

Withdrawal/Redaction Sheet

Clinton Library

DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
001. list	re: Direct Lending Student backgrounds (5 pages)	n.d.	P6/b(6)
002a. script	Phone Script re: direct lending (partial) (1 page)	n.d.	P6/b(6)
002b. note	re: personal backgrounds (4 pages)	n.d.	P6/b(6)
003. paper	re: Direct Lending (1 page)	n.d.	P5

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Dorothy Karayannis Craft (Subject Files)
OA/Box Number: 8999

FOLDER TITLE:

Direct Lending

2012-0255-S

rc624

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

NOTE TO: STEVE
NANCY
LAURA
APRIL
GABRIELLE
TERRY
JULIA
JEREMY
FROM DOROTHY KARAYANNIS, 65578
SUBJECT ALL STUDENTS CONFIRMED
DATE APRIL 21

All students confirmed to attend President's address to the AACC.
Robbie Kirtley, ALL-USA Academic Team, confirmed this morning.

I am in until 11:30 Friday.
If questions after that time, call Nancy on 67560.

STUDENTS AS FOLLOWS:

Direct lending students

Sandra Tinsley
Zachary Breen
Jessica Aviles

Community college advocate

Jeffrey Lanes

All-USA Academic Team

(Member profile of 20-member team)
Robbie Kirtley

Withdrawal/Redaction Marker

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PRESIDENT CLINTON SAYS EDUCATION KEY TO AMERICA'S FUTURE
Vow to Fight GOP Cuts in Education; Protect Investment in District of Columbia's Families

"Cutting education in the time of global economic competition would be like cutting defense spending during the Cold War." -- President Clinton, March 14, 1995

Education and training are cornerstones of President Clinton's economic policy, designed to expand opportunities for all Americans. Now, more than ever, opportunity in the global economy depends on skills and education. Yet Republicans plan significant cuts in the very educational programs that help working families. Here is what that means to the District of Columbia:

- o **STUDENT LOANS** President Clinton supports student loans and opposes Republican efforts to make them more expensive. Republicans want to help pay for their tax cuts for the wealthy by eliminating a grace period that allows 4.5 million students to defer interest charges while still in school. President Clinton will fight to stop Republicans from raising the costs of college and job training for 34,321 students in the District of Columbia. The Department of Education estimates that ending this grace period would mean that a student who borrows \$17,125 over four years **would owe \$3,150 more**, and have his or her monthly repayment amount increased by more than 18%.
- o **DIRECT LENDING** The President wants to expand his Direct Lending program which simplifies the application process, reduces fees for students, and offers borrowers convenient repayment options, including pay-as-you-can. Direct Lending is saving taxpayers \$6.8 billion in administrative expenses. The President opposes Republican efforts to help banks by capping participation in Direct Lending and preventing thousands of schools and millions of students from receiving its benefits. In the 1995-96 school year, schools in the District of Columbia will participate in direct lending. The Republican proposal would prevent any further schools from entering the program.
- o **MAKING COLLEGE AFFORDABLE** President Clinton wants to offer a tax deduction of up to \$10,000 to help middle-class Americans meet the cost of education and job training. Families in the District of Columbia would receive approximately \$99 million from this deduction over the next five years. The President opposes Republican efforts to cut education to pay for tax breaks for the wealthy.
- o **NATIONAL SERVICE** AmeriCorps, President Clinton's service program, offers young people a hand paying for their education if they give a hand to their community. The President opposes Republican efforts to gut AmeriCorps and prevent 728 students in the District of Columbia from serving their communities.
- o **GOALS 2000** The President won passage of Goals 2000 to help states and local communities train teachers and upgrade standards for their schools. Republicans call for a 40% cut in the program that would reduce support for high standards by \$597,665 in as many as 17 schools in the District of Columbia.
- o **SAFE AND DRUG-FREE SCHOOLS** President Clinton recognizes that safety in school is a major concern of parents, students, and teachers. Republicans want to gut a program - that 1 school district in the District of Columbia has already implemented - that teaches students to avoid drugs and violence, and enables schools to purchase metal detectors and hire security personnel.
- o **DEPARTMENT OF EDUCATION** The President believes strongly in the federal role in education. Republicans want to abolish the Department of Education.

PRESIDENT CLINTON SAYS EDUCATION KEY TO AMERICA'S FUTURE
Vows to Fight GOP Cuts in Education and Protect Investment in Alabama's Families

"Cutting education in the time of global economic competition would be like cutting defense spending during the Cold War." -- President Clinton, March 14, 1995

Education and training are cornerstones of President Clinton's economic policy, designed to expand opportunities for all Americans. Now, more than ever, opportunity in the global economy depends on skills and education. Yet Republicans plan significant cuts in the very educational programs that help working families. Here is what that means to Alabama:

- o **STUDENT LOANS** President Clinton supports student loans and opposes Republican efforts to make them more expensive. Republicans want to help pay for their tax cuts for the wealthy by eliminating a grace period that allows 4.5 million students to defer interest charges while still in school. President Clinton will fight to stop Republicans from raising the costs of college and job training for 55,778 students in Alabama. The Department of Education estimates that ending this grace period would mean that a student who borrows \$17,125 over four years would owe \$3,150 more, and have his or her monthly repayment amount increased by more than 18%. (A)
- o **DIRECT LENDING** The President wants to expand his Direct Lending program which simplifies the application process, reduces fees for students, and offers borrowers convenient repayment options, including pay-as-you-can. Direct Lending is saving taxpayers \$6.8 billion in administrative expenses. The President opposes Republican efforts to help banks by capping participation in Direct Lending and preventing thousands of schools and millions of students from receiving its benefits. In the 1995-96 school year, 19 schools in Alabama will participate in direct lending. The Republican proposal would prevent any further schools from entering the program. (B)
- o **MAKING COLLEGE AFFORDABLE** President Clinton wants to offer a tax deduction of up to \$10,000 to help middle-class Americans meet the cost of education and job training. Families in Alabama would receive approximately \$291 million from this deduction over the next five years. The President opposes Republican efforts to cut education to pay for tax breaks for the wealthy. (C)
- o **NATIONAL SERVICE** AmeriCorps, President Clinton's service program, offers young people a hand paying for their education if they give a hand to their community. The President opposes Republican efforts to gut AmeriCorps and prevent 317 students in Alabama from serving their communities. (D)
- o **GOALS 2000** The President won passage of Goals 2000 to help states and local communities train teachers and upgrade standards for their schools. Republicans call for a 40% cut in the program that would reduce support for high standards by \$2,366,125 in 68 schools in Alabama. (E) (F)
- o **SAFE AND DRUG-FREE SCHOOLS** President Clinton recognizes that safety in school is a major concern of parents, students, and teachers. Republicans want to gut a program - that 121 out of 129 school districts in Alabama have already implemented - that teaches students to avoid drugs and violence, and enables schools to purchase metal detectors and hire security personnel. (G) (H)
- o **DEPARTMENT OF EDUCATION** The President believes strongly in the federal role in education. Republicans want to abolish the Department of Education.

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All documents attached.

Estimated Number of In-School
Interest Subsidy Recipients

State

ALABAMA.....	55,778
ALASKA.....	3,034
ARIZONA.....	101,456
ARKANSAS.....	32,537
CALIFORNIA.....	363,781
COLORADO.....	90,110
CONNECTICUT.....	39,096
DELAWARE.....	7,283
DISTRICT OF COLUMBIA.....	34,321
FLORIDA.....	193,147
GEORGIA.....	102,576
HAWAII.....	4,328
IDAHO.....	18,311
ILLINOIS.....	198,053
INDIANA.....	122,317
IOWA.....	94,281
KANSAS.....	61,142
KENTUCKY.....	55,242
LOUISIANA.....	101,621
MAINE.....	20,055
MARYLAND.....	52,938
MASSACHUSETTS.....	122,885
MICHIGAN.....	151,594
MINNESOTA.....	110,843
MISSISSIPPI.....	44,431
MISSOURI.....	114,316
MONTANA.....	22,263
NEBRASKA.....	45,053
NEVADA.....	12,333
NEW HAMPSHIRE.....	23,809
NEW JERSEY.....	89,816
NEW MEXICO.....	23,060
NEW YORK.....	383,394
NORTH CAROLINA.....	76,380
NORTH DAKOTA.....	29,108
OHIO.....	209,142
OKLAHOMA.....	78,788
OREGON.....	60,901
PENNSYLVANIA.....	343,445
RHODE ISLAND.....	31,440
SOUTH CAROLINA.....	52,779
SOUTH DAKOTA.....	27,165
TENNESSEE.....	81,879
TEXAS.....	262,274
UTAH.....	35,375
VERMONT.....	19,943
VIRGINIA.....	104,216
WASHINGTON.....	66,908
WEST VIRGINIA.....	34,232
WISCONSIN.....	105,555
WYOMING.....	13,005

A

#12

Schools Participating in Direct Loan Program by State -- 1995-96 School Year			
ALABAMA			19
ALASKA			0
ARIZONA			7
ARKANSAS			36
CALIFORNIA			203
COLORADO			29
CONNECTICUT			17
DELAWARE			4
FLORIDA			34
GEORGIA			42
HAWAII			1
IDAHO			7
ILLINOIS			74
INDIANA			26
IOWA			37
KANSAS			17
KENTUCKY			38
LOUISIANA			17
MAINE			7
MARYLAND			31
MASSACHUSETTS			50
MICHIGAN			52
MINNESOTA			26
MISSISSIPPI			8
MISSOURI			34
MONTANA			2
NEBRASKA			11
NEVADA			5
NEW HAMPSHIRE			4
NEW JERSEY			49
NEW MEXICO			9
NEW YORK			90
NORTH CAROLINA			31
NORTH DAKOTA			3
OHIO			49
OKLAHOMA			10
OREGON			18
PENNSYLVANIA			70
RHODE ISLAND			10
SOUTH CAROLINA			19
SOUTH DAKOTA			1
TENNESSEE			18
TEXAS			61
UTAH			8
VERMONT			7
VIRGINIA			41
WASHINGTON			15
WEST VIRGINIA			16
WISCONSIN			20
WYOMING			2

(B)

State-by-State Benefits of The Education and Training Deduction (1996-2000)

State	Persons 25 and over with bachelor's degree or higher (000's)	State's proportion of total U.S. population of persons 25 years or older with a bachelor's degree or higher	Per State Benefit of the Education and Training Deduction (millions)
United States	32,308.0	100%	\$23,518
Alabama	399.7	1.24	291
Alaska	74.4	0.23	54
Arizona	467.1	1.45	340
Arkansas	199.0	0.62	145
California	4,366.3	13.51	3,178
Colorado	568.9	1.76	414
Connecticut	598.1	1.85	435
District of Columbia	136.2	0.42	99
Delaware	91.7	0.28	67
Florida	1,626.4	5.03	1,184
Georgia	776.5	2.40	565
Hawaii	162.5	0.50	118
Idaho	106.4	0.33	77
Illinois	1,531.7	4.74	1,115
Indiana	544.4	1.68	396
Iowa	300.3	0.93	219
Kansas	330.4	1.02	241
Kentucky	317.4	0.98	231
Louisiana	408.5	1.26	297
Maine	149.6	0.46	109
Maryland	827.5	2.56	602
Massachusetts	1,077.7	3.34	785
Michigan	1,016.6	3.15	740
Minnesota	604.0	1.87	440
Mississippi	226.2	0.70	165
Missouri	585.9	1.81	426
Montana	100.6	0.31	73
Nebraska	188.3	0.58	137
Nevada	120.8	0.37	88
New Hampshire	174.2	0.54	127
New Jersey	1,286.4	3.98	936
New Mexico	188.2	0.58	137
New York	2,730.1	8.45	1,987
North Carolina	740.1	2.29	539
North Dakota	71.8	0.22	52
Ohio	1,177.2	3.64	857
Oklahoma	355.2	1.10	259
Oregon	382.2	1.18	278
Pennsylvania	1,409.3	4.36	1,026
Rhode Island	140.4	0.43	102

State-by-State Benefits of The Education and Training Deduction (1996-2000)

State	Persons 25 and over with bachelor's degree or higher (000's)	State's proportion of total U.S. population of persons 25 years or older with a bachelor's degree or higher	Per State Benefit of the Education and Training Deduction (millions)
South Carolina	359.8	1.11	262
South Dakota	74.0	0.23	54
Tennessee	502.3	1.55	366
Texas	2,093.1	6.48	1,524
Utah	200.1	0.62	146
Vermont	86.8	0.27	63
Virginia	973.8	3.01	709
Washington	715.9	2.22	521
West Virginia	144.1	0.45	105
Wisconsin	547.7	1.70	399
Wyoming	52.2	0.16	38

METHODOLOGY FOR STATE-BY-STATE ALLOCATION OF EDUCATION AND TRAINING DEDUCTION

This analysis provides a reasonable estimate of how the benefits of the Administration's proposed education and training deduction would be distributed by state.

The Administration estimates the five year cost of this proposal to be \$23.518 billion. This total was allocated to each state based on the state's share of the nation's people with a bachelors degree or higher. U.S. Bureau of the Census, *County and City Data Book: 1994* provides the percent of each state's population 25 years and older who have a bachelors degree or higher. This percent was multiplied by each state's population 25 and over to determine the number of people in each state with a bachelors degree or higher. Then, each state's share of the nation's total number of people with a bachelors degree or higher was used to allocate the \$23.518 billion.

For example, families in the state of Alabama will receive approximately \$291 million from the education and training deduction over the period 1996-2000.

Effect of House Rescission on AmeriCorps

6

FY94 total shows all AmeriCorps Members, including AmeriCorps* VISTAs. The rescission would not affect the VISTA portion of AmeriCorps. The rescission would wipe out all other AmeriCorps Members, including new Members due to program growth. Note that since competition for FY95 funds has not yet been held, totals for FY95 are estimates based on distribution of FY94 Members. These totals include full-time and part-time Members, and are not full-time equivalents.

<u>STATE</u>	<u>FY '94 Members</u> <u>(see attached report)</u>	<u>Projected no. of Members</u> <u>Eliminated in FY '95</u>
AL	328	317
AK	119	150
AZ	456	685
AR	310	401
CA	2,458	3,577
CO	511	688
CT	376	536
DE	47	78
DC	441	728
FL	832	1,036
GA	592	822
HI	105	111
ID	99	99
IL	592	698
IN	232	305
IA	201	233
KS	459	670
KY	185	216
LA	478	670
ME	97	127
MD	888	1,343
MA	1,115	1,714
MI	396	520
MN	299	421

MS	353	515
MO	519	698
MT	227	332
NE	64	53
NV	100	99
NH	136	195
NJ	928	1,445
NM	155	198
NY	1,551	2,256
NC	520	708
ND	26	43
OH	524	620
OK	145	150
OR	384	568
PA	1,142	1,660
RI	173	262
SC	534	802
SD	76	58
TN	290	294
TX	2,069	2,566
UT	130	150
VT	125	206
VA	259	328
WA	824	1,219
WV	95	112
WI	263	368
WY	83	137
PR	230	106
Am. Samoa	10	17
Guam	44	73
VI	26	43
TOTAL	23,621	32,109



(E) (F)

REDUCTIONS IN THE GOALS 2000 STATE GRANT PROGRAM
UNDER THE HOUSE-PASSED RESCISSION BILL

STATE	Goals 2000	# of schools potentially eliminated under House rescission
Alabama	(E) \$2,366,125	(F) 68✓
Alaska	606,601	17✓
Arizona	2,076,599	59✓
Arkansas	1,438,613	41✓
California	16,480,731	471✓
- Colorado	1,638,285	47-
- Connecticut	1,348,376	39
- Delaware	506,285	14-
- Florida	6,127,674	175
- Georgia	3,469,757	99
- Hawaii	541,535	15
- Idaho	614,534	18
- Illinois	8,316,855	180
- Indiana	2,606,324	74
- Iowa	1,287,658	37
- Kansas	1,253,970	36
- Kentucky	2,293,687	66
- Louisiana	3,166,401	90
- Maine	645,930	18
- Maryland	2,093,125	60
- Massachusetts	2,714,818	78
- Michigan	5,663,816	162
- Minnesota	2,088,972	60
- Mississippi	2,017,781	58
- Missouri	2,562,053	73
- Montana	811,537	17
- Nebraska	785,598	22
- Nevada	543,102	16
- New Hampshire	505,898	14
- New Jersey	3,423,052 (F)	(98
- New Mexico	1,075,570	31
- New York	10,673,761	305
- North Carolina	2,987,703	85
- North Dakota	525,415	15
- Ohio	5,852,194	167
- Oklahoma	1,729,445	49
- Oregon	1,574,049	45
- Pennsylvania	6,089,063	174
- Rhode Island	580,323	17
- South Carolina	1,870,168	53
- South Dakota	553,694	16
- Tennessee	2,494,193	71
- Texas	11,404,143	326
- Utah	1,018,770	29
- Vermont	498,961	14
- Virginia	2,606,724	74
- Washington	2,459,063	70
- West Virginia	1,125,001	32
- Wisconsin	2,589,548	74
- Wyoming	495,084	14
D.C.	597,665	17
Puerto Rico	3,806,473	109

Total = 4012 schools

April 5, 1995
Budget Service

		DIRECT LOANS		SAFE AND DRUG FREE	SCHOOLS	
		Schools Participating				
		in Direct Loan Program				Number of School district
		1995-96 school year		# of school districts		no longer served.
ALABAMA	19	(B)		(H)	129	(H) 121 (G)
ALASKA	0				56	53
ARIZONA	36	~~del from~~			229	215
ARKANSAS	7				325	306
CALIFORNIA	203				1005	945
COLORADO	29				176	165
CONNECTICUT	17				166	156
DELAWARE	4				19	18
FLORIDA	34				69	65
GEORGIA	42				183	172
HAWAII	1				1	1
IDAHO	7				114	107
ILLINOIS	74				942	885
INDIANA	26				296	278
IOWA	37				435	409
KANSAS	17				304	286
KENTUCKY	38				176	165
LOUISIANA	17				66	62
MAINE	7				283	266
MARYLAND	31				24	23
MASSACHUSETTS	50				352	331
MICHIGAN	52				561	527
MINNESOTA	26				434	408
MISSISSIPPI	8				150	141
MISSOURI	34				543	510
MONTANA	2				539	507
NEBRASKA	11				777	730
NEVADA	5				17	16
NEW HAMPSHIRE	4				174	164
NEW JERSEY	49			D	608	E 572
NEW MEXICO	9				88	83
NEW YORK	90				717	674
NORTH CAROLINA	31				133	125
NORTH DAKOTA	3				276	259
OHIO	49				613	576
OKLAHOMA	10				593	557
OREGON	18				296	278
PENNSYLVANIA	70				503	473
RHODE ISLAND	10				37	35
SOUTH CAROLINA	19				95	89
SOUTH DAKOTA	1				189	178
TENNESSEE	18				140	132
TEXAS	61				1051	988
UTAH	8				40	38
VERMONT	7				279	262
VIRGINIA	41				141	133
WASHINGTON	15				296	278
WEST VIRGINIA	16				55	52
WISCONSIN	20				428	402
WYOMING	2				49	46
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Impact of House Rescission Proposal for the Safe and Drug-Free Schools and Communities Program

This is total school districts

State	FY 1995 Appropriation	Proposed Rescission	Number of School Districts No Longer Served
ALABAMA	\$7,506,839	\$7,506,839	129
ALASKA	2,229,544	2,229,544	56
ARIZONA	6,487,092	6,487,092	228
ARKANSAS	4,492,073	4,492,073	325
CALIFORNIA	49,770,887	49,770,887	1005
COLORADO	5,182,413	5,182,413	176
CONNECTICUT	4,128,214	4,128,214	166
DELAWARE	2,229,544	2,229,544	19
D.C.	2,229,544	2,229,544	1
FLORIDA	19,007,117	19,007,117	69
GEORGIA	11,106,766	11,106,766	183
HAWAII	2,229,544	2,229,544	1
IDAHO	2,229,544	2,229,544	114
ILLINOIS	19,656,819	19,656,819	942
INDIANA	8,156,638	8,156,638	296
IOWA	4,067,495	4,067,495	435
KANSAS	3,811,681	3,811,681	304
KENTUCKY	7,172,209	7,172,209	176
LOUISIANA	10,110,318	10,110,318	66
MAINE	2,229,544	2,229,544	283
MARYLAND	6,638,325	6,638,325	24
MASSACHUSETTS	8,240,235	8,240,235	352
MICHIGAN	17,680,559	17,680,559	561
MINNESOTA	6,652,727	6,652,727	434
MISSISSIPPI	6,568,360	6,568,360	150
MISSOURI	8,166,309	8,166,309	543
MONTANA	2,229,544	2,229,544	539
NEBRASKA	2,427,794	2,427,794	777
NEVADA	2,229,544	2,229,544	17
NEW HAMPSHIRE	2,229,544	2,229,544	174
NEW JERSEY	10,870,039	10,870,039	608
NEW MEXICO	3,436,610	3,436,610	88
NEW YORK	33,823,401	33,823,401	717
NORTH CAROLINA	9,522,373	9,522,373	133
NORTH DAKOTA	2,229,544	2,229,544	276
OHIO	18,676,767	18,676,767	613
OKLAHOMA	5,526,746	5,526,746	593
OREGON	4,588,094	4,588,094	296
PENNSYLVANIA	18,997,290	18,997,290	503
PUERTO RICO	12,109,055	12,109,055	1
RHODE ISLAND	2,229,544	2,229,544	37
SOUTH CAROLINA	5,961,448	5,961,448	95
SOUTH DAKOTA	2,229,544	2,229,544	189
TENNESSEE	8,012,502	8,012,502	140
TEXAS	35,376,892	35,376,892	1051
UTAH	3,201,044	3,201,044	40
VERMONT	2,229,544	2,229,544	279
VIRGINIA	8,335,477	8,335,477	141
WASHINGTON	7,499,718	7,499,718	296
WEST VIRGINIA	3,586,658	3,586,658	55
WISCONSIN	8,240,236	8,240,236	428
WYOMING	2,229,544	2,229,544	49
U.S. TOTAL	\$446,008,836	\$446,008,836	15,174

total

94% of
+1 districts
will lose
their
benef

**THE TRIP OF THE PRESIDENT TO
SAN FRANCISCO, SAN BERNARDINO
AND INDIAN WELLS, CA**

PRESS BACKGROUND INFORMATION

FEBRUARY 14-15, 1995

. RESIDENT CLINTON TRAVELS TO CALIFORNIA TO OUTLINE EDUCATION AGENDA FOR LIFELONG LEARNING

*President Clinton joins former Presidents Bush and Ford and Bob Hope
in Palm Springs for Bob Hope Chrysler Classic*

Tuesday, February 14, 1995

President Clinton will deliver a major address on his agenda for American education in San Francisco today in a speech to the American Council on Education (A.C.E.) -- the highlight of a two-day trip to California. After the address in San Francisco, the President will travel to San Bernardino where he will participate in a roundtable discussion on education with students and teachers from San Bernardino Valley College. On Wednesday, the President will join former President Bush, former President Ford and entertainer Bob Hope at the Bob Hope Chrysler Classic, a charity golf game.

PRESIDENT CLINTON ADDRESSES AMERICAN COUNCIL ON EDUCATION

In a major address to the annual meeting of the American Council of Education (A.C.E.) today, President Clinton will emphasize the importance of education in the Middle Class Bill of Rights and reiterate the importance of the role the higher education community has in helping to build stronger communities. In his remarks, the President will focus on the fundamental role government should play in the education of all Americans. He will highlight education as a defining example of government's role as a partner in the effort to expand opportunity so every American can fulfill his or her potential.

In a broader context, the President will outline his comprehensive agenda for lifelong learning -- the vast majority of which has already been passed and implemented -- including Head Start, National Service and the Direct Lending program. The President will also clearly draw the line on the differences between his agenda for strengthening education in America and the GOP attempt to roll back this Administration's education gains. Some Republicans are trying to repeal National Service and abolish the Direct Lending program; the President will make clear that he is not willing to compromise on his core commitments to bettering American education.

In his remarks, the President will also challenge educators and students to do their part in advancing this vision.

The President last addressed the American Council on Education -- an umbrella organization representing the nation's colleges and universities -- in Washington, D.C. on February 22, 1994.

Background on the American Council on Education

The A.C.E. is an independent, nonprofit association founded in 1918 and has a membership of more than 1,600 accredited, degree-granting institutions of higher education and more than 200 national and regional higher education associations. It provides a forum for discussion of higher education issues of national importance and works to shape the diverse interests of the higher education community into a single voice.

The annual meeting of the ACE is the nation's largest meeting of college and university officials. This year's meeting will draw approximately 1,200 participants, roughly 400 of whom will be college and university presidents. The theme of this year's meeting is "Building Communities of Civility and Respect."

The speaking program for the President's address is as follows:

- Juliet Garcia, Chairman of the Board of Directors of A.C.E., will make brief remarks and will introduce Education Secretary Richard Riley.
- Secretary Riley will speak.
- Juliet Garcia will introduce the President.
- The President will speak.

Prior to his speech, the President will meet privately with the A.C.E. Board of Directors. The President will thank the Board for passing a resolution endorsing the tuition tax deduction and IRA provision in the President's Middle Class Bill of Rights.

PRESIDENT CLINTON PARTICIPATES IN ROUNDTABLE ON EDUCATION WITH STUDENTS AND TEACHERS AT SAN BERNARDINO VALLEY COLLEGE

At San Bernardino Valley College, President Clinton will participate in a roundtable discussion on education in America with 13 students, parents and teachers. This roundtable follows on the President's speech to the American Council on Education and will provide him with the opportunity to talk first hand with Americans learning and teaching in our educational system today. Most of the roundtable will be closed to press coverage, although the pool will be escorted in for a portion of the discussion.

Background on San Bernardino Valley College

San Bernardino Valley College, founded in 1926, is the larger and older of two California Community Colleges operated by the San Bernardino Community College District. Its sister school is Crafton Hills College in Yucaipa, 15 miles to the east. Valley College has an enrollment of 11,700 students. Valley College students receive two-year Associate in Science/Associate in Arts degrees, Certificates or transfer credit towards four-year baccalaureate degrees. Current enrollment is 11,700 students.

The college enrollment is divided almost in half among those attending day classes and those enrolled in the evening. Among the course offerings are law enforcement (Valley has its own Police Academy), business administration, nursing, aeronautics, automotive, computer science, restaurant management and other technical trades. Many of Valley's students hold full-time jobs in area business and industry while attending school.

PRESIDENT CLINTON ADDRESSES SAN BERNARDINO COMMUNITY COLLEGE

Following his roundtable discussion, the President will address a group of more than 2,000 college and high school students, teachers and area businesspeople in the college gymnasium on his education agenda. The President's remarks will echo the A.C.E. speech and focus on the fundamental role government should play in education. The President will challenge the college and high school students in the audience to do their part to advance educational opportunity for all Americans.

The President will be introduced for his remarks by Dr. Don Singer, President, San Bernardino Valley College.

BACKGROUND ON THE BOB HOPE CHRYSLER CLASSIC

On Wednesday, the President will join former President Bush, former President Ford and Bob Hope for the charity golf tournament, the Bob Hope Chrysler Classic. The four will form a team in the tournament along with golf pro Scott Hoch, the winner of last year's Classic.

Originally called the Palm Springs Golf Classic, the tournament was the first 90 hole pro-am golf tournament in the world. The Classic's five-day, four-course format teams one pro with a different amateur team each day.

The tournament's name was originally changed to the Bob Hope Desert Classic in honor of its Chairman, Bob Hope, in 1965. It was called the Bob Hope Classic in 1984 and 1985, and became the Bob Hope Chrysler Classic in 1986. Today it is the 12th oldest tournament on the U.S. tour.

In 1961, CBS television presented the first live coverage of the tournament and the event has received live coast-to-coast coverage by NBC Sports since 1965.

Today, the tournament rotates among four of the following five country clubs: Indian Ridge, Bermuda Dunes, Indian Wells, La Quinta and Tamarisk. February 1994 marked the 35th anniversary of the tournament.

ATTACHMENTS

The following are attached: embargoed excerpts from the President's address to the A.C.E., fact sheets on President Clinton's education agenda, background on the roundtable participants and a fact sheet on economic progress in California under the Clinton Administration.

-30-30-30-

THE WHITE HOUSE

Office of the Press Secretary

Embargoed For Release

**February 14, 1995
2:20pm EST**

**Excerpts of the President's Speech to the American Council on Education
San Francisco, California**

My strategy is to eliminate yesterday's government to meet the demands of today and tomorrow. We need a leaner, not a meaner government -- cutting government to reduce the deficit and to plow money back into key investments in our future. Head Start. Goals 2000. National Service. Science and research: All these and more build opportunity; they demand responsibility, and they are good for America.

But some in the Republican leadership see education another way. They think it's just another area to cut and gut. Their proposals will cut investments in our future and increase the costs of student loans to our neediest students to fund tax cuts for the wealthy. They will limit the availability of lower cost direct loans to middle class students to increase profits for the middlemen. And they won't reinvent the Department of Education as I have done to make it a stronger voice for education -- they will abolish it. To all of this, I say: No. I will fight these proposals every step of the way, and I want you to join me in this fight.

The fight for education is the fight for the American Dream. It is the fight for America's middle class. It is the fight for the 21st Century.

BACKGROUND INFORMATION ON PARTICIPANTS IN ROUNDTABLE AT SAN BERNARDINO VALLEY COLLEGE

ADRIENNE HERNANDEZ: 17, Student at Rialto High School and the San Bernardino Sheriff Academy.

Adrienne would like to pursue a career in law. She has been motivated by the violence and racial tensions that she witnesses every day in school and by her father who is a police officer. She is participating in a Sheriff's Academy school-to-work program that she says has taught her "commitment, discipline, and responsibility."

GREG KYRITSIS: 44, Sheriff's Lieutenant, San Bernardino.

Greg has spent 21 years in law enforcement, including 10 as a trainer for police recruits. Greg helped create a school-to-work program with Rialto High School and Valley College to improve the skills of high school graduates and encourage law enforcement as a potential career.

CHRISTOPHER EMANUEL: 40, Student at San Bernardino Valley College & Student Member of the Board of Trustees for the San Bernardino Community College District. Christopher plans to transfer to the University of Southern California and then earn a law degree. He is inspired by Thurgood Marshall and hopes to practice civil rights law in an urban area.

JACK BROWN: 56, Chairman, President, and CEO, Stater Brothers Markets.

Once a student at San Bernardino Valley College, Mr. Brown began his career in the grocery industry as a box boy. He has risen to become CEO of San Bernardino's largest employer, operating 111 markets and employing nearly 10,000 people in the region. Annual sales for Stater Bros. are approximately \$2 billion, also making it one of the largest supermarket chains in the country. Mr. Brown is a winner of many public service awards, sponsors educational scholarships, and strongly encourages all of his employees to continue their education.

THANH - LAN LY: 22, Student at San Bernardino. Lan was born in Saigon.

At the age of 17, Lan risked her life to escape Vietnam with her family on a small boat to Malaysia. An avid learner, Lan became an English interpreter after 2 years at a refugee camp. In 1992, her family immigrated to the U.S. and Lan's ESL teacher encouraged her to apply to Valley College where she is now studying to become a nurse. She says that financial aid is her key to getting an education and proclaims, "I will not disappoint our government, I will give back because I am so grateful to be an American."

EVA CONRAD: 49, Vice President of Instruction at San Bernardino Valley College.

Born in Syracuse, New York, to working class parents, Ms. Conrad is a first-generation high school and college graduate. She has been a professor of psychology and health at Valley College for 18 years, and was appointed Vice President of Instruction for the college in July, 1994.

DANIEL QUIRINO: 28, Student at San Bernardino Valley College.

Daniel is the first person in his family to pursue a college degree, and he plans to earn his PhD. He immigrated to the U.S. at the age of 11 with his family. After one year in an English as a Second Language (ESL) class, Daniel joined the school's regular instructional program full-time and now takes pride in his strong English skills.

MARY ELLEN ABILEZ: 46, Student Body President at Crafton Hills College.

A single mother of 3 girls whose motto is, "Education is the only permanent way off of welfare," Mary Ellen has been on and off public assistance for most of her life. She currently receives AFDC. After struggling to find the money for her 2 older daughters to attend college, Mary Ellen decided to do the same for herself. She now receives several forms of financial aid in order to attend Crafton Hills College.

RYAN S. CARRIGAN: 25, Student, San Bernardino Valley College.

As a salesman after high school, Ryan quickly realized that his career opportunities would be severely limited without further education. He chose Valley College because it was the only school his family could afford. Ryan plans to go on to Claremont College and get a degree in Philosophy, Politics & Economics.

MONIQUE PATTON: 23, AmeriCorps Volunteer.

Monique is the daughter of a single mother. After high school she enrolled in a Junior College because it was more affordable and she could work full-time. She became an AmeriCorps volunteer to learn more about the environment, serve the public, and to earn money for college.

BOB TURLEY: 53, Professor of Sociology, Crafton Hills College & President San Bernardino Community College District Teachers Association.

Bob teaches Sociology at Crafton Hills (sister school to Valley College) and is in the first year of a 2-year term as president of the local chapter of the California Teachers' Association.

DREW COLBERT: 73, Vocational Student at San Bernardino Valley College, and Former Director of a Training Center at Shell Oil Company.

After Mr. Colbert left his native Arkansas for California in the 1940s, he began working in a shipyard and eventually became the manager of a training center for service station attendants at Shell Oil Company. Mr. Colbert recently returned from 18 years in Alaska with a dream of training recovering drug addicts and ex-prisoners to be auto mechanics, which San Bernardino Valley College is helping him to fulfill.

BARBARA JEAN FASENMYER: 46, Parent and Local PTA Officer.

Barbara is the mother of three daughters in the Colton public schools, and has been an officer in Colton's Parent-Teacher Association (PTA) since 1985. She serves on a school site council, which determines the school budget for such activities as field trips, assemblies, and extra books and instructional materials.

DRAWING THE LINE ON EDUCATION

In a speech to the American Council on Education today, President Clinton emphasized his commitment to education and a new relationship between government and people based on opportunity and responsibility. The President said he would fight for more progress expanding educational opportunity indicated, and draw a clear line against Republican proposals in several areas. In particular, the President said he will fight to:

- 1. Expand Direct Lending and Individual Education Accounts, and oppose Republican efforts to cap participation at 40%***
- 2. Support successful College Access programs, and oppose any attempt to eliminate the in-school interest subsidy for 4 million students.***
- 3. Expand AmeriCorps National Service, and oppose any Republican proposals to dismantle the initiative.***
- 4. Expand Goals 2000, and oppose efforts to abolish the Department of Education.***
- 5. Offer a tax deduction up to \$10,000 for education and job training, and oppose wasteful tax proposals like the capital gains and cost-neutral recovery provisions in House Contract***
- 6. Expand Head Start, and oppose any effort to block grant or limit funding for Head Start.***

BACKGROUND

1. EXPAND NEW DIRECT LENDING AND INDIVIDUAL EDUCATION ACCOUNTS:

Supports Expanding New Direct Lending Program and Individual Education Accounts: With the passage of the Student Loan Reform Act, 104 schools and over 252,000 students are already participating in the program. This year more than 1,400 schools -- representing 40% of all loans and the maximum allowed under this year's authorization -- have committed to enrolling. This program has saved billions of dollars for taxpayers, lowered interest rates for students, and allowed borrowers to choose flexible repayment arrangements -- including pay-as-you-earn plans through Individual Education Accounts.

Opposes Legislation to Deny Hundreds of Schools Entry into the New Direction Lending Program: Republicans have proposed legislation to reduce funds available for direct lending, prevent schools from choosing to participate in the initiative, and cap participation at 40 percent of all loans.

2. SUPPORT SUCCESSFUL COLLEGE ACCESS PROGRAMS -- INCLUDING IN-SCHOOL INTEREST SUBSIDY:

Supports Protecting Current College Access Programs including In-School Interest Subsidy: The President proposed increasing the maximum Pell Grant by 12 percent to its highest level ever, \$2,620. He also supports maintaining in-school interest subsidies and other programs that make college and advanced training more accessible and affordable for everyone. Under the in-school subsidy, lower-income students with subsidized Stafford loans are not responsible for the interest due while they are enrolled at least half-time and during the grace period (six months) between leaving school and entering repayment.

Opposes Eliminating the In-School Subsidy for 4 million Students: Like John Kasich's proposed budget for fiscal year 1995, the list of suggested savings in the Republican "Contract with America" includes eliminating the in-school subsidy in order to raise \$9.6 billion to begin paying for tax breaks. **This proposal could have a severe impact on college access;** two-thirds of all Stafford borrowers earn less than \$30,000. For a four-year undergraduate who borrowed the maximum amount (\$17,125) at the maximum statutory interest rate (8.25%), the Republican proposal would increase costs by \$3,150--or 18 percent.

3. TAX INCENTIVES FOR EDUCATION AND TRAINING:

Supports New Tax Deduction for Education and Training: The President proposes making tuition for college, community college, technical school, graduate school and job-training fully deductible up to \$10,000. The deduction will be available to families earning up to \$100,000, and phased out at \$120,000.

Opposes Costly Tax Breaks that Do Not Mainly Benefit Working Families. The "Contract with America" would change business depreciation to a Neutral Cost Recovery System—a \$120 billion tax cut over ten years, according to the Treasury Department. The Contract also proposes changes in the capital gains tax rate that will cost another \$183 billion over ten years. Treasury estimates that over 50% of the benefits from all the tax cuts proposed in the Contract would go to families with incomes over \$100,000. In contrast, 87% of the benefits from President Clinton's Middle Class Bill of Rights would go to families with incomes less than \$100,000.

4. NATIONAL ROLE IN ELEMENTARY AND SECONDARY EDUCATION:

Supports GOALS 2000 – Goals 2000 affirms the President's belief that education is central to America's future. The Federal government is an important partner with states and communities in improving education, setting common standards and ensuring equitable treatment for all the nation's children. In his 1996 budget, the President calls for a \$347 million increase in funding for states and communities to proceed with their education reform agenda.

Opposes Efforts to Abolish Department of Education and National Leadership in Elementary and Secondary Education: Prominent Republicans such as Lamar Alexander and William Bennett have called for abolishing the Department of Education.

5. NATIONAL SERVICE:

Supports Expansion of AmeriCorps: Today 20,000 AmeriCorps Members are helping communities to meet their own needs while earning aid for their own education. AmeriCorps represents a powerful new resource for civic associations that are now struggling to immunize infants, educate children, stop gang violence, and help older Americans lead more independent lives. Because national service represents government at its best, President Clinton is asking for \$290 million in additional funds to expand the program to 47,000 AmeriCorps Members. (There will be 33,000 in fiscal year 1995).

Opposes any effort to Dismantle or Derail National Service: Some Republicans have called AmeriCorps "coerced volunteerism," and others have called for the elimination of the initiative.

6. HEAD START

Supports Expansion of Head Start: In his first two budgets, the President increased Head Start funding by \$759 million while reforming the way Head Start works, improving program quality and enabling thousands more children to participate. He now proposes an additional \$400 million increase in the FY1996 budget in funding, which provides comprehensive services for disadvantaged children (ages three to five) and their families.

Opposes Efforts to Tear Down or Block Grant Head Start: The President will oppose any attempts by Republicans to decrease funding for Head Start or to jeopardize the program through including it in block grants.

THE MIDDLE CLASS BILL OF RIGHTS

THE PRESIDENT'S COMPREHENSIVE PLAN TO RAISE MIDDLE CLASS STANDARDS OF LIVING

A Successful Economic Plan: The President's economic plan is already cutting the deficit by \$600 billion -- nearly \$10,000 per family. It's also increasing investment in technology, education, and training--with new college loan, national service, school reform, and School-to-Work efforts. The President fought for NAFTA and GATT, bringing two of the best years for opening markets in history. Over 15 million working families received a tax break through his EITC, and 90 percent of small businesses are now eligible for tax relief.

The Economy Has Responded with the Best Combination of Growth, Job Creation and Low Inflation in 30 Years: The President's economic plan helped solidify the recovery, create nearly 6 million jobs, and hold inflation down.

Still, the 15-Year Pattern of Stagnant Wages Continues for Too Many Middle-Class Families: Only the top 20 percent of households have seen their incomes rise since 1978.

THE NEXT STEP: THE MIDDLE CLASS BILL OF RIGHTS

To ensure that all Americans share in the recovery and to help families invest in the future, the President is calling for a **Middle Class Bill of Rights**. It's based on **three principles**:

1. **Targeted to the Middle Class:** Unlike the Republican plan, which mostly benefits families earning over \$100,000, the President targets benefits to middle-class families.
2. **Rewards Investment in the Future:** The President's plan rewards families who invest in the future -- especially education and skills for themselves and their children.
3. **Paid For By Specific Spending Cuts:** The President's plan pays for tax cuts with specific spending cuts--adding to the \$616 billion in deficit reduction following his 1993 plan with another \$81 billion now.

THE MIDDLE CLASS BILL OF RIGHTS

1. **Tax Credit to Help Working Families Raise Their Children:** Families earning up to \$60,000 will receive a \$500 tax credit for each child under 13.
2. **Education and Job Training Tax Deduction to Help Americans Get the Skills They Need:** Tuition will be fully deductible up to \$10,000 for families earning up to \$100,000.
3. **Expanded IRA to Help Working Americans Save for the Future:** Families earning up to \$100,000 will be able to save up to \$2,000 a year tax-free per earner--and use the money for education, a first home, or medical expenses, in addition to retirement.
4. **A New G.I. Bill to Empower American Workers:** The President will collapse 70 federal education and training programs and offer low-skill or laid-off workers a Skill Grant of up to \$2,620 per year to choose the training that works for them.

EDUCATION AND JOB TRAINING TAX DEDUCTION

HELP MIDDLE-CLASS AMERICANS GET THE SKILLS THEY NEED

The President proposes making tuition for college, community college, technical school, graduate school and job-training fully deductible up to \$10,000. The deduction will be fully available to families earning up to \$100,000, and phased out at \$120,000.

BROADEN OUR MIDDLE CLASS AND NARROW THE GAPS BETWEEN US

Each year of college or job training beyond high school increases average future earnings by 6 to 12 percent. And while workers with the right skills have seen their incomes rise over the last 15 years, paychecks for everyone else have declined.

STOP RISING TUITION FROM CRUSHING MIDDLE-CLASS FAMILIES

Wealthy students can afford higher education and lower-income students receive financial aid. The middle-class gets squeezed as college costs rise. Between 1981 and 1991, average college tuition rose more than 130 percent--compared to about 50 percent inflation over that period.

OFFER AN INCENTIVE FOR EDUCATION SIMILAR TO BUSINESS INVESTMENT

The tax code already encourages business investments. It's time to create the same incentive for families to make the best investment they can make: education.

MILLIONS OF WORKING FAMILIES WOULD GET TAX RELIEF

Twelve million students would benefit from the deduction, over 80 percent of them with incomes less than \$75,000.

FAMILIES DON'T NEED TO ITEMIZE TO GET THE DEDUCTION

The deduction will be "above the line"--allowed in determining adjusted gross income--so middle-class families that don't itemize will still get the tax break.

TAX BREAKS WON'T TRIGGER TUITION INCREASES

Little evidence links higher federal aid with higher tuitions: in the 1980s, education aid virtually froze while tuitions jumped; in the last two years, President Clinton expanded student aid and tuition increases slowed. With 7,500 schools competing for students today, schools that try to cash in by raising tuition will lose students--and money.

PART OF THE PRESIDENT'S COMMITMENT TO EXPAND CHOICE AND ACCESS

The President is already implementing Individual Education Accounts to make more affordable student loans available to every American and save taxpayers billions of dollars. Convenient "pay-as-you-can" options enable individuals to repay the investment as their earnings permit. In addition, the President is proposing to raise Pell Grants to \$2600 and extend Skill Grants to laid-off and low-wage workers who usually can't take full advantage of the education and training tax deduction.

HELPING MIDDLE-CLASS FAMILIES: AN EXAMPLE

For a family with a \$50,000 income spending \$10,000 to send a child to college and improve skills for a spouse, the tax deduction would be worth \$1,500--a 31% tax cut.



UNITED STATES DEPARTMENT OF EDUCATION

PUBLIC AFFAIRS

William D. Ford Federal Direct Loan Program

Individual Education Accounts

The Individual Education Account will make the American dream of an affordable college education a reality for many more young people and their families who thought it was beyond their financial reach.

In the last fifty years, ever since the GI Bill, millions of Americans who never would have gone to college have been given an opportunity to get an advanced education. The creation of the Individual Education Account follows in this tradition of ensuring that every generation of Americans gets the help it needs for a first-rate postsecondary education.

The rising cost of an education in the last decade has led many more Americans to borrow in order to go to college. But many borrowers feel "saddled" with the large "fixed" monthly repayment requirement in the first months and years after they graduate.

The newly-created Individual Education Account, part of the William D. Ford Federal Direct Loan Program proposed by President Clinton and passed by Congress, offers flexibility and security, streamlines the loan process, saves taxpayers money, and gives borrowers more control over their career choices. And, it's family-friendly.

Just like a home mortgage, the program gives borrowers a variety of repayment options designed to fit the individual's financial situation. For example, if students want to pursue a public service career or start a business, the Individual Education Account can help them manage their payments to make these career choices possible.

1. BENEFITS OF THE INDIVIDUAL EDUCATION ACCOUNT:

1. CHOICE AND FLEXIBILITY FOR BORROWERS: The Individual Education Account allows borrowers the choice and flexibility they need to repay their loans in the way that best fits their career paths and individual needs. The Individual Education Account allows students options to pay back their Direct Loans in one of four ways -- and to switch plans throughout their work life as their financial situations change. The four repayment options are as follows:

- **Pay-As-You-Can Plan:** Under this plan, a borrower's monthly payment is based on his or her annual income and loan amount. Since the repayment is a fixed percentage, repayments rise when income goes

up and decline when income decreases.

- **Standard Repayment Plan:** Borrowers can still choose the standard fixed payments over ten years.
- **Extended Repayment Plan:** Under this plan, borrowers can extend their repayments over 12-30 years depending on loan amounts.
- **Graduated Repayment Plan:** Under this plan, borrowers have lower monthly payments initially, with payments increasing every two years over a period of 12-30 years.

2. NEW PAY-AS-YOU-CAN PLAN: During the campaign, the President promised to create a new option to pay back loans either through community service or as a percentage of a borrower's income. Americorps fulfills one-half of this commitment, the Individual Education Account fulfills the other half. The Pay-As-You-Can Plan -- or income-contingent repayment plan -- allows borrowers to take risks and start their own business, accept lower-paying community service jobs, or take time off to care for a child or sick relative. If a borrower does not repay the loan within 25 years, the remaining balance would be forgiven.

3. AFFORDABILITY: The Individual Education Account is part of the William D. Ford Federal Direct Loan Program, passed in the President's economic plan. This program lowered fees and interest rates for all borrowers both with an Individual Education Account and in the traditional student loan programs. Indeed, loan fees have been lowered from as high as 8 percent to 4 percent, saving students more than \$2 billion. The interest rate of the Individual Education Account varies depending on market interest rates. Currently, the rate for student borrowers is 7.43 percent. It can go up or down, but cannot be higher than 8.25 percent. It is estimated that millions of former students currently have student loans with interest rates higher than 7.43 percent or 8.25 percent. These borrowers will have the opportunity to convert or consolidate their loans into Individual Education Accounts.

4. MORE DIRECT AND SIMPLE BORROWING: Borrowers obtain loans directly through schools and deal with only one servicer. The current confusing and costly system of banks, guaranty agencies, secondary markets and loan servicers frequently leaves students adrift in a bewildering sea of red tape. With an Individual Education Account, the borrower receives the loan directly through his or her school and makes one payment to one servicer for all of his or her student loans. And, the borrower receives only one monthly statement.

II. NATIONAL EFFORT TO ENCOURAGE POSTSECONDARY OPPORTUNITIES:

Study after study documents that the ability to seek a postsecondary education is critical to the lifetime earnings and opportunities of Americans. Yet, too few young people do not fully understand their existing opportunities -- no less the new opportunities offered by the William D. Ford Federal Direct Loan Program and the new Individual Education Accounts. As a result, Secretary Richard Riley and Deputy Secretary Madeleine Kunin will lead an effort to promote new postsecondary education opportunities. These efforts will include a 1-800 number; newspaper and television campaigns addressed at young people; and mailings to guidance and financial aid counselors at high schools and postsecondary institutions regarding financing opportunities.

III. HOW DO PEOPLE GET INDIVIDUAL EDUCATION ACCOUNTS?

There are two ways borrowers will be able to get an Individual Education Account. First, they can get a new loan from one of the schools participating in the William D. Ford Federal Direct Loan Program. This year, 104 colleges and schools are participating in the program, and more than 300,000 students are receiving these loans totalling \$1.2 billion. Next year, approximately 1,500 colleges and schools will participate in the Direct Loan Program, amounting to about 40 percent of new student loan volume. Over the next five years, every college and school and over 20 million Americans will have the opportunity to pay back their student loans through an Individual Education Account.

The second way that borrowers can get an Individual Education Account is by converting or consolidating their existing student loans that are in repayment into the new program. The President has asked the Secretary of Education to work with Congress to devise a plan by January 31, 1995 that will ensure that consolidation opportunities are offered in a way that is efficient, manageable, and prudent.

Contact: Kathryn Kahler, 401-3026.

THE CLINTON RECORD ON EDUCATION REFORM AS GOVERNOR OF ARKANSAS

President Clinton has a proven track record of commitment to education reform. In 1989, during his third term as Governor, Arkansas was cited by *Time Magazine* as one of three leading states in "real" education reform. With extensive professional development, smaller classes, an increase in advanced and vocational education classes, test scores of Arkansas students improved dramatically and the high school completion rate was the best in the region.

NATIONAL LEADERSHIP

- **NATIONAL GOVERNORS' ASSOCIATION**

When Clinton became Chairman of the National Governors' Association in the summer of 1986, he made it clear that education - "one of the most fundamental issues of our time" - would be a priority. However, his goals as Chairman of the NGA and as Governor of Arkansas went beyond education reform, he also focused on the barriers that prevent millions of Americans from taking full advantage of better schools or even from becoming productive citizens.

- **NATIONAL EDUCATION GOALS**

At the 1990 Education Summit, Clinton took the lead as the prime author of the National Education Goals, which served as the basis for America 2000, an education reform initiative introduced by President Bush and then Goals 2000: Educate America Act, signed into law in March of 1994.

REAL REFORM IN ARKANSAS

- **SPENDING ON EDUCATION**

Under the leadership of Clinton, Arkansas spent more than 71% of all state general revenues on education. At the time, only two other states spent a greater share of total state and local expenditures on education.

In higher education, Arkansas ranked second in the nation for percent increase in funding. While funding was declining 1% nationwide, it increased 25% in Arkansas.

- **EXPANDING THE CURRICULUM**

Clinton's reforms created hundreds of additional science, math and vocational courses in high schools. While only 5,100 students were enrolled in advanced math courses in 1983, over 75,000 were enrolled in 1991.

- **GRADUATION RATES AND TEST SCORES UP**

Clinton's education reforms led to an increase in the graduation rate. Likewise, Arkansas saw a steady improvement in test scores. Between 1981 and 1991, the graduation rate increased to the highest in the region and gains in math and reading test scores were seen for fourth, seventh and tenth grade students.

- **REQUIRED COMPETENCY TESTS FOR STUDENTS**

Arkansas was the first state in the nation to require eighth graders to pass a competency test before going on to high school.

- **EDUCATION TRUST FUND**

Clinton established an Education Trust Fund to be used only for education and fought to insure that it was fully funded.

- **SCHOOL CHOICE**

As Governor, Clinton made Arkansas one of the first states to permit parents to choose what public schools their children attended.

- **TEACHER SALARY INCREASES**

In 1991, by persuading the legislature to set aside a half-cent sales tax increase in a special fund, Clinton provided teachers with \$4,000 average salary increase.

- **POLICE CORPS**

Arkansas was the first state to create a Police Corps program, which provides college scholarships to police officers and young people in exchange for service in a law enforcement agency.

- **ADULT EDUCATION**

Under Governor Clinton's leadership, adult education and literacy programs expanded. The U.S. Department of Education indicated that Arkansas had the "highest percentage of full-time adult basic education instructors in the nation." The number of adult students participating in adult education programs, workplace literacy programs, local literacy programs and public television literacy programs increased from 14,555 in 1983 to 60,000 in 1991. State funding for adult education increased from \$1.9 million in 1983 to over \$14 million in 1991.

- **COLLEGE BOND PROGRAM**

Clinton established a college bond program allowing parents to buy short or long-term college bonds, not taxed in Arkansas, to help finance their children's education.

Give It a Chance

Congress threatens to limit the president's new student-loan plan

BY JANE BRYANT QUINN

A CLINTON INITIATIVE VULNERABLE TO A REPUBLICAN bombing run is "direct lending"—his new approach to student loans. The president praised the fledgling program in the State of the Union Message. It's cheaper for taxpayers, he said, and saves weeks of bureaucratic time. But key Republicans hated the law when it passed in 1993, and hate it still. A bill just introduced by Rep. William Goodling of Pennsylvania caps at 40 percent the volume of student loans permitted under direct lending. That's OK, if Goodling wants only to wait and see how well the program works. It's not OK if his prime intent is to shoot it down.

At present, most loans are made by banks or other private lenders, administered by state or private guarantors and insured by the federal government. The Feds pay the banks and the guarantors for their services. If you default, the taxpayers typically cover 88 percent of the loss. So lenders earn their comfortable profits at small risk. Estimated cost to the government this fiscal year: \$6.3 billion.

Makes money: The president's new direct-lending program cuts out the middlemen. You get your loan directly from your school, which draws the money from a government-funded account. Repayments go to the Treasury. Private contractors administer the loans and handle collections. The government expects to make money on the program the same way the banks do—by borrowing at a low interest rate and lending to students at a higher one. The Feds also think they'll pay less in administrative costs.

Private lenders and guarantors that run the business, almost smothered the program. With opponents in the ascendancy, the program is in full cry. Controversy surrounds the question of how much money, if any, direct lending saves. Doubters say that the government wouldn't know how to run a stocking, although schools already using the system say it works fine. There are successful federal programs, such as social security. The question is whether direct lending can be one of them and whether the administration will be given a chance to find out. What students need to know:

■ **Should you take a direct loan if your school offers them?** Of course. It's the same loan, with the same borrowing terms, that other students get at banks. Fees were lowered in 1994 and loan amounts raised. Dependent undergraduates can borrow up to \$23,000 for their education—one third more than was formerly allowed. If you show financial need (a complex formula, comparing family income with college costs) the government pays the loan interest while you're in school. Otherwise you owe the interest although your payments can be deferred.

Around half of all undergraduates borrow today; they graduated last year with an average debt of \$10,500, according to Jerry Davis, director of research for Sallie Mae, a prime player in the private-loan market. Due to rising tuitions and increased loan availability, last year's entering freshmen will probably graduate \$13,600 in debt, Davis says—a 30 percent increase. Average payments will rise to \$163 a month, from \$126 today.

■ **Are direct loans better for you?** Probably so, in two major ways. You get the loan right at your school, which saves you a couple of steps. Even late applicants can get paid before school starts, because their request doesn't wind through the banks. The portion of student loans processed by the fall semester rose 35 percent last year at Colorado State University, reports Kay Jacks, head of financial aid—thanks largely to direct lending. If a student's eligibility changes, the loan amount can be adjusted overnight. By contrast, getting a change through a private lender can be a bureaucratic headache, Jacks says. Direct loans also save the schools from coping with each lender's separate forms.

Ironically, free-market competition wasn't fixing these problems. But government competition has been "a wake-up call," says Susan Conner of the USA Group, which guarantees and services student loans. USA now delivers loans faster and can give schools a speedy update on an application's progress, she says.

Eighteen institutions with major loan programs—including Citibank, Chemical Banks and Bank of America—plan to create a common electronic lending system. Sallie Mae and USA Group are doing something similar. One reason that Duke University isn't offering direct loans, says James Behr Jr., head of financial aid, is that private lenders are falling all over themselves to improve.

■ **How will you repay that daunting debt?** The vast majority of students pay within the original 10-year term. But as loans mount, longer terms may become more common. Direct lending offers an "income contingent" repayment plan that pays your payments to the money you earn and how many dependents you have. Typically, you'll owe from 4 to 15 percent of your adjusted gross income.

Private lenders will compete in this arena, too—the first being Sallie Mae, which will announce an income-sensitive plan this week. But there's a downside. Stretching out payments always increases

your interest costs. In the government plan, your payment may not even cover all the interest due. Any missing amounts will be added to your loan, increasing your debt by as much as 10 percent. So use this program only as an alternative to default.

■ **What if you can't afford the student loans you have now?** You can refinance them through the direct-loan program or its private competitors. The U.S. Education Department hopes to take over large numbers of current loans, and says this will save the government money. But private lenders are becoming and the new program is unproven. Congress may dig its heels here.

■ **Can costs be cut anywhere else?** One thought is to quit giving government-backed loans—direct or otherwise—to high-income families. For the past two years, student loans have been open to everyone, regardless of wealth. When interest rates are low, the well-to-do pay their own way. But no student is charged more than 8.25 percent. When student-loan rates go higher, as they may in July, taxpayers absorb the extra cost. If Goodling's prime concern is the federal budget, he ought to be looking at this issue, too.

Reporter: TESSA EBBENFELD



Colleges like direct lending but bankers are lobbying to get the business back

ECONOMIC PROGRESS IN CALIFORNIA UNDER PRESIDENT CLINTON

President Clinton's strategy to strengthen the economy is based on reducing the federal budget deficit, lowering trade barriers, and empowering workers, families, businesses and communities to succeed. Here are some of the results for the nation and California after the first two years of the Clinton Administration:

Improved Economic and Fiscal Conditions in the United States:

- Under Clinton Economic Plan, the deficit will be lowered by more than \$600 billion -- the deficit will be cut for three years in a row for the first time since Harry Truman was President.
- Almost 6 million new jobs created -- private sector job growth rate 8 times faster than during previous Administration.
- Federal government workforce will drop by 272,900 -- creating lowest workforce since the Kennedy Administration.

Improved Economic Conditions in California:

- The unemployment rate has dropped from 9.4% to 8.2%.
- New business incorporations have increased 13%.
- The Help Wanted Index has increased 21%.
- Consumer confidence has increased 54%.
- Home sales have increased 7% per year -- after average declines of 6.6% per year during the previous 4 years.
- Bankruptcy filings have dropped 6.1% per year -- after increasing 13.4% per year during the previous 4 years.

What President Clinton's Accomplishments Have Achieved for the People of California:

\$10,000 OF REDUCED FEDERAL DEBT FOR EVERY FAMILY OF FOUR IN CALIFORNIA: By 1998, the national debt will be more than \$600 billion lower than was projected before the passage of the President's economic plan. That's about \$10,000 of reduced federal debt for each family of four in California.

10 TIMES MORE CALIFORNIA FAMILIES RECEIVE A TAX CUT THAN A TAX INCREASE: As a result of the expanded Earned Income Tax Credit, 2,146,915 working families in California will receive a tax cut. This compares to an increase in the income tax rate for only the 218,777 wealthiest taxpayers in California.

TAX CUT FOR 178,917 SMALL BUSINESSES IN CALIFORNIA: The President helped entrepreneurs, proprietors, and other small businessmen and women by expanding the annual expensing allowance from \$10,000 to \$17,500. About 178,917 small businesses in California are likely to benefit from the expansion of the expensing allowance this year alone *and many more will benefit over the coming years.*

4,959,000 CALIFORNIA WORKERS PROTECTED BY FAMILY AND MEDICAL LEAVE ACT: The Family and Medical Leave Act allows workers to take up to 12 weeks of unpaid leave for the birth of a child, to care for a sick family member, or if they become too sick to work. This law covers about 4,959,089 workers in California, and protects the jobs of 297,914 workers in California who are likely to use unpaid leave this year alone.

1.65 MILLION STUDENTS AND FORMER STUDENTS IN CALIFORNIA WILL BE ABLE TO BENEFIT FROM STUDENT LOAN REFORMS: Approximately 1.65 million California borrowers -- 1.16 million current borrowers and 490,000 new borrowers in the next few years -- can take advantage of the new direct student loan program by participating directly in the program or by consolidating guaranteed loans into direct loans. Some will benefit from lower interest rates, and all will benefit from more repayment options, including income contingent repayment.

High Standards and Public School Choice

The President laid out a vision for 21st century public education driven by demanding high standards for students and teachers. He called for a system in which teachers have to meet competency standards, students have to meet standards of excellence, and parents have the opportunity to move their children to schools that are performing and the right to start better ones if the current ones do not work.

The President is calling on all 50 states to enact charter school laws within 12 months and will be asking for a dramatic increase in the federal funding available to help local efforts to start new schools. Charter schools are public schools, created and managed by parents, teacher and administrators. They are held accountable for their results through a performance based contract with a local school board or state. Charter schools - designed to meet the needs of a local community - provide more choices for families by allowing them to decide which public school their children will attend. Since 1991, 19 states have enacted laws permitting the establishment of charter, or independent public schools.

Educational Technology

President Clinton tonight called for a major new national effort to bring schools into the 21st century electronically. Specifically the President called for the creation of a private public partnership to create a [\$10 billion?] fund to ensure that five years from now every classroom is connected to the Internet, and every student has access to a computer and a teacher with the skills and software to make the best possible use of the technology available. This effort should be one of the most ambitious this country has ever undertaken, and the President challenged parents, educators, businesses and community leaders to work together with him to ensure that our schools are equipped for the 21st century.

Dramatically Expanding Access To College

The President called for the enactment of three key initiatives to increase access to and affordability of college education:

Merit Scholarships The President called for the first-ever federal merit-based scholarship, designed to promote and reward excellence and achievement. The scholarship would provide \$1,000 toward the cost of a college education for the top five percent of graduating students in every school in the United States.

Expansion of Work Study The President proposed a dramatic expansion of the Work Study program, by 50 percent over a five year period, to bring the total number of students helped to one million. This program is a classic reaffirmation of the American ethic, rewarding hard work and helping ensure that all those who

want to get a higher education are able to afford it.

Tuition Tax Deduction The President renewed his call for a deduction of up to \$10,000 for the cost of tuition. He has repeatedly made the case that any tax relief provided as part of the effort to balance the budget should help the middle class ensure that they and their children can afford the education they need to get ahead in the 21st century economy.



National Association
of Independent
Colleges and Universities

news release

**For Immediate Release:
February 14, 1995**

**Contact: Tim McDonough
(202) 785-8866**

**Statement by David L. Warren
President**

**National Association of Independent Colleges and Universities
on President Clinton's San Francisco Speech on Education Issues
Delivered at the annual meeting of the American Council on Education**

February 14, 1995

President Clinton recognizes that higher education should be at the center of the national interest. Not only has he introduced a bold new policy in the "Middle-Class Bill of Rights," his budget preserves student aid programs that are vital to our nation's economic future.

There are those in Congress who would cut student aid programs just to fulfill political promises of deficit reduction. They would cut Federal Work-Study. They would cut Perkins Loans. They would cut Supplementary Educational Opportunity Grants. And they would end the in-school interest exemption on Stafford loans. These proposed cuts – \$20 billion over the next five years – would have a devastating effect on American families with average incomes of \$35,000 a year. The effect of these cuts could increase the cost of education up to 40 percent for students headed to graduate school, and thousands of students would have to defer their dreams of completing a college degree.

However, the American people know how important federal student aid programs are to our nation's competitiveness. In a nationwide survey released this month by the Alliance to Save Student Aid, 89 percent of the respondents favored maintaining at least the current level of funding for college students, nearly identical to the 92 percent who favored funding Social Security. Respondents also saw the importance of financial aid to our nation's economic competitiveness – 92 percent said that it is an investment in America's future.

In his speech this afternoon, President Clinton clearly stated that he intends to champion these issues in the coming budget debate. Student aid has traditionally held bi-partisan support in Congress. The NAICU Board of Directors is strongly behind the President's effort, and other efforts that will increase access to higher education. We intend to educate new members of Congress on the importance of federal student aid programs, and look forward to working with leaders of both parties to see that these programs are preserved.

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LIFELONG LEARNING AGENDA

The Education policies of the Clinton Administration - enacted with a bipartisan coalition of lawmakers and the grassroots support of teachers, parents, community leaders and businesses - offer a comprehensive approach to a commitment to making learning a lifelong endeavor.

HEAD START

Focusing on family involvement, education, socio-emotional development, physical and mental health, and nutrition, this law provides comprehensive developmental services for America's low-income, pre-school children, ages three to five. Through grants awarded to local public or private non-profit agencies, 714,000 children are enrolled in over 37,000 Head Start classrooms in all 50 states. 20 percent of the cost of each program must be contributed by the local community.

GOALS 2000: EDUCATE AMERICA ACT

A comprehensive approach to supporting meaningful state and community school improvement efforts, based on raising academic and occupational standards, improving teaching and expanding the use of technology. Goals 2000, which encourages high expectations and standards for ALL children, is state and locally driven with NO federal mandates or control. More than 40 states have already chosen to participate in Goals 2000 and with the leadership of local communities, parents, teachers and school administrators have developed their own strategic plans for educational reform.

ELEMENTARY AND SECONDARY SCHOOL ACT

Designed primarily to help disadvantaged children, this law focuses on improvements in teaching in more than 50,000 schools and has a direct impact on five million children in high poverty areas. By increasing school flexibility to use federal aid and supporting effective innovations like charter schools, magnet schools, extended day programs, effective transitions from pre-school to elementary, greater parental participation, and school-wide programs, this law is a significant step in helping ALL students meet high academic standards.

SCHOOL TO WORK OPPORTUNITIES ACT

Broadens educational, career and economic opportunities for students not immediately bound for four-year colleges through local partnerships among businesses, schools, community organizations, and state and local governments. Students receive a meaningful high school diploma and a skill certificate recognized by employers; and employers have access to an educated, well-trained and versatile workforce. By equipping students with the knowledge and skills necessary to pursue work or post-secondary training, this law helps ensure that America will be capable of performing and prospering in a competitive global economy.

DIRECT LENDING

Allows student borrowers to secure an educational loan in a quick and easy manner, taking the expense and confusion out of how students finance and pay for higher education, and saving taxpayers billions of dollars. 104 schools participated in the first year of the program and this year more than 1,400 schools - representing 40% of the total number of loans and the maximum allowed under this year's authorization - have committed to enrolling. The Individual Education Act (IEA) simplifies borrowing, lowers fees and interest rates and offers more repayment choices. These changes will ensure that college graduates can start their futures without facing a fixed and overwhelming financial burden.

NATIONAL AND COMMUNITY SERVICE ACT

Challenges us to bolster our efforts at improving education, public safety, human services and the environment. Last year, 20,000 young people worked as volunteers in 350 Americorps programs in schools, hospitals, neighborhoods and parks. By enabling individuals to work in public service positions, receiving a minimum wage stipend and education awards of \$4,725 a year to use to pay for future or past post-secondary education, this law is helping to change our communities and produce a better educated citizenry with skills, civic ethic and a commitment to service.

REEMPLOYMENT ACT

As part of President Clinton's Middle Class Bill of Rights, this proposal focuses on education, training and reemployment. By improving and streamlining existing adult education and literacy programs, and expanding choices for employment and training, the Reemployment Act closes the circle and ensures that EVERY American - young and old - has the opportunity to do their jobs better AND to get better jobs.

**Today the President is
talking about...**

February 14, 1995

EDUCATION AND THE ECONOMY OF THE FUTURE



Today, President Clinton addresses the American Council on education, where he will contrast his commitment to a national role in education with GOP efforts to eliminate opportunities we are creating for American families and to increase the costs of higher education.

Holding The Line Against GOP Efforts To Cut Education Investment, And Increase The Cost Of Higher Learning

In his speech today, the President will outline major differences with the Republicans who are trying to cut government's role in promoting opportunity through education. Specifically, the President will protect investments in:

- **Student Loans** — Republicans want to add an extra \$2 billion a year in costs to four million students by removing the break on student loan interest for those in school. The President opposes adding costs to students, and will fight to protect student loans and make college and advanced training affordable and accessible.
- **Direct Lending** — Republicans want to eliminate the very program that cuts bureaucracy and saves taxpayers and students billions. The President wants to expand it to all schools and all students.
- **Head Start** — Republicans want to scale back the Head Start program. Despite tough fiscal times, the President proposes to expand it in an effort to support programs that work.
- **National Service** — Republicans want to dismantle National Service, which expands opportunity for young people willing to give something back to their country. The President is seeking to expand Americorps to help more young people earn money for their education, and he will fight any effort to abolish it.
- **Department of Education** — Republicans want to eliminate the Department of Education. The President believes we must preserve national investment in education, while making government more efficient and responsive.

The President Has Made Investment In Education And Training A Centerpiece Of His Agenda

- The President's call for a New Covenant envisions government expanding opportunity so every American can fulfill his or her potential, and individuals and communities taking responsibility for making the most of opportunities they are offered and for addressing their problems.
- Education is the defining example of government's role in this bargain — giving people the opportunity to get the tools they need to make it in the new economy. At the same time, those given the opportunity must make the most of it by working hard and staying in school.

Long Learning Agenda

*Last year, the President outlined a seven-point agenda for education in this country. **The first six pieces passed last year.***

- **Reform and Expansion of Head Start** — Provides comprehensive developmental services for America's low-income, pre-school children ages 3-5.
- **Goals 2000** — A state- and locally-driven program which encourages high expectations and high standards for all children.
- **Reauthorization of the Elementary and Secondary School Act** — Designed to help disadvantaged students, this law focuses on improvements in teaching to help students meet high standards.
- **School to Work** — Broadens educational, career and economic opportunities for students not immediately bound for four-year colleges through local partnerships among businesses, schools, community organizations and state and local governments.
- **National Service** — Enhances educational opportunity by enabling citizens to work in public service positions where they will receive a minimum-wage stipend and earn education awards to pay for future or past post-secondary education.
- **Direct Lending** — Allows student borrowers to secure student loans in a quick and easy manner, taking the expense and confusion out of how students finance and pay for higher education, and saving students and taxpayers billions of dollars.
- **Reemployment Act** — Ensures that all Americans have the knowledge, skills and opportunity to do their jobs better and to get better jobs.

The President Is Continuing To Expand Opportunity With The Middle Class Bill Of Rights

The President has proposed a program to help middle-class families raise their children, pay for their education and take part in the American dream.

- A tax deduction for all education and training after high school.
- A \$500 tax cut for each child under age 13.
- Tax breaks for families who save for education.
- Skill Grants given directly to workers, paid for by consolidating federal programs.

The President Will Challenge Educators And Students To Do Their Part

Government can only be a partner in improving American education and preparing citizens for the 21st century. Educators, schools, parents and students have to do their part as well.

- Challenges institutions of higher education to hold tuition cost increases to the rate of inflation, bring the technology of the 21st century into the classroom, and incorporate the spirit of community and service through support for Americorps and student service.
- Calls on students to take responsibility for their lives by staying in school, reversing the growing problem of teenage pregnancy, staying off drugs and away from crime, studying hard, making the most of their potential, and giving something back to their country.

THE WHITE HOUSE
Office of the Press Secretary
(San Francisco, California)

For Immediate Release

February 14, 1995

REMARKS BY THE PRESIDENT
AT 77TH ANNUAL MEETING OF THE AMERICAN COUNCIL ON EDUCATION

Hyatt Regency
San Francisco, California

11:45 A.M. PST

THE PRESIDENT: Thank you very much. Thank you, Juliet, and thank you ladies and gentlemen. Your welcome was worth the five-hour plane ride. (Laughter.) I want to congratulate you all on this meeting, and I want to thank Juliet for her leadership and also say to Frank Jenifer, whom I know will carry on the Council's outstanding work and strong leadership in higher education, I wish you well, and I'm delighted to see you again.

I want to thank the entire American Council on Education Board of Directors for endorsing our Middle Class Bill of Rights. It will build education and training across America, and I want to say a little more about it in a few moments. You will have to play an important role in making it a reality, and I know that you'll be interested in what I think you have to do along with what I have to do.

Let me say at the outset what an honor it is for me to be here with my longtime friend, our Secretary of Education, Dick Riley. He has really done a wonderful job, and I am very, very proud of him. And he is responsible for the fact that we had the most successful year last year in promoting advances in education in the Congress in at least 30 years in the United States, and I thank him for that. (Applause.)

I'm also glad to be here for the second straight year and to have Juliet's suggestion that maybe I should think about becoming a college president when I am once again unemployed. (Laughter.) Now, before we came out here, she gave a slightly earthier description of why I should think about that. She reminded me that President Kennedy, when asked why he wanted to be president said that the pay was pretty good, a nice house came along with the job, and you work close to home, and that.

was like a lot of college president's jobs. (Laughter.)

Over New Year's I met a college president who told me that we had a lot in common with people who run cemeteries. He said, you know, if you run a cemetery, you've got a whole lot of people under you, but nobody's listening. (Laughter.) On the hard days, when you're about to cry, you can think of that and laugh a little bit about it. (Laughter.)

We have more in common than that. You are the keepers of a great trust of this nation, the most diverse network of learning in the entire world. It's a spur for our economy and a magnet for our people and for people and ideas from all around the globe. I come today as someone who spent some of the happiest years of his life teaching in colleges and universities; as someone who worked as a governor tirelessly to advance the cause of education and now, in this job, as your partner in a very important mission at a very important time in our country's history.

Our job -- yours and mine together -- is to redefine the partnership to empower our people through education and through training to face the demands of this age. That's really why I ran for president. I believe it is the responsibility of our generation to work together to preserve the American Dream for all Americans, and to ensure that we move into the next century still the strongest country in the world.

And I think the best way for us to do that is by building a new partnership in our country between Americans and their government and between one another. I've called that partnership The New Covenant -- more opportunity in return for more responsibility, and a renewed sense of citizenship and community. In that New Covenant, government's responsibility is to expand opportunity while shrinking bureaucracy, to empower people to make the most of their own lives, and to enhance our security abroad, but here at home as well.

At the same time, we have to demand more responsibility from every citizen in return -- more responsibility for our country, for our communities, for our families and for ourselves.

As we end this century, we are facing dramatic changes in our economy, our government and our daily lives. As we move away from the Cold War into the Information Age, we face a world that is both exciting and very challenging, a world where knowledge is the basis of wealth, creation and power, and where technology accelerates the pace of change. In a world like that, those who have the skills to prosper will do far better than any generation of Americans has ever done. But those who lack the ability to learn and to adapt may be left behind no matter how hard they work.

That is part of the frustration of America today -- that there

are so many of our fellow Americans who are working harder and harder and harder, and never feeling that they're rewarded, feeling that they're falling further behind, having less time for their children, having less time for their spouses, having less time for the things that we know as the quality of life, and just plowing ahead. It leads to people having too much anxiety and too little hope, and it leads to special responsibilities for all of us.

At the heart of all three of the responsibilities that I said the federal government has -- expanding opportunity, empowering people, enhancing security -- is your work: education. It is, indeed, the essence of The New Covenant. Now, more than ever, education and training are the keys to opportunity for every American, and the future will only make that more true. They will only work, of course, if individuals also assume the responsibility for themselves to get themselves educated, and to impart the value of education to their children, to their families and throughout their communities. But it is clear that the key to opening the American Dream for all Americans as we move into the next century is our ability to broadly spread the benefits of education.

For more than two decades, I have not budged from this conviction. I had, as it turns out, for this job the good fortune of growing up in a state which itself was burdened in America's greatest explosion after World War II for lack of education. And I have worked now for about 20 years, relentlessly, to constantly change the role of government so that it wastes less money and does fewer things it shouldn't, but so that at the same time, it serves people better. It insists on accountability, it promotes excellence, but it especially emphasizes educating people.

America now must do that if we have any hope of preserving the American Dream in terms of all of our people, in terms of an expanding middle class instead of one that is shrinking and constantly being divided between the haves and have-nots, not in terms of money, but in terms of education. As a governor, I invested more in education, and in higher standards for our students, for our teachers and for our schools, and in trying to make it easier for our young people in my state to go to college.

The Nation At Risk Report, back in 1983, confirmed the crying need for changes in our public schools, and I was glad to work on trying to change the conditions in ours. At the end of the decade, I was proud to be one of the governors who reached out across party lines to work with the Governors Association and with President Bush and his White House to craft a new national education goals -- goals which we then wrote into law in the Goals 2000 program, and which we are doing our best to help schools all across America to achieve on their own.

From the first day I became President, we have been committed in this administration to reinventing government in all areas, but especially in education. Our approach is not -- and I repeat, is not -- to micromanage anything. We have deregulated the federal government's role in education, in the public schools and elsewhere. We have worked to inspire reform at the grass roots level. We have recognized that our job is to define a road map, clear standards of excellence and then to work to empower every one in this society to reach those standards through education, to support the educational institutions all across this country, to support the students and the families to help them to reach those standards of excellence.

Instead of defending the status quo, we have worked to change it. We've abolished 13 of the education programs we inherited. We have cut another 38 programs that we thought were less than essential. We have consolidated 70 more programs in the budget I have just sent to Congress. And all of this is designed to empower students and working people, not educational bureaucrats; to help teachers to do their job, not to help the federal government to regulate more.

Others have talked about such things, but our administration has actually cut over a quarter of a trillion dollars in federal spending, we have reduced more than 300 domestic programs, we have eliminated more than 100,000 people from the federal payroll, and we have used the savings from the payroll reduction to put 100,000 more police officers on our streets in community policing settings, not run by the federal government, but people who work at the grass roots level on the problems they confront every day.

We are on our way, if no other law passes, to cutting more than a quarter of a million people from the federal payroll and putting all those resources back into making our communities more secure. And the budget I have just sent to Congress proposes another \$144 billion in spending cuts. But my strategy is eliminating yesterday's government to meet the demands of today and tomorrow, to give us a leaner, but not a meaner government; to cut government to reduce the deficit and to increase our investments in the future -- in education, in technology, in research, things like Head Start and Goals 2000, and the defense conversion programs we supported, and the medical research programs we supported.

These things make us stronger as a people. They build opportunity, and they demand responsibility, and they are good for America. We should be discriminating in this work we are doing. We should move beyond rhetoric to reality. Let others talk about cutting spending; we have done it, and we'd like some more help. But we have to realize why we're doing it. We're doing it to lift the country up and bring the country together and move the country forward, not to find some way to divide us in a new and different way so we have more

rhetoric, more hot air, and less progress. Let that be our commitment: to do better. (Applause.)

You know, now I admit that some in the new ~~X~~ Republican Congress see education in another way. They think education at the national level is just another area to cut and gut. Their proposals will cut investments in our future and increase the cost of student loans to our neediest students to fund tax cuts for the wealthy. They will limit the availability of lower-cost direct loans to middle class students to increase profits for the middleman in the student loans, even though that means a higher deficit. Indeed, the only thing they have proposed spending more money in education on are funds going to middlemen by limiting the amount of the direct loan program, by cutting it off, just as it's becoming more and more successful.

And some of them don't want to reinvent the Department of Education as I have done to make it stronger and leaner and more effective, they want to abolish it altogether. Well, I think Dick Riley's worth the money. (Applause.)

And so, I want you to know that to all of this, I will say, no. I will fight these proposals -- every step of the way. And I want you to join me in fighting them, too.

The fight for education is the fight for the American Dream. It is the fight for America's middle class. It is the fight for the 21st century. It should, therefore -- and I emphasize "it should therefore" -- be a bipartisan fight. When we passed the Elementary and Secondary Education Act last year, drastically reducing regulation, emphasizing more help to poor children in need, giving teachers and school principals more flexibility, it had bipartisan support.

Look, I want to work with this new Republican Congress to help America. We support many of the same initiatives. I supported them when they passed the bill to apply to Congress all the laws they put on private employers. I have supported our common efforts to reduce the burden of unfunded mandates on state and local governments. I have supported giving more flexibility to the states in pursuing welfare reform and health care reform. I've supported the line-item veto. But we clearly have our differences.

Look at the student loan reforms. We eliminated the middlemen and got the funds directly to the schools and the borrowers which meant -- unbelievably -- lower fees, lower interest rates, easier repayment choices for students; it meant less paperwork, less red tape, less bureaucracy to administer the programs for colleges and universities, and it meant much, much lower costs to the taxpayers.

Our proposal, when fully implemented, will save the taxpayers

\$12 billion over a six-year period, while lowering the cost of college loans to the student, and reducing the hassles to you. That is Reinventing Government at its best. That is the new Democrat approach. It ought to be the new Republican approach. But, instead, they want to cap these loans. I want to expand them. I want to include all the schools and all the students who want to be a part of this program by 1997. Your choice, but I'll be darned if I want to cut it off from you when I know that it will help you.

They want to pay for the tax cuts in their Contract For America by eliminating the student loan subsidy so that we start charging interest on the loans to our poorest students while they're in college. That costs \$2 billion a year. That adds 20 percent on the average to the cost of going to college for some of our neediest students to pay for tax cuts. It is not right. That would be the biggest cut in student financial aid in the history of the United States.

Our approach is to help students and their hard-working parents to cut bureaucracy, to reduce the deficit by not subsidizing noncompetitive middlemen. I might add that those who wish to compete for student loans are now doing it in many places for lower costs than they were providing when the government was giving them a locked-down guarantee because of the competition from the direct loan program.

Now, that is our approach. The other approach would increase the cost of education, would keep the bureaucracy and the red tape, and would increase the deficit by guaranteeing billions and billions more in no-risk funds to middlemen in the student loan system. It is wrong. It is wrong. And we should not stand for it. And I hope you won't stand for it. I hope you'll stand up and fight for it. (Applause.)

Now, as you well know -- and I want to emphasize -- we are not talking about a give-away. This Department of Education has gotten tougher on enforcing laws against default. And the default rate has dropped by one-third. The net annual cost to the taxpayers has fallen by almost two-thirds since we have been in office, from \$2.8 billion to \$1 billion, because we're enforcing the laws against default. I think it is wrong to default on your student loan. This Department of Education has gotten tough with scam operators masquerading as higher education. And every one of you wanted us to do that.

Now, with this progress, I hope we can continue to remove the regulatory burdens from many of the strong institutions with proven records of responsibility; that's what you want us to do. That's his Valentine present to you. (Applause.)

But that's the way we ought to be doing this. Secretary Riley will work with you to find a better way of balancing the flexibility you want with our obligations to the taxpayers. But the point is, other

people talk about this stuff, but when I showed up in town two years ago, I found a student loan program that was too costly, helping too few people, gave too few options to the borrowers with a red-tape headache to you, and the taxpayers were being ripped off. And we've tried to change it.

Now, when we proposed these direct student loans, our opponents and those who wanted to protect the status quo said that the federal government was completely incapable of administering a loan program. Well, they weren't right; they were wrong.

I got a letter that was sent to Terry Hartle by Jerome Supple, the President of Southwest Texas State in San Marcos. It's a big school now; it has 21,000 students. It distributes grants and loans in excess of \$23 million. President Supple wrote about what direct lending has meant to his school. He also wrote to me, but Dick Riley gave me this copy of his letter to Terry Hartle, and I like it better than what the speechwriters put in, so I'm going to write what he actually said. (Laughter and applause.)

This is what he said: "We are aware of the concern of some members of the financial community about the shift to direct lending, and can understand the concern for a loss of revenue. However, the savings to the government and the improved service to other students offered by direct lending are of greater importance. The other argument that the federal government cannot effectively administer such a program and much rely on the expertise of the private sector is counter to our experience."

Listen to this: "The results have more than met our expectations. We have gone from an institution that was scrambling to meet our students' need, often after classes have started, to an institution that was one of the first in the state to get awards out last fall -- so early, in fact, that it had a positive effect on our admissions program.

While the direct lending program has shared some of the some of the credit for the improvement of our financial aid services with our hard-working and talented staff" -- there's a good politician -- (laughter) -- also true -- "there is no doubt that direct lending allows us to serve our students better. And finally," he says, "it is legitimate to express concern about the ability of the Department of Education to manage the direct lending program and full capacity, but the experience to date suggests they can do this very well. It is rare that the federal government creates a program that both saves money and improves service to its constituents." (Applause.)

Listen to what the students say. I got a letter from Marie Lyons, a 40-year-old student -- rather more typical these days. She

wrote to me to say that she had given up hope on going to college. But with our loan reforms, she's been able to go to Murray State University in Kentucky, studying criminal justice. She'll be the first person in her family to graduate from college.

You know, we can't take hope away from people like Marie Lyons, and all the other people now that are flooding back into your institutions -- into the community colleges, into the four-year institutions, because they know -- they're way ahead of the politicians. They know what they need to do to make good lives for themselves, and they're coming to you. They're coming to you in record numbers. But people like that deserve the best opportunity we can give them. They are very responsible; they are working hard. They are people from all races and income groups and backgrounds with a million different life stories; but they are chasing a common dream. Because of people like that, we should not abolish the Department of Education, either. We should not do that. (Applause.)

You know, everybody talks about this being the information age. The White House and now the House of Representatives are in this little friendly contest to see who can do the most high-techy stuff on Internet; and call us on the computer and see what we have to offer; read the administration's budget. But if this is true, if the new economy really is based more than ever before on knowledge and skills, we have to do more of education and undercutting education at this time, saying that this is not a national concern, that would be like undercutting the Department of Defense during the Cold War. We won the Cold War because we stayed strong. And we will win the fight for our own future and a place in the 21st century if we stay strong with education. That is what we should do. (Applause.)

You know our future depends upon it. As President, as has already been said, I've worked pretty hard for us to do well in this new war for the minds and hearts of our people and for the future. And I do think one of the smartest things I ever did was to appoint Dick Riley as the Secretary of Education. One of the reasons is, I find that once you become President, sometimes people -- even people you think know you very well all of a sudden don't really tell you what's on their minds. It drives me nuts since I don't mind hearing what's on people's minds. Sometimes they don't want to hear what's on mine in return when they tell me, but it's okay. (Laughter.) But one of the things you need to know about the Secretary of Education is, we've been friends since I was barely old enough to shave -- he always tells me what's on his mind. (Laughter.) And what's on his mind is you and your students and the future of this country.

So I'll say again, we're cutting inessential education programs. We've saved more money by going to the direct student loans than they can save by cutting out the people who work at the Department of

Education. Who are we trying to kid here? He is worth the investment; the other people who work there are worth the investment.

We are not running education, but we are trying to energize it and create opportunity and shine a light to the future. This is a classic battle, and we ought to fight it and win it together. -- not just the battle to save the Department of Education, not just a battle for the direct loan program, not just a battle against increasing the cost of student loans, but the larger issue -- and I will say again -- this ought to be a bipartisan battle that we fight so that we can meet our responsibility to prepare our children for the 21st century and so that we can make the most of our own lives.

For two years, we have done everything we could do to prepare our people for the new economy. Last year when I came before you, I presented a comprehensive agenda for lifelong learning. I'm proud to report that with the last Congress, we did produce a tremendously successful record in achieving that agenda. We reformed Head Start and expanded it by 30,000 more children. And next year, I want to expand it again by at least that many. That's why we're cutting inessential programs, not only to reduce the deficit, but to put the money where the people need it. I think the taxpayers want the Head Start program expanded. (Applause.)

We passed the Goals 2000 program, and, for the first time, we spell out a national understanding of what our young people must learn to compete in the world. This goes right to the heart of the whole approach of the national role in education -- not trying to tell people how to teach or regulate how they spend every day and every hour, or control them through a blizzard of paperwork, but to set national standards and then give state and local governments the control, the power, the opportunity, and, where we can, the resources to get the job done, to give them the flexibility through waivers of complex federal rules and reforms like charter schools and public school choice. And to do it with no new federal regulations to diminish state and local control. I'm proud of that.

The way we're running that program is the way the federal government ought to relate to the states in the area of public education. We are raising the bar for everyone. All of our young people are going to have to do better. I think we all know that. All of our parents and grandparents are going to have to help our young people to do better. All of you in this room now accept as a truism that we have the best higher education system in the world, but that we have to do better in our school systems K-12, and we are all going to have to teach the higher standards, to work the higher standards, to learn the higher standards.

Our communities, our businesses, they're going to have to pitch in and do more. And our young people, we know -- and let me say this with all sincerity and convictions -- we know that too many of them are still trying to learn in atmospheres that are too dominated by violence and drugs. They can't walk down the halls or learn in the classrooms because they're afraid for their safety, then all the reforms will not be successful.

That's why our making our school environment safe and disciplined and drug-free are important to all the other standards being achieved, and why we have worked so hard in this administration and in this Department of Education to make sure that all of our legislative efforts included the safe schools initiatives.

You know, some young people -- I ought to emphasize, too, because I know who all is out here -- don't plan to go on to four-year colleges. And that's fine. If they don't plan to do that, we also have to make sure that they have the academic strength and skills they need to compete.

That's what our school-to-work opportunities act was all about - - to reinvent the relationship of high school to the world of work and the work of post-high school education with high standards that enable our students to learn in class and to begin to reach out into the real world. Along with their classroom learnings, they are learning real jobs, dealing with real people, and we expect them to go on to some post-high school education as well.

We're not doing this with a big national bureaucracy; we're doing it with grants and advice and help and support to let every state set up a flexible network, working with employers and schools and the post-secondary educational institutions to make sure that we fill this enormous gap in the American system. There are too many of our young people still who, neither get a four-year college degree or at least have a good school-to-work transition they way many of our competitors do.

These reforms -- every one of them -- will make sure that more capable students are coming into your institutions, which means you'll have to spend less time bringing them up to speed. I know that would be a relief to all of you. A lot of us have been working on it for years and years, but I believe it will make a difference.

Something else we did last year that I'm very proud of that two or three of you have already mentioned to me today is our national service program, AmeriCorps. It already has 20,000 Americans taking responsibility for improving their country at the grass roots level and earning some money to go to school. It is a very, very important thing for this country, and I am very proud of it.

Americans like the 16 members at the University of California at Berkeley, who have 750 of their classmates tutoring middle school students and helping four local police departments set up neighborhood watch programs. Now, that's just one example of hundreds I could give you of what a modest federal investment can do to get a big result. Eighty-nine members of AmeriCorps in Texas immunized -- listen to this -- 104,000 infants in Texas two summers ago. (Applause.)

In Simpson County, Kentucky, AmeriCorps members are teaching second-graders to read, and they've already raised the reading levels there from two years behind the official standard to one year ahead of it. Now, again, some people in the new Republican Congress say that AmeriCorps is a waste of money, bribing people to do service, an expensive way to send people to college. I say it's about the best thing that's happened to this country in a long time. (Applause.) I'm going to fight to keep it, and I hope you'll fight for that, too. And for all of you that have had AmeriCorps projects on your campuses and with your students, I thank you, and I hope more of you will ask to do it.

We've got a lot more work to do. We have to protect the Pell Grants, and as Juliet said, my budget raises the maximum grant by 12 percent. We all know the Pell Grant program got in trouble, and we had to make it solvent again, and it hasn't kept up with the economy. But this is a good step in the right direction.

We've got to preserve the work-study program, the other campus-based programs that we all know are important to the students on your campuses. And we've got to keep moving forward on university-based research with expanded investments and less red tape. I do not believe that it is the right thing to do to take universities out of the partnerships we now see forming. In defense conversion, for example, where we are doing remarkable things with the decline of the defense budget, taking some of that decline and putting it into partnerships between universities and private companies with some federal investment and a whole lot of private investment. Again, there are some in the new Congress who say, let's get rid of all that. That's our competitive edge -- research, development, mind work, making connections, moving forward.

All of this is an agenda that works. In his State of American Education address earlier this month, to which Secretary Riley alluded, he said that America is turning the corner from being a nation at risk in education to being a nation on the move. Well, you've got my word: I will fight for the education and training reforms that will keep us on the move. And I want you to fight for them, too, and we will win because the American people are for us.

QUESTIONS AND ANSWERS THAT MAY BE HELPFUL IN TALKING ABOUT THE PRESIDENT'S SPEECH TO THE AMERICAN COUNCIL OF EDUCATION:

QUESTION: What is the Middle Class Bill of Rights?

ANSWER: The President has proposed a program to help middle-class families raise their children, pay for their education and take part in the American Dream:

- . A tax deduction for all education and training after high school
- . A \$500 tax cut for each child under age 13
- . Tax breaks for families who save for education
- . Skill Grants given directly to workers paid for by consolidating the federal programs.

QUESTION: What is the "in-school interest subsidy" and if it were eliminated, as proposed by the Republicans, how would this affect student loan borrowers?

ANSWER: Students with "subsidized" Stafford (i.e., need-based) loans are not responsible for the interest due on their loans while they are enrolled at least half-time and during the "grace period" (the six months between leaving school and entering repayment). The Federal Government pays these interest charges on behalf of these borrowers.

For example, consider a four-year undergraduate who borrowed the maximum amount (\$17,125) at the maximum statutory interest rate (8.25). The in-school and grace periods interest charges – \$3,150 – would be paid by the Federal Government. If this subsidy were eliminated, students would be responsible for all their interest charges. In this example, the student's monthly payment obligation under the standard repayment plan would increase by more than 18 percent.

QUESTION: Are some members of Congress planning to limit Direct Lending?

ANSWER: Congressman Goodling has introduced a bill, H.R. 530, that would limit participation in the Direct Lending program to those schools that had been selected as of December 31, 1994. This would effectively limit the program to 40 percent of total student loan volume. In addition, the bill would:

- . reduce the funds available for Direct Loan administration between fiscal years 1994 and 1998 to \$1.75 billion from the \$2.5 billion currently available;
- . recreate the Administrative Cost Allowance to paid to guaranty agencies equal to either (1) .85 percent of new loan commitments or (2) .08 percent of outstanding loan volume with a limit on the total of ACA payments in any year of \$150 million;
- . permit any FFEL Borrower to apply for a loan using the Free Federal Application form;
- . modify the accounting rules for determining the Credit Reform cost of the Direct Loan program so that Federal administrative costs are calculated on a net present value basis;
- . increase Congressional oversight of the Direct Loan program; and
- . modify the criteria for obtaining a Direct Consolidation loan.

QUESTION: How can someone obtain an INDIVIDUAL EDUCATION ACCOUNT?

ANSWER: There are two different ways to get an Individual Education Account:

- (1) Get a new loan from one of the schools participating in the William D. Ford Direct Lending Program. This year, 104 colleges and schools are participating in this program, and more than 300,000 students are receiving these loans totalling \$1.2 billion.
- (2) Convert or consolidate existing loans that are in repayment into the new program. The Secretary of Education has devised a plan that will ensure that consolidation opportunities are offered in an efficient, manageable and prudent way.

QUESTION: Has the department gotten tougher on institutions currently participating in the Federal student financial aid program?

ANSWER: The Department has gotten much tougher on institutions participating in the Federal student financial aid programs. In fiscal year 1990, we denied only 45, 14.7 percent, of the 305 re-certification applications. In fiscal year 1994, we denied 104, or 22.5 percent, of the 461 re-certification applications; and provisionally re-certified 133, or 28.8 percent of the re-certification applications.

QUESTION: What would be the disposition of the three "campus-based" student aid programs under the Republican Contract?

ANSWER: Supplemental Grants, Work-study and Perkins Loans are currently (FY 1995) funded at almost \$1.4 billion. The Republican Contract would eliminate those programs to produce a savings of about \$6.9 billion. One-half of this amount, about \$3.4 billion would be directed to the Pell Grant program.

QUESTION: What is happening with defaults?

ANSWER: The default rate in the student loan programs has begun to decline within the last two years. In fiscal year 1992, the three-year cohort default rate the percentage of a fiscal year's loan volume that went into default within three years -- is 17.55 percent. By 1994, this default rate is estimated at 15.13 percent. The total cost of the defaults has also declined substantially in recent years. In fiscal year 1991, the total cost of defaults was \$3.6 billion. In fiscal year 1994, it had declined to \$2.4 billion even though the total amount outstanding had increased.

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DOCUMENT NO. AND TYPE	SUBJECT/TITLE	DATE	RESTRICTION
002a. script	Phone Script re: direct lending (partial) (1 page)	n.d.	P6/b(6)

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Dorothy Karayannis Craft (Subject Files)
OA/Box Number: 8999

FOLDER TITLE:

Direct Lending

2012-0255-S

rc624

RESTRICTION CODES

Presidential Records Act - [44 U.S.C. 2204(a)]

- P1 National Security Classified Information [(a)(1) of the PRA]
- P2 Relating to the appointment to Federal office [(a)(2) of the PRA]
- P3 Release would violate a Federal statute [(a)(3) of the PRA]
- P4 Release would disclose trade secrets or confidential commercial or financial information [(a)(4) of the PRA]
- P5 Release would disclose confidential advice between the President and his advisors, or between such advisors [(a)(5) of the PRA]
- P6 Release would constitute a clearly unwarranted invasion of personal privacy [(a)(6) of the PRA]

C. Closed in accordance with restrictions contained in donor's deed of gift.

PRM. Personal record misfile defined in accordance with 44 U.S.C. 2201(3).

RR. Document will be reviewed upon request.

Freedom of Information Act - [5 U.S.C. 552(b)]

- b(1) National security classified information [(b)(1) of the FOIA]
- b(2) Release would disclose internal personnel rules and practices of an agency [(b)(2) of the FOIA]
- b(3) Release would violate a Federal statute [(b)(3) of the FOIA]
- b(4) Release would disclose trade secrets or confidential or financial information [(b)(4) of the FOIA]
- b(6) Release would constitute a clearly unwarranted invasion of personal privacy [(b)(6) of the FOIA]
- b(7) Release would disclose information compiled for law enforcement purposes [(b)(7) of the FOIA]
- b(8) Release would disclose information concerning the regulation of financial institutions [(b)(8) of the FOIA]
- b(9) Release would disclose geological or geophysical information concerning wells [(b)(9) of the FOIA]

INTRODUCTION

My name ...

We've been working with Dept. of Education and asking them about the experiences students are having with the direct lending student loan program and they offered your name as a contact in Minnesota.

President Clinton speaking in Minneapolis on Monday, April 24, to some educators and some Federal people coming with POTUS want to meet with students to talk about their experiences with direct lending.

Wanted to know if you feel comfortable talking about the direct lending program with a group of Federal people and a few other students.

GET TO KNOW YOU QUESTIONS

About yourself -- what are you studying, what year are you?

Where are you from? Where is your family?

What groups or activities involved in?

Why chose your particular school?

Why are you pursuing education?

LOANS

* What has your experience been like with student loans?

* How did you get on the direct lending program?

* Why did you? Have you noticed any diff. in reg. student aid and direct lending through your college?

* Has it been important, or even critical, in your attending college?

* Has this assistance been important in pursuing your life and career goals?

LOGISTICAL STUFF

(For Nancy Ozeas and other contacts: 66481/67560, rm 185 1/2)

P6(b)(6)

[002a]

Local media may be attending that day:

Would you feel comfortable speaking with them about your story?

~~was in ads~~ ~~say if comfortable~~ ~~not profssl. witness~~

SOMEONE MAY BE SPEAKING WITH YOU AGAIN ABOUT MONDAY.

WE'VE NOT DECIDED ON THE SIZE OF THE GROUP YET.

MAYBE ME, DOROTHY, OR SOMEONE ELSE CALLING YOU BACK.

**wkg fam
not f. loan when ftr.*

** sorta ave. white guy...?
not much abt. dir. lending
guys frnds. getting loans - quick
this delayed by miscomm. - quick
about? much \$ borrow
@ St. Loans. @ loan even for com. coll.*

*Mngmt. gcrds. name
p. finding Fall - Spring
JV. - cr. transferred.*

*Guest in
St. Peter*

*born Anoka, MN. fam there
8th gr. (moved SC) Dads job fell thru.
worky when 15yo.
back to Anoka - most life - (actually Ramsey)*

*noticed
fr. CC to 4 yrs*

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002b. note	re: personal backgrounds (4 pages)	n.d.	P6/b(6)

COLLECTION:

Clinton Presidential Records
Domestic Policy Council
Dorothy Karayannis Craft (Subject Files)
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003. paper	re: Direct Lending (1 page)	n.d.	P5

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community college
 * could do local story
 * pick students

educ. broader -
~~school~~ Sch. to work
 university, etc.

✓ if MI state dir. lending

Date/ Site	Direct Lending Students	Cops	National Service	Welfare to Work Stories	Other
4/24 Minneap.	X		X		
4/25 ~~Ames Ia.~~ ^{community} ~~Ames Ia.~~ ^{conf.}			X		
4/26 ^{1st} ~~Missouri~~ ^{pitch}					
5/5 ^{community} ~~East~~ ^{cops?} ~~Lansing~~					
5/31 Colorado Springs					

many
 w/ spec. &
 students

Other catagors.

25th NR Days of Service
 NR Serv.
 - Minneapolis.
 * ~~Ames~~

Flight
 Nunn
~~Ames~~
 Missor. count out for now

~~not ready~~

✓Gaynor

AGENDA
4/14/95

Identifying Personal Stories

*wait
on this?

Cataly
10 am

I. Categories

- Currently have process in the works for four types of stories: National Service, Cops, Welfare to Work, Student Loans.
- Do we need other types of people?

II. Process

- Who should be point of contact at White House

III. Upcoming Schedule

- Review calendared events in April and May (see attached chart)

sd call media 1st when findg. people
fr. media already vetted

~~prep. person~~

One call media
they vet, prep person

2084747

new date