhood immunization initiative are but two examples of the kinds of programs that are possible in this area.)
- o Assisting, through limited federal financial support, certain important state and local education activities (in such areas as adult, vocational and possibly, private education).
- o Defining a new Federal-State relationship (by reducing paperwork, increasing State discretion, and relaxing fiscal controls).

With your approval, we will be putting special emphasis on increasing the quality of education for both disadvantaged and all other students -- and this will constitute a major shift in Federal education policy.

We have requested time to brief you on our proposed program to chart the direction of your Administration in this area for the duration of your first term, and perhaps for five years (depending on the length of the reauthorization).

3. Modest commitment to increases in the Federal education program in general and the elementary and secondary portion of that budget in particular. The Federal Government pays about 9 percent of all public and private funds for elementary and secondary schools nationwide. We do not believe, in contrast to the NEA, that this share should increase sharply, particularly given federal budget limits, and the reality of many states increasingly running budget surpluses.

Nonetheless, we believe that there should be a signal from the Administration that in conjunction with its proposed elementary and secondary education package, there will be a modest but steady annual growth in the elementary and secondary budget now at about \$6 billion a year. In the past 8 years that budget has increased on an average of 9 percent annually, mostly because of Congressional add-ons to the proposed Presidential budget. As our briefing for you on elementary and secondary education will indicate, we propose phased funding for the legislative initiatives that will increase the elementary and secondary education budget by a slightly higher rate of increase over current services during the next three years.

4. Revitalization of the Federal Interagency Committee on Education (FICE) and express Presidential interest in its across-the-Government coordinating functions. I sent to you on July 11, 1977, a memo urging this change. This memo is attached.

5. Continued study by OMB and HEW of broadly-based, education centered consolidation options.

B. The Procedural/Political Components.

If you decide not to create a separate Department and instead to adopt an alternative strategy along the lines sketched above, the following steps might be appropriate.

1. A major Presidential statement on education. Within the next month (or in early January) you could make a speech announcing the broad decisions on the

legislative program, the Administration's budgetary intentions, and an upgrading and streamlining of the education division in HEW. You could direct me to work with OMB to produce a reorganization plan within 90 to 120 days, and you could announce your intention to reserve judgment on an education centered, broadly-based consolidation pending further OMB analysis.

2. Extended discussions with interest groups and Congress on all dimensions of the strategy which could be carried out just before, and immediately after, the Presidential statement, with emphasis on Congressional consultation regarding the legislative program and the reorganization plan and on interest group mobilization in support of the total education strategy.

3. Submission to Congress of the specific secondary education reauthorization program in late January or early February, accompanied by a Presidential message that is more specific on legislative details than the major statement noted above. Two statements within a short period of time would underline the Administration's commitment to a sensible, coherent and innovative Federal education strategy. We must begin Congressional consultation on the program early in December, as soon as we have received your tentative views.

4. Submission to Congress of a reorganization plan in March.

Although a decision rejecting a separate Department of Education will disappoint the NEA, the strategy outlined above does contain a number of items that should ease the pain a little: an upgraded Education Division that could be placed in late Spring, a number of new Presidential appointments in education, a special Teachers' Bureau within the Education Division, new programmatic initiatives for teachers, and a sensible budgetary commitment. This package, plus direct personal contact between high level Administration officials and the NEA leadership may be enough to insure that NEA's criticism is mild. The package should, as noted, gather broad base support from the rest of the constituent groups. And it should take the wind out of the sails of most Congressional advocates of the separate Department concept, at least in the near term as we implement the strategy. (Special, in-depth discussions with Senator Ribicoff will be necessary).

V. RECOMMENDATION

OMB's recommended course of action is Option II-B (OMB memorandum at pp. 17-18). As written, that option states: "Defer a final decision on the three structural options but note that the broad department seems very promising in view of the challenges associated with education, and direct the fuller development of options with the benefits of full public and Congressional debate."

In my judgment, it would be a serious mistake to announce publicly your preference for consolidation of education and human services at this time. The politics of such a combination are volatile, to say the least (OMB memorandum at p. 14). You could generally state that your reorganization goal is sensible consolidation, and then OMB could more quietly test a number of consolidation alternatives, including its presently preferred education and social services alternative.

On the substantive front, I think there are serious problems with the OMB option -- most significantly the relationship of income security and health services programs to the new entity. Moreover, there are equally important linkages between HEW's education programs and other education programs in the government and between education and job training. Both these forms of consolidation should also be more fully explored, both within HEW and outside it.

Accordingly, as noted, of the various OMB options, a modified Option II-B seems best with the following major qualifications:

- o No public Presidential statement of preference for any particular consolidation of programs, but reaffirmation of Presidential interest in consolidation and in improved linkages between education, social services and job training as Administration goals.
- o Presidential direction to OMB to continue in-depth study of the range of consolidation alternatives, both within and outside HEW.
- o Express rejection of a separate Department of Education comprised narrowly of HEW's Education Division (and a handful of other programs).

If you adopt these suggestions, I further propose that you direct the Vice President and me to work with Jim McIntyre, Hamilton Jordan, and Stu Eizenstat to develop a near-term organizational, legislative and budgetary strategy along the lines sketched in above.

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FILE

PERSONAL AND CONFIDENTIAL

TO: PRESIDENT CARTER  
FROM: HAMILTON JORDAN *H.J.*  
RE: QUESTION OF THE DEPARTMENT OF EDUCATION

I understand that you will receive in the next few days final recommendations on the possible creation of a Department of Education. Although I don't want to circumvent that process, I do want to be able to present my views to you separately and not as a part of the extensive document you will receive from the OMB staff.

In looking at this problem, I have reviewed in detail the background papers prepared by the reorganization study team on this subject. In addition, I have reviewed the campaign statements made by you on this issue and talked with persons interested in the outcome

**"DETERMINED TO BE AN ADMINISTRATIVE MARKING  
CANCELLED PER E.O. 12356, SEC. 1.3 AND  
ARCHIVIST'S MEMO OF MARCH 16, 1983"**

of this issue.

I have tried to analyze this decision by looking at the following factors:

- Nature of the commitment
- Arguments for and against the creation of a separate Department of Education
- Political considerations
- Conclusion.

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Nature of the Commitment

Your commitment to support and create a separate Department of Education is complete and unequivocal. It was stated repeatedly in the campaign.

A sample of those statements follows:

"I spelled out my position when I met with the leadership council of the NEA a year ago and I, just within the last two weeks, issued a press release that I would favor the establishment of a separate Department of Education."

Interview by Iowa teachers (IPACE)  
November 21, 1975, Waterloos, Iowa.

"Generally, I am opposed to the proliferation of federal agencies, now numbering some 1900, which I believe should be reduced to 200. But a Department of Education would consolidate the grant programs, job training, early childhood education, literacy training, and many other functions currently scattered throughout the government. The result would be a stronger voice for education at the federal level.

Statement by Carter in "Change," the magazine of higher learning, February, 1976.

"I am in favor of creating a separate Cabinet-level Department of Education. Generally, I am opposed to the proliferation of federal agencies, now numbering some 1900, which I believe should be reduced to 200. But the Department of Education would consolidate the grant programs, job training, early childhood education, literacy training, and many other functions currently scattered throughout the government. The result would be a stronger voice for education at the federal level."

Statement by Carter in NEA REPORTER, June, 1976.

"I think the public is ready for a clear expression from the national viewpoint, about what we should do for education in this country. It's something that has been relegated to a secondary position in the past. The only new department that I know of that ought to be created is a separate Department of Education. "

Videotape interview of Carter by NEA President John Ryor, representing NEA-PAC, Atlanta, Ga., July 19, 1976.

"As President, I will initiate a comprehensive attack upon the basic problems of education in America. In addition to the measures I have already mentioned, the following is necessary: the creation of a Cabinet level post to specifically represent education."

Statement by Carter in AFT's "American Teacher", October, 1976.

You have taken the position that major commitments made during the campaign deserve a close review from the different perspective of the Presidency in light of changing circumstances and better information. I agree with your position. But because of the strong commitment you made on this issue, I would argue that the burden of proof in this case lies with those who oppose a separate Department of Education.

In the case of cargo preference, our campaign promise was the decisive factor in your final decision. Because of that promise, we supported a policy that benefited the narrow interests of a small industry with the realization that it would have a negative impact on the economy and would be politically unattractive. I agreed with that decision although I am sure in retrospect we have all had occasion to question our collective judgment as to why we made the original commitment.

In the case of the Department of Education, we have a commitment that was more strongly stated and was made to an organization with over 2 million teachers that represents collectively one of the most popular

and important professions in our country.

I favored your decision on cargo preference because it was an explicit public promise. The promise for a separate Department of Education was no less explicit. In fact, I would argue that there were few - if any - promises made in the campaign that were more specific and made to a larger interested audience than the promise you made to the teachers for a separate Department of Education.

## Arguments for the Separate Department of Education

The reasons for a separate Department of Education are:

1. A separate Department will give education the visibility and leadership that it needs and deserves at the Federal level. The education issues which face the American people are complex and pervasive. These issues deserve the full-time attention of a person who has the ear of the President and can work directly with the Congress and the education community.

As presently structured, it is impossible for any Secretary of HEW to give the education issues the time and attention they merit. This year, for example, Joe and his people have spent a major portion of their time on social security reform, hospital cost containment and in the development of the welfare reform plan. Much of Joe's time in the near future will be devoted to the

legislative effort to pass the welfare reform package. Once passed, he will have tremendous implementation problems. At the same time, he and his team will have to begin to devote considerable thought and attention to the questions of health care and national health insurance.

It is difficult to refute the charge that education is not getting the attention it deserves when our program initiatives this first year have all been in the areas of welfare and health. It is impossible for Joe or any Secretary to give as much time and attention to education as it deserves and needs.

It was twenty years ago that our country responded to the technological advances represented by the Soviet Sputnik with a revolution in the field of education - increased Federal funding, innovative programs, new teaching methods and different attitudes. I think it is fair to say that - as a national issue - education has lost much of its emphasis and focus. I would argue that the creation of a separate Department

of Education would indicate a renewed dedication on the part of this Administration to the great education issues and problems that face the American people.

2. Education programs will fare better in the budget process as part of a single budget as opposed to being part of the conglomerate HEW budget. As you know, almost 80% of the total HEW budget is mandated expenditures. As a result, when the HEW budget is under attack and scrutiny on the Hill, the education portion of the budget is particularly vulnerable.

The current Congressional stalemate over the FY 78 Labor-HEW appropriation is a good example. The funding for all education programs (Title I, teachers centers, etc.) is threatened because of a stalemate between the House and Senate conferees over a non-education issue - the expenditure of federal funds for abortion. The lumping of the education appropriation with that of health and welfare is not advantageous to education programs and concerns.

## Arguments Against a Separate Department of Education

The opponents of a separate Department of Education make the following arguments:

1. A Department of Education would increase the number of issues to be resolved at the Presidential level.

### Response

This is certainly true. But the implication of this argument is that education issues do not deserve the time and attention of the President or the White House. I reflect on the many, many hours you have spent this year on illegal aliens, energy, welfare reform, tax reform, B-1 decision, the economy, budget matters, foreign policy problems and many other things. I believe that you have spent comparably a small amount of time on education problems and issues. The great education issues facing our nation deserve your attention and focus. The argument that the separate department should not be created because it will require the President to focus on education problems is simply not valid.

2. The visibility of a separate Department of Education would result in additional political pressures for education funds.

Response

The pressures for increased educational funding will always be great. As it stands now, we have less opportunity to control education funds within the conglomerate HEW budget than we would if we were dealing with a single education budget. The problem we faced this year with the HEW budget was that we could not veto it because of the likelihood of the Congress overriding the veto. The reason for the wide support within the Congress for leaving the HEW budget alone is that it contains so many "goodies" that it attracted broad support. By separating education out, we will have more, not less, budget control - not only on the education budget but on the health and welfare portions as well.

3. A separate Department of Education would reduce overall opportunities for coordination.

Response

This suggests that by leaving education within HEW the opportunities for coordination between programs would increase. The fact that opportunities for coordination exist does not guarantee that better coordination would be the result. HEW is such a maze of conflicting and overlapping grants, programs, regulations and jurisdictions that it is difficult to accept the argument that everything will be better simply because it is left there. As you said in the campaign, "a Department of Education would consolidate the grant programs, job training, early childhood education, literacy training, and many other functions currently scattered throughout the government. The result would be a stronger voice for education at the federal level."

## Political Considerations

The following are the major political considerations that you should be aware of in making this decision:

1. The teachers organizations - particularly the National Education Association - are the fastest growing, most active, and by many standards the most effective political organizations in this country. With a membership that exceeds two million, they comprise one of the most committed and articulate political constituencies in our country.

2. These groups - particularly the NEA - have been our political friends in the Presidential campaign and our allies on many crucial legislative battles. For the first time in its 114 year history, the NEA endorsed a Presidential candidate in the 1976 general election.

This endorsement was the result of a ballot of its 10,000 convention delegates. Jimmy Carter received 81% of the delegate votes and Gerald Ford 19% of the delegate votes. Your commitment to support a separate department of education was a major factor in the decision of many delegates to support your candidacy.

3. The teachers groups - particularly the NEA - was one of the most active and effective groups in the general election. A post-election ballot showed that over 88% of the membership of the NEA voted. ~~and that~~

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4. Establishing the department is one of the few things that we can do for the teachers' organizations in the next few years as additional funds for education will be difficult with our goal of balancing the budget. If we renege on our campaign promise to establish a separate Department of Education and fail to give them the additional monies that they will inevitably want, I would predict that they will oppose us on other legislative programs where their support is critical.

5. A bill introduced in the Senate with 53 co-sponsors supports the establishment of a separate Department of Education. The teachers' lobby is one of the most effective on the Hill, and we would have to assume that this bill has a very good chance of passing both Houses of the Congress. If we opposed the establishment of a separate department and had Congress create such an entity over our objection, we would be in an impossible situation politically. It would be difficult to veto a bill that was compatible with a campaign promise and embarrassing to sign a bill which had created, over our objection, a department we had promised in the campaign. In terms of Congressional outlook, I think that you have to assume that a bill creating a separate department of education would have very few opponents. There is not a good political argument against such a department nor a group in the Congress who has any philosophical or partisan objections to it. A copy of the list of co-sponsors is attached for your review. With the active support of Cranston, Jackson, Kennedy, Ribicoff and others, it is difficult to imagine it not passing.

S. 991, which calls for the creation of a separate Department of Education, was introduced in the Senate by Senator Ribicoff. It has been referred to the Senate Committee on Governmental Affairs.

Co-sponsors for this bill include the following Senators:

Manguson	Hollings
Humphrey	Huddleston
Pell	Inouye
Nunn	Jackson
Abourezk	Johnston
Allen	Kennedy
Anderson	Leahy
Bartlett	Matsunaga
Bayh	McGovern
Bellmon	Melcher
Brooke	Metcalfe
Burdick	Metzenbaum
Case	Muskie
Chaffe	Pearson
Chiles	Randolph
Church	Riegle
Clark	Sarbanes
Cranston	Sasser
Culver	Sparkman
De Concini	Stafford
Domenici	Stone
Eagleton	Thurmond
Ford	Wallop
Hart	Weicker
Haskell	Williams
Hathaway	Packwood
Heinz	

Hearings on this bill are scheduled for October 12, 13 and 14.

## Conclusion

I would strongly recommend that you support the creation of a separate Department of Education for the following reasons:

\*Your unequivocal promise in the campaign to do so

\*The teachers of this country have been our political friends in the past and can be our valuable political allies in the future

\*The arguments for the creation of a separate department are at least as convincing as the arguments are against it

If you make the decision not to create the separate department, I would strongly recommend that we not pursue some organizational middle ground that would allow us to claim that we have met our campaign promises to the teachers. We promised a separate department, and I

think that it would be an insult to our teacher  
friends to argue that some internal reorganization  
is a satisfactory substitute for the separate depart-  
ment they were promised.