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*National
Service***TALKING POINTS FOR AMERICORPS**

- o The Corporation for National and Community Service became operational almost immediately after the President signed his landmark National Service legislation in late September. The public Corporation will administer the President's AmeriCorps initiative.
- o The President's AmeriCorps initiative mandates that up to 100,000 young Americans over three years (20,000 in the first year) will do service in their communities for one or two years in exchange for educational benefits. (\$7,400.00 per year in stipends; \$4,725.00 per year in educational tuition or loan forgiveness for college or vocational school).
- o The President has mandated that AmeriCorps will be about "getting things done" in communities with direct and demonstrable results. Young AmeriCorps Members will serve in local programs focusing on meeting the needs of the community within four primary areas: education, public safety, health, and the environment.
- o The Corporation and its state commissions will select service and non-profit programs in every state across the country who will submit proposals to become AmeriCorps programs by this spring.
- o With help from the Corporation, the local programs will then select young AmeriCorps Members to work with those programs.
- o AmeriCorps will launch its rollout in the fall of 1994 with up to 20,000 AmeriCorps members serving by the end of the year.
- o To recruit young AmeriCorps Members and to build the ethic of service nationwide, the Corporation is embarking on a national public information campaign that will include an 800 number (1-800-ACORPS); public service announcements; and spokesperson tours by members of the Administration.

AmeriCorps

IS COMING

1993**November Proposed State Regulations Published**

Final version of interim regulations for State Commissions published. Any state wishing to participate in national service programs establishes a commission through which at least two-thirds of the federal funding flows.

December Proposed National Program Regulations Published

Publication for public comment of the Corporation's proposed program regulations and applications for state and national direct funding.

1994**January Final State and National Regulations and Applications Published**

Publication of final regulations and applications for state and national direct funding.

Technical Assistance Outreach Underway

The Corporation will provide extensive technical assistance to potential grant applicants. Assistance will include regional public meetings, national and regional teleconferencing, and travelling "road shows."

National Public Information Campaign Underway

Communications campaign to reach potential programs and participants.

March National/Multi-State Applications Due

Applications for national or multi-state programs due to the Corporation.

April Ongoing Review of Direct Funding Programs

Corporation reviews programs applying for national service direct funding.

May Announcement of First Grants (National/Multi-State Programs)

First grant awards announced for national, multi-state, and other programs eligible to apply directly to the Corporation.

Recruitment Campaign Begins

Programs begin recruitment of AmeriCorps members.

First Grant Programs Begin/CCC Underway

First national service grant programs begin service. First CCC camps underway.

June State Applications Due

Applications for state programs due to the Corporation.

July Announcement of Grants (State Programs)

Grant awards announced for state programs.

September Official Launch of AmeriCorps

Major rollout of what will be up to 20,000 AmeriCorps members serving in communities across the country.

THE WHITE HOUSE
Office of the Press Secretary

National
SERVICE

For Immediate Release

May 6, 1993

TO THE CONGRESS OF THE UNITED STATES:

I am pleased to transmit today for your immediate consideration and enactment the "National Service Trust Act of 1993" and the "Student Loan Reform Act of 1993." These Acts represent innovative public policy founded on traditional American values: offering educational opportunity, rewarding personal responsibility, and building the American community. In affirming these values, the Acts reject wasteful bureaucracy -- instead reinventing government to unleash the ideas and initiative of the American people. Also transmitted is a section-by-section analysis.

Throughout the Presidential campaign last year, Americans of all backgrounds and political persuasions responded to national service like few other ideas. The reasons are clear. Higher education is fundamental to the American Dream, but complex procedures and inflexible repayment plans have created serious problems for many students with education loans to pay back. Defaults are too high today -- and taxpayers are left to foot the bill. Americans are yearning to reaffirm an American community that transcends race, region, or religion -- and to tackle the problems that threaten our shared future.

The two Acts are designed to meet these basic American needs. The National Service Trust Act of 1993 establishes a domestic Peace Corps, offering hundreds of thousands of young people the opportunity to pay for school by doing work our country needs. The Student Loan Reform Act of 1993 overhauls the student loan system. Through a one-stop direct student loan program, the Act will save taxpayers billions of dollars, lower interest rates for students, and simplify the financial aid system. And through new EXCEL Accounts and other repayment options, the Act will offer borrowers greater choice and lower monthly payments while reducing the chance of defaults.

The National Service Trust Act of 1993 establishes a definition of national service that is clear but broad. National service is work that addresses unmet educational, environmental, human, or public safety needs. It enriches the lives of those who serve, instilling the ethic of civic responsibility that is essential to our democracy. And national service does not displace or duplicate the functions of existing workers.

Building on the National and Community Service Act of 1990 and the flourishing community service programs of nonprofit organizations and States, the initiative rejects bureaucracy in favor of locally driven programs. In the spirit of reinventing government, the Act will empower those with the greatest expertise and incentives to make national service work.

The Act enables citizens of all backgrounds to serve and use their educational awards where they see fit. While many participants will be recent college graduates, Americans will be eligible to enter the program at any time in their adult lives. Both full-time and part-time service will be encouraged. And whatever their education level, those who complete a term of service will receive an award of \$5,000. The award will be payable toward past, present, or future educational expenses in 4- and 2-year colleges, training programs, and graduate and professional schools.

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The Act demands that programs meet tough guidelines for excellence and requires measurable performance goals and independent evaluations. Within these limits, however, the Act enables the people who run programs to design them. The smallest community-based organizations and largest Federal agencies will be able to compete for funding. A variety of program models will be eligible, ranging from youth corps that enable at-risk youth to meet community needs, to preprofessional programs that give college students ROTC-like training and then placements in specific problem areas, to diverse community corps that involve Americans of all backgrounds in meeting common goals.

With the economic market as a model, there is competition at every level of the system: programs compete for State approval, States compete for Federal approval, and programs at the national level compete against each other and States for Federal approval. To build public/private partnerships that earn support far beyond government, the Act requires programs to make a cash match and to increase nongovernment support as time passes.

The Act is designed to reduce waste and promote an entrepreneurial government culture. The Act establishes a new Government Corporation for National Service that combines two existing independent agencies, the Commission on National and Community Service and ACTION. With flexible personnel policies and a small, bipartisan Board sharing power with a Chairperson, the Corporation will operate as much like a lean nonprofit corporation as a Government agency.

The State level will mirror the Federal level and build a strong partnership between the two. Bipartisan State commissions on national service will be responsible for selecting programs to be funded by States. To ensure genuine Federal/State cooperation, a representative of the Corporation will sit on State commissions and a representative of the States on the Corporation Board.

The National Service Trust Act of 1993 encourages Americans to join together and serve our country -- at all ages and in all forms. The Act enhances the Serve-America program for school-age youth; extends and improves the VISTA and Older Americans Volunteer Programs authorized under the Domestic Volunteer Service Act; supports the Civilian Community Corps and Points of Light Foundation; and pulls these efforts under the new Corporation. The Act will help instill an ethic of service in elementary and secondary school students, encourage them to serve in their college years, and give them further opportunities later in their lives.

The Student Loan Reform Act of 1993 will take an important first step toward comprehensive reform of the student loan system. It saves money, makes loan repayment more affordable, and holds students more accountable. The measures in no way replace the Pell Grant program, which will remain the cornerstone of financial aid for millions of students.

The Student Loan Reform Act of 1993 replaces the current Federal Family Education Loan program with the Federal Direct Student Loan Program over a 4-year period. By eliminating subsidies to private lenders and making loans directly to students, direct lending will save taxpayers \$4.3 billion through Fiscal Year 1998 and still allow interest rates to drop for student borrowers. Many schools will make loans directly to students on campus, though none will be forced to do so. In addition, no institution will service or collect loans. This reform simplifies the system for many students, enabling most to receive all their aid through "one-stop shopping" at their institutions' financial aid offices.

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The lending reform expands choice and reduces burdens for all student borrowers by offering a variety of repayment plans -- including fixed, extended, graduated, and income-contingent schedules. In the same way that multiple financing options help homeowners, these plans offer real choice to all and lower monthly payments to those who want them. Income-contingent repayments -- through the new EXCEL Accounts -- also encourage service by students who do not participate in service under the National Service Trust Act. With more manageable monthly payments, more students will be able to take jobs that pay less but do more for their communities, without risking default. And whatever plan they first choose, students will be able to change their repayment schedule as their circumstances change.

The Student Loan Reform Act of 1993 will also reduce default rates. By electing income-contingent repayment schedules, students with lower incomes will be able to repay their loans on a manageable plan, without defaulting. Through cooperation with the IRS, the Act will improve collection and monitoring of student loans. And for those who are able to pay but do not, the Act will give the Secretary of Education authority to require payment on an income-contingent basis.

Opportunity, responsibility, and community go beyond politics. They are basic American ideals. Enactment of these two Acts will express the Nation's commitment to these ideals and to our shared future. I urge the Congress to give the legislation prompt and favorable consideration.

WILLIAM J. CLINTON

THE WHITE HOUSE,
May 5, 1993.

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THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

June 5, 1993

LYME DISEASE AWARENESS WEEK, 1993 AND 1994

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BY THE PRESIDENT OF THE UNITED STATES OF AMERICA

A PROCLAMATION

Lyme disease has become the most common arthropod-borne infection in the United States since it was first recognized as a clinical entity in 1975. Although most prevalent in the coastal northeastern and north central States, a significant number of cases have been reported in the Pacific Coast States, primarily northern California and Oregon.

Lyme disease is caused by a bacterium that is transmitted from ticks to warm-blooded animals. The major reservoirs of infection are deer and rodents, although the ticks can be carried on dogs, cats, and occasionally birds. Persons who live near or who work in wooded areas are at risk of contracting Lyme disease. Lyme disease can develop into a chronic multi-system disorder that can elicit a wide range of symptoms and run an unpredictable course. Clinical manifestations include arthritis, neurological symptoms, heart problems, and sometimes eye inflammation, hepatitis, and severe fatigue.

Early symptoms may include one or more of the following: a rash at the site of the tick bite, headache, fever, joint pain, and fatigue. Though the disease usually responds to antibiotic treatment at this stage, in later stages it may develop into a persistent chronic infection that affects joints or the nervous system. The bacteria also may be transmitted from an infected pregnant woman to her fetus.

Scientists at the National Institute of Allergy and Infectious Diseases, along with their colleagues at the National Institute of Arthritis and Musculoskeletal and Skin Diseases, are supporting dozens of research projects on Lyme disease. Along with several other components of the National Institutes of Health and the Centers for Disease Control and Prevention, they are devoting considerable effort to eradicate the disease. Experts from a wide range of disciplines are focusing on improving diagnostic techniques and therapeutic strategies and on developing an effective human vaccine. Animal models of the disease have been developed that promise to hasten progress in all of these areas.

In support of these efforts, the Congress, by Senate Joint Resolution 43, has designated the weeks beginning June 6, 1993, and June 5, 1994, as "Lyme Disease Awareness Week" and has requested the President to issue a proclamation in observance of this week.

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NOW, THEREFORE, I, WILLIAM J. CLINTON, President of the United States of America, do hereby proclaim the weeks of June 6, 1993, and June 5, 1994, as Lyme Disease Awareness Week. I urge all government agencies, health organizations, communications media, and private citizens to observe this week with appropriate programs and activities in order to ensure better understanding of Lyme disease.

IN WITNESS WHEREOF, I have hereunto set my hand this fourth day of June, in the year of our Lord nineteen hundred and ninety-three, and of the Independence of the United States of America the two hundred and seventeenth.

WILLIAM J. CLINTON

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THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

June 14, 1993

FLAG DAY AND NATIONAL FLAG WEEK, 1993

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BY THE PRESIDENT OF THE UNITED STATES OF AMERICA
A PROCLAMATION

In 1777, the Continental Congress adopted the Stars and Stripes as the official flag of the young United States of America. Describing the new flag, the Congress wrote, "White signifies Purity and Innocence; Red, Hardiness and Valor; Blue signifies Vigilance, Perseverance and Justice," with the stars forming "a new constellation."

The words of the Continental Congress ring truer to us today than ever before. Wherever the Stars and Stripes are flown, they represent the highest ideals of America: justice, purity, and strength. The flag has flown over smoky battlefields, peaceful demonstrations, and wherever else Americans strive to express their precious freedoms in the face of adversity. Today, in accordance with congressional joint resolutions (63 Stat. 492 and 80 Stat. 194), we set aside June 14 as Flag Day and the week beginning June 13 as National Flag Week to honor the colors and stars that have flown proudly over the United States for 216 years.

Just as we pay our respects to our flag, so must we honor our Nation's Founders, the brave people who inscribed their names on the Declaration of Independence and breathed life into its text. The ideals embodied by the Declaration have served as a guide for our Nation and an inspiration for people around the world. This document delineated the very idea of America, that individual rights are derived not from the generosity of the government, but from the hand of the Almighty. The Founders forever abandoned their allegiance to the old European notions of caste and dedicated themselves to the belief that all people are created equal.

The brilliant men who gathered in Philadelphia in 1776 to declare our Nation's independence risked their honor, their fortunes, and their very lives to create a better future for their children and grandchildren. We, the inheritors of freedom's legacy, owe our liberties to the fact that our Founders saw the need for dramatic change and acted upon it.

Today, vast changes are sweeping the globe. Nations that have known only tyranny for centuries are now dedicating themselves to the ideals of freedom and democracy. And wherever freedom is proclaimed, echoes of the American Declaration of Independence can be heard. Thomas Jefferson's words are being spoken in dozens of nations in hundreds of languages.

We are justly proud of the influence that our beliefs have had on the world. But the mission of America is far from complete. While the world is filled with opportunity, it is rife with uncertainty. We must dedicate ourselves to carrying on the dreams of the Founders and adding our own chapter to the

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unfinished American story. By embracing the changes that are altering the landscape of the world today, we help ensure a brighter, more democratic, and more peaceful world. As we celebrate our independence, I encourage all Americans to rededicate themselves to the conviction that our precious freedoms require constant vigilance and reaffirmation.

NOW, THEREFORE, I, WILLIAM J. CLINTON, President of the United States of America, do hereby proclaim June 14, 1993, as Flag Day and the week beginning June 13, 1993, as National Flag Week. I direct the appropriate officials of the government to display the flag of the United States on all government buildings during that week. I encourage all Americans to observe Flag Day and Flag Week by flying the Stars and Stripes from their homes and other suitable places. I also urge the American people to celebrate those days from Flag Day through Independence Day, as set aside by the Congress (89 Stat. 211), as a time to honor America, by having public gatherings and activities at which they can honor and pledge their allegiance to our country.

IN WITNESS WHEREOF, I have hereunto set my hand this fourteenth day of June, in the year of our Lord nineteen hundred and ninety-three, and of the Independence of the United States of America the two hundred and seventeenth.

WILLIAM J. CLINTON

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UNITED STATES DEPARTMENT OF EDUCATION

THE SECRETARY

file: nat'l service

Dear Colleague:

President Clinton is now sending two complementary pieces of legislation to Congress on national service and student loan reform. Many of you have been hearing misleading reports of these proposals, put out by organizations with a major financial stake in the status quo. I write to you today to clarify the student loan portion of this bill.

Our primary objective in revamping the student loan system is to serve students better. A new streamlined system will simplify the administrative tasks of educational institutions, make the system easier to understand, provide students with greater choice in repayment plans and lower costs to taxpayers and students.

Make no mistake about four central principles of our proposal:

- No school will be required to originate loans if it does not want to.
- The Department of Education will pay a fee for loan origination.
- Access to student loan capital will continue to be an entitlement.
- There will be no gaps in access to capital for any eligible student or parent.

President Clinton is deeply committed to increasing educational opportunity by providing young people with the chance to serve their country and their communities. In return for their commitment, he intends to help them meet the costs of a college education or job training. The National Service program will provide educational benefits in return for national service performed before, during and after college. The Department of Education will implement a direct student loan program that will provide all students with a range of flexible repayment options, including income contingent repayment. Under this program, students who choose to take low-paying community service jobs, whether part of the national service program or not, will be able to repay their loans as a small percentage of their income so that they will not be overburdened by debt.

The major savings from direct lending derives from using Federal borrowing for student loans rather than private capital guaranteed by the Federal government and eliminating the profits in the system. The cost estimates include a significant allowance for administrative costs to the Department of Education and educational institutions. Eligible schools will originate loans if they chose to do so, and they will receive a small fee from the Department of Education to help cover costs. Nonetheless, I understand that not every institution will be able to originate loans, and some will not want to. In these cases, an alternative originator will be available at no cost to the institution. We are confident that a new system will prove easier to use, more efficient for institutions and students, and much less costly than the current student loan structure.

Please take the time to read the enclosed background material, which addresses many of the specific issues raised by the opponents of direct lending. If I can be of further assistance, please contact the Department at (800)USA-LEARN.

We look forward to your support of this plan to serve students, families, and schools better.

Sincerely yours,

Richard W. Riley

JIM *File: Nat'l Sen* JEFFORDS

UNITED STATES SENATOR • VERMONT

FOR IMMEDIATE RELEASE
FRIDAY, APRIL 30, 1993

CONTACT: ERIK SMULSON
202-224-5141

STATEMENT OF SENATOR JAMES JEFFORDS ON PRESIDENT CLINTON'S NATION SERVICE PROGRAM

I commend President Clinton for his announcement today and his call to national service. As the ranking Republican on the Education Subcommittee in the Senate, I support President Clinton's initiative in this area. Making college affordable again should be one of this nation's highest priorities, and the plan unveiled today should help achieve that goal.

National community service can play a significant role in the reform of financing higher education. Helping students help themselves and their community should be a goal we can all support. I do, however, have some serious reservations about moving too fast on the direct lending proposal before knowing for certain that it will be save money for the federal government and, more importantly, students.

The United States has a long history of encouraging this kind of service from the Civilian Conservation Corps of the 1930's to the Peace Corps of the 1960's to VISTA and most recently the National and Community Service Act. I will work to enact a national service program, and look forward to working with the Administration to make it a success.

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THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

April 22, 1993

REMARKS BY THE PRESIDENT
AT 12TH ANNUAL NATIONAL VOLUNTEER ACTION AWARD CEREMONY

The East Room

3:47 P.M. EDT

THE PRESIDENT: Thank you very much. I want to thank, first of all, the people who have made possible this 12th annual National Volunteer Action Award event, begun in the early 1980s under President Reagan, people from the Points of Light Foundation and the folks from ACTION. I want to say, too, to all of you that this is a matter of great personal pride to me to be President and be a part of this today, because I have believed for along time in grassroots community efforts and community service.

Last year, on the occasion of my birthday -- which I share with the Vice President's wife, Tipper Gore -- our two families went to Georgia and built a house with Habitat for Humanity, along with President and Mrs. Carter as a way of symbolizing our commitment to national service. And my daughter selected a school here in Washington in part because one of the requirements of being enrolled in the school was to do community service. Just a couple of days ago, she and her group went out and did one of their service projects, working to build some park facilities for young people who will come behind and use those facilities.

And I can't help but say I'm especially proud today because one of the honorees today is the Arkansas Land and Farm Development Corporation from my home state. I should say, I had nothing to do with selecting any of these awards. (Laughter.) But they will tell you that, for well over a decade I have worked with them in many ways, watching them work against often enormous odds to empower poor people in rural areas to seize control of their own destinies. So I am especially proud of them, as well as of all the other honorees.

I think all of you recognize the fundamental truth that, as Americans and as human beings, we can never be completely fulfilled unless we help each other. Just a few moments ago, I was over at the dedication of the Holocaust Museum. And we recognized, of course, the great losses of the Jewish people, of the Gypsies and others who were systematically exterminated by the Nazis. But we also recognize the services of perhaps the most important volunteers in the 20th century -- those who put their lives at risk to try to save large numbers of the Jews.

And on that cold, wind-whipped occasion, I think it's fair to say that, by far, the most popular speaker at the event was a woman who put her life at risk to shield Jews from almost certain death and, in the process, found a person who became her husband. The Scriptures say that, in giving we will receive. Perhaps not all of us will find a mate for life in our gifts, but all of us certainly will receive.

I think it has been recognized for a long time that service sustains and defines our democracy and helps us to understand that we are not brought together by race or religion or region, but that we cannot be kept apart by those things if we have common values, common interests, and undertake common endeavors.

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After all, volunteers won the American Revolution. And ever since, volunteers have been winning our wars and winning the battles of peacetime. Volunteers helped to get women the right to vote and helped to effect the civil rights revolution and help us even today to overcome the barriers that divide us.

All generations have been called upon to serve. And today, as people are living longer than ever before, every generation now living is called upon to serve -- to deepen our lives and to strengthen the bonds of our communities. Today is so special to me because we are recognizing those of you who have risen to the challenge in particularly innovative and effective ways.

I hope that as we honor you today you will all join me in renewing our call for all Americans to embrace the spirit of service. We all have roles to play. Even those who are not in organizations represented here may be able to help to patrol this police and support the work of law enforcement officers in areas plagued by high crime, where children are unsafe. Or may help to volunteer in a community health center where health care is available in theory, but not in practice unless people can find their way to the clinic. Or tutoring children after school, or being mentors to children who, themselves, would like to do better but don't have the role models they need.

We bring out the best and in our country when we serve. I know that you know that I've tried to make sure our government will do its part. And as Mr. Segal said, next week I intend to introduce the national service legislation that I hope will change our country for the better and forever. To provide a revolution in the best sense of the word, bringing us back to our best values, offering opportunity, requiring responsibility and creating a stronger sense of the American community.

Those are the things which drove me into this race for president well over a year ago, and the things which I hope so deeply will be embodied in the national service movement. We want to make opportunity available by making it easier to get a loan to go to college and easier to pay it off through service; demanding responsibility by making sure that everybody who gets something from their government finally gives something back -- we hope in service, but at least in dollars. And rebuilding communities all over this country through our civilian G.I. Bill, with thousands of people paying their way to college either before or after they go by doing what their communities need.

We'll bring ourselves a little closer to that sacred day when all of our children can live up to their full potential by working together to make sure that we do that as well as the children we're trying to help.

If these efforts are to succeed, the spirit of service must be renewed in the hearts of every American, not just in those who will be part of the national service movement. I hope that this movement will go well beyond party or any other political division in this country. I hope that everybody will embrace the cause and the spirit; because I believe we can change the country. If we can do it here in the government, we can then challenge our corporations, our foundations, our schools, our nonprofits to follow the leads of those whom we honor here today. And if we're in it for the long haul because we all know we have a role to play, I really believe it means an America finally and fully living up to its potential -- that is, being more like those of you whom we honor today.

Thank you very much. (Applause.)

THE WHITE HOUSE

Office of the Press Secretary

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I think all of you recognize the fundamental truth that, as Americans and as human beings, we can never be completely fulfilled unless we help each other. Just a few moments ago, I was over at the dedication of the Holocaust Museum. And we recognized, of course, the great losses of the Jewish people, of the Gypsies and others who were systematically exterminated by the Nazis. But we also recognize the services of perhaps the most important volunteers in the 20th century -- those who put their lives at risk to try to save large numbers of the Jews.

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I think it has been recognized for a long time that service sustains and defines our democracy and helps us to understand that we are not brought together by race or religion or region, but that we cannot be kept apart by those things if we have common values, common interests, and undertake common endeavors.

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Those are the things which drove me into this race for president well over a year ago, and the things which I hope so deeply will be embodied in the national service movement. We want to make opportunity available by making it easier to get a loan to go to college and easier to pay it off through service; demanding responsibility by making sure that everybody who gets something from their government finally gives something back -- we hope in service, but at least in dollars. And rebuilding communities all over this country through our civilian G.I. Bill, with thousands of people paying their way to college either before or after they go by doing what their communities need.

We'll bring ourselves a little closer to that sacred day when all of our children can live up to their full potential by working together to make sure that we do that as well as the children we're trying to help.

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Thank you very much. (Applause.)

THE WHITE HOUSE

WASHINGTON

April 30, 1993

NATIONAL SERVICE INITIATIVE

The national service initiative is innovative public policy founded on traditional American values. The initiative will build the American community through a domestic Peace Corps that brings Americans together to tackle pressing problems. It will offer educational opportunity by providing educational awards to hundreds of thousands of Americans who serve our country; and by overhauling the student loan system, to offer EXCEL Accounts and lower interest rates. The initiative will demand personal responsibility by requiring Americans who borrow to repay their loans in one of two ways -- either through service or through repayment plans that make it tougher to default. In all this, the Act will reinvent government -- to unleash the initiative of the American people.

The President's initiative has three basic components:

- **The National Service Trust**, which will establish an innovative, entrepreneurial Corporation for National Service to offer Americans educational awards in return for vital service to our country. The Corporation is designed to cut waste and promote excellence in government, encourage locally driven initiatives, create flexibility for students, and foster competition among programs.
- **EXCEL Accounts**, which will offer all borrowers income contingent repayment plans. The new income contingent repayment plan will allow borrowers to spread their loan payments over a long period of time, reduce defaults, and encourage students to take lower-paying community service jobs.
- **One-Stop Direct Student Loans**, which will save taxpayers billions of dollars in bank subsidies and defaults by replacing private capital with Federal borrowing. Students will receive some of the savings in reduced interest rates and a streamlined "one stop" loan delivery system.

THE NATIONAL SERVICE TRUST

The National Service initiative will offer an educational award to Americans who do vital work in one of four priority areas: education, human services, environment and public safety. In addition to the trust, the initiative will support a variety of other programs to develop citizenship among all Americans, ranging from elementary school "service-learning" projects to older American volunteer programs.

1. DIVERSE AND WIDE PARTICIPATION. The National Service initiative will offer Americans 17 or older opportunities to serve our country before or after college. While contributing millions of hours of service, National Service Trust participants will learn an ethic of civic responsibility. And while communities will recruit, select and place volunteers, a nationwide public awareness campaign will build a common identity for programs, disseminate information widely through college and high school placement offices, and help place a leader corps of participants across the country.

2. EDUCATIONAL AWARD WITH DIFFERENT USES. The program will provide those who complete a year of service with a \$5,000 award for college, graduate school or job training. In addition, participants in general will receive a roughly minimum wage stipend, and health and child care, if necessary.

3. PRESSING COMMUNITY NEEDS. National service means educating children, helping immunize infants, fighting crime, and stopping pollution. Within the broad priority areas, communities will be able to design programs that meet their own unmet needs. Programs will be designed in ways best suited to local needs, and range from specialized service programs with in-college training and individualized placements; to youth corps offering disadvantaged young people a second chance while they perform invaluable service; to community corps that bring together the young and the old of all economic and racial backgrounds.

4. REINVENTING GOVERNMENT. The Commission on National and Community Service and ACTION will be combined in a single government Corporation for National Service. To promote excellence, the Corporation will be governed by a bipartisan Board, offer pay-for-performance to its employees, and raise private funds for the Trust. In addition, the Corporation will establish quality guidelines for all programs. Programs themselves must also set measurable goals and demonstrate success in order to receive continued funding. Within these bounds, local programs will have flexibility to design the best ways to meet their goals. In all instances, no program will be guaranteed funding; all will have to compete for funding.

5. PARTNERSHIPS. Programs will match federal assistance with private or other support. State commissions composed of local representatives appointed by governors will work hand in hand with the national Corporation to support service.

EXCEL ACCOUNTS

The Clinton Administration will make repayment easier and encourage national and community service through EXCEL Accounts. All students will have the opportunity to repay as a percentage of their income over time. The EXCEL Account will make such "income-contingent" loans available for the first time. The EXCEL Account offers students offers Americans the chance to invest in their education and training and to pay back their loans as they start to reap the benefits.

- 1. FLEXIBLE AND UNIVERSAL LOANS:** The EXCEL Account makes college and training accessible to all students, and to allow students the maximum flexibility in paying back their loans.
- 2. ENDING CRUSHING DEBT FOR YOUNG PEOPLE STARTING THEIR CAREERS:** Currently our education system often makes young people pay large amounts of debt just at the moment when young people have their lowest earning potential and the hardest time finding jobs. The EXCEL Account allows a young person the ability to pay a set percentage of income, so that repayment is proportionate to income.
- 3. ENCOURAGE NATIONAL SERVICE:** Too many of our young people are discouraged from taking lower paying jobs as teachers or police officers because they face large fixed monthly payments. The EXCEL Accounts will encourage national and community service by ensuring that young people will not have to pay an exceptionally high percentage of their income simply because they have chosen jobs where their service to their communities exceeds the size of their paychecks. The EXCEL Account will, for example, make it far easier for a recent medical school graduate -- who normally would have high fixed monthly loans -- to spend a few years serving lower-income communities without facing a crushing debt burden.
- 4. ENCOURAGE ENTREPRENEURSHIP:** Our current loan system can discourage entrepreneurial behavior. Where a young person out of school faces fixed student loan costs, that creates a disincentive to take high risks -- like entrepreneurial activity -- where a person may make little money in the short-term in pursuit of larger rewards in the future. Allowing repayments based on income eliminates these disincentives to take risk.
- 5. LOWER DEFAULT RATES:** Because EXCEL Accounts will determine loan payments on the basis of IRS verified incomes, they will dramatically reduce default rates by ensuring that anyone who works pays, and by not forcing borrowers into default simply because they experience a period of unemployment.

ONE-STOP DIRECT STUDENT LOANS

This initiative -- the Student Loan Reform Act of 1993 --proposes important reforms in the student loan system, which will provide one-stop shopping for student loans, reduce borrowing costs for students, and save taxpayers billions of dollars.

1. USING FEDERAL CAPITAL: Because the federal government can borrow money at a lower interest rate than can the private sector, using federal capital saves taxpayers billions of dollars in high subsidies to banks and other private lenders.

2: SAVINGS: The Congressional Budget Office, the General Accounting Office, and the Department of Education have all found that direct lending will save billions of dollars over the next four years, even after transition costs. Students will benefit from these savings in the form of reduced interest rates.

3. FLEXIBLE REPAYMENT OPTIONS: Students will have a variety of flexible repayment options designed to ease repayment, avoid defaults and encourage community service, including the new EXCEL Accounts, which will provide the opportunity for students to repay loans as a percentage of income over time.

4. STREAMLINED DELIVERY: Direct lending simplifies the current complicated maze of financial aid for students and parents by cutting down on the number of middlemen and procedures in the current system. Most students will receive all of their financial assistance through one stop at existing college financial aid offices.

5. INSTITUTIONS AS ORIGINATORS: Willing and able institutions will make (or "originate") loans directly to students on campus, and will receive a fee for providing this service. No school, however, will be forced to originate loans. Institutions that do not originate loans will be provided the services of alternative originators, selected and paid for by the Department of Education. No institutions will service or collect these student loans.

6. THE DEPARTMENT OF EDUCATION'S ROLE: The Department of Education will oversee an orderly transition to the new system, and monitor the new program. The Department is already working on several initiatives, including the development of a National Student Loan Data System, to improve its oversight capabilities and ensure a smooth transition to direct lending. The Department will contract with public or private entities, on a fee-for-service basis, to provide alternative origination and to service and collect loans.

THE WHITE HOUSE
WASHINGTON

April 30, 1993

OUTLINE OF LEGISLATION

NATIONAL SERVICE INITIATIVE

President Clinton's national service program will expand educational opportunity, reward individual responsibility, and build the American community by bringing citizens together to tackle common problems. The President's support for service extends from the youngest elementary students to our oldest citizens, and includes everything from part-time volunteer activities to full-time public service jobs.

The centerpiece of the President's initiative to support service is a new program to offer educational awards to Americans who make a substantial commitment to service. In addition to this program, which builds on the youth corps and demonstration programs of the National and Community Service Act of 1990, the National Service Trust Act includes:

- Extension and improvement of programs in the National and Community Service Act of 1990 that enhance elementary and secondary education through community service in schools, support after-school and summer programs for school-age youth, and fund service programs on college campuses.
- Support for the Points of Light Foundation, to support volunteerism.
- Extension and improvement of VISTA and the Older American Volunteer Programs authorized by the Domestic Volunteer Service Act.
- Creation of a new Investment Fund for Quality and Innovation to support model service programs and activities designed to ensure the development of high quality national service programs.

NATIONAL SERVICE TRUST ACT

Focus of Service

- National service must address unmet educational, environmental, human, or public safety needs. National priorities may be established within these areas.
- National service must improve the life of the participants, through citizenship education and training.
- Participants may not displace or duplicate the functions of existing workers.

Corporation for National Service

Structure

- The national service program will be administered by a new government Corporation for National Service, created by combining two existing independent federal agencies, the Commission on National and Community Service and ACTION.
- The corporation will be responsible for administering all programs authorized under the National and Community Service Act and Domestic Volunteer Service Act, including VISTA and the Older American Volunteer Programs. The Corporation will also fund training and technical assistance, service clearinghouses and other activities.
- The investment division of the corporation will administer the new trust program and programs currently administered by the Commission on National and Community Service.
- The operating division will administer programs currently run by the ACTION agency, including VISTA and the Older American Volunteer Programs.
- Flexible and quality-driven personnel policies will include pay-for-performance and a 5-year limit on most tenures.
- The Corporation may solicit and accept private funds.

Governance

- The corporation will have an eleven-member volunteer Board of Directors appointed by the President and confirmed by the Senate. It will be bipartisan and include persons experienced in national service and experts in providing educational, environmental, human, or public safety service.
- The first Board members will be appointed primarily from the Board of Directors of the Commission on National and Community Service. Seven Cabinet secretaries will serve as non-voting ex-officio members.

- The Board will develop the corporation's strategic plan, approve grant decisions, review other policy and personnel decisions, receive and act on reports from the Inspector General, supervise evaluations, and advise the Corporation on all issues.

- A Chairperson of the Board and a Managing Director for each division will be full-time employees appointed by the President and confirmed by the Senate.

Oversight

- An Inspector General will oversee programs to guard against fraud and abuse.

- Programs must arrange for independent audits and evaluations, and may also be required to participate in national or state evaluations.

State Commissions

Structure

- In order to receive a grant, each state must establish a commission on national service. The corporation will provide funding for the state commission.

- Commissions will have members appointed by the governors on a bipartisan basis from among the following: youth, educators, representatives of youth corps, older American volunteer programs, and other nonprofit service providers, labor, business, and experts in meeting particular unmet needs. No more than 25 percent of voting members may be state officials, although additional state agency representatives may sit on the commissions as non-voting ex-officio members. Commissions will elect their own chair.

- A representative of the corporation will sit on each commission as a voting member and act as liaison between the commission and the corporation.

Duties

- State commissions will be responsible for selecting programs to be funded under the state formula allocation, and in any competitive grant states may request.

- State commissions must also design strategic plans for service in the states, recruit participants, and disseminate information about service opportunities.

- State commissions may also support clearinghouses, training and technical assistance, and other initiatives to support service. They may not operate national service programs, but may use a portion of funds to support programs run by state agencies.

Transition

- For a period of one year, existing state agencies may assume the responsibility of the state commissions.

- The Corporation may approve an alternative agency in place of a commission at a state's request, if the agency ensures diverse participation in policy making.

Allocation of Funds

- States submitting plans approved by the Corporation will receive one-third of funds according to a population-based formula and one-third on a competitive basis.
- One-third of funds will be allocated directly by the corporation. Programs eligible for priority consideration include federal programs, national nonprofit organizations operating multiple programs or competitive grant programs, national service initiatives in more than one state and meeting priority needs, proposals to replicate successful programs in more than one state, professional corps, and innovative national service programs.

Programs

Goals

- Programs must set measurable goals regarding the impact of the service on the community and on participants.

Eligibility

- Programs eligible for national service designation include diverse community corps, youth corps, specialized service programs focusing on a specific community need, individual placement programs, campus-based service programs, programs that train and place service-learning coordinators in schools or team leaders in corps programs, intergenerational programs, national service entrepreneurship programs, and professional corps.
- Programs may be run by non-profit organizations, institutions of higher education, local governments, school districts, states, or federal agencies.
- Programs may not provide direct benefits to for-profit businesses, labor unions, or partisan political organizations, or involve participants in religious activities.

Selection

- Selection criteria include quality (based on criteria developed in consultation with experts in the field), innovation, sustainability, and replicability of programs.
- Past experience and management skills of program leadership, involvement of participants in leadership roles, and the extent to which the program builds on existing programs will also be taken into account.
- Programs serving and recruiting participants from communities of need, including those designated as enterprise zones, community redevelopment areas, areas with high poverty

rates, environmentally distressed areas, and communities adversely affected by decreased defense spending will also receive special consideration.

Funding

- All participants will receive educational awards.
- To develop programs, one-year planning grants will be available. To support national service participants, three-year renewable grants will be available for program demonstration, expansion, or replication.
- Administrative costs will be limited to five percent of all grants other than planning grants.
- Programs must pay 15 percent of the stipend and health care benefits in cash and 25 percent of other program costs receiving federal support. The 25 percent match may be in cash or in kind from any source other than programs funded under the National and Community Service or Domestic Volunteer Service Acts.
- Federal funds must supplement, not supplant, state and local dollars.

Participants

Eligibility

- Individuals may serve before, during, or after post-secondary education.
- In general, participants may be age 17 or older. Youth corps participants may be age 16 or older.
- Participants must be high school graduates or agree to achieve their GED prior to receiving educational awards.

Selection

- Participants will be recruited and selected on a nondiscriminatory basis and without regard to political affiliation by local programs designated by states or the federal government.
- A national or state recruitment system will help interested individuals locate placements in local programs. Information about available positions will be widely disseminated through high schools, colleges and other placement offices. A special leadership corps may be recruited, trained, and placed to assist in the development of new national service programs.

Term of Service

- To earn an educational award, a participant one year of full-time or two years of part-time service in a program designated by a state or the federal government. An individual may serve up to two terms and earn up to two educational awards.

Educational Awards

- Educational awards of \$5,000 will be provided for a term of service. Educational awards may be used to repay loans for higher education or to pay for higher education or training.
- Educational awards will be federally funded and deposited into a national service trust on behalf of all participants accepted into the program. Organizations and individuals may donate funds to support national service participants in the donor's community.
- Payments will be made directly to qualified post-secondary educational institutions, including two- and four-year colleges, training programs, and graduate or professional programs.
- In the case of participants with outstanding loan obligations for qualified educational activities, awards will be paid directly to lenders.
- Awards will not be taxable and must be used within five years of receipt.

Stipends

- Programs will set stipends within program guidelines. However, federal support will be limited to a match of 85 percent of an annual stipend equivalent to benefits received by VISTA volunteers. Programs may provide additional stipends up to twice this amount, with no federal match for the portion of the stipend in excess of the VISTA benefit.
- In the limited case of designated professional corps in areas of great need, such as teaching and public safety in underserved areas, participants may be paid a salary in excess of the guidelines and receive an educational award. However, no federal support will be available for a stipend.

Health and Child Care

- All participants without access to health insurance will receive health coverage. Federal dollars will pay up to 85 percent of the cost of these benefits.
- Participants may receive child care assistance, if needed.

Serve-America

The proposal extends and expands the existing Serve-America program for school-age youth and Higher Education Innovative Projects for Community Service. Modifications to these programs are described below.

Service-Learning Program

Program Goals

- To build a foundation for service among the nation's youth, inspiring them to serve and instilling in them the values and attitude to serve effectively after graduation.
- To create opportunities for all American children to serve our country.

Types of Programs

- Programs may be partnerships of local education agencies and community-based organizations.
- Local educational agencies may receive planning grants to hire service-learning coordinators.

Types of Funding

- School-based programs will be eligible for funding through state educational agencies, partly based on formula and partly through competition.
- State educational agencies must develop state plans that indicate programs to be funded and detail 3-year strategies for service-learning in their states. The Corporation must approve state plans.
- Programs may receive one-year planning grants for school-based programs. Subgranting to experienced institutions for school-based programs will also be allowed.
- All local programs will be required to provide at least 10 percent of total program costs in the first year of funding, increasing to 50 percent in the fourth. Local programs may utilize other federal education funds to meet the match requirement.

Training and Technical Assistance

- Clearinghouses will be expanded to further enable them to disseminate information and curriculum materials; train teachers, service sponsors and participants; and provide needs assessments or technical assistance.

- States will also receive additional resources to train and educate state educational personnel.

Community-based Program for School-Age Youth

- Community-based organizations working with school-age youth may receive grants from the State Commission for programs to involve such youth in community service.
- National non-profit organizations may apply to the Corporation to make subgrants or run multi-state community-service programs for this population.

Higher Education Innovative Projects

- Higher Education institutions, consortia of such institutions, or partnerships of higher education institutions and non-profit institutions may receive grants from the Corporation for student community-service programs or programs to train teachers in service-learning methods.
- Funds may supplement College Work-Study funds being used for community service placements.

Extension of the Domestic Volunteer Service Act of 1973

The proposal extends and expands VISTA and Older American Volunteer Programs authorized by the Domestic Volunteer Service Act. Following a transition period, these programs will be administered by the corporation for national service.

VISTA

- Extends authority for the VISTA program and increases number of VISTA volunteers.
- Authorizes new VISTA Summer Associate program.
- Authorizes a University Year for VISTA program to encourage student volunteer efforts addressing the needs of low-income communities.
- Removes restrictions limiting the flexibility to manage VISTA, while reaffirming commitment to recruiting a diverse group of VISTA volunteers including young and older adults.
- Increases post-service stipends by \$30 for each month of service. Such stipends are not available if VISTA volunteer accepts an educational award under the national service trust.
- Continues support for VISTA Literacy Corps.

Special Volunteer Programs

- Provides broadened authority under the Special Volunteer Programs to supporting demonstrations and innovations, provide technical assistance, and promote other entrepreneurial activities. Eliminates specific authority for student community service and drug programs, which are covered under the broadened demonstration authority and under the National and Community Service Act.

Older American Volunteer Programs

- Renames the Older American Volunteer Programs as National Senior Volunteer Corps and the Retired Senior Volunteer Program as the Retired and Senior Volunteer Program (RSVP).
- Lowers eligibility age for participation in the RSVP program to 55.
- Clarifies that Foster Grandparents may work with children with special and exceptional needs in Head Start programs, schools, and day care centers.
- Provides for a new demonstration authority to enrich and strengthen older American volunteer programs across the country.
- Eliminates restrictions that limit the flexibility to administer the program.
- Increases the stipend for low-income Foster Grandparents and Senior Companions once over the next five years to account for inflation.

Administration

- Encourages relationships between ACTION and other federal agencies where ACTION volunteers might help further the purposes of other Federal programs.
- Authorizes a Center for Research and Training on Volunteerism to strengthen volunteer programs across the country.
- Provides a technical amendment to restore the crediting of VISTA service for federal pensions.
- Provides copyright protection for the programs authorized under the Act.

STUDENT LOAN REFORM ACT OF 1993

Today, the Federal student loan programs provide billions of dollars to private lenders and other agencies -- billions of taxpayer dollars that do not go toward serving students. Furthermore, complex procedures and inflexible repayment plans create serious problems for some students. Burdened with debt and locked into insensitive repayment plans, many students cannot repay their loans, leaving taxpayers to foot the bill. The current system doesn't serve students or taxpayers well.

This legislation reforms the student loan system with a less costly and less complicated alternative. The Administration's Student Aid Reform Act will provide all borrowers with flexible repayment options, including EXCEL Accounts, which allow borrowers to repay loans as a percentage of their incomes. It also reforms the student loan system by replacing the current guaranteed student loan system with a system of direct Federal lending. These changes will:

- **Make repayment easier** by allowing borrowers to select the best way to repay their loans. Borrowers will be able to choose among several different repayment options, including fixed, graduated, extended, and income-contingent EXCEL Accounts. Providing a range of flexible repayment plans will allow students to enter lower-paying community service jobs without worrying about their debt burden and will reduce default rates.
- **Reduce costs for taxpayers** by substituting Federal borrowing for more expensive private capital and eliminating excess profits in the current system. By using low-interest rate Treasury borrowing and by eliminating excess profits, direct lending will reduce Federal costs by \$4.3 billion through fiscal year 1998.
- **Reduce costs for students** by lowering interest rates. Part of the substantial savings achieved from lowering the cost of capital and eliminating profits will be used to reduce the interest rate for student borrowers, when the plan is fully implemented.

EXCEL ACCOUNTS: EASING REPAYMENT AND ENCOURAGING SERVICE

The EXCEL Account will, for the first time, allow all borrowers to pay off their loans as a percentage of their incomes. This income contingent repayment plan, together with other flexible repayment options, will give borrowers the opportunity to choose lower-paying service jobs regardless of the level of debt incurred while in school. This new plan will also help to reduce student loan defaults.

Borrowers will have the opportunity to choose from a range of flexible repayment options to best fit their financial situation. In addition, borrowers will be able to switch repayment plans as their financial situations change.

EXCEL Accounts will provide for repayments that depend upon income. Borrowers will be able to repay over a longer period of time than in the other repayment options. The length of repayment will depend on the borrower's level of debt and income.

- The legislation requires the Secretary of Education to publish regulations on the specific provisions of this income-contingent plan, including the percentage of income to be repaid each year and the length of repayment.
- To increase accountability, the Secretary will also have the authority to require defaulters to repay through income contingency.
- The legislation will extend EXCEL Accounts to borrowers with existing loans. It authorizes the Department of Education to offer income contingent repayments to current borrowers if lenders do not offer them acceptable income sensitive repayment opportunities.

Fixed, graduated, and extended repayment plans will also be available to all borrowers.

- **Standard repayment** describes a fixed-payment, fixed-term (usually 10 years) plan that is currently used by most student loan borrowers.
- **Extended repayment** describes a plan with a lower fixed payment and a longer fixed term than available under a standard repayment plan.
- **Graduated repayment** plans expect borrowers to repay smaller amounts in the beginning when their incomes tend to be lower and larger amounts later when their incomes tend to be higher.

IRS Role

To make repayment easier and more effective, the bill contains provisions to include the Internal Revenue Service (IRS) in the collection of student loans.

- Starting in fiscal year 1994, the legislation gives the Secretary the authority to offer income contingent repayments to borrowers using information from the IRS on borrowers' incomes. The legislation will amend the current disclosure provisions to allow IRS to provide this information to the Department of Education.
- As a second step, the bill requires the Secretaries of Education and Treasury to jointly develop a plan to provide repayment options through the IRS and wage withholding.

ONE-STOP DIRECT STUDENT LOANS

The legislation calls for the Federal government to make loans directly to students,

substituting Federal borrowing for private capital. These changes will streamline the system, reduce interest rates for students, and save taxpayers billions of dollars.

The proposal will replace the Federal Family Education Loan (FFEL) programs with the Federal Direct Student Loan (FDSL) programs. Most students will receive all of their financial aid through their existing financial aid offices -- "one stop shopping".

Direct lending substitutes Federal capital for more expensive private capital and eliminates excess profits to lenders, saving \$4.3 billion through fiscal year 1998. Under the plan, direct lending will phase in over four years, beginning in academic year 1994-1995. Federal capital will be used for all new student loans. The goal is to begin with 4 percent of new loan volume in direct lending in the first year, 25 percent the second year, 60 percent the third year, and full implementation in academic year 1997-1998.

Private lenders will no longer make, or "originate", student loans. Many postsecondary institutions will make loans themselves; others will use the services of alternative originators. No institution will be required, however, to originate loans itself. In addition, no school will "service" or collect loans.

Some features of the legislation regarding origination and servicing are:

- Criteria measuring the financial and administrative capability of institutions to originate loans will be used to determine which institutions may originate loans and which should use alternative originators.
- Institutions that meet the financial and administrative criteria, but do not wish to originate loans, will also be able to use alternative originators.
- The Department of Education will pay a small fee to schools that originate loans themselves and will contract out on a competitive, fee-for-service basis to alternative originators. Alternative originators may be State agencies, private lenders, Sallie Mae, and other organizations.
- Responsibility for servicing loans while students are in school and while they are in repayment will not rest with the postsecondary institutions. The Department of Education will contract with a number of organizations to service student loans. These organizations, which could include State agencies, Sallie Mae, and private firms, will be chosen through a competitive process.

ENSURING A SMOOTH TRANSITION

The Department of Education will be responsible for monitoring and overseeing the student loan system as part of its overall oversight of the Federal student aid system. The Department is developing a detailed plan to ensure adequate loan capital in the event that private

capital dries up. The legislation will provide the Department with additional authorities to move quickly if capital shortages occur.

- Postsecondary institutions, alternative originators, servicers, and the Department of Education will share data on student loans throughout the nation. The Department will also complete work on the National Student Loan Data System. Such a system has been under development since 1989 and must be expanded to perform all the functions needed for direct loans.
- During the phase-in period, the terms and conditions for the FDSL, including loan limits, eligibility rules for loan subsidies, and number of loan programs, would be similar to the existing FFEL programs, including the provisions for loan deferment and forbearance.
- The legislation also provides for two changes to the nation's guarantee agency services, which provide in every state an intermediary for the Federal government and reinsure all loans in the current FFEL programs. The legislation ensures adequate financing for the current guarantee agencies during the transition and provides for alternative mechanisms to assure loan guarantees in the event that any of the guarantee agencies do not continue to operate.

THE WHITE HOUSE
Office of the Press Secretary

For Immediate Release

May 1, 1993

REMARKS BY THE PRESIDENT
DURING RADIO ADDRESS TO THE NATION

The Oval Office

10:06 A.M. EDT

THE PRESIDENT: Good morning. It's the first day of May, and for many of our high school seniors it's time to begin thinking about their last final exams, packing up their rooms and setting out on the adventures that will come in the next stage of their lives. Whether they are heading to college or looking for their first jobs, these students are getting ready to cross a threshold that will shape them and their futures as people and citizens.

All of us have a big stake in whether these young people have opportunities for success. The great promise of American life has always been expanding opportunities for each succeeding generation -- opportunities for education, for employment, for home ownership, for good health care -- for all those willing to work hard and play by the rules. I am determined that we won't ever lose that promise of American life.

I sought this office because the dreams of working Americans were in deep danger. And I promised all of you that I would work my heart out to restore them. All the work we do in this administration springs from that determination and is rooted in our values, the values that have strengthened our families and given generations of Americans brighter futures than their parents, values that have made this nation without peer, those of opportunity, responsibility and community. With them, we propose putting government back on the side of America's hard pressed families.

In the first 100 days of this administration we've tried to do that. We've worked hard to cut the big government deficit and interest rates are down, enabling millions of Americans to refinance their homes and get interest rates lower in business and consumer loans. We've made a long-term commitment to invest in jobs and education and technology. We've begun to reform the government by cutting unnecessary spending and having tougher lobbying rules and moving to reinvent the whole way government operates. And, of course, we're facing the big crisis of health care, trying to guarantee security to all Americans and control costs so that we can move forward with the kind of basic health care that other people in other countries take for granted, but that threatens to bankrupt America.

In addition to that, I am determined to open the doors of college education and to give American students the opportunity to pay for it through a program of national service. In the last several years, the cost of a college education has become more important than ever before. And yet, those costs have gone up more than any other basic in American life, including health care. We've simply got to do something for all these high school seniors and all those coming along behind them to open the doors of college education and to help those now in college to stay in and to succeed.

MORE

As a first step, I will ask Congress to approve legislation changing the terms of college loans. By giving our students a new way to finance college, we will be able to ensure that many more go and stay. This new method will be called an Excel Account. With it, students will be able to repay the loans on a schedule based on a percentage of their future earnings, and not just on the amount they borrow, as is the case today. This will be nothing less than liberating for many students who drop out of college because of financial strains, or who graduate with big debts and then feel driven into careers with higher pay, but lower satisfaction. A student torn between pursuing a career in teaching or corporate law, for example, will be able to make a career choice based on what he or she wants to do, not how much he or she can earn to pay off college debt.

Another problem with the current student loan system is that far too many students default on their loans, costing taxpayers billions of dollars a year and adding to our deficit. Giving students the chance to pay their loans back as a small percentage of their incomes will reduce the default rate by making it possible for more students to repay. But we're also going to make it tougher for those who can repay the loans to avoid doing it by involving the IRS in the collection process so that those who work and pay taxes must also repay their loans. With this new opportunity must come new responsibility.

But these Excel Accounts are just the beginning. I also want to give tens of thousands of young people the chance to pay for part of their college education or advanced job training through a program of national service. With national service, we can open a new world to a new generation, one where higher learning goes hand-in-hand with a higher purpose of addressing our nation's unmet needs -- educational, social, and environmental. Things that will secure the future, we will all share together.

Americans, without regard to age, will be able to earn credit against college costs before, during, or after college by working as tutors for children, volunteers at hospitals, as public safety officers, or in countless other grassroots community efforts that are working all across America today, but need more help.

College graduates can repay a portion of their loans by working as teachers or police officers in underserved areas. National service will mark the start of a new era for America, one in which every citizen can become an agent of change, armed with the knowledge and experience that a college education brings, and ready to transform the world in which we live, city by city, community by community, block by block, person by person. National service will operate at the level Americans know best -- the grassroots. Its programs will be locally driven, because we trust communities to know what works. And this program is designed and will succeed without a traditional Washington bureaucracy. And, believe me, no one will miss that.

Expanding opportunity, restoring responsibility, reviving our sense of community. These are the values that have always made our country strong. America has always succeeded when we've understood that we're all in this together. With national service, Americans can help themselves by helping each other. It's the best investment we could ever make in our future.

Thank you.

END

10:13 A.M. EDT