Catalog

CATALOG OF CURRENT EDUCATION AND TRAINING POLICY INFORMATION

Vol. I Issue 1
Last Updated: June 30, 1995

Introduction

This catalog lists current information compiled by the Policy Councils and the Departments of Education and Labor in the areas of Education and Training. This information is always subject to change. The catalog lists both the date the information was prepared and a person to contact to verify the continued accuracy of the data. Please check with the appropriate contact if any significant time has passed since the document's creation.

This information was compiled by the Domestic Policy Council and the National Economic Council. This document will be updated every few weeks as the budget debate continues in Congress. If you have any questions about any of the data provided, please contact Gaynor McCown (DPC) or Mike Schmidt (DPC) at 456-5566.

CATALOG

This catalog lists information available through the Policy Councils and the Departments of Education and Labor. Short documents (1-4 pages) are attached. For longer documents -- 50 page state-by-state analyses, reports, studies -- we have attached one page as an example of the information available. To obtain the complete set or a clean original, please contact the staff person indicated directly.

1. "Education Investment in Budget Proposals: The President's Proposal and Republican Budgets"

Prepared by:	NEC
Contact:	Robert Gordon, 456-5363
Updated:	June 30, 1995
Format:	One-page chart listing funding and number of people served in major education and training programs under the President's budget proposal and Republican proposals.
Attached:	One-page table

2. "President Clinton's Commitment to Education and Training"

Prepared by:	NEC
Contact:	Robert Gordon, 456-5363
Updated:	June 30, 1995
Format:	Seven-page description of the President's record on education and training, and descriptions of the President's priorities and comparisons to Republican proposals in Pre-School Education, K-12 Education, Post-Secondary Education, Lifelong Learning, and the Department of Education.
Attached:	

3. "Estimated Impact of Stafford Loan In-School Interest Subsidy for FY 1994"

Prepared by:	Department of Education
Contact:	
Updated:	May 16, 1995
Format:	Five-page table listing impact of Stafford Loan in-school interest subsidy in FY 1994 by both number of recipients and value of subsidy. Listed out on a Congressional district-by-district basis.
Attached:	First page of the table

4. (No Title) Number of Schools Participating in Direct Loan Program and Safe and Drug Free School Program.

Prepared by:	Department of Education
Contact:	
Updated:	March 5, 1995
Format:	One-page table listing a state-by-state breakdown of the number of schools participating in the Direct Loan Program in the 1995-96 school year, the number of school districts participating in the Safe and Drug-Free Schools Program, and the number of school districts no longer served by the program.
Attached:	One-page table

5. "How the Republican Block Grants Cut School Lunches"

Prepared by:	NEC
Contact:	
Updated:	
Format:	One-page talking points on the negative effects of the Republican's proposal to block-grant the school lunch program.
Attached:	One-page talking points

6. "William D. Ford Federal Direct Loan Program Schools Selected for Years 1,2, and 3"

Prepared by:	Department of Education
Contact:	
Updated:	May 26, 1995
Format:	Nine-page listing of Direct Loan Schools for years 1-3 of the program, and the volume of 1993 GSL's involved at each school.
Attached:	First page of table.

7. **"President Clinton Draws the Line on Education: Will Fight to Protect Loans of X (State) Students"**

Prepared by:	NEC
Contact:	Robert Gordon, 456-5363
Updated:	February 14, 1995
Format:	One-page state-by-state summaries of the good effects of the President's proposals to protect Direct lending and oppose the Republican's in-school interest proposal. Information available for California, Delaware, Kansas, Kentucky, Missouri, New Jersey, Pennsylvania, and West Virginia.
Attached:	California one-pager.

8. **"U.S. Department of Labor Employment and Training Administration 1995 and 1996 Summer Youth Program for Selected Cities/Delivery Areas"**

Prepared by:	Department of Labor
Contact:	Robert Gordon, 456-5363
Updated:	March 3, 1995
Format:	Four-page state-by-state chart listing dollars and number of youth cut from summer youth program in selected cities/service areas in 1995-96.
Attached:	Complete four-page table.

9. **Direct Loan Packet of Information**

Prepared by:	Department of Education
Contact:	Gaynor McCown 456-5566
Updated:	February 1995
Format:	Eight-pages of information on Direct Lending, including two-page fact sheet, two-page true-false test, one-page history, one-page timeline, and two-pages of charts.
Attached:	Complete eight-page package.

(1)

EDUCATION INVESTMENT IN BUDGET PROPOSALS: PRESIDENT'S PROPOSAL AND REPUBLICAN BUDGETS

	PRESIDENT CLINTON	REPUBLICAN BUDGETS
Head Start	Increase annual funding by $1.5 billion and add 50,000 children.	Cut by $210 million below 1995; cut 180,000 children by 2002
Goals 2000	Increase to $867 million by 2002; support improvements for 44 million children in over 85,000 schools.	Eliminate.
Title One	Increased by $524 million over the last 2 years; increase by $213 million in 1996.	Cut 1995 level by $730 million in 1996, cutting 700,000 children.
Safe and Drug-Free Schools	Support funding at $500 million per year.	Block grant and cut 1995 levels by 30%.
School-to-Work Opportunities	Increase funding by 60% for 1996 to $400 million.	Block grant and cut 1995 levels by 25%.
Summer Jobs	Support each yeai ... summer alone.	...k grant and cut by 25%— ...nating 1 million jobs for ...g people over 7 years.
Direct Student Loans	Expand the progr... $6 billion while lo... allowing pay-as-y... 20 million student...	... participation by schools and ...ents.
In-School Interest Exemption	Support exemptio... 4 million need-tes... and in grace perio...	...inate exemption, raising ...ge costs by up to $3,000 for ...llion students.
Pell Grants	Increase maximum to record levels of $2,620 in 1996 and $3,128 in 2002, and reach 960,000 more students.	Freeze funding at 1995 level.
AmeriCorps	Expand to provide nearly 50,000 opportunities next year alone for young people to serve their communities and earn college aid.	Eliminate.
Job Training	Put Skill Grants directly into the hands of workers–with 800,000 Skill Grants in 1996 alone, and $2 billion added in 2002.	Block grant and cut job training by 25 percent.
Education and Training Tax Deduction	Support $10,000 deduction for education expenses for families earning up to $100,000.	Do not yet support deduction.
ALL EDUCATION	INCREASE BY $40 BILLION OVER 7 YEARS.	CUT BY $43 BILLION OVER 7 YEARS.

Currently Being updated

Republican cuts drawn from House and Senate proposals.

(2)

PRESIDENT CLINTON'S COMMITMENT TO EDUCATION AND TRAINING

The fundamental goal of President Clinton's comprehensive economic policy is to raise the living standards and expand opportunity for hard-working Americans--so that every American has the chance to realize the American Dream. While supporting deficit reduction, open trade, innovation and job creation, the President has recognized that nothing is more critical to our nation's future than ensuring that all Americans have the education and skills they need to succeed in the new economy. The President has made an unprecedented commitment to lifelong learning--from the expansion and improvement of early childhood education to a bold new reform of adult education and training programs.

EDUCATION IS THE KEY TO RISING STANDARDS OF LIVING

In an economy where technology is const ... and capital is
mobile, education has become the fundam ... work force.
Most Americans have seen their incomes ... the real
income of the typical family actually dec ... ucked the
trend. In 1979, a male college graduate ... with only a
high school degree. By 1993, this gap h ... luate out-earned
his school graduate counterpart by 80 pe ... of health
coverage, pension plans, and other work ... correlated with
education levels.

Currently Being updated

A BIPARTISAN EDUCATION RECORD

While bringing the deficit down by historic amounts--over $600 billion so far--President Clinton has also made investing in education a top priority. During the last Congress, Republicans and Democrats shared his commitment to lifelong learning, and together they enacted a historic series of initiatives to expand the amount and the quality of educational investment in America. Landmark legislation includes:

- **Head Start Amendments of 1994** (signed 5/18/94; passed House 393-20; Senate 98-1).
- **Goals 2000: Educate America Act** (signed 3/31/94; passed House 306-121; Senate 63-22).
- **Improving America's Schools Act** (signed 10/20/94; passed House 362-132; Senate 77-20).
- **School-to-Work Opportunities Act** (signed 05/04/94; passed House 339-79; Senate Voice Vote)
- **National and Community Service Trust Act** (signed 9/21/93; passed House 275-152; Senate 57-40)
- **Direct Lending and Pay-as-You-Can Loans** (signed on 8/10/93 as part of the Omnibus Budget Reconciliation Act)

This year, President Clinton went a step further and proposed expansions and improvements in these and other education investments. In addition, as part of his Middle Class Bill of Rights, the President has sought to work with Republicans on two new initiatives:

- **Education and Training Tax Deduction** up to $10,000.
- The **G.I. Bill for America's Workers**--consolidating 70 programs and putting Skill Grants directly into workers' hands.

(3)

Estimated Impact of Stafford Loan In-School Interest Subsidy for FY 1994

State and Congressional District	Number of Recipients	Value of Subsidy
Alabama–Total	56,554	$28,176
1	8,304	$4,057
2	5,652	$2,386
3	12,022	$6,190
4	707	$186
5	6,743	$2,922
6	9,948	$6,101
7	13,178	$6,333
Alaska–Total	3,474	$1,209
Arizona–Total	81,319	$38,167
1	21,547	$11,245
2	25,880	$14,140
3	8,744	$4,668
4	18,030	$6,245
5	6,104	$1,629
6	1,013	$241
Arkansas–Total	34,060	$15,832
1	5,873	$2,479
2	14,290	$7,427
3	7,066	$3,386
4	6,831	$2,540
California–Total	382,522	$203,287
1	5,310	$2,394
2	7,711	$3,282
3	10,774	$5,926
4	201	$48
5	11,249	$5,688
6	4,493	$1,779
7	2,312	$611
8	14,808	$10,915
9	21,299	$13,609
10	3,057	$2,128
11	5,746	$2,867
12	8,164	$5,624
13	6,940	$3,024
14	7,604	$4,663
15	7,475	$3,457
16	9,155	$3,911
17	6,528	$3,055
California–Continued		
18	1,904	$683
19	8,181	$3,322
20	1,298	$945
21	3,727	$1,080
22	16,318	$8,070
23	2,311	$642
24	6,414	$4,022
25	8,797	$3,978
26	4,031	$1,376
27	5,579	$3,004
28	8,567	$4,620
29	20,917	$12,608
30	6,341	$3,651
31	5,529	$2,761
32	15,381	$12,024
33	5,281	$1,687
34	3,978	$3,631
35	921	$795
36	5,192	$3,478
37	2,609	$1,140
38	11,172	$4,704
39	10,801	$6,421
40	8,031	$4,645
41	6,603	$3,590
42	2,617	$586
43	6,550	$2,784
44	912	$201
45	3,787	$1,068
46	4,040	$1,360
47	14,786	$7,418
48	1,593	$341
49	37,100	$19,938
50	2,043	$508
51	4,624	$2,727
52	1,760	$501

Student and Subsidy estimates are for fiscal year 1994. Amounts in thousands of dollars.

In school interest subsidy is provided to students with Stafford loans in the Federal Family Education Loan Program and the Ford Direct Loan Program. The amount estimated is total subsidy paid for students in schools in the state currently enrolled at least half-time.

Many proposals to alter the in school interest subsidy would affect only new loans made after a certain date. In this circumstance, in school interest subsidy would continue to be paid for current borrowers. Additionally, FFEL borrowers generally receive the same benefits on new loans as they received on their first loan. If this remains the case, all current borrowers would continue to receive in school interest subsidy on all future loans. Thus, savings associated with altering the in school interest subsidy may be less than the $2.3 billion paid in FY 1994.

(4)

	DIRECT LOANS Schools Participating in Direct Loan Program 1995-96 school year	SAFE AND DRUG FREE SCHOOLS # of school districts	Number of School district no longer served.
ALABAMA	19	129	121
ALASKA	0	56	53
ARIZONA	36	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	608	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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HOW THE REPUBLICAN BLOCK GRANTS CUT SCHOOL LUNCHES

When it comes time to pay for their tax cuts for the wealthiest, the Republicans themselves acknowledge that they are cutting $2.3 billion from school nutrition. In their official budgeting--the official "scoring" by the Congressional Budget Office--the Republicans show $2.3 billion in savings from school lunches over 5 years. They need those savings to pay for their $630 billion in tax cuts targeted at the wealthiest few.

The real question is: Are the Republicans cutting off kids who would otherwise be helped over the next five years? The answer is Yes.

* **For 1996, the Republicans don't even provide enough funding to match inflation.** Their block grant rises by 2.5% over CBO's baseline. Inflation is projected to be 3.2%--and there will be program growth in addition. The plan cuts $200 million just in 1996.
* **From 1996 to 2000, the Republican plan doesn't grow at 4.5% per year, and it doesn't keep up with inflation and program growth.** The Republican plan grows by an average of 3.8% between 1995 and 2000--not 4.5% as falsely claimed. But on top of 3.2% annual inflation, the number of children in school will grow by about 1.6% per year in this period--and by over 4 million kids by 2000. And, on top of *that*, the school breakfast program needs to expand by over 5% per year to make sure that kids who need breakfast get them. The Republican plan won't keep up with any of this growth.

If the Republican plan had been in place starting in 1989, funding would have been 17 percent below its actual level in 1994--and one million children could not have received free lunches. Between 1989 and 1994, over one million children were added to the school lunch rolls. The Republican plan wouldn't have provided funding for that increase--and the children would not have received free meals.

The Republican plan eliminates safeguards that protect children's nutrition.

* **No adjustment in recession.** Today, the lunch program expands when our children's needs grow during recession. Under the block grant, there would be no added funding to meet the added need: it would be tough luck for kids.
* **The return of ketchup.** The plan eliminates nutritional requirements for lunches. States that are squeezed for cash will need to reduce the quality of meals.
* **No guaranteed free lunches for poor children.** Republicans voted down an amendment to retain the current requirement that poor children receive free lunches.

It's not true that the Republicans are targeting the program to the poor: their plan shifts funding *away* from those who need it most. The Republicans' funding formula would provide reimbursement based partly on the number of meals served, rather than on the type of meals (subsidized or not). As a result, funds would shift from states with more poor children to states with fewer poor children. **This measure creates a perverse incentive for states to reduce the number and quality of meals to poor children in order to serve more meals total.**

Administrative savings under the Republican plan will be minuscule. The proposal cuts kids, not bureaucracy.

* Federal administrative savings come to about $110 million for all the child nutrition programs (including WIC, etc.) over 5 years--**only about 2% of the total savings that CBO projects from child nutrition cuts.**
* For States, this block grant actually authorizes **higher** administrative costs than the current entitlement--2% in the future compared to 1.5% now.

26-May-95

William D. Ford Federal Direct Loan Program
Schools Selected for Years 1, 2 and 3
Combined

(6)

OPE	SCHOOLNAME		City	State	Type/Control	1993 GSL Volume
02576900	Charter College		Anchorage	AK	Prop 600 Hrs	1,124,157.00

Total: 1 Total Volume: 1,124,157.00

OPE	SCHOOLNAME		City	State	Type/Control	1993 GSL Volume
00753100	Academy of Art College		San Francisco	CA	Prop 2 Yrs	4,780,402.00
03098700	Academy of Court Reporting		La Mesa	CA	Prop 600 Hrs	900,000.00
02342400	Academy of Radio Broadcasting		Huntington Beach	CA	Prop 600 Hrs	2,022,843.00
00760500	Academy Pacific Business &	Travel College	Los Angeles	CA	Prop 600 Hrs	2,100,529.00
03019900	Adelante Career Institute		Van Nuys	CA	Prop 600 Hrs	900,000.00
03327600	Advertising Arts College		San Diego	CA	Prop 1 Yr	982,480.00
02258600	Alameda Beauty College		Alameda	CA	Prop 1 Yr	9,875.00
02282300	Alhambra Beauty College		Alhambra	CA	Prop 1 Yr	900,000.00
02057700	Almaden Beauty College		San Jose	CA	Prop 1 Yr	8,500.00
00719600	Ambassador Beauty College		Burbank	CA	Prop 1 Yr	900,000.00
02559400	American Career College		Santa Ana	CA	Prop 600 Hrs	222,098.00
02241800	American Career College		Los Angeles	CA	Prop 600 Hrs	1,099,116.00
03589100	American College of Business		North Hollywood	CA	Prop 600 Hrs	17,000.00
00004900	American Nanny College		Montclair	CA	Prop 600 Hrs	342,206.00
02306300	Andon College of Modesto		Modesto	CA	Prop 600 Hrs	399,255.00
02519800	Avance Beauty College		San Diego	CA	Prop 1 Yr	11,080.00
02543400	Brownson Technical School		Anaheim	CA	Prop 1 Yr	69,570.00
00716400	Bryan College of Court Reporting		Los Angeles	CA	Prop 2 Yrs	377,334.00
02563600	Cabot Colleges		National City	CA	Prop 1 Yr	2,153,375.00
02351900	California Academy of	Merchandising Art And Design	Sacramento	CA	Prop 2 Yrs	29,450.00
00112700	California College of Arts &	Crafts	Oakland	CA	Priv 5+ Yrs	3,080,389.00
02110800	California College of Health	Sciences Resident Only	National City	CA	Prop 600 Hrs	267,223.00
02086400	California Cosmetology College	San Jose	San Jose	CA	Prop 1 Yr	900,000.00
02220200	California Culinary Academy		San Francisco	CA	Prop 600 Hrs	3,540,428.00
00113100	California Institute of	Technology	Pasadena	CA	Priv 5+ Yrs	172,601.00

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PRESIDENT CLINTON DRAWS THE LINE ON EDUCATION: WILL FIGHT TO PROTECT LOANS OF 363,800 CALIFORNIA STUDENTS

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February 14, 1995

In a speech to the American Council on Education in San Francisco today, President Clinton drew the line on education, saying:

> *Republican leadership ... 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 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.*

President Clinton specifically vowed to 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) Continue 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 the House Contract;
6) Expand Head Start, and oppose any effort to block grant or limit funding for Head Start.

By opposing Republican proposals to end the in-school interest subsidy, **President Clinton will protect 363,800 current California borrowers from accruing interest charges on their loans until after they finish school and start repaying their loans.** The Department of Education estimates that ending this subsidy 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%.

By opposing Republican efforts to restrict expansion of the Direct Lending program and Individual Education Accounts (IEA), President Clinton will ensure that every American will have access to the program within the next five years. **In the 1995-96 school year, 175 California schools will participate in direct lending, including:**

California Institute of Technology
California State College, Bakersfield
Fullerton College
Long Beach Community College
Los Angeles City College
San Diego City College
San Diego State University
San Francisco State University
San Francisco Theological Seminary
Santa Clara University
Sonoma State University
University of California, Berkeley
University of California, Riverside
University of California, Santa Barbara
University of California, Santa Cruz
University of California, Davis
University of California, Irvine
University of Pacific
University of San Francisco

The new national Direct Lending program, which offers the Individual Education Accounts, simplifies borrowing, reduces fees for students and offers borrowers several convenient repayment options, including income-contingent repayment. The program will also save the federal government billions of dollars in administrative expenses.

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U. S. Department of Labor
Employment and Training Administration
1995 and 1996 Summer Youth Program
For Selected Cities/Service Delivery Areas

STATE CITY/SDA	Dollars ($000) 1995	Dollars ($000) 1996 (Est.)	Youth (Est.) 1995	Youth (Est.) 1996
ALASKA	2,306	2,318	1,100	1,100
* Anchorage ** (SDA) (Anchorage/Matanuska SDA)	925	930	450	450
ARIZONA	11,614	11,674	8,200	8,300
Phoenix City SDA **	2,870	2,885	2,030	2,040
ARKANSAS	7,667	7,706	6,100	6,100
Little Rock City SDA	372	374	180	180
CALIFORNIA	146,654	147,410	75,400	75,80
* Fresno ** (Fresno City/County CSRT)	6,005	6,036	3,100	3,10
Los Angeles City SDA**	22,873	22,991	11,800	11,90
Oakland City SDA**	2,427	2,439	1,200	1,20
* San Diego ** (San Diego CRST)	9,101	9,147	4,700	4,70
San Francisco City/County SDA**	3,582	3,600	1,800	1,80
* San Jose ** (Bal of Santa Clara County SDA)	3,922	3,942	2,000	2,00
* San Mateo ** (San Mateo County SDA)	1,437	1,444	700	70
* Stockton ** (San Joaquin County SDA)	3,613	3,632	1,900	1,90
* West Hollywood ** (Bal of Los Angeles County SDA)	16,551	16,636	8,500	8,50
COLORADO	7,980	8,021	4,500	4,50
* Boulder ** (Boulder County SDA)	263	265	150	15
* Denver ** (Denver City/County SDA)	1,729	1,738	970	98
CONNECTICUT	8,108	8,150	5,400	5,40
* Bridgeport ** (Bridgeport/Norwalk/Stamford SDA)	1,738	1,747	1,160	1,16
DISTRICT OF COLUMBIA	3,180	3,197	2,700	2,70
FLORIDA	41,697	41,912	26,100	26,20
* Miami (So. Florida E&T CRST)	8,236	8,278	3,900	3,90
Tampa City SDA	1,182	1,188	750	75
GEORGIA	18,193	18,287	11,700	11,800 ~~11,80~~
Atlanta City SDA	2,459	2,472	1,550	1,560 ~~1,56~~
* Savannah ** (Savannah/Chatham CSRT)	621	624	400	400 ~~40~~
ILLINOIS	34,955	35,135	25,000	25,100 ~~25,10~~
Chicago (Mayor's Office of E&T)	12,638	12,703	9,000	9,000 ~~9,00~~
INDIANA	12,533	12,597	8,100	8,100 ~~8,10~~
* Ft. Wayne ** (Northeast Indiana PIC, Inc.)	1,000	1,006	640	650 ~~65~~
Indianapolis City/Marion County SDA	1,957	1,967	1,000	1,000 ~~1,00~~
IOWA	4,177	4,198	2,300	2,300 ~~2,30~~
* Des Moines ** (Central Iowa CRST)	422	424	230	230 ~~2~~

U. S. Department of Labor
Employment and Training Administration
1995 and 1996 Summer Youth Program
For Selected Cities/Service Delivery Areas

STATE CITY/SDA	Dollars ($000) 1995	Dollars ($000) 1996 (Est.)	Youth (Est.) 1995	Youth (Est.) 1996
KENTUCKY	11,567	11,627	9,700	9,700
* Lexington (Bluegrass CSRT)	162	163	250	250
* Louisville City/Jefferson County SDA	1,187	1,193	1,000	1,000
LOUISIANA	19,265	19,364	13,500	13,500
* New Orleans (Orleans Parish)	2,343	2,355	1,750	1,750
MARYLAND	12,117	12,179	10,200	10,300
Baltimore City SDA**	4,343	4,365	3,660	3,670
* Rockville ** (Montgomery County SDA)	396	398	330	340
MASSACHUSSETTS	18,977	19,075	14,000	14,100
Boston City SDA**	2,226	2,237	1,650	1,650
* Springfield ** (Hampden CRST)	1,850	1,860	1,370	1,370
MICHIGAN	31,599	31,762	21,400	21,500
Detroit City SDA	7,028	7,064	5,000	5,000
* Flint ** (Genesee/Shiawassee SDA)	955	960	650	650
MINNESOTA	8,964	9,010	7,200	7,300
Minneapolis E&T Program**	823	828	670	670
MISSISSIPPI	10,279	10,332	7,900	7,900
* Jackson ** (Hinds County SDA)	733	737	560	570
MISSOURI	13,893	13,965	9,200	9,200
St. Louis City SDA**	1,855	1,864	1,230	1,230
NEVADA	4,039	4,060	2,500	2,500
* Las Vegas (Nevada Business Services, Inc. SDA)	2,753	2,767	1,500	1,500
* Reno (Job Opportunities in Nevada SDA)	1,286	1,293	600	600
NEW JERSEY	23,748	23,870	19,000	19,100
Newark City SDA**	3,692	3,711	2,960	2,970
* Passaic ** (Passaic County SDA)	1,858	1,868	1,490	1,500
NEW MEXICO	5,782	5,812	2,500	2,500
* Albuquerque City/Bernalillo County SDA	585	588	420	420
* Roswell (Bal of New Mexico CSRT)	185	186	300	300

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STATE CITY/SDA	Dollars ($000) 1995	 1996 (Est.)	Youth (Est.) 1995	 1996
NEW YORK	63,255	63,581	54,800	55,000
* Albany (Albany/Rennsalaer/Schenectady CSRT)	1,105	1,111	1,200	1,200
* Brooklyn (New York City SDA)	(See New York City)			
Buffalo (Buffalo/Erie/Cheektowaga SDA)	2,799	2,813	2,800	2,800
New York City SDA	35,308	35,490	32,000	32,100
* Rochester City SDA	1,126	1,132	600	600
NORTH CAROLINA	13,618	13,688	5,100	5,100
* Charlotte City/Mecklenburg County CRST**	721	725	270	270
OHIO	31,211	31,372	21,500	21,600
Cleveland City SDA	3,468	3,486	3,140	3,150
* Columbus (CRST #17)	1,692	1,701	1,580	1,590
* Dayton (Montgomery/Preble/Dayton CRST)	1,306	1,313	1,260	1,270
* Toledo Area CRST **	2,005	2,015	1,400	1,410
OKLAHOMA	9,587	9,637	6,000	6,000
* Oklahoma City (Central Oklahoma SDA)	1,440	1,447	1,070	1,070
* Tulsa Area SDA	1,409	1,416	830	830
OREGON	9,722	9,772	3,100	3,100
* Portland ** (The PIC SDA)	2,502	2,515	790	790
PENNSYLVANIA	34,075	34,251	34,000	34,100
* Bethlehem ** (Lehigh Valley Consortium SDA)	918	923	920	920
Philadelphia City/County SDA	5,217	5,244	5,930	5,950
Pittsburgh City SDA**	885	890	900	900
* Williamsport ** (Mid_State Consortium SDA)	1,040	1,045	1,040	1,040
* York ** (York County SDA)	521	524	520	520
SOUTH CAROLINA	12,643	12,708	10,700	10,70
Charleston ** (Charleston City/County SDA)	950	955	800	80
TENNESSEE	12,938	13,005	3,600	3,60
* Knoxville City/Knox County**	502	504	140	14
TEXAS	66,587	66,930	43,300	43,50
* Austin City/Travis County CRST	1,180	1,186	500	50
Dallas City SDA	4,538	4,561	2,250	2,26
* Fort Worth CRST	2,345	2,357	970	97
Houston City SDA	9,102	9,149	6,000	6,00
* San Antonio (Alamo CRST)	4,939	4,964	3,500	3,50
VERMONT	2,125	2,136	1,700	1,7
* Burlington ** (Vermont Consortium)	(See VERMONT)			
VIRGINIA	13,187	13,255	4,500	4,6
* Alexandria ** (Alexandria/Arlington CRST)	507	510	200	2
Richmond ** (Job Training & Assistance Programs)	682	685	200	2

U. S. Department of Labor
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STATE CITY/SDA	Dollars ($000) 1995	 1996 (Est.)	Youth (Est.) 1995	 1996
WASHINGTON	16,472	16,557	8,500	8,600
* Seattle/King County PIC **	3,649	3,668	1,890	1,900
* Spokane City/County CRST**	1,099	1,104	570	570
WEST VIRGINIA	9,342	9,390	5,800	5,800
* Charleston ** (Kanawha County SDA)	805	809	500	500
WISCONSIN	9,832	9,883	5,300	5,300
Milwaukee ** (Milwaukee County SDA)	1,866	1,876	1,000	1,010

* SDA total was used because the city is not an SDA in its own right
** Actual 1995 allocation not available; 1995 estimate based on 1994 data

9

DIRECT LOANS

FACT SHEET

- *Students do not borrow from banks.* The Federal Government raises the loan funds through its regular Treasury bill auctions, and the Federal Government is the recipient of loan repayments.

- *The process is simpler for borrowers.* They do not submit a separate loan application to a bank. Instead, once they complete the Free Application for Federal Student Aid, that's it.

  Because borrowing is directly by the Federal Government, Direct Loans are never sold. Borrowers make a single loan payment to the Department of Education for the life of their loans. It's "One-Stop-Shopping" from loan application to payback.

- *Students don't wait in lines* to endorse bank checks because schools receive loan funds electronically from the Federal Government and disburse to students directly.

- *Students borrow only what they need* because they're confident that if they need more, the funds will be there quickly.

- *Borrowers have more flexible repayment options* with a Direct Loan Individual Education Account (IEA), including Income Contingent Repayment, and they can change options when they need to without a fee.

- *Schools do not wait for or process checks* from multiple lenders. Funds transfer electronically from a single source, the Federal Government, which means less processing time at the school, so there's more time for helping students, and better cash flow.

- *The Federal Family Education Loan (FFEL) Program is not a private program.* Taxpayers pay billions of dollars annually to lenders, guarantee agencies, secondary markets, and servicers in special allowances, administrative expense allowances, default claims, and interest benefits. Without these subsidies, private lenders would not participate.

over

- ***Taxpayers save $6.8 billion*** by the year 2000 through the elimination of reinsurance fees and other subsidies paid to banks, secondary markets, and guarantee agencies under the FFEL program. These savings would increase to $12 billion under the President's proposal to accelerate the program.
- ***Schools have no greater liability*** when participating in Direct Loans than they do currently while participating in any other Title IV student financial aid program.
- ***Schools receive free software, training, and technical assistance.*** In addition, Direct Loan schools are not charged for their electronic transactions, including those related to obtaining student data through the Central Processing System. Toll-free numbers ensure that students and schools receive the help they need.
- ***Schools are paid an administrative fee per borrower***, depending on the level of responsibility the school assumes.

DIRECT LOANS

TRUE/FALSE TEST

T F

1. ***Direct Loans provide "local control" to participating schools.***
Schools decide how much administrative responsibility they wish to assume, determine the division of work between financial aid and business offices, and decide how they carry out their day-to-day operations.

T F

2. ***There is no greater liability risk in participating in Direct Loans than there is in any other Title IV student financial aid program.***
The Department's Office of General Counsel has carefully researched this frequently-raised concern and determined that the liability for schools participating in Direct Loans is no greater than that which exists for schools participating in any other Title IV student financial aid program. A detailed written opinion on this issue is available from the Direct Loan Task Force.

T F

3. ***Direct Loan Schools have to hire additional staff and incur major costs in converting to a new way of operating.***
Virtually none of the Direct Loan schools participating in the program's first year report having added staff in either the financial aid or the business office. Most schools that plan to add staff in the future reported understaffing before joining Direct Loans.

   Most schools report minimal equipment purchases, typically for a new PC or high speed printer. Although some Direct Loan schools chose to upgrade their entire systems, involving significant sums, these onetime purchases were long planned for and driven by the need for improvements in both their financial aid and business office operations regardless of their Direct Loan participation.

T F

4. ***Schools have to assume many duties such as credit checks, collections, and loan servicing previously performed by banks.***
Under Direct Loans, the Department of Education, through contracts with private companies, performs credit checks on PLUS borrowers, services, and collects all loans. Schools bear no responsibility or cost for these duties.

T F

5. ***Cashflow at institutions is greatly improved under the Direct Loan Program.***
The 1994-95 Direct Loan participants report that institutions and therefore students were able to receive loan funds much earlier than ever before. Some institutions reported posting almost twice as many student accounts/receivables by the same point in the previous year. Most 1994-95 schools were able to either reduce or eliminate the need for short-term, emergency loans.

over

T F

☑ ☐ 6. ***Students borrow less under Direct Loans because they know they can get the funds they need quickly.***

Schools report that students borrow what they need rather than the maximum allowable. They understand that if they need additional money, they can get it quickly and easily with Direct Loans. They do not need to over borrow "just in case."

T F

☑ ☐ 7. ***Direct Loans is designed to reduce defaults by providing borrowers with better information, better service (with a single loan source) and flexibility throughout the life of the loan.***

Because FFELP loans are typically sold (sometimes several times) and most borrowers have several such loans, borrowers frequently report confusion about just where to send their loan payments, deferment forms, and requests for forbearance. Lack of service and responsiveness on the part of lenders, secondary markets, and loan servicers are the two problems most often reported by FFELP borrowers.

T F

☑ ☐ 8. ***The Department of Education provides Direct Loan schools with the assistance and support they need to successfully implement this program on their home campus.***

The Department is committed to providing the highest quality customer support and technical assistance to all participating schools, whether in their first year of the program or their fifth year. Software training, instructional materials, program information, and technical and program assistance, both on and off site, are provided free from the Department of Education.

T F

☐ ☑ 9. ***Direct Loans will create more "big government" as it takes over FFELP, a private program.***

FFELP is not a private program. Taxpayers pay billions of dollars annually to lenders, guarantee agencies, secondary markets, and servicers in the form of special allowances, administrative expense allowances, default claims, and interest benefits. Without these subsidies, private lenders would not participate. Not more than 350 permanent federal employees will have been hired for the Direct Loan Program by 1998. By that same time, however, the Department as a whole will have reduced its overall work force by 375. Workers are employed by companies under contract with the Department of Education to perform the majority of work for Direct Loans.

DIRECT LOANS

A HISTORY OF DIRECT LOANS

The William D. Ford Federal Direct Loan Program was initially authorized as a demonstration pilot by the Higher Education Amendments of 1992. The Student Loan Reform Act of 1993, a part of the Omnibus Budget Reconciliation Act of 1993, authorized that the program be implemented on a phased-in basis. Such a phase would be based on total guaranteed student loan volume: 5 percent in the first year, 1994-95; 40 percent in the second year, 1995-96; 50 percent in the third and fourth years, 1996-97 and 1997-98; and 60 percent in the fifth year, 1998-99. After the 1995-96 year, the loan volume percentages may be increased if institutional demand for participation is greater.

The Direct Loan Program is intended to redress many of the problems that have grown over the last 25 years with the existing Federal Family Educational Loan Program (FFELP), primarily its complexity for schools and borrowers and its cost to the taxpayer. In fact, as part of the Budget Reconciliation Act of 1993, Direct Loans are scored as estimated by CBO to save over $4.3 billion by FY 1998. The savings will increase to $6.8 billion by FY 2000. This savings is derived from the elimination of special allowances, administrative expense allowances, default claims, and interest benefits to lenders, guarantee agencies, secondary markets and servicers and the lower cost of funds made available by the government.

Direct Loans are simpler. There are only three players: the student, the school and the Department of Education. Students complete only one application, the Free Application for Federal Student Aid (FAFSA). There is no need for a separate loan application to a bank. The school determines how much a student will need to borrow and electronically transmits all the required loan information to the Department of Education. When the loan is approved, the student simply signs a promissory note and the school credits the student's tuition account.

The primary benefits to students are: they receive their loan funds much more quickly; and they know exactly who to contact for deferments and repayment or any questions they might have about their loan, because their loans will never be sold.

The benefits for schools are: greater control over the loan process by receiving the loan funds electronically; receiving tuition payments faster; and improving cashflow, a benefit for large schools as well as smaller ones.

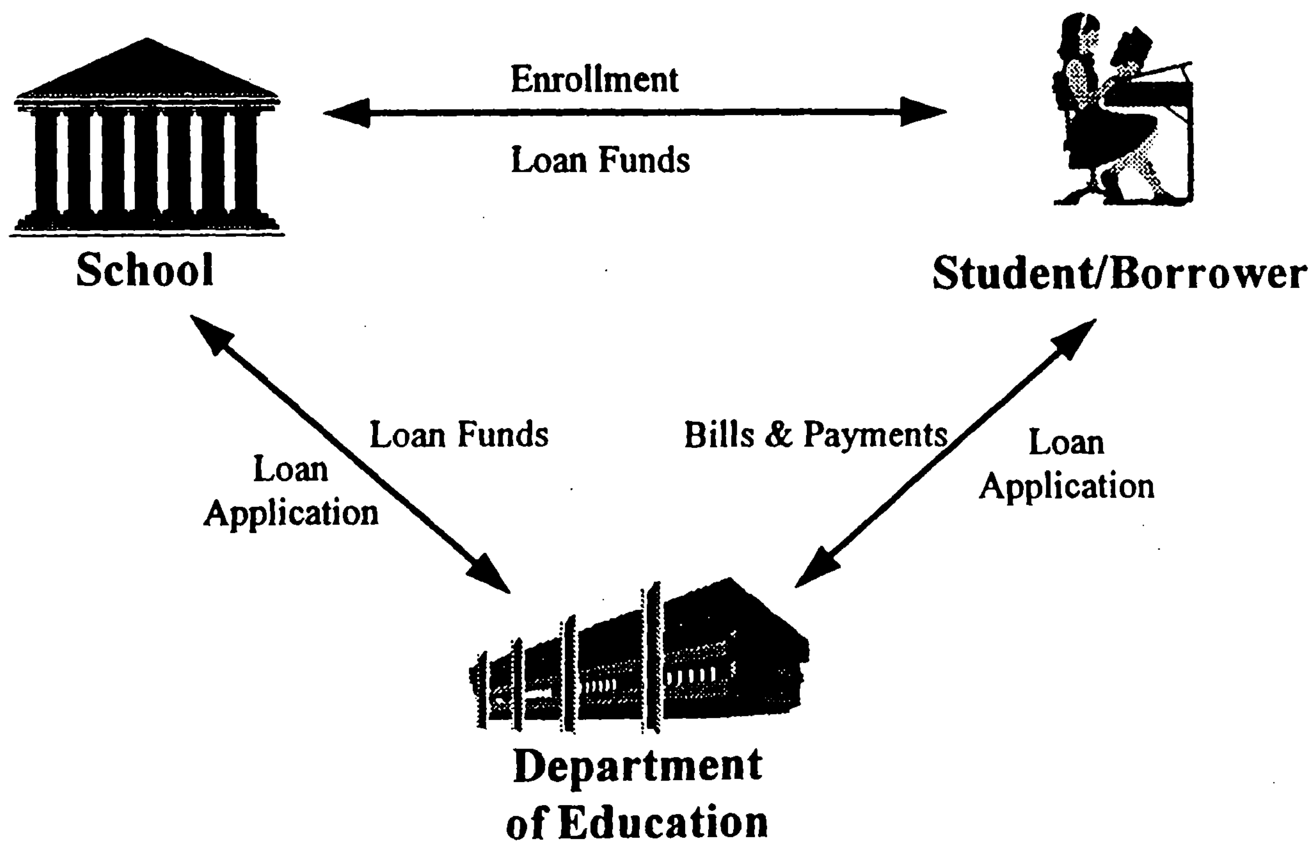
In the first year of the program 104 institutions participated. For the second year 1,495 institutions have been accepted into the program and are currently being trained. Second-year schools will begin making loans in July, 1995. Applications to participate in 1996-97 are now being accepted.

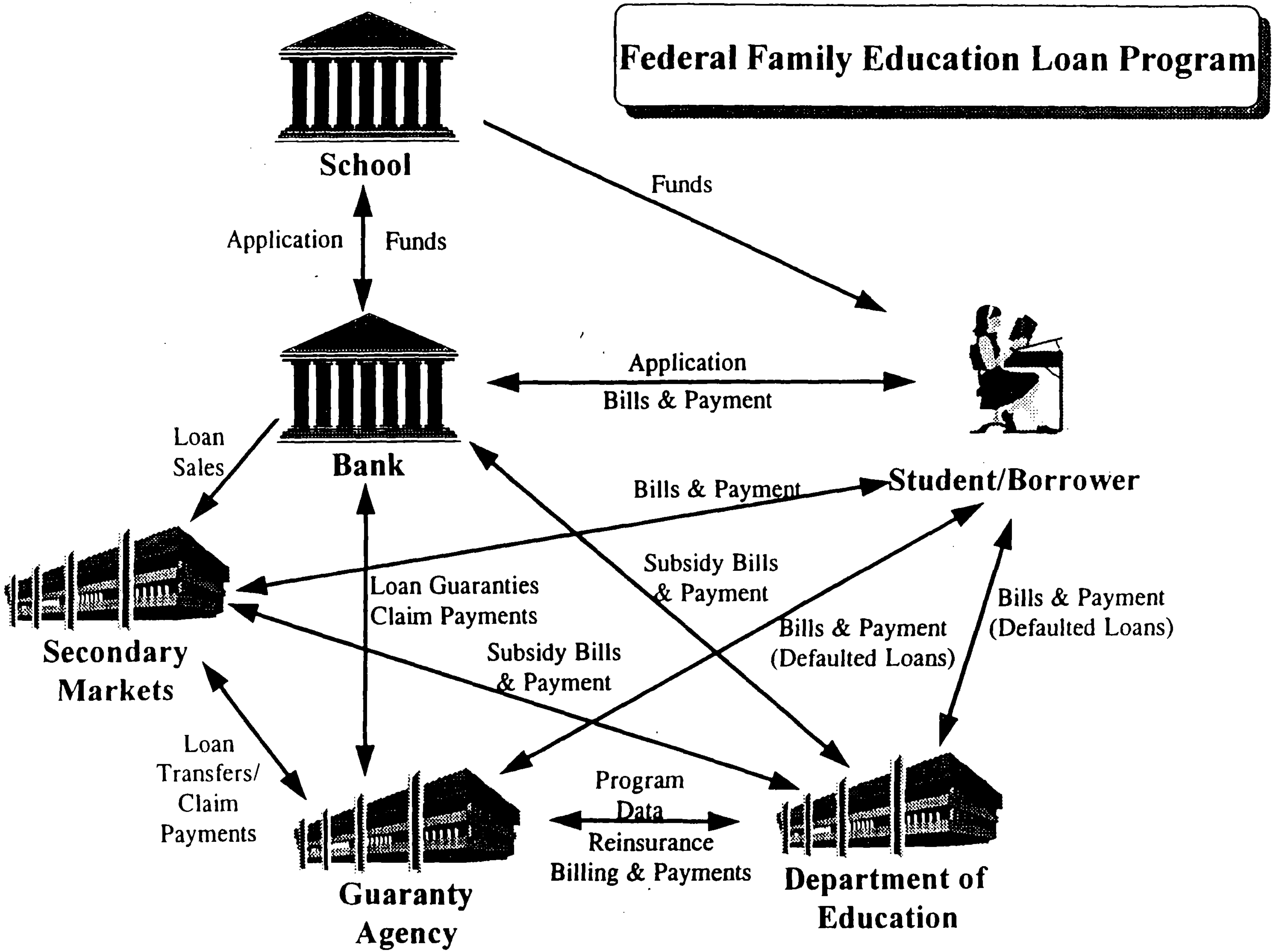
DIRECT LOANS

TIMELINE

7/23/92	Federal Direct Loan Demonstration Program established under provisions of the Higher Education Amendments of 1992 (P.L. 102-325).
8/10/93	Current Direct Loan Program authorized in Subtitle A Omnibus Reconciliation Act of 1993 (P.L. 103-66).
9/10/93	Secretary Riley publishes notice in Federal Register soliciting applications from schools for participation in Direct Loan Program. Over 1,100 schools respond.
12/28/93	Secretary Riley selects 104 schools (representing approximately 5% of the total Federal Family Education Loan (FFEL) Program loan volume) to participate in Direct Loan Program for Year One (academic year beginning July 1, 1994).
2/17/94	Secretary Riley invites applications from schools to participate in Direct Loan Program for Year Two (academic year beginning July 1, 1995).
7/1/94	First Federal Direct Loan made at West Virginia University.
10/20/94	Program renamed the William D. Ford Federal Direct Loan Program (P.L. 103-382).
11/30/94	Secretary Riley announces selection of 1,495 schools (representing approximately 40% of the total FFEL Program loan volume) to participate in Year Two.
1/95	Secretary Riley invites applications for participation in Year Three (academic year beginning July 1, 1996).
3/95	Secretary Riley announces first round of Year Three schools.

Federal Direct Student Loan Program




Federal Family Education Loan Program
School
Funds
Application
Funds
Application
Bills & Payment
Bank
Loan
Sales
Bills & Payment
Student/Borrower
Subsidy Bills
& Payment
Loan Guaranties
Claim Payments
Bills & Payment
(Defaulted Loans)
Bills & Payment
(Defaulted Loans)
Secondary
Markets
Subsidy Bills
& Payment
Loan
Transfers/
Claim
Payments
Program
Data
Reinsurance
Billing & Payments
Guaranty
Agency
Department of
Education