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**House
REPUBLICAN
Conference**

Issue Brief

Dick Armey
Chairman
26th District, Texas

June 24, 1993

NATIONAL SERVICE -- Is It Moving Too Fast To Address Legitimate Concerns?

H.R. 2010, President Clinton's "National and Community Service Act," was announced on April 29th, introduced in the House by Rep. Mathew Martinez on May 6th, considered by the House Education and Labor Committee and was ordered to be reported out of committee on June 18th. House floor consideration is expected next week. Action on the Senate companion bill, S. 919, has proceeded at an almost identical pace.

Bipartisan support for the proposal, however, does not negate the legitimate concerns that should be addressed before Congress passes this new federal initiative.

Summary of Proposal

This legislation, when fully funded, will allow 100,000 students age 17 or older to perform up to two years of community service -- either before, during or after college -- in exchange for a \$5,000 voucher each year to cover education and training costs. Participants would also receive a minimum wage salary and health and child care benefits. The value of these benefits is approximately \$20,000.

There are five titles to H.R. 2010. Title 1 contains the new national service program offering educational awards in exchange for service. Title 2 establishes the organizational framework for these national service programs. Title 3 replaces the guaranteed student loan program with a Federal direct student loan program. Title 4 reauthorizes certain provisions of the National and Community Service Act of 1990 and the Domestic Volunteer Service Act. Title 5 contains technical and conforming amendments.

Is a New Program Needed?

Although they are spread out around the various departments and agencies, the federal government is already funding numerous service projects. There are at least 23 federal programs that directly support and provide leadership for community service with a combined appropriation of \$1.3 billion.

- **ACTION** which has the following programs: **Volunteers in Service to America (VISTA), VISTA Literacy Program, Student Community Service Program, Special Volunteer Programs, Retired Senior Volunteer Programs, Foster Grandparents Program, Senior Companion Program.**

- There is also the **National and Community Services Commission** established by Congress as late as 1990 to explore national service possibilities. A report issued by this Commission in January, 1993, recommended that (1) a national service program should build on existing state and local programs, and (2) services should be targeted to areas and needs not already served by other government programs.

- There are other programs such as the **National Guard Youth Programs**, with specific programs called **STARBASE, Civilian Youth Opportunities Program (ChalleNGe), Urban Youth Corp, Youth Conservation Corp, and the Los Angeles Unified School District Outreach Program.**

- There are Department of Education programs involving national service such as: **Innovative Community Service Projects, Student Literacy Corp, Urban Community Service, Perkins Student Loan Forgiveness Program, and the Federal Family Education Loans (FFEL)** (a new demonstration program providing forgiveness for certain teachers, volunteers and nurses with outstanding FFELs).

- There are programs through the Department of Housing and Urban Development, such as: **YouthBuild and Urban Revitalization Demonstration Program.**

- Other programs include: **National Health Service Corps, White House Office of National Service, Teach for America, Points of Light Foundation, and Peace Corps.** We probably missed others.

What will the Eventual Costs Be?

This legislation would start out small in FY 1994, as most new federal entitlements do, by funding an expected 25,000 students at a cost of \$389 million. By 1997, this program, according to the Clinton budget submission is expected to reach \$7.4 billion -- a significant new federal expenditure.

Untimely Consideration of New Federal Spending

Rep. Marge Roukema (R-NJ) in a USA Today column on June 17th asks, "How, in good conscience, can we seriously consider a new multibillion-dollar program at a time when President Clinton and Congress are locked in a battle to cut spending programs to meet deficit reduction targets?" President Clinton has stressed the need for the American people to sacrifice in order to reduce our federal debt by cutting federal spending and increasing taxes. He promised that savings from spending reductions would be placed in a "trust fund" so that the sanctity of taxpayer dollars can all go toward deficit reduction. Roukema continues, "So what are we doing here? We're planting seeds of a brand new government program. This program will sprout and flourish until it grows into a full-blown entitlement program with its own constituency and momentum."

Clinton Campaign Rhetoric Hits Policy Reality -- AGAIN

Five years ago, the Democratic Leadership Council, to which then-Governor Clinton belonged, advocated a citizen corps of 800,000 or more young people that would clean up parks and handle police paperwork. The system was to be run by a corporation for national service, which would set the level of benefits for participants and offer them vouchers for education or housing. Underlying the proposal was an assumption of mass moral decadence that had to be rectified by greater federal government intervention. We live in a "prevailing climate of moral indolence," contended the DLC, where "such venerable civic virtues as duty and self-sacrifice and compassion toward one's less fortunate neighbors are seldom invoked." (In fact, 80% of Americans perform some form of volunteer service.)

The Clinton campaign was not so quick to frame the debate and deride Americans in such moralistic terms. Instead, more positive rhetoric drove the candidate on the campaign trail. He proposed allowing perhaps 250,000 or so people to work off their student loans through approved government service. He explained that his initiative would allow everyone who wanted to go to school to do so, in return for giving something back to the community.

"You could bet your bottom dollar," said President Clinton, that this program would "make it possible for every person in this country who wants to, to go to college." In return for some level of government educational assistance, President Clinton has said:

We'll ask you to help our police forces across the nation, training members for a new police corps that will walk beats and work with neighborhoods and build the kind of community ties that will prevent crime from happening in the first place; we'll ask young people to work to help control pollution and recycle

waste, to paint darkened buildings and clean up neighborhoods, to work with senior citizens and combat homelessness and help children in trouble.

Fully implemented, the Clinton proposal will support approximately 100,000 students in community service positions, while there are some 5 million students participating in the existing college loan program. This is less than 3% of those students eligible for student aid. The cost per student under the Clinton proposal is close to \$20,000 a year. This compares with the \$2400 per year a student can currently receive through the Pell Grant program. During the campaign, candidate Clinton said that this program would be the centerpiece of his domestic agenda. Yet, it will assist less than one-half of one percent of the student population.

Competing Demands

Veterans: The G.I. bill provides \$400 per month (\$4800 per year for up to 3 years) for individuals serving in the armed forces for at least 3 years. But, the service member's pay is reduced \$1200, and the service member has a binding service obligation, as well as the danger and hardship of military service. The Clinton proposal provides a more generous educational benefit -- a \$5000 stipend per year for each year of service up to two years, without the rigors of military service.

Union Members: There are waiting lists in union hiring halls for entry level jobs in fields targeted for make-work public jobs under the national service plan. Often, police forces need more funding to hire the experienced help they need for official functions. This program would disregard Americans hoping for real jobs to do the very same function. It will place temporary help in situations that may need permanent attention.

Low Income Families: At a time of scarce government resources and so much concern over the size of the federal debt, this is a program that turns its back on targeting aid to the students who need it most. Since the national service plan is not needs-based, poorer students needing a leg up may end up taking a back seat while wealthier students benefit.

Government bureaucrats: With the value of the benefit bestowed on each student at \$20,000 per full time participant, there is probably greater good in providing each student with a voucher for that amount of money than to have the hundreds and perhaps thousands of bureaucrat hands that will have to approve, decide, rule, question, regulate and ruminate about who and what and how much an individual can get from their federal government.

What are the Alternatives?

Fully fund existing federal student aid programs.

Rep. Roukema has suggested that we undertake a hard, clear-eyed evaluation of all of our existing service and higher education programs, abolish those that are not proving their worth, and use the money to fully fund those programs that work.

The current federal student financial assistance programs have not been fully funded in the past. More students would benefit if the Congress fully funded Pell grant and College Work-Study programs. Investing the same \$7.4 billion in these programs, as well as VISTA and other existing service programs, would enable many more students to have access to higher education and national service than those contemplated under the Clinton proposal.

Education Savings Accounts

Another alternative is to let parents put aside funds in tax-exempt accounts to pay for their children's college education. In 1948, an average family of four with a medium income paid virtually no income tax and only a two percent tax for Social Security. Today, the equivalent family pays some 24% of its income for various federal taxes. The result is that families find it harder to save for higher education and other family priorities.

A possible solution is to let families keep more of their own money. An education savings account, similar to an IRA, would allow families to do just that. Families should not have to justify to the government or plead a special case to keep their money to educate their children, make a down payment on a home, or meet other expenses.

Allowing families to place funds for education in an IRA is simple and requires no new government spending nor does it line the pockets of bureaucrats. It places responsibility for higher education back where it belongs -- in the hands of the families and enables them to meet their personal goals.

Other Serious Questions

- If more students apply than there are slots for to fill, who will decide which students participate and how it will be done? Lottery? Political patronage?
- If significant jobs are provided to participants, what protections would existing

public sector employees -- particularly low wage and low skilled workers -- have from job displacement?

- What justification is there for providing more generous benefits to yuppies who may or may not finish college than benefits we provide veterans who risked their very lives for the future of this nation? Which is greater national service?
- The national service plan targets the same group of young people, 18 to 25 years old, as military recruiters. Is military recruitment likely to suffer based on the benefits we bestow to students versus veterans?
- What will happen to students who decide not to complete the program and fulfill their responsibility?

Summary

The concept of asking recipients of federal dollars to serve their country in exchange for receipt of federal benefits seems an honorable and desirable goal which is difficult to fault. Yet, the process of legislating determines winners and losers and as campaign rhetoric hits fiscal and policy realities, judgments must be made that may not have been previously considered.

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