FOIA Number: 2017-1073-F

FOIA MARKER

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Series/Staff Member: Peter Orzag

Subseries:

OA/ID Number: 12960

FolderID:

Folder Title:
Hope Scholarships [3]

Stack:	Row:	Section:	Shelf:	Position:
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CRITCISMS OF AMERICA'S HOPE SCHOLARSHIPS

- ***Washington Post***: "However, the availability of a tax credit means that fewer people would be taking advantage of the proposed tax deduction. The net cost, then, would require the administration to ocme up with an additional $7.9 billion over the next six years in savings beyond what is presented in Clinton's budget proposal." [Source: *Washington Post*, 6/05/96]

- ***Washington Post***: "But Clinton's proposal for new students tax breaks earned low marks from many economists, some of the members of the president's economic team." [Source: *Washington Post*, 6/05/96]

- ***Washington Post:*** "Several economists said yesterday that money spent on the Clinton educational credit would mostly end up lining the pockets of students planning to further their education anyway." [Source: Washington Post, 6/05/96]

- ***Barry Farnsworth,*** **Brookings Institute.** "These sorts of things tend to have very low bang for the buck...we already have an elaborate system in place for offering financial assistance to those who qualify." [Source: *Washington Post*, 6/05/96]

- ***Barry Farnsworth,*** **Brookings Institute.** "Academic evidence suggests "the real problem isn't money, it's either that students have no interest in more schooling or they underestimateits future benefits," [Source: *Washington Post*, 6/05/96]

- ***Washington Post:*** "One expert criticized the tax break as a disguised government subsidy whose primary effect would be inflated tuition costs." [Source: *Washington Post*, 6/05/96]

- ***Washington Post:*** "As one aide put it: "There was a sense from some that this was good social policy and good tax policy, perhaps, but that it was not good education policy." [Source: *Washington Post*, 6/05/96]

- **Pete Sepp, National Taxpayers Union.** "On the one hand, he's giving a tax credit to the kids to go to school, and on the other hand, he's taxing the companies who would otherwise be able to hire them....He's simply offsetting one credit for a bunch of tax increases. It won't do much for the economy. It doesn't really address the reasons college tuitions are increasing," [Source: *Washington Post*, 6/05/96]

- **Robert Reischaur, former director of the Congressional Budget Office.** Called the Clinton proposal "a certifiably bad idea." Like tax breaks generally, he argues, it will subsidize activities - in this case, college education - that many people would have undertaken without the sweetener." [Source: Wall Street Journal, 6/05/96]

- **Robert Reischaur.** "Mr. Reischaur says that the federal Pell Grants program is a better, more efficient way to help needy students and, with a cost this year of about $7 billion, the aid could be doubled for the cost of the tax breaks Mr. Clinton proposed." [Source: The Wall Street Journal, 6/05/96]

- **Washington Post.** "The fear, echoed by officials in other departments, is that community college teachers all over the country would feel responsible for students losing out on a college education if they don't give B grades or higher." [Source: *Washington Post*, 6/5/96]

PRAISE FOR PRESIDENT CLINTON'S ANNOUNCEMENT OF AMERICA'S HOPE SCHOLARSHIPS

- **Rep. John Kasich (R-OH)**: "If the President wants to reduce government, empower people, let people keep more of what they earn, I'm all for it. I think [Hope Scholarships are] a great idea." [Source: *CNN*, "Moneyline with Lou Dobbs," May 4, 1996]

- **Governor Zell Miller (D-GA)**, "I'm here to tell you this program will work. It's something that will make a difference in the lives of the people of this country. I've seen it work..." [Source: *The Philadelphia Inquirer*, June 6, 1996]

- **Whit Ayres, GOP Pollster**. "The HOPE scholarship has been remarkably successful," [Source: *The Atlanta Constitution*, June 5, 1996]

- ***Brit Hume, ABC* News:** "Basically, the President is offering everybody in America one year of college, tuition-free" [June 5, 1996]

- **Arnold Packer, Johns Hopkins University's Institute for Policy Studies.** "It seems at first blush to be a good idea. There's a shortage of people with enough education in the work force, and there is evidence, that rising costs are a factor: Over the last few years, tuition has steadily gone up and we've seen a diminution of attendance at community colleges." [Source: *Wall Street Journal*, June 5, 1996]

- **David Pierce, Director of the American Association of Community Colleges.** "Chances are this type of initiative will cause students to enroll in universities,"I tend to think there is an overall benefit to all students at all institutions." [Source: *The USA Today*, June 6, 1996]

- ***Washington Post* Editorial**: "Americans are now entitled to 12 years of public education. As the President himself observed yesterday, this [America's HOPE Scholarship] would basically extend the system to 14 years -- make 'two years of college as universal as four...of high school." [Source: Washington Post, May 5, 1996]

- ***New York Times Editorial***: "[President Clinton] would give a $1,500 a-year tax credit for two years to families earning up to $100,000 a year and paying college tuition... The idea of a tuition tax credit is better than anything Mr. Dole has offered. The credit subsidizes education -- a better idea than Mr. Dole's proposal to cut gasoline taxes, which subsidize pollution." [Source: *New York Times Editorial*, June 5, 1996]

- **Ronald Temple, Chancellor of City Colleges of Chicago:** "In Chicago alone, it would certainly open the door to lierally thousands of young and not-so-young people who would otherwise not pursue the option of a college degree," [The Chicago Tribune, June 6, 1996]

- ***Wall Street Journal***. "President Clinton has put his finger on the problem: Many Americans feel priced our of collge, yet higher education is the 'key to a successful future' in an economy that increasingly shortchanges workers. ...To that end, he significantly expanded on his existing proposal for an income-tax deduction covering as much as $10,000 in post-secondary tuition costs each year for families with annual incomes up to $100,000. The new plan also would offer a $1,500 annual tax credit for two years, enough to cover the tuition costs of most community colleges or provide a down payment at four-year institutions."

1995 Digest of Education Statistics

Table 307.--Average undergraduate tuition and fees and room and board rates paid by students in institutions of higher education, by control of institution and by state: 1993-94 and 1994-95

State	Public 4-year, 1993-94		Public 4-year, 1994-95\1\				Private 4-ye 1993-94	
	Total	Tuition (in-state)	Total	Tuition (in-state)	Room	Board	Total	Tuit
1	2	3	4	5	6	7	8	9
United States	$6,365	$2,537	$6,674	$2,689	$2,021	$1,964	$15,904	$10,
Alabama	5,295	1,986	5,432	2,106	1,674	1,652	10,551	6,
Alaska	5,978	1,909	6,156	2,045	2,227	1,884	12,134	7,
Arizona	5,463	1,819	5,829	1,894	1,956	1,979	9,406	5,
Arkansas	5,296	1,805	4,926	1,955	1,584	1,387	8,866	5,
California	7,524	2,388	7,922	2,703	2,881	2,338	19,277	13,
Colorado	6,190	2,267	6,523	2,377	1,887	2,259	15,960	11,
Connecticut	7,915	3,476	8,505	3,746	2,526	2,234	20,740	14,
Delaware	7,790	3,663	8,131	3,817	2,290	2,023	10,595	6,
District of Columbia .	---	974	---	1,046	---	---	18,581	12,
Florida	5,861	1,784	6,192	1,786	2,112	2,294	13,778	9,
Georgia	5,063	1,886	5,381	1,965	1,590	1,826	13,696	9,
Hawaii	1,452	1,452	---	1,508	---	---	10,185	5,
Idaho	4,977	1,497	5,205	1,583	1,507	2,115	14,176	10,
Illinois	6,999	3,031	7,482	3,197	1,972	2,312	15,242	10,
Indiana...............	6,640	2,621	6,921	2,864	1,757	2,300	14,974	11,
Iowa	5,439	2,352	5,699	2,462	1,613	1,623	14,499	10,
Kansas	5,137	1,890	5,442	2,019	1,656	1,767	11,138	7,
Kentucky	5,027	1,914	5,324	2,056	1,465	1,802	10,019	6,
Louisiana	5,214	2,177	5,275	2,214	1,470	1,591	16,150	11,
Maine	7,503	3,131	7,794	3,319	2,247	2,229	19,827	14,
Maryland	8,147	3,111	8,297	3,318	2,631	2,348	18,962	12,
Massachusetts	8,503	4,163	8,536	4,131	2,331	2,073	21,384	14,
Michigan	7,668	3,492	7,949	3,729	2,041	2,178	12,253	8,
Minnesota	5,929	2,783	6,182	2,919	1,818	1,445	15,594	11,
Mississippi	5,088	2,368	5,248	2,448	1,350	1,451	8,763	5,
Missouri..............	5,833	2,476	6,326	2,787	1,908	1,632	13,005	8,
Montana	5,668	1,889	5,996	2,110	1,745	2,141	9,446	6,
Nebraska	4,925	1,936	5,186	2,058	1,340	1,788	11,811	8,
Nevada	6,379	1,532	6,908	1,601	3,009	2,298	9,773	7,
New Hampshire	7,801	3,835	8,145	4,003	2,478	1,665	18,738	13,
New Jersey	8,251	3,517	8,714	3,773	2,945	1,997	18,208	12,
New Mexico	5,062	1,726	5,373	1,836	1,631	1,906	14,637	10,
New York	7,721	2,920	7,952	2,957	2,780	2,215	18,364	12,

North Carolina	4,706	1,408	4,858	1,503	1,686	1,670	13,543	9,
North Dakota	5,253	2,124	5,513	2,245	967	2,301	9,194	6,
Ohio	6,992	3,265	7,733	3,405	2,262	2,066	15,396	11,
Oklahoma	4,027	1,643	4,205	1,675	964	1,566	10,706	7,
Oregon	6,630	2,831	6,929	3,063	1,557	2,309	16,617	12,
Pennsylvania	8,277	4,316	8,665	4,512	2,152	2,000	18,137	12,
Rhode Island	8,604	3,404	9,080	3,718	2,849	2,513	19,695	13,
South Carolina	6,206	2,895	6,758	3,021	1,904	1,833	12,138	8,
South Dakota	4,917	2,338	5,319	2,557	1,123	1,639	11,652	8,
Tennessee	5,019	1,796	5,130	1,897	1,553	1,680	11,967	8,
Texas	4,934	1,504	5,175	1,608	1,838	1,729	11,847	7,
Utah	5,125	1,868	5,349	1,960	1,390	2,000	6,796	2,
Vermont	10,054	5,532	10,401	5,752	2,998	1,652	19,555	14,
Virginia	7,725	3,645	7,951	3,769	2,221	1,961	13,852	9,
Washington	6,476	2,334	7,070	2,686	1,930	2,454	16,108	11,
West Virginia.........	5,687	1,875	5,912	1,963	1,908	2,042	13,179	9,
Wisconsin	5,249	2,316	5,615	2,470	1,681	1,464	13,872	10,
Wyoming	4,900	1,648	5,237	1,908	1,462	1,867	---	

\1\Preliminary data based on fall 1993 enrollments.
---Data not reported or not applicable.

NOTE.--Data are for the entire academic year and are average charges. Tuition and fees were weighted by the number of full-time-equivalent undergraduates in 1993, but are not adjusted to reflect student residency. Room and board are based on full-time students.

SOURCE: U.S. Department of Education, National Center for Education Statistics, Integrated Postsecondary Education Data System (IPEDS), "Fall Enrollment" and "Institutional Characteristics" surveys. (This table was prepared August 1995.)

UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF POSTSECONDARY EDUCATION

THE ASSISTANT SECRETARY

TO: Leslie Thornton
FROM: David A. Longanecker Jill Riemer for
RE: State Administered Grant Program data
DATE: June 10, 1996

Attached are the examples of some of the state administered grant programs that currently exist. In each of these programs, I have collected general background data that include a brief description, eligibility requirements and/or award levels. In some cases, I have added additional legislative history and anecdotal information.

400 MARYLAND AVE., S.W. WASHINGTON, D.C. 20202-5100

ARKANSAS

Academic Challenge Program

Based upon the Taylor scholarship concept, this program passed the Arkansas state legislature in 1991. The Arkansas Academic Scholarship Program is a guaranteed college scholarship plan to promote academic achievement and encourage academically prepared Arkansas high school graduates to enroll in the state's colleges and universities.

The scholarship provides annually the lesser of $1500 or the annual tuition and is renewable for up to three more years provided the student meets the continuing eligibility standards established by the Arkansas Dept. of Higher Education. Awards are made based on the applicant's meeting minimum standards with regard to the ACT composite score, grade point average in the pre-collegiate core curriculum defined by the State Board of Higher Education, and financial need.

# of students served: just over 10,000

Senate Bill 299: "Act 352 of 1991" had 18 cosponsors, all Democrats (Bookout, Pagan, Malone, Chaffin, Wilson, Edwards, Lewellen, Howell, C. Bell, Moore, Jewel, Dowd, Gordon, Hardin, Fitch, Bearden, Ross, Everett). **House Bill 1501: "Act 362 of 1991"** had four cosponsors, all Democrats (Lipton, Thurmond, Jones, Arnold).

CALIFORNIA

Cal Grant A

Cal Grant A helps low- and middle income students with tuition/fee costs. Grant recipients are selected on the basis of financial need and GPA. In 1995-96, maximum new awards ranged up to $5,250 at independent schools and colleges, $3,799 at UC, and $1,584 at CSU. The minimum course length is two academic years.

Cal Grant A qualifiers who attend a California Community College will have their tuition/fee award reserved for up to two years until the student transfers to a tuition/fee charging college. However, new recipients cannot transfer a community college reserve award to a tuition/fee charging school during their first year as recipients.

CONNECTICUT

Scholastic Achievement Program

Scholastic Achievement Grant Program succeeded the Connecticut State Scholarship Award in 1980. This program is a need-based with an academic screening component. High school seniors qualify if they are in the top twenty percent of their class or if they score above 1200 on SAT's.

Grantees receive up to $2,000 a year to be used at a Connecticut college or at colleges located in states which have reciprocity agreements with Connecticut.

Enacted in 1981 as a Committee Bill. It has since served approximately 60,000 students.

GEORGIA

HOPE Scholarship Program

Helping Outstanding Pupils Educationally (HOPE) is Georgia's unique program that rewards students' hard work with financial assistance in degree, diploma, or certificate programs at any eligible Georgia public or private college, university, or technical institute. More than 105,000 Georgians have benefitted from this program funded by the Georgia Lottery for Education.

Eligibility requirements:

- be a Georgia resident
- be a 1993 or later high school graduate; and
- earn a B average (a 3.0 cumulative GPA on a 4.0 scale for a college preparatory curriculum, or a 3.2 average for any other curriculum track).

Students enrolled in a degree program at a Georgia public college or university are eligible for financial assistance covering tuition, mandatory fee, and a book allowance. Students enrolled in a private college in Georgia can receive $1,500 per year. Additional HOPE assistance is available for GED recipients.

**Georgia's HOPE scholarship started with the Fall term of 1993. When Governor Zell Miller ran for office he originated the idea of starting a Lottery in Georgia to fund this scholarship. He was elected and the citizens of Georgia voted for the lottery. Some churches and other groups opposed the lottery because they believe that gambling is wrong.

ILLINOIS

Merit Scholarship Program (MRS)

The MRS provides a one-time, $1,000 award (made in two payments) to qualified Illinois high school students who rank in the top 5 percent of their class at the end of the seventh semester. This scholarship can be used for payment of tuition, fees, and other educational expenses at MAP (Monetary Award Program*) approved Illinois institutions. Financial need is not a factor in determining MRS recipients. This scholarship does not count as a financial resources in calculations for the need-based MAP grant; students may receive both a MAP grant and an MRS award. This program is dependent upon funding from the Illinois General Assembly.

Legislative History: HB 2400 (Sponsors: Bowman-DeAngelis) passed both Houses on July 1, 1984. The original bill provided for a $250 flat grant and a $1250 need-based grant to the top 5% of every high school for two years. The bill that passed the House was a $1000 need-based grant to the top 5% for two years. The bill that passed the Senate was a $500 flat grant to the top 5% for one year.

A conference committee was then appointed. The conference committee members were Senators Rock, Egan, Jones, DeAngelis, Grotberg, and Representative Bowman, Satterthwaite, Madigan, R. Dunn and Zwick.

** Monetary Award Program provides need-based grants to eligible undergraduate students who are not required to submit high school grades or test scores when applying for a MAP grant.*

INDIANA

Hoosier Scholar Award

Hoosier Scholar Award (P.L. 202, 1981) recognizes the achievement of Indiana high school seniors and is funded through appropriations made by the Indiana General Assembly. The $500 non-renewable scholarship is based upon academic merit and may be used for any educational expense.

Eligibility requirements:

- be a senior at an approved Indiana high school
- be an Indiana resident
- rank in the top 20 percent of his/her high school graduating class; and
- plan to attend an eligible Indiana college or university as a full-time student.

There is no application process for the Hoosier Scholar Award. Additional selection criteria and nominations are the responsibility of the high school.

IOWA

Iowa Tuition Grant Program

Iowa Tuition Grant Program was established in 1969 by the 63rd General Assembly of the Legislature. The intent of this program is to close the gap between private vs. public tuition for those students who attend private postsecondary institutions in Iowa. Any Iowa resident currently enrolled, or planning to enroll, for at least three semester hours at one of the eligible Iowa postsecondary institutions may apply.

Awards range from $100 to $2,650. A grant may not exceed the difference between the private college tuition and mandatory fees and the average tuition and fees at the three public universities.

For 1994-95, approximately 14,000 students will be aided with an average full-year grant of $2,250. Over 22,000 students are expected to meet the requirements and apply.

LOUISIANA

Tuition Assistance Plan

The Louisiana State Tuition Assistance Plan (TAP) was initiated in 1989 to provide tuition to all needy, qualified, college-bound state residents. TAP targets academically qualified students who demonstrate financial need and encourages them to pursue higher education. For the 1995-96 academic year, this program has a budget of close to $5 million.

Legislative History: Senate Bill No. 280: "Act 789 of 1989" had 10 cosponsors (Hainkel, Bares, Brinkhaus, McLeod, Picard, Saunders, Bagert, McPherson and Poston and Representative Forster). It was amended as Senate Bill No. 84: "Act 269 of 1995" with 8 cosponsors.

# of students served: 2600 students each year

MICHIGAN

Competitive Scholarships and Tuition Grants awards range from a minimum of $100 to a maximum of:

a. the amount of demonstrated financial need,
b. the school's tuition,
c. the stated annual maximum amount established by the Michigan Higher Education Assistance Authority (MHEAA) based upon available appropriations.

State Competitive Scholarship Program

Act 208 of the Public Acts of 1964, as Amended (approved May 22, 1964)

These scholarships are limited to students who are high school graduates or who are favorably recommended by an appropriate educational institution, who achieve a qualifying score on the ACT, and who demonstrate financial need. Students enrolled in a program leading to a degree in theology, divinity, or religious education are ineligible for the Competitive Scholarship. A recipient of this funding may not concurrently receive state scholarship and tuition grant assistance.

State Tuition Grant Program
Act 313 of the Public Acts of 1966, as Amended (approved August 1, 1996)

An Act to award tuition grants to resident students enrolled in private, nonprofit institutions of higher learning; and to make an appropriation thereafter.

MISSOURI

Missouri Higher Education Academic Scholarship Program (Bright Flight)
The MHEAS Program targets high school seniors who score in the top 3 percentile on the ACT or SAT. Initial academic scholarships are offered in the academic year immediately following the student's senior year in high school. There is a maximum of $2,000 available per academic year for up to 10 semesters or until the achievement of an undergraduate degree.

NEW MEXICO

New Mexico Scholars' Award Program
This program encourages New Mexico high school students to attend public or selected private non-profit colleges in New Mexico before their 22nd birthday. The selected private non-profit colleges are The College of Santa Fe, St. John's College in Santa Fe, or the College of the Southwest.

The award is a scholarship for tuition, books, and fees and is based on availability of funds. Applicants must have a combined family income of less than $30,000 per year. If two or more family members are enrolled in a postsecondary institution, the combined family income cannot exceed $40,000.

Eligibility requirements:

- be a New Mexico resident who is an undergraduate attending any public and selected private non-profit postsecondary institutions in New Mexico who have not yet turned 22; and
- graduated in the top 5 percent of their high school class or have obtained a score of 25 on the ACT or 1020 on the SAT.

DRAFT

MEMORANDUM

TO: Secretary Riley
Secretary Rubin
Laura Tyson
Jacob Lew

FROM: [Working Group on HOPE Scholarship Tax Credit]

RE: Issues Raised by the HOPE Scholarship Tax Credit Proposal

DATE: June 26, 1996

SUMMARY

This memorandum briefly describes the President's legislative proposal for the tuition tax credit and then discusses the most important and difficult issues that need to be resolved to prepare a draft of the proposal. These issues are (1) coordinating the credit with grant programs, (2) implementing the B grade-point average (GPA) requirement for the second year of the credit, (3) providing for compliance with the rules for claiming the credit, and (4) paying for a freestanding bill. Preliminary options are listed for each issue, and the pros and cons of each alternative are reviewed. Finally, the last section of the memorandum addresses the pros and cons of eliminating the refund feature of the tax credit.

The decision to commence drafting with an eye toward an early introduction will require (1) resolving various technical issues (including but not limited to those discussed in this memorandum), and (2) determining that we can manage any downside from disclosing the details (including any potential reaction of the higher education community who would prefer that we not develop details without consultation with, and comment from, them). One strategy for addressing some of these concerns it to create some distance between our proposal and the legislation that is introduced.

Once a decision is made to introduce a bill, we can draft legislative language in less than a week if necessary (subject to legislative counsel availability), but we would prefer more time if possible.

THE TUITION TAX CREDIT PROPOSAL

The President's proposal would provide a refundable tax credit for tuition for the first two years of post-secondary education. The Treasury Department provided a revenue estimate based on the following description, and assumed that the legislation would include adequate compliance measures. The maximum credit would be $1500 per year for a full-time student and $750 per year for a half-time student. The credit would be available for tuition and required fees, and a student could claim the credit for the lesser of $1500 (or $750 for a half-time student) and tuition and fees actually paid. In determining the amount of the credit, tuition would be reduced by the amount of any non-federal grants or scholarships, and the available credit itself would be reduced by any Pell Grant or other federal grant or scholarship. The credit would be indexed for inflation.

To qualify for the credit, a student cannot have been convicted of certain drug-related felonies and must be enrolled in a degree or certificate program at an accredited college, university, or other postsecondary institution that is eligible for Department of Education student aid programs. A second year's credit would be available only if the student earned a grade point average of B or higher for the first year.

The credit (like the deduction) would be phased out for married taxpayers with adjusted gross incomes between $80,000 and $100,000 ($50,000 and $70,000 for individual filers). If the student is a dependent under existing tax rules (i.e., if a parent could claim the child as a dependent for tax purposes), the credit would have to be claimed by the parents, who would be subject to the income phase-out ranges. The phase-out ranges would be indexed for inflation.

For the first two years a student attends college, a taxpayer could claim either the tuition credit or the $10,000 tuition deduction provided in the President's budget, but not both. Because the tuition tax credit would be available on a per-student basis, taxpayers with more than one eligible student could claim more than one credit. The tuition deduction, by contrast, is limited to $10,000 ($5,000 in 1997 and 1998) per household, regardless of the number of eligible students in the household. The tuition deduction, as proposed in the budget, would be available for students who do not qualify for the credit, such as students who are not in their 13th or 14th years of education or who do not meet the GPA requirement.

Although descriptions of the proposal have not been explicit, drafting the proposal will highlight that the credit will be available only upon filing a tax return. Thus, the credit will not be available until well after students' tuition bills are due.

MAJOR ISSUES

(1) <u>Coordination with Grant Programs</u>

<u>Coordination with federal grant programs.</u> The revenue estimate assumed that the amount of the credit available would be reduced by federal educational grants, such as a Pell Grants. We have assumed that this will not change in drafting. We note, however, that this treatment is inconsistent with the way non-federal scholarships and grants are treated (discussed below), and will have the greatest impact on low-income students. In addition,

because these grants are thought of as covering expenses in addition to tuition, reducing the credit by the total amount of the grants may be perceived as unfair.

Coordination with non-federal grants. The revenue estimate assumed that tuition for which the credit could be claimed would be reduced by non-federal scholarships and grants provided by states, institutions and others. This is the same approach taken by the $10,000 tuition deduction proposed in the budget. This would reduce or eliminate the credit available to some students, especially those attending schools with lower tuitions. The issue is how the tax credit proposal can be crafted to coordinate with these other sources of aid instead of substituting for them.

Option 1: Follow the proposal as estimated--subtract all non-federal scholarships and grants from tuition, and encourage those states that provide grants for tuition in full to shift from providing tuition assistance to paying for other costs of attendance and for tuition beyond the first two postsecondary years.

Pros:
- If non-federal assistance programs continued at the current level, students would get help with additional tuition or other costs of attendance.
- Additional federal assistance provided by the proposal could not be characterized as providing students with income maintenance.

Cons:
- States and institutions are likely to reduce their assistance. (This would not affect the revenue estimate.)
- Would result in states revising politically popular tuition assistance programs so their students can be eligible for the tax credit.
- Grants shifted to non-tuition costs would be taxable to the student. Changing this result would increase the estimated cost of the proposal.
- Payments for non-tuition expenses might be characterized as income maintenance, which could raise political concerns for states and institutions.

Option 2: Do not reduce tuition expenses by non-federal scholarships and grants in calculating the tuition tax credit.

Pros:
- Students could use total aid to pay other costs of attendance as well as tuition.
- The tuition tax credit would not have primacy over non-federal tuition aid programs so the programs would be less susceptible to characterization as income maintenance.

Cons:
- Increases the estimated cost of the proposal.
- States and institutions may still reduce their assistance.
- Students in states that support education with free or low-cost tuition would get no additional assistance, while students in states that support education with high levels of tuition and student aid would benefit.
- Students could get total aid in excess of their total costs.

(2) GPA Requirement

The proposal requires that a student achieve a B grade-point average or better to be eligible for the second year of the tax credit. The issue is how this requirement should be implemented. (Note: students who do not satisfy this requirement would still be eligible for the tuition deduction.)

Option 1: As was done for the revenue estimate, define a B GPA as a 2.75 GPA, based on a 4-point scale. (Alternatively, a B could be defined as 3.0 average--this would reduce costs, but would withdraw the credit from some students. The Department of Education estimates that 15% of full-time, second-year students have GPAs between 2.75 and 3.0.) Require schools that do not use a 4-point grading scale to establish by some other method whether a student's performance is equivalent to a 2.75 GPA.

Pros:

- Reflects assumptions made in revenue estimate.

Cons:

- Will attract significant criticism from the higher education community because of federal intrusion into internal academic issues, and would impose significant additional burdens on schools.
- Likely will be unenforceable unless schools are required to report grades to a federal agency, which would raise significant privacy concerns. Requiring such reporting may violate the Family Education Rights and Privacy Act and other privacy laws.
- Does not insure that students have a uniform minimum level of achievement: schools grade differently, and would react to the GPA requirement differently.
- May not accommodate schools that use alternative measures of performance, such as pass/fail systems, or that do not provide grades.

Option 2: Do not provide a definition of a B GPA and rely on students to evaluate whether they meet this requirement.

Pros:

- Imposes no additional burdens on schools.
- Creates no privacy concerns.

Cons:

- Lacks uniformity.
- Without additional guidance students could be uncertain about whether they qualify. Could lead students not entitled to the second year's credit to claim it anyway. Might dissuade deserving students from claiming the credit.
- Could increase the estimated cost of the proposal.

(3) Providing for Effective Compliance

The revenue estimate assumes adequate measures to insure compliance. We need to protect against the kind of fraud and abuse that the other refundable credit, the EITC, has been subject to. In addition, since the proposal requires students to satisfy a number of requirements before they can qualify for the credit, we must ensure that students have enough information to be able to claim the correct credit.

The proposed statutory language for the tuition deduction does not address information reporting in detail. The draft provides that "[t]he Secretary may prescribe such regulations as may be necessary or appropriate to carry out this section, including regulations requiring record keeping and information reporting."

<u>Option 1</u>: Draft the tax credit legislation in a manner consistent with the proposed tuition deduction legislation. Thus, the legislation would give a general grant of authority to the Treasury Department to issue regulations, but would not address specifics.

Pros:

- Consistent with draft of tuition deduction legislation, so should not draw too much attention to the issue during the initial stages of the legislative process.

Cons:

- Unless the IRS promptly issues regulations requiring detailed information reporting and record keeping, there will be no assurance of compliance. The less detailed the information required, the less protection there will be against fraud and abuse.
- If the Joint Committee on Taxation believes that the legislation does not provide adequate authority to issue meaningful regulations, or that the regulations will be delayed, it may increase its estimate of the cost of the proposal significantly.
- A failure to issue meaningful record keeping and information reporting regulations could subject to the Administration to substantial criticism for allowing the tax system to be abused (as was the case for the EITC).
- Students may be unable to determine the amount of the credit they can claim unless the IRS issues regulations specifying information to be provided by schools.
- Any regulations are likely to be strongly opposed by the higher education community because the regulations would create significant burdens, and impose substantial new costs, on the schools without providing an offsetting direct benefit.
- The IRS would receive personal information regarding students, perhaps even for those who do not claim the credit: this raises privacy issues.
- The regulations may raise unfunded mandate and Paperwork Reduction Act issues, and would likely be inconsistent with the goal of the Paperwork Reduction Act to minimize burdens on the public.

Option 2: Provide no grant of authority to the Treasury Department to issue information reporting or record keeping rules. Instead, require (or encourage) schools to make eligibility information available to students by request. May be possible to perform some minimal compliance checks through the Education Department's student-based systems.

Pros:

- Imposes less expense or administrative burden on schools and taxpayers than Option 1, and therefore would reduce complaints.
- Does not raise concerns about security of personal information.
- Less likely than Option 1 to raise unfunded mandate or Paperwork Reduction Act issues.

Cons:

- May significantly increase the estimated cost of the proposal because of lack of compliance. The estimate assumed information reporting to ensure compliance.
- Will subject tuition tax credit to significant criticism for being susceptible to fraud and abuse, as was the EITC.
- Students may be unable to determine the amount of the credit they can claim.
- Any attempt to control fraud and abuse will require the IRS to engage in costly and time-consuming face-to-face audits. Similar audits proved to be useless in recovering improper EITCs.

(4) Paying for a Freestanding Bill

If we were to introduce a freestanding bill, what would we use to pay for the credit and the deduction? (The revenue offsets identified in the June 4 announcement cover only the incremental cost of adding the credit to the existing deduction proposal. The bulk of the total cost is covered by revenue savings in the entire budget.)

ELIMINATE REFUNDABILITY FEATURE OF TAX CREDIT

The tax credit proposal includes refundability to emphasize the guarantee notion that is central to the proposal. Because a guarantee is provided through a combination of grants and the tax credit, most low-income persons who would benefit from a refundable tax credit may not receive a credit under this proposal because they receive other grant aid. For example, the average Pell Grant for an academic year is now almost $1,600 and is projected to increase to $1,950 in 2002. Some students who are eligible for Pell Grants do not apply or receive them, thus they might receive a tax credit under this proposal. It would make sense to encourage these students to utilize Pell Grants rather than tax credits because they would receive Pell Grants at the time they enrolled in school rather than after they had already paid their tuition. This would, however, increase Pell Grant costs.

In light of these considerations, it may be worth reconsidering whether to provide a refund of the tuition tax credit. Eliminating the refund feature would reduce the concerns about fraud and abuse that have arisen in the context of in the earned income tax credit, which is also refundable. Eliminating the refund might reduce the need for burdensome tax information reporting and record keeping requirements. In addition, it would reduce the estimated cost of proposal.

On the other hand, making the credit non-refundable could spark criticism that the proposal does not help the poorest students, even though these students would receive Pell Grants. Many people focus on the credit portion of the proposal without focusing similar attention to the Pell Grant program. In addition, removing the refund feature would be inconsistent with the President's initial proposal, and might dilute the message that the President's education package is intended to serve low-income families as well as middle-income families.

DRAFT

MEMORANDUM

TO: Secretary Riley
Secretary Rubin
Laura Tyson
Jacob Lew

FROM: [Working Group on HOPE Scholarship Tax Credit]

RE: Issues Raised by the HOPE Scholarship Tax Credit Proposal

DATE: June 26, 1996

SUMMARY

This memorandum briefly describes the President's legislative proposal for the tuition tax credit and then discusses the most important and difficult issues that need to be resolved to prepare a draft of the proposal. These issues are (1) coordinating the credit with grant programs, (2) implementing the B grade-point average (GPA) requirement for the second year of the credit, (3) providing for compliance with the rules for claiming the credit, and (4) paying for a freestanding bill. Preliminary options are listed for each issue, and the pros and cons of each alternative are reviewed. The memorandum also lists additional considerations that must be taken into account when drafting the legislation. Finally, the last section of the memorandum addresses the pros and cons of eliminating the refund feature of the tax credit.

THE TUITION TAX CREDIT PROPOSAL

The President's proposal would provide a refundable tax credit for tuition for the first two years of post-secondary education. The Treasury Department provided a revenue estimate based on the following description, and assumed that the legislation would include adequate compliance measures. The maximum credit would be $1500 per year for a full-time student and $750 per year for a half-time student. The credit would be available for tuition and required fees, and a student could claim the credit for the lesser of $1500 (or $750 for a half-time student) and tuition and fees actually paid. In determining the amount of the credit, tuition would be reduced by the amount of any non-federal grants or scholarships, and the available credit itself would be reduced by any Pell Grant or other federal grant or scholarship. The credit would be indexed for inflation.

To qualify for the credit, a student cannot have been convicted of certain drug-related felonies and must be enrolled in a degree or certificate program at an accredited college, university, or other postsecondary institution that is eligible for Department of Education student aid programs. A second year's credit would be available only if the student earned a grade point average of B or higher for the first year.

The credit (like the deduction) would be phased out for married taxpayers with adjusted gross incomes between $80,000 and $100,000 ($50,000 and $70,000 for individual filers). If the student is a dependent under existing tax rules (i.e., if a parent could claim the child as a dependent for tax purposes), the credit would have to be claimed by the parents, who would be subject to the income phase-out ranges. The phase-out ranges would be indexed for inflation.

for the same student

For the first two years a student attends college, a taxpayer could claim either the tuition credit or the $10,000 tuition deduction provided in the President's budget, but not both. Because the tuition tax credit would be available on a per-student basis, taxpayers with more than one eligible student could claim more than one credit. The tuition deduction, by contrast, is limited to $10,000 ($5,000 in 1997 and 1998) per household, regardless of the number of eligible students in the household. The tuition deduction, as proposed in the budget, would be available for students who do not qualify for the credit, such as students who are not in their 13th or 14th years of education or who do not meet the GPA requirement.

Although descriptions of the proposal have not made it entirely clear, drafting the proposal will highlight the fact that the credit will be available only upon filing a tax return. Thus, the credit will not be available until after students' tuition bills are due.

MAJOR ISSUES

(1) Coordination with Grant Programs

Coordination with non-federal grants. The revenue estimate assumed that tuition for which the credit could be claimed would be reduced by non-federal scholarships and grants provided by states, institutions and others. This is the same approach taken by the $10,000 tuition deduction proposed in the budget. Thus, if the amount of tuition paid by a full-time student, after taking into account non-federal aid, was less than $1500, the student's credit would be limited to the lower tuition amount. This would reduce or eliminate the credit available to some students, especially students attending a community college or other 2-year institution where tuition is lower. Consequently, non federal sources may be discouraged from continuing to provide grants at their current levels. The original description of the proposal stated, however, that we intended to coordinate the tuition tax credit with other, non-federal programs, such as Georgia's HOPE scholarship program, that are intended to cover the same tuition expenses. The issue is how the tax credit proposal can be crafted to achieve the desired coordination without substituting for other sources of aid.

Option 1: Follow the proposal as estimated--subtract all non-federal scholarships and grants from tuition, and encourage those states that provide grants for tuition in full to shift from providing tuition assistance to paying for other costs of attendance and for tuition beyond the first two postsecondary years.

Pros:

- If non-federal assistance programs continued at the current level, students would get help with additional tuition or other costs of attendance.
- Additional federal assistance provided by the proposal could not be characterized as providing students with income maintenance.

Cons:

- States and institutions are likely to reduce their assistance, since students could receive aid through the tax credit. (This would not affect the revenue estimate, which assumed a certain amount of reduction.)
- Would result in states revising politically popular tuition assistance programs so their students can be eligible for the tax credit.
- If non-federal grants were shifted to costs other than tuition, books and equipment, the grants would be taxable to the student. Changing the taxability of this assistance would increase the estimated cost of the proposal.
- Payments for non-tuition expenses might be characterized as income maintenance, which could raise political concerns.

Option 2: Do not reduce tuition expenses by non-federal scholarships and grants for purposes of calculating the tuition tax credit.

Pros:

- Students could use the total assistance to pay not only tuition, books and equipment, but also other costs of attendance.
- The tuition tax credit would not have primacy over other tuition assistance programs so the programs would be less susceptible to characterization as income maintenance.

Cons:

- Increases the estimated cost of the proposal.
- States and institutions may reduce their assistance somewhat even with the exclusion.
- No (?) Students in states that support education with free or low-cost tuition would get no additional assistance, while students in states that support education with high levels of tuition and student aid would benefit.
- Students could get total aid in excess of their total costs.

Coordination with federal grant programs. The revenue estimate assumed that the amount of the credit available would be reduced by the amount of any federal educational grant, such as a Pell Grant.

Option: Treat federal education grants like non-federal assistance: instead of reducing the available credit by the amount of the federal grants, apply the amount to reduce the tuition for which a credit can be claimed.

Pros:

7pm June 25, 1996

- Provides additional aid to low-income students (who are most likely to receive Pell Grants or other federal aid).
- Is consistent with the way federal grants are treated in the tuition deduction proposal.

Cons:

- Increases the estimated cost of the proposal. — a lot ?
- Only helps students whose tuition exceeds the credit amount. — ?

Helped as much as under current proposal

<u>Option for coordinating tax credit with both federal and non-federal grants</u>: The option would allocate grant money between tuition and non-tuition expenses for purposes of calculating the tuition tax credit to reflect the fact that most federal and non-federal aid is intended to assist with <u>all</u> the costs of higher education. Education grants would be prorated according to the portion estimated to represent tuition and the portion estimated to represent other expenses. Because the actual portions going to tuition and non-tuition expenses are unknown, the proration would be made on the basis of the type of institution the student attends--the more expensive the type of institution, the greater the portion of the education grant allocated to tuition expenses. Then, only the portion allocated to tuition would be taken into account for purposes of calculating the amount of the tax credit.

Pros:

- Adjusts for the fact that education grants pay for tuition as well as living costs.
- Addresses criticism that proposal assumes all education grants pay for tuition.

Cons:

- Increases the estimated cost of the proposal. — $
- Makes calculating the credit even more complex.
- Creates inconsistent tax treatment of education grants: it would treat amounts allocated to living expenses for purposes of the credit as tuition expenses for purposes of exclusion from income.
- Because we do not know what portion of assistance actually covers tuition, the proration formula would have to be based on estimates, and would not reflect the actual use of the assistance.
- Highlights the problem that a portion of education grants should be currently taxable but is not being reported.

(2) <u>GPA Requirement</u>

The proposal requires that a student achieve a B grade-point average or better to be eligible for the second year of the tax credit. In making the proposal we recognized that requiring students to satisfy a GPA requirement raises a host of administrative issues. But the requirement was included because of revenue concerns and to emphasize the President's theme of responsibility, opportunity, and encouraging students to meet high standards. The issue is how this requirement should be implemented. (Note: students who do not satisfy this requirement would still be eligible for the tuition deduction.)

Option 1: As was done for the revenue estimate, define a B GPA as a 2.75 GPA, based on a 4-point scale. (Alternatively, a B could be defined as 3.0 average--this would reduce costs, but would withdraw the credit from some students. The Department of Education estimates that 15% of full-time, second-year students have GPAs between 2.75 and 3.0.) Require schools that do not use a 4-point grading scale to establish by some other method whether a student's performance is equivalent to a 2.75 GPA.

Pros:
- Reflects assumptions made in revenue estimate.

Cons:
- Will attract significant criticism from the higher education community because of federal intrusion into internal academic issues, and would impose significant additional burdens on schools.
- If schools are required to report grades to a federal agency significant privacy concerns may arise. Requiring such reporting may violate the Family Education Rights and Privacy Act and other privacy laws.
- Does not insure that students have a uniform minimum level of achievement: schools grade differently, and would react to the GPA requirement differently.
- May not accommodate schools that use alternative measures of performance, such as pass/fail systems, or that do not provide grades.

Option 2: Do not provide a definition of a B GPA and rely on students to evaluate whether they meet this requirement.

Pros:
- Imposes no additional burdens on schools.
- Creates no privacy concerns.

Cons:
- Lacks uniformity.
- Without additional guidance students could be uncertain about whether they qualify. Could lead students not entitled to the second year's credit to claim it anyway. Might dissuade deserving students from claiming the credit.
- Could increase the estimated cost of the proposal.

(3) Providing for Effective Compliance

The revenue estimate assumes adequate measures to insure compliance. We need to protect against the kind of fraud and abuse that the other refundable credit, the EITC, has been subject to. In addition, since the proposal requires students to satisfy a number of requirements before they can qualify for the credit, we must ensure that students have enough information to be able to claim the correct credit.

The proposed statutory language for the tuition deduction does not address information reporting in detail. The draft provides that "[t]he Secretary may prescribe such regulations as may be necessary or appropriate to carry out this section, including regulations requiring record keeping and information reporting."

Option 1: Draft the tax credit legislation in a manner consistent with the proposed tuition deduction legislation. Thus, the legislation would give a general grant of authority to the Treasury Department to issue regulations, but would not address specifics.

Pros:

- Consistent with draft of tuition deduction legislation, so should not draw too much attention to the issue during the legislative process.

Cons:

- Unless the IRS promptly issues detailed regulations requiring information reporting, there will be no assurance of compliance. The less detailed the information required, the less protection there will be against fraud and abuse.
- Students may be unable to determine the amount of the credit they can claim unless the IRS issues regulations specifying information to be provided by schools.
- It is likely that any information reporting regulations would be strongly opposed by the higher education community on the grounds that the regulations would create significant burdens, and impose substantial new costs, without providing a direct benefit to the schools.
- A failure to provide record keeping and information reporting regulations could subject to the Administration to substantial criticism for allowing the tax system to be abused (as was the case for the EITC).
- If the Joint Committee on Taxation believes that the draft legislation does not provide the Treasury Department with adequate authority to issue information reporting and record keeping regulations, or that the IRS will delay issuing the regulations, it may significantly increase the estimated cost of the proposal.
- The IRS would receive personal information regarding students, perhaps even for those who do not claim the credit: this is a problem because of the current level of concern about privacy and the improper release of personal information.
- The Department of Education or the IRS would have to integrate additional data from other departments on federal aid, drug felony convictions, etc. so that the IRS could use the data in conjunction with its general taxpayer database.
- The regulations may raise unfunded mandate and Paperwork Reduction Act issues, and would likely be inconsistent with the goal of the Paperwork Reduction Act to minimize burdens on the public.

Option 2: Provide for no grant of authority to the Treasury Department to issue information reporting or record keeping rules. Instead, require (or encourage) schools to make information available to students regarding their eligibility for the credit when the students request the information. May be possible to perform some compliance checks through the Education Department's student-based systems.

Pros:
- Imposes less additional expense or administrative burden on schools and taxpayers than the previous option.
- Reduces complaints from higher education community and taxpayer groups about administrative burdens and complexity.
- Does not raise concerns about security of personal information.
- Less likely than Option 1 to raise unfunded mandate or Paperwork Reduction Act issues.

Cons:
- May significantly increase the estimated cost of the proposal. The estimate prepared by Treasury assumed information reporting to ensure compliance.
- Students may have trouble obtaining the information necessary to claim the correct credit.
- Will subject tuition tax credit to significant criticism for being susceptible to fraud, as was the EITC.
- Any attempt to control fraud and abuse will require IRS to engage in costly and time-consuming face-to-face audits. Similar audits proved to be useless in recovering improper EITCs.

(4) Paying for a Freestanding Bill

If we were to introduce a freestanding bill, what would we use to pay for the credit and the deduction? (The revenue offsets identified in the June 4 announcement cover only the incremental cost of adding the credit to the existing deduction proposal. The bulk of the total cost is covered by revenue savings in the entire budget.)

ADDITIONAL FACTORS TO CONSIDER IN DEVELOPING TIMELINE FOR DRAFTING

(1) Consultation with the Higher Education Community

We held an informational meeting with representatives from the major higher education groups and explained that we were beginning to develop the details of the proposal. The representatives indicated that they had not yet had an opportunity to meet among themselves and discuss their views on the proposal and formulate questions and comments for our consideration. Although we cautioned them that we did not know the timetable for further development. they will be displeased if details are developed without consulting with them and giving them a chance to comment.

(2) Consultation with the IRS

We have consulted with the IRS on a preliminary basis about the compliance and administration issues associated with the proposal. The most important concerns are discussed in issue #3 above. However, many of other issues remain to be discussed with the IRS. We have no clear picture yet of the potentially significant administrative costs of developing new information matching systems and processing additional information on forms. Moreover, there is no provision for these costs in the current IRS budget.

(3) Effect on Determination of Eligibility/Financial Need for the Federal Student Aid Programs

The tuition tax credit must be coordinated with the standards for determining eligibility for financial aid programs. Eligibility for financial aid programs (grants, loans and work-study) authorized by Title IV of the Higher Education Act (HEA) is inversely related to income—students from lower income families are typically eligible for larger awards. Under the current interpretation of the HEA, the tuition tax credit would decrease future Title IV eligibility by increasing discretionary income. Thus, changes in the formula for determining Title IV eligibility under the HEA would have to be made in connection with the enactment of the tuition tax credit and deduction to prevent substitution of tax benefits for federal financial assistance.

(4) Complexity

Drafting the tuition tax credit legislation will raise many issues of complexity. We believe that the legislative draft should use Higher Education Act definitions of terms wherever feasible, such as determining full- or part-time enrollment status and defining eligible institutions and programs. Assuming that we use these definitions, we will need to develop rules to address differences between academic years and calendar years, variations in students' enrollment patterns and other issues relating to the amount and timing of the tuition tax credit a taxpayer can claim. While we will pursue the goal of providing the credit to taxpayers in a simple and timely manner, some complexity will be required to implement the proposal within the limits of the revenue estimate.

(5) Additional Issues

A thorough study will have to be made of other federal statutes that may need to be amended to coordinate with the tuition tax credit. To date, we have identified the need to review Privacy Act implications of providing student academic records to the IRS and potential problems under the unfunded mandate legislation were state colleges and universities to be required to provide information reporting. We would also want to review how the tuition tax credit would interact with federal educational programs not administered by the Department of Education, like the National Health Service Corps scholarship program, the National Service educational benefit, the Public Health Service and various military scholarship programs.

ELIMINATE REFUNDABILITY FEATURE OF TAX CREDIT

The tax credit proposal includes refundability to emphasize the guarantee notion that is central to the proposal. Because a guarantee is provided through a combination of grants and the tax credit, most low-income persons who would benefit from a refundable tax credit may not receive a credit under this proposal because they receive other grant aid. For example, the average Pell Grant for an academic year is now almost $1,600 and is projected to increase to $1,950 in 2002. Some students who are eligible for Pell Grants do not apply or receive them, thus they might receive a tax credit under this proposal. It would make sense to encourage these students to utilize Pell Grants rather than tax credits because they would receive Pell Grants at the time they enrolled in school rather than after they had already paid their tuition. This would, however, increase Pell Grant costs.

In light of these considerations, it may be worth reconsidering whether to provide a refund of the tuition tax credit. Eliminating the refund feature would reduce the concerns about fraud and abuse that have arisen in the context of in the earned income tax credit, which is also refundable. Eliminating the refund might reduce the need for burdensome tax information reporting and record keeping requirements. In addition, it would reduce the estimated cost of proposal.

So it does reduce assistance for some students here w/o mention

On the other hand, making the credit non-refundable could spark criticism that the proposal does not help the poorest students, even though these students would receive Pell Grants. Many people focus on the credit portion of the proposal without focusing similar attention to the Pell Grant program. In addition, removing the refund feature would be inconsistent with the President's initial proposal, and might dilute the message that the President's education package is intended to serve low-income families as well as middle-income families.

FAX COVER

Education Branch
Executive Office of the President
Office of Management and Budget
Washington, D.C. 20503

TO: Gene Sperling

FAX NUMBER: 456-2878

FROM: Pat Smith

DATE:

TIME:

NUMBER OF PAGES: Cover + 11

Notes:

for 3PM mtg on ~~tuition~~ tax credit

Education Branch Fax Number: 202/395-4875
Voice Confirmation: 202/395-5880

DEPARTMENT OF THE TREASURY

OFFICE OF TAX LEGISLATIVE COUNSEL
OFFICE OF BENEFITS TAX COUNSEL
1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Number of pages: 16 (including coversheet) DATE: 6-25-96

TO: Patricia Smith | 395-4875 | 395-5882

FROM: Clarissa Potter | 622-0999

Sender's FAX number: 202/622-9260 Location: Room 4028MT

Sender's Confirmation Number: 202/622-2648

Comments/Special Instructions: REPLACE THE EARLIER VERSION - sent at 7:45 pm with this version

[illegible]

UNCLASSIFIED

June 25, 1996

MEMORANDUM TO: Maureen McLaughlin
Patricia Smith

FROM: Clarissa Potter

RE: Issues memo on Hope Scholarships

Attached is my final draft of the memorandum for the evening. This should be distributed to the principles.

DRAFT

MEMORANDUM

TO: Secretary Riley
Secretary Rubin
Laura Tyson
Jacob Lew

FROM: [Working Group on HOPE Scholarship Tax Credit]

RE: Issues Raised by the HOPE Scholarship Tax Credit Proposal

DATE: June 26, 1996

SUMMARY

This memorandum briefly describes the President's legislative proposal for the tuition tax credit and then discusses the most important and difficult issues that need to be resolved to prepare a draft of the proposal. These issues are (1) coordinating the credit with grant programs, (2) implementing the B grade-point average (GPA) requirement for the second year of the credit, (3) providing for compliance with the rules for claiming the credit, and (4) paying for a freestanding bill. Preliminary options are listed for each issue, and the pros and cons of each alternative are reviewed. The memorandum also lists additional considerations that must be taken into account when drafting the legislation. Finally, the last section of the memorandum addresses the pros and cons of eliminating the refund feature of the tax credit.

THE TUITION TAX CREDIT PROPOSAL

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To qualify for the credit, a student cannot have been convicted of certain drug-related felonies and must be enrolled in a degree or certificate program at an accredited college, university, or other postsecondary institution that is eligible for Department of Education student aid programs. A second year's credit would be available only if the student earned a grade point average of B or higher for the first year.

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MAJOR ISSUES

(1) Coordination with Grant Programs

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- If non-federal assistance programs continued at the current level, students would get help with additional tuition or other costs of attendance.
- Additional federal assistance provided by the proposal could not be characterized as providing students with income maintenance.

Cons:

- States and institutions are likely to reduce their assistance, since students could receive aid through the tax credit. (This would not affect the revenue estimate, which assumed a certain amount of reduction.)
- Would result in states revising politically popular tuition assistance programs so their students can be eligible for the tax credit.
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- Payments for non-tuition expenses might be characterized as income maintenance, which could raise political concerns.

Option 2: Do not reduce tuition expenses by non-federal scholarships and grants for purposes of calculating the tuition tax credit.

Pros:

- Students could use the total assistance to pay not only tuition, books and equipment, but also other costs of attendance.
- The tuition tax credit would not have primacy over other tuition assistance programs so the programs would be less susceptible to characterization as income maintenance.

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- Increases the estimated cost of the proposal.
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Coordination with federal grant programs. The revenue estimate assumed that the amount of the credit available would be reduced by the amount of any federal educational grant, such as a Pell Grant.

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Pros:

- Provides additional aid to low-income students (who are most likely to receive Pell Grants or other federal aid).
- Is consistent with the way federal grants are treated in the tuition deduction proposal.

Cons:
- Increases the estimated cost of the proposal.
- Only helps students whose tuition exceeds the credit amount.

Option for coordinating tax credit with both federal and non-federal grants: The option would allocate grant money between tuition and non-tuition expenses for purposes of calculating the tuition tax credit to reflect the fact that most federal and non-federal aid is intended to assist with all the costs of higher education. Education grants would be prorated according to the portion estimated to represent tuition and the portion estimated to represent other expenses. Because the actual portions going to tuition and non-tuition expenses are unknown, the proration would be made on the basis of the type of institution the student attends--the more expensive the type of institution, the greater the portion of the education grant allocated to tuition expenses. Then, only the portion allocated to tuition would be taken into account for purposes of calculating the amount of the tax credit.

Pros:
- Adjusts for the fact that education grants pay for tuition as well as living costs.
- Addresses criticism that proposal assumes all education grants pay for tuition.

Cons:
- Increases the estimated cost of the proposal.
- Makes calculating the credit even more complex.
- Creates inconsistent tax treatment of education grants: it would treat amounts allocated to living expenses for purposes of the credit as tuition expenses for purposes of exclusion from income.
- Because we do not know what portion of assistance actually covers tuition, the proration formula would have to be based on estimates, and would not reflect the actual use of the assistance.
- Highlights the problem that a portion of education grants should be currently taxable but is not being reported.

(2) GPA Requirement

The proposal requires that a student achieve a B grade-point average or better to be eligible for the second year of the tax credit. In making the proposal we recognized that requiring students to satisfy a GPA requirement raises a host of administrative issues. But the requirement was included because of revenue concerns and to emphasize the President's theme of responsibility, opportunity, and encouraging students to meet high standards. The issue is how this requirement should be implemented. (Note: students who do not satisfy this requirement would still be eligible for the tuition deduction.)

Option 1: As was done for the revenue estimate, define a B GPA as a 2.75 GPA, based on a 4-point scale. (Alternatively, a B could be defined as 3.0 average--this would reduce costs, but would withdraw the credit from some students. The Department of Education estimates that 15% of full-time, second-year students have GPAs between 2.75 and 3.0.) Require schools that do not use a 4-point grading scale to establish by some other method whether a student's performance is equivalent to a 2.75 GPA.

Pros:
- Reflects assumptions made in revenue estimate.

Cons:
- Will attract significant criticism from the higher education community because of federal intrusion into internal academic issues, and would impose significant additional burdens on schools.
- If schools are required to report grades to a federal agency significant privacy concerns may arise. Requiring such reporting may violate the Family Education Rights and Privacy Act and other privacy laws.
- Does not insure that students have a uniform minimum level of achievement: schools grade differently, and would react to the GPA requirement differently.
- May not accommodate schools that use alternative measures of performance, such as pass/fail systems, or that do not provide grades.

Option 2: Do not provide a definition of a B GPA and rely on students to evaluate whether they meet this requirement.

Pros:
- Imposes no additional burdens on schools.
- Creates no privacy concerns.

Cons:
- Lacks uniformity.
- Without additional guidance students could be uncertain about whether they qualify. Could lead students not entitled to the second year's credit to claim it anyway. Might dissuade deserving students from claiming the credit.
- Could increase the estimated cost of the proposal.

(3) Providing for Effective Compliance

The revenue estimate assumes adequate measures to insure compliance. We need to protect against the kind of fraud and abuse that the other refundable credit, the EITC, has been subject to. In addition, since the proposal requires students to satisfy a number of requirements before they can qualify for the credit, we must ensure that students have enough information to be able to claim the correct credit.

The proposed statutory language for the tuition deduction does not address information reporting in detail. The draft provides that "[t]he Secretary may prescribe such regulations as may be necessary or appropriate to carry out this section, including regulations requiring record keeping and information reporting."

Option 1: Draft the tax credit legislation in a manner consistent with the proposed tuition deduction legislation. Thus, the legislation would give a general grant of authority to the Treasury Department to issue regulations, but would not address specifics.

Pros:

- Consistent with draft of tuition deduction legislation, so should not draw too much attention to the issue during the legislative process.

Cons:

- Unless the IRS promptly issues detailed regulations requiring information reporting, there will be no assurance of compliance. The less detailed the information required, the less protection there will be against fraud and abuse.
- Students may be unable to determine the amount of the credit they can claim unless the IRS issues regulations specifying information to be provided by schools.
- It is likely that any information reporting regulations would be strongly opposed by the higher education community on the grounds that the regulations would create significant burdens, and impose substantial new costs, without providing a direct benefit to the schools.
- A failure to provide record keeping and information reporting regulations could subject to the Administration to substantial criticism for allowing the tax system to be abused (as was the case for the EITC).
- If the Joint Committee on Taxation believes that the draft legislation does not provide the Treasury Department with adequate authority to issue information reporting and record keeping regulations, or that the IRS will delay issuing the regulations, it may significantly increase the estimated cost of the proposal.
- The IRS would receive personal information regarding students, perhaps even for those who do not claim the credit: this is a problem because of the current level of concern about privacy and the improper release of personal information.
- The Department of Education or the IRS would have to integrate additional data from other departments on federal aid, drug felony convictions, etc. so that the IRS could use the data in conjunction with its general taxpayer database.
- The regulations may raise unfunded mandate and Paperwork Reduction Act issues, and would likely be inconsistent with the goal of the Paperwork Reduction Act to minimize burdens on the public.

Option 2: Provide for no grant of authority to the Treasury Department to issue information reporting or record keeping rules. Instead, require (or encourage) schools to make information available to students regarding their eligibility for the credit when the students request the information. May be possible to perform some compliance checks through the Education Department's student-based systems.

Pros:

- Imposes less additional expense or administrative burden on schools and taxpayers than the previous option.
- Reduces complaints from higher education community and taxpayer groups about administrative burdens and complexity.
- Does not raise concerns about security of personal information.
- Less likely than Option 1 to raise unfunded mandate or Paperwork Reduction Act issues.

Cons:

- May significantly increase the estimated cost of the proposal. The estimate prepared by Treasury assumed information reporting to ensure compliance.
- Students may have trouble obtaining the information necessary to claim the correct credit.
- Will subject tuition tax credit to significant criticism for being susceptible to fraud, as was the EITC.
- Any attempt to control fraud and abuse will require IRS to engage in costly and time-consuming face-to-face audits. Similar audits proved to be useless in recovering improper EITCs.

(4) Paying for a Freestanding Bill

If we were to introduce a freestanding bill, what would we use to pay for the credit and the deduction? (The revenue offsets identified in the June 4 announcement cover only the incremental cost of adding the credit to the existing deduction proposal. The bulk of the total cost is covered by revenue savings in the entire budget.)

ADDITIONAL FACTORS TO CONSIDER IN DEVELOPING TIMELINE FOR DRAFTING

(1) Consultation with the Higher Education Community

We held an informational meeting with representatives from the major higher education groups and explained that we were beginning to develop the details of the proposal. The representatives indicated that they had not yet had an opportunity to meet among themselves and discuss their views on the proposal and formulate questions and comments for our consideration. Although we cautioned them that we did not know the timetable for further development, they will be displeased if details are developed without consulting with them and giving them a chance to comment.

(2) Consultation with the IRS

We have consulted with the IRS on a preliminary basis about the compliance and administration issues associated with the proposal. The most important concerns are discussed in issue #3 above. However, many of other issues remain to be discussed with the IRS. We have no clear picture yet of the potentially significant administrative costs of developing new information matching systems and processing additional information on forms. Moreover, there is no provision for these costs in the current IRS budget.

(3) Effect on Determination of Eligibility/Financial Need for the Federal Student Aid Programs

The tuition tax credit must be coordinated with the standards for determining eligibility for financial aid programs. Eligibility for financial aid programs (grants, loans and work-study) authorized by Title IV of the Higher Education Act (HEA) is inversely related to income--students from lower income families are typically eligible for larger awards. Under the current interpretation of the HEA, the tuition tax credit would decrease future Title IV eligibility by increasing discretionary income. Thus, changes in the formula for determining Title IV eligibility under the HEA would have to be made in connection with the enactment of the tuition tax credit and deduction to prevent substitution of tax benefits for federal financial assistance.

(4) Complexity

Drafting the tuition tax credit legislation will raise many issues of complexity. We believe that the legislative draft should use Higher Education Act definitions of terms wherever feasible, such as determining full- or part-time enrollment status and defining eligible institutions and programs. Assuming that we use these definitions, we will need to develop rules to address differences between academic years and calendar years, variations in students' enrollment patterns and other issues relating to the amount and timing of the tuition tax credit a taxpayer can claim. While we will pursue the goal of providing the credit to taxpayers in a simple and timely manner, some complexity will be required to implement the proposal within the limits of the revenue estimate.

(5) Additional Issues

A thorough study will have to be made of other federal statutes that may need to be amended to coordinate with the tuition tax credit. To date, we have identified the need to review Privacy Act implications of providing student academic records to the IRS and potential problems under the unfunded mandate legislation were state colleges and universities to be required to provide information reporting. We would also want to review how the tuition tax credit would interact with federal educational programs not administered by the Department of Education, like the National Health Service Corps scholarship program, the National Service educational benefit, the Public Health Servise and various military scholarship programs.

ELIMINATE REFUNDABILITY FEATURE OF TAX CREDIT

The tax credit proposal includes refundability to emphasize the guarantee notion that is central to the proposal. Because a guarantee is provided through a combination of grants and the tax credit, most low-income persons who would benefit from a refundable tax credit may not receive a credit under this proposal because they receive other grant aid. For example, the average Pell Grant for an academic year is now almost $1,600 and is projected to increase to $1,950 in 2002. Some students who are eligible for Pell Grants do not apply or receive them, thus they might receive a tax credit under this proposal. It would make sense to encourage these students to utilize Pell Grants rather than tax credits because they would receive Pell Grants at the time they enrolled in school rather than after they had already paid their tuition. This would, however, increase Pell Grant costs.

In light of these considerations, it may be worth reconsidering whether to provide a refund of the tuition tax credit. Eliminating the refund feature would reduce the concerns about fraud and abuse that have arisen in the context of in the earned income tax credit, which is also refundable. Eliminating the refund might reduce the need for burdensome tax information reporting and record keeping requirements. In addition, it would reduce the estimated cost of proposal.

On the other hand, making the credit non-refundable could spark criticism that the proposal does not help the poorest students, even though these students would receive Pell Grants. Many people focus on the credit portion of the proposal without focusing similar attention to the Pell Grant program. In addition, removing the refund feature would be inconsistent with the President's initial proposal, and might dilute the message that the President's education package is intended to serve low-income families as well as middle-income families.

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C. 20220

Jason

FAX TRANSMITTAL SHEET

DATE: 6/12/96

NUMBER OF SHEETS TO FOLLOW: 11

TO: ~~Pauline Abernathy~~

ADDRESSEE'S FAX #: 456-2223

ADDRESSEE'S CONFIRMATION #:

FROM: Michael Barr

SENDER'S FAX #: 202-622-0073

SENDER'S CONFIRMATION #: 202-622-[redacted] 0016

SPECIAL INSTRUCTIONS/COMMENTS:

TRN 115-29

R- send to Pauline -M.

115--11

-2878

NEWS

FROM THE COMMITTEE ON WAYS AND MEANS

FOR IMMEDIATE RELEASE
June 11, 1996

CONTACT: Ari Fleischer or Scott Brenner
(202) 225-8933

Archer Statement on the Presidents Prepaid Tuition Plan

"The Administration's announcement today is vintage Bill Clinton -- as usual the President would pretend that bad news is good news. Instead of using the opportunity to provide urgently needed clarification for parents in the 12 states which have prepaid tuition plans, President Clinton has left in place the very real threat that his Internal Revenue Service may tax away the college savings of thousands of families. If the President really wants to help Americans to provide college educations for their families he will tell the Treasury to issue prompt favorable guidance on prepaid tuition plans instead of trying to duck the question until after the November elections."

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Pennsylvania Auditor General Hafer Reveals Tuition Account Program 'Crisis'; Treasurer Failed To Disclose IRS Decision, Hafer Says

HARRISBURG, Pa., June 11 /PRNewswire/ -- The IRS has decided to slap the state's Tuition Account Program with a 34 percent tax that threatens the program's survival, but Treasurer Catherine Baker Knoll has withheld that news from parents who have invested in the program, Auditor General Barbara Hafer disclosed today.

Hafer released a May 20 letter from Knoll to Sen. Arlen Specter in which Knoll declares that the TAP program faces "an immediate crisis" because of the tax ruling.

Said Hafer, "If there's a crisis -- and I agree that there is -- the parents who have invested $50 million in this program have a right to know it. That is why I am releasing this letter."

Hafer called for legislation to require full disclosure by the TAP program, and called for Knoll to stop promoting the TAP program. "It's unconscionable that the Treasurer is continuing to publicly encourage parents to join the program, while privately telling legislators the program is in crisis," Hafer said.

According to Knoll's letter to Specter, "the IRS has advised the Pennsylvania Treasury ... it intends to issue the ruling" and TAP's return on investment "will be taxed at the corporate rate of 34 percent." That will force TAP to either raise its prices "to a level beyond the reach of most families," or "assume an unacceptable level of investment risk," Knoll told Specter.

In fact, TAP's own actuary believes the IRS ruling would put the TAP fund in an "actuarial deficit position," according to another document released by Hafer.

But weeks after writing the letter to Specter, Knoll still has not made any public announcement of the IRS decision or its potential impact, while continuing to encourage new participants, Hafer noted.

Knoll's previous public comments on the issue contrast sharply with her letter to Specter and with the actuary's comments. In an interview in January of this year (before the IRS revealed its decision), Knoll assured the Associated Press that "the IRS may go against us, but we have the extra dollars in the Tuition Account Program to cover it."

"Now we know," said Hafer: "That's not true. The dollars aren't there. And we have a crisis."

Hafer said Knoll's handling of the IRS ruling "is just the latest in a long-running pattern of the failing to adequately disclose vital information to the thousands of parents who have trusted her to safeguard their children's college-education funds.

"An audit we have been conducting of the TAP program shows that families who have enrolled in TAP have been kept too much in the dark not only about its tax implications but also about its investment results and true costs," Hafer said. She released the TAP audit to document her charges. She noted it covers the period from the inception of the program to June 30, 1994, and said she is immediately launching a new audit to update the findings.

TAP, administered by the state Treasury, is designed to help families save for college. A tuition-prepayment program, it is advertised as enabling participants to "lock in a price today to pay for tomorrow's tuition." Its solvency is dependent upon generating a sufficient investment return on the money it receives from parents. The Treasury recently reported that TAP has enrolled more than 15,500 children and has assets of more than $50 million.

The program began taking in money in 1993. It will make its first tuition payments in 1997.

The audit faults the TAP program for:

-- Failing to adequately disclose that even without the latest IRS ruling, TAP accounts could have been subject to a capital gains tax of up to 28 percent when the money is withdrawn. "I believe most families would be shocked to discover that they were going to owe capital gains," said Hafer, "because it isn't adequately disclosed in the TAP brochure -- even though Treasury's computers already are programmed to generate the IRS 1099 forms."

-- Failing to adequately disclose that when parents buy tuition credits they are charged a "premium" over current tuition costs. During the audit period, the premium ranged from 2 to 52 percent, depending upon the school chosen. "If TAP must charge a premium, it should make that clear to parents and tell them exactly what the markup is for each school," Hafer said.

-- Failing to routinely provide participants with such basic investment information as the makeup of its investment portfolio and annual return.

"The lack of disclosure that has marked this program from its inception right through today is indefensible," Hafer said. "I am calling for legislation to force the Treasurer to provide the full disclosure that she has so long resisted. I believe that TAP, as a publicly operated program, should be a model of openness and accountability."

"And I am calling for Catherine Baker Knoll to immediately suspend all TAP promotional activities. The Commonwealth of Pennsylvania should not be encouraging parents to put their college savings in a program facing actuarial insolvency."

The audit also disclosed numerous instances of mismanagement by Treasury during TAP's start-up period, including the waste of more than $100,000.

"The tragedy is," said Hafer, "that it might have been possible to prevent this crisis if the Treasurer had publicly disclosed the potential seriousness of the problem early on.

"Instead, the program is on the brink of actuarial insolvency and the Treasurer has yet to even acknowledge to the public that a crisis exists."

/EDITORS' ADVISORY: Hafer's news conference will be available via satellite from 3:00 p.m. to 3:15 p.m.. Coordinates are: Galaxy 4, Transponder 5 Horizontal, Channel 5, Audio 6.2/6.8. Audio actualities will be available beginning at 1:00 p.m. by calling 800-647-4883.

Audit copies and related information can be obtained by calling the Communications Office./

/CONTACT: Bob Gentzel or Steve Schell of the Pennsylvania Auditor General's Office, 717-787-1381, or 717-787-4486, or e-mail, agnew@prolog.net /
11:00 EDT

Remarks By
Auditor General Barbara Hafer
Regarding The
Tuition Account Program
June 11, 1996

Good morning. As you know, my office has been conducting an audit of the Treasury, as part of our statutory duties. We have been auditing Treasury's basic operations and, through performance audits, looking at some of its more important programs to see whether they are living up to expectations -- to see how they are performing.

One of the programs we have examined is the Tuition Account Program, or TAP. This is a program that allows parents --and others --to buy college tuition credits today, with a guarantee that children can use those credits when they go to college in the future -- no matter how much tuition costs go up between now and then.

It is a wonderful idea. But to succeed, TAP's earnings on investments have to go up faster than tuition rates. One of the issues that has hung over TAP from its inception, and throughout the time we were auditing it, was: How would the IRS take its bite out of these investments? And how big a bite they would take?

Some of you have reported on that issue; for years now, the stories have explained that the Treasury was awaiting a decision from the IRS.

That has changed. The IRS has notified the Treasury. But neither you nor the parents who have invested in TAP have been told.

When exactly

The IRS has notified Treasury that it intends to tax the Tuition Account Program's income on investment at a rate of 34 percent -- the corporate rate.

Treasury received notice of this decision several weeks ago. It is a decision that the Treasurer herself says threatens the survival of the program. But the Treasury has withheld that news from you -- and from the thousands of parents who have invested in TAP.

Today, I am releasing a letter, dated May 20, from Treasurer Catherine Baker Knoll to Sen. Arlen Specter. In it, the Treasurer declares that the TAP program faces, quote, "an immediate crisis" because of the tax decision.

If there's a crisis -- and I agree that there is -- the parents who have invested fifty million dollars in this program have a right to know it. That is why I am releasing this letter.

I also am calling for legislation to require full disclosure by the TAP program. And I am calling for the Treasurer to immediately stop promoting the TAP program. It's unconscionable that the Treasurer is continuing to publicly encourage parents to join the program, while privately telling legislators the program is in crisis.

FULL DISCLOSURE OF WHAT?

Let me quote from Treasurer Knoll's letter to Sen. Specter: "The IRS has advised the Pennsylvania Treasury ... it intends to issue the ruling" and TAP "will be taxed at the corporate rate of 34 percent."

What will that mean for TAP? Here's what Catherine Baker Knoll says: It will force TAP to either raise its prices "to a level beyond the reach of most families," or "assume an unacceptable level of investment risk."

TAP's actuary puts it more bluntly. Ernst & Young says the IRS ruling would put the TAP fund in an "actuarial deficit position." You have that document.

More than three weeks have gone by since Treasurer Knoll wrote her letter to Senator Specter. But the Treasurer still has not made any public announcement of the IRS decision or its potential impact. And they are continuing to recruit new participants.

It is striking to me how different Catherine Baker Knoll's comments to Senator Specter are from her public comments. In an interview in January of this year, (before the IRS revealed its decision) she assured the Associated Press that, quote, "the IRS may go against us, but we have the extra dollars in the Tuition Account Program to cover it." Unquote.

Now we know. That's not true. The dollars aren't there. And we have a crisis.

Unfortunately, the Treasury's handling of the IRS ruling is just the latest in a long-running pattern of failing to disclose vital information to the thousands of parents who have trusted her to safeguard their children's college-education funds.

The audit we have been conducting of the TAP program shows that families who have enrolled in TAP have been kept too much in the dark -- not only about its tax implications but also about its investment results and true costs.

The audit has now been completed and we are providing you with a copy. Please note that this audit covers the period from the inception of the program to June 30, 1994. We are launching a new audit to obtain current information on the financial status of the fund. That is more important than ever, in light of the adverse IRS ruling.

This audit faults the TAP program for:

-- Failing to clearly and fully disclose that even without this latest IRS ruling, TAP account holders could have been subject to a capital gains tax of up to 28 percent when the money is withdrawn. I think most families would be shocked to discover that they were going to owe capital gains. Because it's glossed over in the TAP brochure -- even though we have learned that Treasury's computers already are programmed to produce the IRS 1099 forms. Compare the tax disclosure in Pennsylvania's brochure with Ohio's.

-- The audit also is critical of Treasury for failing to adequately disclose that when parents buy TAP tuition credits, they are charged a "premium" over current tuition costs and that those premiums can vary widely from school to school. During the audit period, the premium ranged from 2 to 52 percent, depending upon the school chosen. If TAP must charge a premium, it should make that clear to parents, and tell them exactly what the markup is for each school.

-- In addition, TAP does not routinely provide participants with such basic investment information as the makeup of its investment portfolio and annual return -- information you would get routinely from any mutual fund. Treasury's response? As long as the law doesn't force them to disclose, they won't.

There is a pattern here: A pattern of non-disclosure. The lack of disclosure that has marked this program from its inception right through today is indefensible. That is why I am calling for legislation to force the Treasurer to provide the full disclosure that she has so long resisted. I believe that TAP, as a publicly operated program, should be a model of openness and accountability.

And I am calling for Catherine Baker Knoll to suspend all TAP promotional activities and suspend work on their million-dollar marketing plan. The Commonwealth of Pennsylvania should not be encouraging parents to put their college savings in a program facing actuarial insolvency.

As you read our audit, you will see that it also discloses numerous instances of mismanagement by Treasury during TAP's start-up period, including the waste of more than $100,000.

The tragedy is that this crisis might have been preventable if the Treasurer had publicly disclosed the potential seriousness of the problem early on.

Instead, the program is on the brink of actuarial insolvency and the Treasurer has yet to even acknowledge to the public that the crisis exits.

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Commonwealth of Pennsylvania
Office of the Treasurer
Harrisburg
17120

CATHERINE BAKER KNOLL
TREASURER

May 20, 1996

The Honorable Arlen Specter
United States Senate
530 Hart Senate Building
Washington, DC 20510-3802

Dear Senator Specter:

I am writing to call your attention to an immediate crisis threatening the ability of Pennsylvania families to save for college through the Pennsylvania Tuition Account Program.

Recently, the IRS has advised the Pennsylvania Treasury and other states that it intends to issue tax rulings. These rulings could force the Pennsylvania Tuition Account Program, and other prepaid and college savings programs, to pay tax on the investment return earned by the fund.

The IRS has indicated that the Pennsylvania Tuition Account Program Fund will be taxed at the corporate rate of 34%. Should this happen, Pennsylvania will either need to increase the prices of the Tuition Credits to a level beyond the reach of most families, or to assume an unacceptable level of investment risk in the TAP Fund.

I am proud to administer the Pennsylvania Tuition Account Program in which more than 15,600 Pennsylvania children have been enrolled. Their families have purchased $50 million in prepaid tuition credits. Fourteen states currently operate prepaid tuition or college savings programs and many others have approved or drafted legislation to create programs. Nearly 500,000 families will be affected by an IRS ruling of this nature.

Representatives of states with college savings programs will be meeting in Washington on Tuesday, May 21, and Wednesday, May 22, in an effort to save TAP and similar programs from an unfavorable IRS decision. This delegation of College Savings Plan Network representatives will meet with congressional leaders and Treasury Department officials during these two days. I strongly urge you to assign a representative from your staff to meet with the CSPN delegation. I ask you to join me in taking action to prevent the IRS from trying to destroy prepaid and college savings programs in this country.

The costs of continuing education are soaring and becoming increasingly out of reach for mainstream America. The Pennsylvania Tuition Account Program was created to help families afford to send their children to college.

I greatly appreciate all the support you have given our program in the past. Pennsylvania families now need your continued support more than ever.

Respectfully yours,

Catherine Baker Knoll

CATHERINE BAKER KNOLL
Treasurer

Treasury, IRS To Study State-Sponsored Tuition Plans

WASHINGTON (Dow Jones)--The Treasury and the Internal Revenue Service announced they are studying state-sponsored prepaid tuition plans and will work with Congress to develop legislation clarifying tax treatment of the plans.

In addition, the IRS does not plan to issue private rulings on state-sponsored prepaid tuition plans, which encourage parents to save for their children's education, while the agency studies them.

At least 12 states offer such plans, and other states are considering them. Although terms vary, the typical plan allows residents to purchase a contract to save for college. The contract can be redeemed for tuition or credits, or the payment on the contract can be linked to the change in the price of college.

If a beneficiary of the contract does not attend a covered post-secondary institution, many of the plans return to the purchaser the initial purchase price of the contract.

(END) DOW JONES NEWS 06-11-96

11:30 AM

-0- 11 30 AM EDT 06-11-96
:SUBJECT: TAX GS USA

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DEPARTMENT OF THE TREASURY

TREASURY NEWS

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FOR IMMEDIATE RELEASE
June 11, 1996

Contact: Rebecca Lowenthal
(202) 622-2960

TREASURY TO WORK WITH CONGRESS ON PREPAID TUITION PLANS

The U.S. Treasury Department and the Internal Revenue Service are studying state-sponsored prepaid tuition plans and intend to work with Congress to develop legislation clarifying the tax treatment of these plans to encourage parents to save for their children's education.

The President's budget for fiscal year 1997 already includes a provision allowing IRAs to invest in state-sponsored prepaid tuition plans.

At least 12 states currently sponsor plans designed to help residents save for the cost of higher education. Other states have passed or are considering legislation creating similar plans. Although the terms of the plans vary, the typical plan allows residents to purchase a contract to save for college. The contract can be redeemed for tuition or credits, or the payment on the contract can be linked to the change in the price of college. If the beneficiary of the contract does not attend a covered post-secondary institution, many of the plans return to the purchaser the initial purchase price of the contract.

Treasury also announced that final Treasury regulations issued June 11 that address the treatment of certain financial instruments will not apply to contracts issued pursuant to a state-sponsored prepaid tuition plan. In addition, pursuant to Revenue Procedure 96-34, also issued today, the IRS will not issue private rulings on state-sponsored prepaid tuition plans while they are being studied.

-30-

RR-1127

PART III

Administrative, Procedural, and Miscellaneous

26 CFR 601.201: Rulings and determination letters
(Also Part I, §§ 61, 115, 163, 1275, 2501, 7701; 1.61-7, 1.163-7, 1.1275-4, 25.2501-1, 301.7701-2)

Rev. Proc. 96-34

SECTION 1. PURPOSE

This revenue procedure amplifies Rev. Proc. 96-3, 1996-1 I.R.B. 82, which sets forth areas of the Internal Revenue Code under the jurisdiction of the Associate Chief Counsel (Domestic) in which the Internal Revenue Service will not issue advance rulings or determination letters.

SECTION 2. BACKGROUND

Rev. Proc 96-3, section 5, lists specific areas in which rulings or determination letters will not be issued because the areas are under extensive study. This revenue procedure adds a subparagraph for state-created prepaid tuition plans.

SECTION 3. PROCEDURE

Rev. Proc. 96-3 is amplified by adding to section 5 the following: Section 115.--Income of states, municipalities, etc. --The results of transactions pursuant to a plan or arrangement created by state statute a primary objective of which is to enable participants to pay for the costs of a post-secondary education for themselves or a designated beneficiary, including: (i) whether the plan or arrangement, itself, is an entity separate from a state and, if so, how the plan or arrangement is treated for federal tax purposes; and (ii) whether any contract under the plan or arrangement is a debt instrument and, if so, how interest or original issue discount attributable to the contract is treated for federal tax purposes. (Also §§ 61, 163, 1275, 2501 and 7701)

SECTION 4. EFFECTIVE DATE

This revenue procedure applies to all ruling requests, including any pending in the National Office on June 11, 1996.

SECTION 5. EFFECT ON OTHER REVENUE PROCEDURES

Rev. Proc. 96-3 is amplified.

DRAFTING INFORMATION

The principal author of this revenue procedure is Craig Wojay of the Office of Assistant Chief Counsel (Financial Institutions and Products). For further information regarding this revenue procedure, contact Mr. Wojay at (202) 622-3920 (not a toll-free number).

DEPARTMENT OF THE TREASURY
OFFICE OF TAX POLICY
DEPUTY ASSISTANT SECRETARY
(TAX POLICY)

1500 Pennsylvania Avenue, N.W.
Washington, D.C. 20220

Number of pages: 2
(including cover sheet)

DATE: 6-19-96

TO: Gene Sperling | 456-2878 |
Name | FAX number | Confirmation number

FROM: Glen A. Kohl, Deputy Assistant Secretary | 202/622-0140
Name | Confirmation number

Sender's FAX number: 202/622-8784 Location: Room 3108MT

Comments/Special Instructions:

UNCLASSIFIED

WEDNESDAY, JUNE 19, 1996

Tax Report

A Special Summary and Forecast Of Federal and State Tax Developments

PREPAID TUITION PLANS get a boost from the Treasury.

College costs probably will more than double by 2010, lifting the four year tab at a public college to $107,908 and at a private college to $225,467, says T. Rowe Price Associates, a Baltimore investment company. To help protect parents, some states offer prepaid tuition plans, and others are studying the idea. While details vary from state to state, parents typically make advance payments to a fund that invests the money and agrees to help protect them against rising tuition costs.

Many tax questions remain unclear, such as when investors might owe taxes. Lately, some advisers feared the IRS was about to take a position that would hurt the popularity of these plans. Relax, Treasury officials now say. New Treasury regulations designed to tax debt instruments linked to derivatives say that, in the case of prepaid tuition plans, no tax will be owed until money is withdrawn.

Treasury officials also are working with the Senate Finance Committee on a measure to help clarify the subject.

ITEMIZED DEDUCTIONS rose slightly on 1994 tax returns.

Total itemized deductions rose only about 0.5% on 1994 individual income-tax returns, according to a new IRS report. Deductions for taxes and gifts increased, but interest and medical deductions fell. Using the new IRS data, Research Institute of America, a New York-based tax publisher, once again has calculated average deductions for each major category.

An annual reminder: These are merely averages, not an indication of what the IRS considers acceptable. The average deductions are based on adjusted gross income. Medical deductions have been omitted since few people have enough to qualify:

Income (-000)	Taxes	Gifts	Interest
$ 30-40	2,815	1,388	5,124
$ 40-50	3,367	1,536	5,667
$ 50-75	4,421	1,718	6,346
$ 75-100	6,260	2,215	7,746
$ 100-200	9,773	3,420	10,288
$ 200-500	22,086	8,377	17,488
$ 500-1,000	50,694	21,188	28,064
$ 1,000+	158,678	109,525	63,047

MANY CHARITIES FRET over how to comply with record-keeping rules.

"There is a lot of confusion" among small charities about the proper wording when acknowledging contributions, says Victoria B. Bjorklund, a New York lawyer at Simpson Thacher & Bartlett. IRS Commissioner Margaret Milner Richardson agrees and vows to help. "We probably have to do more" to educate tax-exempt groups on this issue, Ms. Richardson says. "It's been a real problem for smaller charities. We need to get out some kind of model statement."

More IRS guidance would be "wonderful," says Ellen McCreery, a certified public accountant in Washington. The law says that if you donate $250 or more, the charity is supposed to acknowledge your gift, report if you got anything in return, such as a meal, and estimate its value. Canceled checks aren't enough.

If a donor gives more than $75 and gets something in return, the charity must say so in writing and also must say how much can't be deducted.

TAX-AMNESTY UPDATE: Rhode Island has collected more than $795,500 from an amnesty that runs through June 28. Payments have ranged from 87 cents to $74,141. New Jersey, whose amnesty ended June 1, raked in $360 million.

TAX-EXEMPT BONDS and funds draw growing numbers of investors, new IRS statistics show. A record 5.1 million individual tax returns reported tax-exempt interest for 1994, up 8.4% from 1993, says the Public Securities Association, a New York-based trade group. Nearly two-thirds had taxable incomes under $75,000.

SECOND THOUGHTS: More people are filing amended income-tax returns. An IRS report projects 2,227,000 Form 1040X returns will be filed this year. That would be up slightly from an estimated 2,159,000 last year and 2,141,000 in 1994.

A TREASURY PLAN is designed to encourage more small-business investment.

A provision in the 1993 tax law says investors typically owe tax on only half of capital gains on sales of certain qualified small-business stock held for more than five years. There are numerous restrictions. For example, the break applies only to stock originally issued after Aug. 10, 1993, and investors must have purchased the stock at its original issue.

A proposed new Treasury regulation answers some questions about how to interpret the law. The new rule would allow certain redemptions without jeopardizing favorable capital-gains tax treatment. The Treasury says these regulations are proposed to be effective when published in final form.

A senior Treasury official adds: "It is expected that once the wording is finalized in response to public comment, the relief will generally be available retroactively."

BRIEFS: Membership in the American Bar Association tax section shrank to about 21,800 as of March from nearly 24,000 three years earlier, but membership is up slightly from 20,940 a year ago. . . . Sign of the times? "Tax Tales," a game resembling pin-the-tail-on-the-donkey, was created by California architect Christopher Colvin as a reminder of Clinton's 1993 tax increases. Initially priced at $15, it recently was selling in a Washington D.C. store for only $2.99.

—TOM HERMAN

Clinton Presidential Records
Digital Records Marker

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Divider Title: **Georgia Clips**

Los Angeles Times
TUESDAY, APRIL 5, 1994

EDUCATION

College-Bound Students Win in Georgia Lottery

Critics say game-funded scholarships are too generous, but Gov. Miller says it's about grades, not income.

By EDITH STANLEY
TIMES STAFF WRITER

SUWANEE, Ga.—Students chat happily between classes on the sprawling North Gwinnett High School campus. It's spring. The school year is almost over. The uncertainty of the future lies ahead.

Many in the 248-member senior class have turned their thoughts toward college—and the new state scholarship program called HOPE, or Helping Outstanding Pupils Educationally.

The most far-reaching state scholarship project in the nation, HOPE is funded entirely by lottery revenues.

Some critics say the program is too generous. Others question what will happen if lottery revenues fall. Still others are concerned that the lottery is played mostly by low-income people who can least afford it.

But Eric Cochling, 18, who will leave this small town 30 miles northeast of Atlanta to enter the University of Georgia in the fall, said: "HOPE is allowing me to go to college. I come from a one-parent family. My mother couldn't really afford to pay very much."

Classmate Chris Prevatt, 18, who is headed for Georgia Tech to study chemical engineering, said: "HOPE is helping many students who otherwise couldn't afford college."

The program, which currently benefits more than 40,000 students at Georgia's colleges, universities and technical schools, is the brainchild of Gov. Zell Miller.

As the 1994 school year draws to a close, guidance counselors across the state are swamped with students seeking information on HOPE. The grants cover tuition, mandatory fees and a $100-per-quarter book allowance for any of the state's public colleges or universities.

Any high school senior with a B average and family income of less than $100,000 qualifies. College freshmen who maintain a 3.0 average and whose family income stays below $100,000 will be covered for all four years. HOPE also will give $500 to students selecting an in-state private college or university.

To critics who feel the $100,000 cap is too generous, Miller responds: "I don't see this as a program about income levels. It's about scholarship. It's about keeping good grades."

And HOPE pays the full tuition for students enrolled in the state's two-year technical colleges, regardless of grades or family income. Those who earn a high school equivalency degree are awarded a $500 voucher to be used for educational expenses.

Thirty-one percent of lottery revenues are appropriated for education. Those funds are divided among the HOPE scholarships; pre-kindergarten for at-risk 4-year-olds, which is benefiting 10,000 children; and a special equipment and capital needs program that is designated for onetime expenditures, such as computer labs for all Georgia schools.

And as a safeguard against declines in lottery revenues, 10% of the education money is deposited into a reserve fund.

When the lottery's first fiscal year ends June 30, projections are for total revenues exceeding $898 million, with at least $280 million earmarked for education. That would put Georgia at the top in first-year per capita lottery sales of $132.05, breaking Florida's record of $128 and far surpassing California's $32.85

Unlike some states that lump lottery money in with the general funds, Georgia laws are precise about how lottery revenues are divided, deposited and distributed. The 31% designated for education is deposited into a Lottery for Education account. 50% is returned as prizes, 14% is budgeted for operating costs and 5% goes to lottery retailers as commissions.

"The wisest thing we did in Georgia was to dedicate the lottery proceeds to specific areas . . . that it not be put into the general fund and frittered away like it is in most states," Miller said.

Unlike Georgia, for example, where no lottery revenues can be used for teacher pay, California devoted over 90% of the $625.9 million from the 1993 lottery to teacher salaries and benefits.

Georgia's lottery met with great opposition when first proposed, but it now appears that a great cross-section of Georgia's citizens are playing the games. In a recent University of Georgia poll, almost 54% of those surveyed said that they had played. More than 86% reported they spend less than $5 per week on the games.

And it's not just Georgians playing. With no lottery in four of the five bordering states, ticket sales are strong at retail outlets along the state lines, the Georgia Lottery Corp. said.

Extolling the popularity of the games, lottery spokesman Chuck Reece said: "Most people aren't playing the lottery because they think it's going to help education. . . . They're playing because they think it's fun."

Cochling, the North Gwinnett senior, is more philosophical. "If people are going to waste their money gambling, why not put it to good use?"

CURTIS COMPTON / For The Times

Chris Prevatt, left, and Denise Martin will get college scholarships from the HOPE program.

JACKSONVILLE, FLORIDA, SUNDAY, FEBRUARY 12, 1995

IS EDUCATION CASHING IN?

A TALE OF TWO LOTTOS

Hollie Bullard (left), 21, helps fifth-grader Cory Burns, 11, at Hahira Elementary School in Georgia. Bullard attends Valdosta State University.

Seth Grad, 20, studies for an exam in his Tallahassee apartment. Grad is an accounting major at Florida State University.

GEORGIA LOTTERY

- Founded: June 29, 1993
- Earnings: $1.9 billion (through Jan. 21, 1995)
- Instant games/earnings: 24/$810.9 million
- Multi-digit daily games/earnings:
  Lotto – $891.3 million
  Fantasy 5 – $22.5 million
  Cash 3 – $728,754
- Record sales peak: $52 million (first week, June 29, 1993)
- Money given to education: $611 million (through Dec. 31, 1994)

Source: Georgia Lottery

Georgia's pays college tuition; Florida's fills holes in budget

By Sig Christenson

Staff writer

Hollie Jane Bullard hit the Georgia Lottery jackpot without ever winning a dime.

A two-time Instant Cash loser, the Valdosta State University education major and 67,476 other students with at least a "B" average attend colleges and technical schools courtesy of the state lottery.

As Bullard wraps up her senior year without owing a penny, Florida State University junior Seth Grad owes about $5,000 for his education. Florida's lottery provides no college scholarships.

"Ours is a great lottery," chuckled Kay Pippin, director of governmental relations for the Georgia Association of Educators, "unlike yours."

Some Georgia educators gloat about their lottery. Some Florida educators groan about theirs.

When Georgia Gov. Zell Miller pushed the lottery idea to his state's voters five years ago, he promised Georgia's lottery wouldn't work like neighboring Florida's.

Such logic would seem wacky given that Florida's games had grossed nearly $5 billion in sales at that time. The lottery — which has produced more than 400 multimillionaires in its history — was also on its way to an industry record $2 billion or more in sales for five consecutive years.

But critics note the lottery, sold to Florida voters as a boon to education, never paid off the way state leaders vowed it would.

Florida uses lottery money to replace general fund money that would have gone to education. This means more money for Medicaid and prisons — but a smaller piece of the state budget pie for education.

"Our shrewd old politicians figured out another way to get more money," said Art Johnson, principal of Spanish River High School in Boca Raton, "and then they used it for whatever programs that are in need other than education."

In Georgia, though, state leaders love to tell a different story.

Georgia lawmakers earmarked lottery proceeds for scholarships, classroom technology and prekindergarten programs. By law, Georgia's lottery proceeds — $611 million in 19 months — can't be used to replace general fund money siphoned away for something else.

"The law itself says we can't supplant existing funding," Miller said. "It says it has to go for these three programs. That was the smartest thing we ever did."

Miller is especially proud of the lottery HOPE Scholarship program that makes low-cost college education possible for Valdosta State's Bullard and every high school graduate with a B average whose parents make less than $100,000 a year. HOPE Scholars make up 60 percent of the University of Georgia's freshman class, boasts Miller.

(See GEORGIA, Page A-20)

Georgia Lottery makes college more accessible, governor says

(From Page A-1)

who says that none of the 35 states with lotteries have anything like the grant.

And he says the payoff may get even bigger. The governor proposes to create HOPE Scholarships of up to $10,000 for 1,000 teachers seeking advanced degrees in critical fields like math. He also wants to ease eligibility rules to bring even more students into the scholarship program.

"Of all the things that I've ever been involved with, it's the thing that I'm most proud of," Miller said. "We are making college education accessible in a way it never has been before in Georgia."

Pippin said she still runs into teachers who oppose the lottery for religious reasons.

But in the same conversation, they tell you they have a child or a niece or a cousin who is in college because of the HOPE Scholarship," she said.

Many Floridians expected to speak of their lottery in a similar way when the lottery debuted in 1988 with a game dubbed "Millionaire," a scratch-off ticket with instant cash prizes of up to $5,000 and entries into a million-dollar drawing.

The lottery boomed in its infancy, depositing $1.7 billion into the state educational system in the first three years. Things went so well that the lottery initially funded something similar to the HOPE Scholarship. In 1989 the Florida Legislature earmarked $9 million in lottery proceeds for needs-based college financial aid.

The lottery no longer funds the program.

The law creating the Florida Lottery said proceeds should not be used as "a substitute for existing resources." But such practice became routine as budget crunches and a recession sapped state money.

Though funding for education has steadily risen over the lottery's seven-year history, schools now receive 50 percent of the state's general revenue instead of 59 percent as they did before the lottery started.

In Georgia, though, non-lottery revenue going to schools has increased about 7 percent since the games started.

Even when including lottery money, education's slice of the overall Florida budget has fallen to 29.1 percent. In Georgia, education gets 56.4 percent of the state's total budget.

Many Florida educators in elementary and secondary schools have been frustrated by spiraling class sizes and ever tighter budgets. Many who thought the lottery would be a bigger help are disillusioned.

"I personally operated out of a sense of naivete," Florida Parent-Teacher Association President Anne Thompson said. "I thought it was wonderful. It was new money, it would let us do things we hadn't done before."

TOP 5 STATES PER CAPITA PROFITS		
STATE	POPULATION	PROFITS
Florida	13.5 million	$62
New York	18.1 million	$56
Pennsylvania	12 million	$53
Texas	17.6 million	$48
California	30.9 million	$22

[illegible]

Georgia's lottery has gone for extras such as scholarships, computers and printers for the state's 1,845 campuses, a program designed to make schools safer and pre-kindergarten classes for at-risk 4-year-olds.

Georgia Lottery Secretary Rebecca Paul has a unique vantage point on the two state lotteries. She was in charge of starting both.

"In Georgia, it (lottery proceeds) goes to three very specific programs that you can see and touch and feel, and has impact on people's lives," she said. "In Florida, it just went into general education, and education got less general fund money than it had in the past because of the lottery money."

In Florida, word of a $44.1 million shortfall in projected lottery funding has educators scrambling to keep programs intact as Gov. Lawton Chiles' budget proposal offers education its lowest share of general revenue funding in years. State economists in January 1994 projected the lottery would likely net $945 million this year for 67 school districts, 28 community colleges and nine universities.

Educators plan their budgets on the basis of those forecasts.

Florida Education Commissioner Frank Brogan said it is folly to count on the lottery for bread-and-butter funding.

"When you build your educational house out of straw . . . you find yourself in situations as we do this year," he said.

Florida Lottery Secretary Marcia Mann, however, warns her state's lottery was not and never will be a panacea for all classroom woes.

"I understand why they (educators) get upset when we have shortfalls," said Mann, a former schoolteacher and assistant dean of education at the University of South Florida. "But the other thing I think is important to remember is the lottery's mission is to generate funds for education, and we do that and we do it very well."

Yet even Chiles characterized the Florida Lottery as a "giant hoax" before he took office in 1991. Lottery funding, he said at the time, had become part of the "turkey money" that lawmakers use to finance pet projects and was not enhancing education.

Chiles today touts his efforts to bolster classrooms, pointing to the creation of a lottery-funded pre-kindergarten program as an example. In a prepared statement issued after declining an interview with The Florida Times-Union, he vowed to "continue to press the Legislature to use lottery money" for educational enhancement programs.

Chiles said he sees "some merit" in Georgia's lottery, which operates as a non-profit corporation with a board of directors while Florida's acts as a state agency dependent on the Legislature for budget decisions.

But, he said, the Florida Lottery "outperforms Georgia's where it really matters — money for the classroom."

Chiles and other government officials concede the lottery has indeed paid for basic education programs once covered by general revenue funding. But some budget experts counter the general revenue drain hasn't been as drastic as critics claim, and they argue the Florida Lottery saved schools from taking deeper cuts during the recession of the early 1990s.

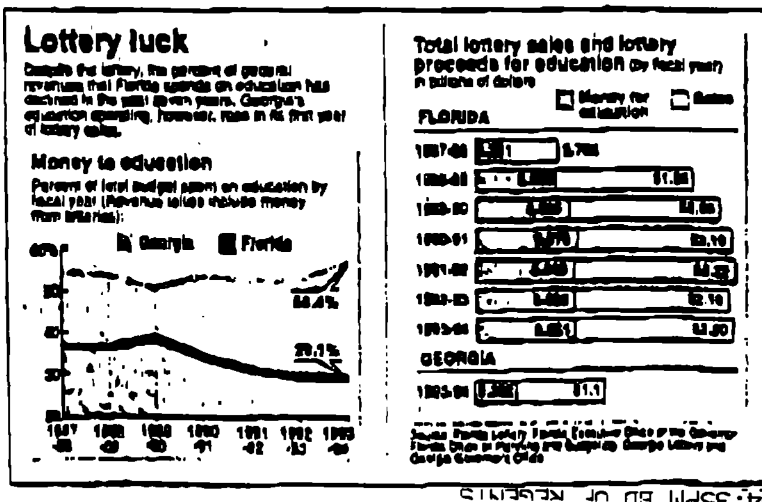
Ed Montanaro, director of economic and demographic research for the Florida Legislature, credits the lottery with saving education from taking deeper cuts or prompting even higher tax increases as social service costs skyrocketed.

General revenue funding for Medicaid jumped from $800 million seven years ago to $2.3 billion this year, state figures show. General revenue funding for prisons leaped as well, from $800 million in 1987-88 to $1.5 billion today.

"In the absence of the lottery, education would have had an enormous problem because the federal mandates in Medicaid had to be funded," said Bob Bradley, director of the Governor's Office of Planning and Budgeting.

The $14.7 billion in Florida Lottery tickets sold from 1988 through Jan. 30 won't keep Grad out of debt. At 20, the Florida State University accounting major knows he'll be paying off his college education for years to come.

"I don't know whose fault that is, but it seems like Florida has had a lot of problems with budgeting over the last several years," Grad said. "I guess they needed that money for something else."



Lottery

Continued From Page 1A

And he says the payoff may get even bigger. The governor proposes to create HOPE scholarships of up to $10,000 for 1,000 teachers seeking advanced degrees in critical fields such as math. He also wants to ease eligibility rules to bring even more students into the scholarship program.

"Of all the things that I've ever been involved with, it's the thing that I'm most proud of," said Miller, who won re-election last year largely on a platform of defending the lottery against Republican foes.

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"But in the same conversation, they tell you they have a child or a niece or a cousin who is in college because of the HOPE scholarship," she said.

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MAR 12 '96 04:34PM ED OF REGENTS P.3

ination? You don't need one. You just need to look north, to Georgia.

The type of things Florida's lottery promised 10 years ago but never delivered, Georgia's 3-year-old lottery has made real — so much so, in fact, that Florida lawmakers are for the first time considering legislation that copies Georgia's model.

Various bills are bouncing around the House of Representatives and Senate redefining how lottery money can be spent. But because those bills require lawmakers to find hundreds of millions in new dollars to "buy back" the lottery — that is, stop using lottery money for basic operating expenses — all face improbable odds.

The most radical was authored by Rep. Dean Saunders, D-Lakeland, who learned of Georgia's scholarship program last year on his way to the University of Florida-Auburn football game. An Auburn alumnus now living in Georgia explained why his daughter would attend the University of Georgia instead of his alma mater: free tuition.

Saunders said he realized that Georgia's lottery was "enhancing" education the way Florida's lottery originally had promised. If Saunders' proposal passes, voters in November would be asked if the bulk of lottery money should be restricted to college scholarships, pre-kindergarten classes and new technology — just like in Georgia.

"The lottery was created by the voters," he said. "They ought to have the right to say constitutionally how it's used."

Michelle Irvin, 19, is a freshman at Columbus College, receiving $1,740 a year in tuition and $100 a year for books because she maintained a 3.23 grade point average at her high school in nearby LaGrange. That money, courtesy of the Georgia Lottery, made the difference between starting her computer degree last summer and putting it off indefinitely.

Irvin's family didn't have the money to pay for college, and she would have had to work full-time for several years to save enough. "I knew I needed the scholarship," she said. "Otherwise, there would be no way."

In the three years of Georgia's lottery, it has provided college scholarships for 168,000 students like Michelle, pre-kindergarten for 150,000 children and $810 million for computers and other technology enhancements in the state's public schools and colleges.

Florida's educators can barely hide their envy.

"It's a great thing," state universi-

schools' basic operating expenses, freeing up tax money for other purposes. While $104 million this year will pay for pre-kindergarten classes, more than $700 million goes for operating expenses of schools and colleges. Only 50 percent of Florida's "general revenue" tax money now goes toward K-12 education, compared with 60 percent before the lottery.

"We did the flim-flam, flip-flop with lottery money," Reed said.

Florida's example, however, taught Georgia's governor and legislators an important lesson: that easy lottery money, once used for general school operations, would be hard to give up.

To avoid that temptation, Georgia officials wrote into law exactly what lottery money can and cannot be used for.

"We don't put our money in the general operating fund," said Steve Tompkins, spokesman for Georgia Gov. Zell Miller. "It can only go for those three things."

Getting from Florida's current lottery to one resembling Georgia's, though, could prove politically impossible.

There's no question that Floridians distrust lottery spending. Voters regularly defeat school construction referendums across the state, typically citing the lottery as a big reason why.

But by breaking the original promise about the lottery, state legislators in recent years have been able to keep a different promise, not to raise taxes.

Of the $830 million the lottery is expected to generate for education this fiscal year, lawmakers are targeting the $480 million that pays for public school operations. That money didn't really "enhance" education; it did help lawmakers afford other things, such as prisons, without raising taxes.

And that one factor could prevent Florida's lottery from ever doing what Georgia's has done. To copy Georgia, Florida lawmakers would have to find $480 million a year in the state budget — money they insist isn't there — to replace lottery money they would take away from the public schools.

The $480 million, meanwhile, would pay for $180 million in college and technical school scholarships and leave $300 million to increase funding for pre-kindergarten classes and pay for computers and other technology equipment in the public schools.

Frank Brogan, the state's commissioner of education, is among those advocating Saunders' constitutional amendment. He thinks voters feel so betrayed by how lottery money has been handled.

14—Rome News-Tribune 4-8-96

Florida's lawmakers want to model lottery after Georgia success

By SHIRISH DATE
Orlando Sentinel

TALLAHASSEE, Fla. (KRT) Imagine a state where every student with a B average gets a full college scholarship. Where nearly every 4-year-old attends pre-kindergarten. Where every school gets $14,000 each year to buy computers.

Now imagine a state where the lottery pays for it all.

Don't have that fanciful an imag-

ties chancellor Charlie Reed said of Georgia's lottery. "What Georgia did was learn from all of Florida's mistakes."

Those began 10 years ago, when Florida voters were asked if they wanted a lottery. The profits, they were told, would provide "enhancements" to education, ostensibly in addition to state tax money.

But that's not how things turned out. Instead, lawmakers began using lottery money to help pay the

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Second-class postage paid at Brunswick, Ga.

Subscription rates through the office

One Year	$60.00
Six Months	30.00
Three Months	15.00
One Month	5.00

Prices include Georgia sales tax and local tax

Subscription rates by mail on request.
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Schools Benefiting From Lottery

The Georgia Lottery celebrated its second anniversary Thursday and it appears Georgia children are benefitting from the games as promised by Gov. Zell Miller.

In Glynn County, the school system has received more than $3 million to help fund college scholarships, pre-kindergarten education for 4-year-olds, new computers and equipment to help implement "safe schools."

The lottery funds have allowed 766 students to attend state universities or college through the HOPE grant and hundreds of "at risk" children have taken advantage of the pre-kindergarten program, which helped them become better prepared for entering school.

Technology grants have provided Glynn schools with distance-learning satellites in addition to more computers and associated software and upgrades of school media centers.

And Glynn is also scheduled to receive "growth entitlement funds" from lottery proceeds which go to help growing school systems handle additional space needs. Glynn's funds might go to help build a fourth middle school or the money might go to add wings to schools that are overcrowded.

By all accounts, the lottery is enjoying success in Georgia and lottery officials say a big part of that is due to people seeing how much of the proceeds are going to education.

In its first 21 months, more than $755 million in lottery proceeds was poured into school systems and even those people who at first doubted the money would find its way into education programs have changed their minds.

Miller hopes to expand the pre-kindergarten and HOPE programs with continued lottery funding and he wants to see more systems add computers and improve their technology programs. He has high hopes for continued success of the lottery in Georgia and continued benefits to Georgia's school children. We do too.

Newnan Times-Herald
Name of Georgia Newspaper
AUG 1 2 1995
Date

Miller outlines where lottery profits went

Two years after the Georgia Lottery was instituted, Gov. Zell Miller outlined the educational benefits that have been purchased with its profits.

Miller, in a news release on Wednesday, proclaimed the HOPE scholarship program and the expanded pre-kindergarten program as the major cornerstones of the lottery-funded programs. Coweta County has chosen not to participate in this year's expanded pre-k program because funding is far below what would be required, if certified teachers are used.

"Education is not a privilege. It permits young adults to compete and succeed in the working world, and, most importantly, it makes Georgia a better place to live," Miller said.

Some $696 million has been spent or is allocated for use from the lottery in Georgia's college, technical school and public school classrooms and libraries. Private day-care facilities are also receiving money through the pre-k program, and some lottery funds are supplementing the state's public television budget.

Miller reported that Georgia's Office of Planning and Budget shows the following results of the lottery proceeds after two years:

- More than 100,000 Georgia high school graduates have received $85 million in Helping Outstanding Students Educational (HOPE) scholarships this past academic year.
- More than 30,000 at-risk four-year-olds attended pre-kindergarten classes across the state last year with $115.3 million coming from lottery funds.
- All of Georgia's 1,845 public schools and libraries received computers, satellite dishes, wiring and media technology with $135 million from lottery funds.
- Approximately 40 campuses in the University of Georgia System received $98.7 million.
- Georgia Institute of Technology received $6.4 million for computer equipment, technology, software and construction.
- Georgia Public Telecommunications Commission, which operates Georgia Public Television, received $34.2 million.
- The Department of Technical and Adult Education received $68.8 million.

"The success of the Georgia Lottery and the programs it has made possible are unprecedented. Practically every family in Georgia has shared its success, and most importantly, the lottery is helping us build a better future for all Georgians," Miller said.

lottery bypasses critics to ace education test

Sunday, February 26, 1995 The Dallas Morning News 7A

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Georgia lottery sales — the highest among start-ups in U.S. history — are expected to buck the usual sophomore slump and top $1 billion for a second year. Gov. Zell Miller is pressing the Legislature to devote an additional $100 million of this year's lottery proceeds to build and staff more prekindergartens and to pay teachers to pursue advanced degrees.

When they vote on his proposal in March, state legislators will be hard-pressed to say no to Mr. Miller, whose 51-49 percent victory over GOP challenger Guy Millner last November was credited in large part to the lottery's immense popularity.

Ironically, the lottery was a tough sell for Mr. Miller in the fall of 1992.

Religious leaders denounced it as a corrosive gambling machine that would prey on the poor. *Atlanta Journal-Constitution* editorialists argued against it, saying that the lottery would backfire, reducing overall financial support for education. Even former Atlanta Braves baseball star Dale Murphy took to the radio, warning that a legal lottery would hurt the economy and "send the wrong message to our children."

There were ample reasons for doubt. Florida and Texas voters had been disappointed by state lotteries.

Though about one-third of lottery proceeds have gone to both states' education pots as promised, legislators have reallocated general funds away from education to cover other budget areas, such as crime prevention and transportation.

"That was never the intent," says Chick Sanders, Florida's chief education policy analyst. He says Mr. Chiles is still pushing for a "lottery justice" bill to remedy the problem. Mr. Bush has said he would support a similar measure in Texas.

Georgia has avoided the pitfalls of other lottery states by ensuring that revenues generated by the games were dedicated to new educational programs not covered by the general education budget. The constitutional amendment approved by 52 percent of voters in November 1992 firmly stated that lottery funds would "supplement, not supplant, existing resources."

"It's doing what it set out to do," says Al McWilliams, a professor in the department of educational policy studies at Georgia State University. "The money is not being siphoned off in any direction other than education. It's going where it's needed."

Probably most popular among lottery-funded education programs is a scholarship program called HOPE, or Helping Outstanding Pupils Educationally, which offers free college tuition to all Georgia students maintaining at least a B average and whose family income is less than $100,000 a year.

Students who qualify can attend any one of Georgia's [illegible] two- or four-year colleges and universities or 32 vocational and technical institutes. The HOPE program also provides grants of up to $2,300 annually for B students who choose to attend in-state private colleges. Students who can't make the grade can still receive grants to pursue diplomas at vo-tech institutions; adults who earn a GED also get a $500 voucher to be applied toward further schooling.

"This lottery is the best, most innovative thing that's happened for public education in the state's history, in terms of providing real

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Tuition and technology extras financed by state's popular game

many of the best students are choosing to stay in Georgia for college, instead of attending more expensive colleges out of state. At the University of Georgia, where the average annual tuition and fees are $2,400, 60 percent of this year's 3,600 freshman are going to classes for free as HOPE scholars (while paying about $3,500 a year for room and board).

Their arrival has driven up the academic quality of the freshman class, which has average SAT scores of 1084, which is 182 points above the national average, and a mean GPA of 3.39, a university record.

Upon reviewing the cresting enrollment and academic credentials of undergraduates last fall, Georgia president Charles Knapp said he envisions the university becoming one of the nation's most elite public colleges.

The Georgia lottery has succeeded on two important fronts that must work in tandem — popular and legislative.

"First, the people have bought the idea that every ticket they buy might be money in their pockets or that it will go for a specific school program they support," said Patrick Stafford, a senior fiscal analyst for the Council of State Governments. "Their responsiveness has the games and the budget growing at a brisk pace."

And, crucially, the state Legislature has done its part, says Mr. Stafford, by not cutting education funding as promised, "while being careful not to get greedy with the new revenue coming in, budgeting for ambitious programs that might not be feasible if the gravy train doesn't last. That lack of accountability is what has hurt other states."

Though some conservative politicians have grumbled that popular lottery-funded programs may one day be viewed by Georgians as entitlements, rather than as extras, the governor isn't worried.

The lottery has gone over so well, say Miller spokesman Rick Dent, that "All we have left now are moral critics. It's kind of hard to pick apart something as sensible as HOPE or Pre-K programs for poor children."

Indeed, J. Emmett Henderson, a Baptist minister who is executive director of the Georgia Council on Moral and Civic Concerns, admits struggling to explain the group's continuing lottery opposition to his Christian followers.

"Oh, I know lottery is popular. I know parents are euphoric," he said. But he insists that school computers and scholarships are being paid for by "the undereducated and often financially desperate," who are hooked into a life of gambling addiction. He did not, however, provide buyers people to back up his assertions.

Georgia lottery officials, meanwhile, say lotto fever has affected Georgians of all income brackets. "It's a voluntary tax that will either give you a prize or help the schools," said Mr. Vollmer. "I think Georgians are going for it willingly and happily."

Jill Jordan Sieder is a free-lance writer based in Atlanta.

Georg a

By Jill Jordan Siede
Special Contributor to The Dallas Morn

ATLANTA — At a t
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YOUR SEARCH REQUEST AT THE TIME THIS MAIL-IT WAS REQUESTED:
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17TH & PA AVENUE, NW
WASHINGTON DISTRICT OF COLUMBIA 20500

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LEVEL 1 - 1 OF 16 STORIES

The Atlanta Journal and Constitution

April 28, 1996, Sunday, ALL EDITIONS

SECTION: PERSPECTIVE

LENGTH: 1877 words

HEADLINE: The South's Golden Age;
A new report confirms the region's incredible renaissance - booming growth, higher income, better education. But much work remains to be done.

BYLINE: Jack Betts

BODY:
From the Civil War to World War II, the American South was a region marked by poverty, ignorance, deprivation and want a "the Nation's No. 1 economic problem," President Franklin D. Roosevelt called it in 1938.

Then came the demise of Jim Crow, the miracle of air conditioning and a massive program of spending on education a and an astonishing Southern renaissance that imbues the region with the glow of success, a new report on the "State of the South" suggests.

"It's a helluva story a from the land of sowbelly and segregation to the land of the Golden Age of the South," says George Autry, director of MDC Inc., a Chapel Hill, N.C., think tank that studies work force and economic issues in the South.

The report draws provocative conclusions about how this progress has arrived a and challenges the South to keep what it has built.

Noting that race "is the South's oldest, thorniest, most highly charged dilemma," it also concludes that "race still matters in economic mobility, but it appears to matter less these days than education, gender and family structure."

The region has come so far in recent years that overall per capita income and education measures, once running so far behind the rest of the nation that H.L. Mencken used in H.L. Mencken's search for the worst American state, now approach national norms, and in some cases exceed them.

Among the success stories:

Per capita personal income in the South has risen to nearly 90 percent of the United States per capita income, spearheaded by vast improvement among the Atlantic states but only mediocre performance inland.

The income levels of married black couples a particularly married black couples with two wage earners in the family a have improved vastly. Southern married black couples once earned only about two-thirds as much as white couples earned, and far less than black married couples nationally. Now black families earn 80 percent of what white families earn a and two-earner black married couples 86 percent of white families' income.

In the 1980s and '90s, poverty in the United States grew a but in the South, the poverty rate declined as new economic opportunities increased and racial discrimination diminished. In 1994, the poverty rates in Georgia, Virginia, North and South Carolina were below the national average of 14.5 percent.

And Southerners are pursuing educational opportunities in numbers almost unimaginable just two generations ago. The percent of Southerners graduating from high school has nearly trebled; the number of young Southern blacks with high school diplomas now exceeds the national rate for black graduates, and Southerners earn college degrees at almost the same rate as other Americans.

But the success stories are tempered by the other side of the progress. Georgia's per capita income of $ 20,251, based on 1994 figures, still trails the U.S. per capita income in 1994 of $ 21,809. So, too, does Tennessee's $ 19,482 and Alabama's $ 18,010. Georgia ranks 30th in the nation in per capita income.

Although married black families in the region have made huge progress economically, the plight of black families with single mothers has worsened as the number of births to unmarried women has increased. And the gap between black and white Southerners who attend college has grown, even though blacks continue to pursue educational opportunities in growing numbers.

These seeming contradictions a dazzling indicators of success, tarnished by the grim reality that much of the Southern population has not shared in the region's progress a are sobering reminders of how wide the gap is between those who are better off and those who have made no progress.

The report documents two significant things, says former Mississippi Gov. William Winter. "The very dramatic progress we have made in closing the gap in economic and educational achievement, but also . . . how very far we have to go in building up the bottom part of the population, which is still being left out in terms of education and economic opportunity."

In the South's postwar economy, education wasn't much of a prerequisite to get a job in a mill or a mine and make a living. Those days have gone, and so have the days when a high school education was enough.

"In economic terms, a high school diploma these days does as much good as rabbit ears on a computer," the report says. "A worker armed only with a high school diploma today has fewer prospects than a dropout a generation ago."

The problem is not job loss. Job growth will be dramatic a a projected 9 million more jobs, with a concentration in retail trade, health services and business services. But our work force, aging and no longer holding the kinds of jobs that once were part of the Southern industrial fabric, will not have the skills training to perform them.

"The South once added jobs by being a source of low wages and low- skilled workers. But jobs requiring few skills are disappearing even as their pay drops. The emerging economy is not asking for the kinds of workers the South has traditionally supplied," Autry says.

Supplying those workers will require a massive education and retraining effort for an older work force. By 2010, there will be 8 million more Southerners in the 45-64 age group, and 800,000 fewer younger workers. This huge bulge in the aging work force will have to develop the skills to carry the burden of supporting 3 million more elderly citizens and a million more children in school.

What this means is a jolting collision between workers and work. "A demographic and economic double whammy will hit the South over the next 15 years, disorienting workers and demanding much more from Southern states," the report says. "The South will prosper if it can build an economy of competitive businesses and trained workers."

Continued training and more training and retraining will be the key. The changing economy demands new kinds of workers with different kinds of skills.

In recent years we've become accustomed to rapid growth. The South's economy grew by more than 8 million jobs since 1980, despite the region's traditional reliance on textiles, apparel and coal mining, which have undergone steady contractions. Every Southern state has more jobs now in relation to its working-age population than it did 25 years ago.

Georgia's 5.2 percent unemployment rate in 1994 was lower than the national rate of 6.1 percent. And cities across the region are "roaring engines of job growth," the report says. Atlanta accounts for 47 percent of Georgia's population, but 68 percent of its job growth. Lexington, Ky., has 11 percent of the state's population, but 21 percent of its job growth. Charlotte and Raleigh-Durham together account for 31 percent of North Carolina's population, but almost half (47 percent) of its job growth.

These jobs were created, the report says, because the South invested in infrastructure such as roads and schools, created favorable business conditions and dumped formal discrimination.

"We dismantled Jim Crow a I don't think anyone could predict how important that was economically for us a and it opened opportunities, not only for minorities to work, but more businesses sought us out as a place to bring new plants," Autry says.

As more people went to work, got more education and began to perform better economically, it became clear that both black and white workers with lower earnings may be blaming the wrong things, the report says.

"Race is one of the explanations for the ambiguity that the South's Golden Age is also an age of anxiety," says Autry, a lawyer who worked on Capitol Hill before helping create MDC in 1967. "White high school graduates' earnings are evaporating, and black family incomes continue to trail that of whites. One blames affirmative action and one blames racism a and neither focuses on the real need: education."

Vic Hackley, president of the North Carolina community college system, notes that although overt racism may be less of a factor than 30 years ago, built-in inequities "do the same things that racists would like to see done a and until that is fixed, change will be limited."

But Hackley, an Air Force veteran who has headed regional universities in Arkansas and North Carolina, is a strong promoter of community colleges as the medium for providing the retraining of the future in the region. He is enthusiastic about the state of the South's import.

"What it may do is finally explain to minority and white workers alike that the community colleges provide a viable economic conduit to middle-class existence. They do not always understand that students who may not consider themselves four-year college material can still have very decent lives" a earning as much as $ 40,000 right out of community colleges.

The report sets forth an agenda for creating the new work force and for lifting up those in the bottom quarter of the Southern economy. The agenda includes:

A new compact between regional universities, community colleges, businesses and other institutions to capitalize on opportunities in the new economy;

New work force development programs;
A focus on job quality and not just job quantity;

Better access to education programs by bringing the training to the worker.

Embedded in the report is the observation that funding and other support for education beyond high school is at peril across the South. "The South's economic future depends on strong universities," the report says, "yet funding for Southern colleges and universities has not kept pace with enrollment. At a time when it is clear that every adult needs postsecondary education, tuition has risen sharply a so much so that the South is in danger of pricing education out of the range of many potential students."

This concern reflects a national trend, with recent studies showing that cost s at many public universities across the country are approaching costs at private institutions a effectively squeezing out the middle class.

"We are erasing a century-long policy of encouraging higher education," Autry says. "If we catch that fever, we can strangle the goose that laid the golden egg at a time when we need the goose to produce more golden eggs."

In Georgia, HOPE scholarships funded through the state lottery have helped increase many students' access to public universities.

Two generations ago, as Georgia historian Numan Bartley has observed, public policy in the South tended to recruit low-wage industries. And it tended to drive off the unemployed poor by deliberately keeping welfare benefits low.

"We got rid of a lot of poverty by exporting it," Autry says. "But we also got rid of a lot of it by putting them to work" in the industries that later came South for the Golden Age.

While many of those industrial jobs may be disappearing, they are being replaced by many new jobs in the region. "We are not going to have fewer jobs (in the future)," Autry said. "We are going to have more jobs a but we are going to bounce from job to job over the course of a lifetime, and we are going to need to train for those jobs."

Jack Betts, based in Raleigh, is an associate editor for the Charlotte Observer.

LOAD-DATE: April 29, 1996

LEVEL 1 - 2 OF 16 STORIES

The Post and Courier (Charleston, SC)

January 9, 1996, Tuesday, POST AND COURIER EDITION

SECTION: A, Pg. 8

LENGTH: 1629 words

HEADLINE: Lottery warning

BODY:

I would like to respond to the article "Lottery could aid education."

Lotteries go back to the earliest days of our history, but because of widespread corruption, bribery and questionable political behavior, they were all but banned before the end of last century. Lotteries were legal in South Carolina until 1762 when the General Assembly banned them to eliminate unauthorized competition and fraud.

As for Georgia's HOPE scholarship, let's wait and see the whole picture. Let's wait and see what they're having to pay to support the thousands of losers of each lottery drawing. Maybe we just need to rethink our current state priorities. Under other circumstances, would Georgians support paying for college scholarships?

Georgia School Superintendent Werner Rogers warns: "What has happened in virtually every state (that dedicates lottery revenues to education) is the money that flows to education winds up being replacement money, not new money. If that's the case, I am not interested" (Florida Times-Union, June 3, 1990).

Lotteries are not a major source of funds for education. Increased lottery revenues are usually offset by an equivalent decrease in monies allocated to education from other sources. California, since introducing the lottery in 1985, has seen a 1.5 percent, or $ 600 million, drop in state tax dollars for education.

"A fraud and a scam have been perpetrated on the people of Florida, and on education in particular," said Ron Sachs, director of communications for the Florida Education Association United, the state's oldest teachers union. "Instead of enhancing education, we've barely been able to keep pace" (Atlanta Constitution, Sept. 22, 1990).

"In terms of education, this state is worse off for having a lottery than it would if it had not had a lottery at all. The perception by the voters in Florida is that they have been hoodwinked. Voters in Georgia need to be very much concerned" (State Rep. Jim King, Florida Times-Union, June 3, 1990).

The people of Georgia chose not to heed these warnings, but what about the citizens of South Carolina? Are we going to fall yet again for the gambling industry's lies? Or will we stand up to them and say "No" to a lottery?

GWEN JARRARD
207 Easy St. Goose Creek

Tell the whole story

This letter is prompted by the subjective opinion about the partial government shutdown in a column by a Knight-Ridder journalist in the Jan. 1 Post and Courier.

The prime reason we have this situation is due to failure of the media to keep the public informed by objective reporting of the facts. The media continues to reinforce the distortions of the president and his supporters that the congressional balanced budget proposal requires drastic cuts in social programs and provides tax cuts for the wealthy few.

Rarely have you reported that the proposed budget does not cut entitlements but only makes modest reductions in projected rate of growth. Entitlements will grow from 48 percent of current federal expenditures to 58 percent by 2002.

The media featured the president vetoing the Medicare legislation and quoting him as saying the bill would devastate Medicare. The Post and Courier chose not to report that the difference between the congressional budget and the president's proposal is a mere 2 percent.

Nearly every day The Post and Courier contains an article stating the proposed tax cuts benefit the rich. It fails to report that only 10 percent of the child care tax credit goes to individuals with incomes greater than $ 100,000, who, by the way, pay 43 percent of all income taxes. These articles emphasize that the proposed capital gains tax is a handout to the wealthy few. The facts are that last year 56.9 percent of those reporting capital gains had adjusted gross incomes of less than $ 50,000.

Our Constitution guarantees freedom of the press in order to ensure we have a well-informed public. I challenge The Post and Courier to adhere to this obligation.

WILLIAM W. FETZER

127 E. Johnston Road Summerville

Throw them out

If there was ever an incentive to demand term limits for our elected representatives, the government shutdown should be the straw that puts the donkey and the elephant into terminal traction.

As soon as we send these clowns to Washington they forget first, "who sent them there" and second, "why we sent them there."

Having lived in the D.C. area for eight years, I know firsthand the frustrations of driving on the beltway and spending three hours a day commuting to work. I also know the family anxieties associated with living near the murder capital of the country. I wanted the job, and when I got it, I did what I was paid to do. Like every other American, if you don't perform the job you should be fired and replaced by someone who can.

Our Congress is a business of 535 employees and 270 million bosses. Congress still thinks it is the boss. Oh sure, it fabricates the public image and reads the speeches about working for us, but once they get back to their offices or yuppie watering holes they soon chuckle and say, "Yeah, right."

It's time we real bosses hold a meeting (and soon) and get rid of the indisputable nonessentials in our business. Strom Thurmond's statement that he had no problem with Congress still getting paid because "We all are still working" should be a wake-up call to those who still support Strom and the other washouts we have sent to Washington. Strom hasn't worked in Congress for the past two decades, and when I scrutinize his questioning of witnesses at some official forum, I often wonder if he even knows he's in Washington. The legendary comic strip character "Pogo" was right, "We have met the enemy and he is us."

JIM GEORGE

111 Mulberry Hill Summerville

Not news

I was dismayed by the self-serving gall of the Post and Courier in printing (as front-page news) the debut of "Charleston.Net." The blatant advertising for this service is not news - it is a plainly commercial promotion of a service provided by The Post and Courier.

If other advertisers are not allowed to disguise their advertisements as news, why is The Post and Courier allowed to do so?

LON HAZZARD

535 King Charles Blvd. Summerville

Quality Awards

America has made a dramatic comeback since the days when we equated quality with Japan. Today, productivity, innovation, customer satisfaction and quality have become solid principles of the Charleston way of doing business. The Dec. 8 Trident Area Quality Awards Luncheon at the Charleston Marriott is a case in point.

At the luncheon, 22 awards were given to organizations in recognition of quality efforts. Team awards were given for projects ranging from improving the dispatch efficiency of a taxicab company to improving the kidney transplant process at a hospital.

An elementary school looked at the student expulsion referral process and a manufacturer improved safety. One organization award was also granted. Of particular note is that the people who made the Trident Area Quality Awards Luncheon Program possible were several dozen local volunteers who served as committee members and examiners to review and evaluate the award applications.

I would like to thank the committee members, examiners, award applicants, Bill Perry, director of the Trident Area Community of Excellence, and Graeme Payne, chairperson of the American Society for Quality Control, for making the third annual awards luncheon possible. We are already planning for the fall 1996 awards program and expect that showcasing the quality efforts of local organizations will be a spectacular event.

LYLE JOHNSTON

Chairperson, Trident Area Quality Award Committee

798 Dupre Lane Mount Pleasant

Turn off the TV

Recent discussions of the poor quality of television, especially talk shows, have prompted this letter.

The way that these programs - products - are sold is to exploit human weakness. My dictionary defines this as pandering.

Politicians cater to fears to get votes. Business leaders exploit people by pandering to human greed. They want to make you feel that your possessions (car, computer, etc.) are not good enough; they devise products that become obsolete in months. Credit card companies pander to the desire of the public to enjoy the good life now, regardless of the financial consequences.

All of the above and the overemphasis on material things leaves Americans emotionally drained, depressed and quite often financially devastated. They retreat into passive, physically- or emotionally-violent television shows, video games, sadistic movies or sports.

No one wants to elevate, uplift or seek timeless truths. If people were to become satisfied or happy, they might not buy anything.

The way out of this morass is to explore the world with a child-like zest, with enthusiasm and a joyful appreciation of the present moment.

Try writing a poem, drawing a picture, or enjoy walking in the woods and becoming really aware of the sights and sounds of nature. Go to the library and become acquainted with the great thinkers.

You can listen to the greatest music ever written, sometimes hundreds of years old, but just as alive and vibrant as when it was first composed. Take up knitting, quilting or wood carving; take time out to help an older or disadvantaged person; learn to dance or try studying a foreign language.

Turn off the television and leave it off. Resolve to create, learn and do - and, in the process, refuse to deal with the panderers of junk entertainment and junk products.

RICHARD GALENES

4148 River Road John's Island

Submit letters to: The Editor, The Post and Courier, 134 Columbus St., Charleston, S.C. 29403-4800.

LOAD-DATE: January 10, 1996

LEVEL 1 - 4 OF 16 STORIES

The Post and Courier (Charleston, SC)

December 27, 1995, Wednesday, POST AND COURIER EDITION

SECTION: A, Pg. 13

LENGTH: 526 words

HEADLINE: Lottery could aid education;
LACKING: Some S.C. schools are complaining that they aren't recruiting as many Georgia residents.

BYLINE: LINDA L. MEGGETT; Of The Post and Courier

BODY:

A lottery could help South Carolina provide free college tuition for in-state students, but the General Assembly refuses to follow Georgia's example, two Charleston-area legislators said Tuesday.

A lottery could add about $ 60 million annually for higher education and make it more competitive, state Sen. Ernie Passailaigue, D-Charleston, said.

Georgia's HOPE scholarship program, which pays college tuition for in-state students who graduate from high school with at least a "B" average, is in its third year. The lottery-funded program provides more than $ 80 million a year to more than 100,000 students.

Now some S.C. schools are complaining that they aren't recruiting as many Georgia residents. Others say they would be more concerned if Georgia was devoting the money to recruiting more South Carolinians.

Passailaigue, who introduced a lottery bill two years ago, said South Carolina is the big loser because residents are spending about $ 50 million annually in the Georgia lottery. "What we're doing is paying for Georgia students to go to college."

Most S.C. lawmakers won't allow the citizens to vote on a lottery, Passailaigue said. "It shows a lack of regard for the citizens of this state, that they can't make an informed decision."

State Sen. Robert Ford, D-Charleston, agreed.

"Gov. David Beasley is trying to force the Christian Coalition values on the rest of us. We're going to lose out because we choose to stay backward and in the Dark Ages," he said.

He said schools must increase tuition and fees because higher education is inadequately funded. South Carolina's students pay the second-highest tuition rate in the South.

"We have to find a new source of revenue to compete with neighboring states for our own students," Passailaigue said.

College of Charleston President Alex Sanders said it's a shame South Carolina can't provide scholarship money in the way other states do it. Even without a lottery, the state should look at other methods to improve higher education funding, he said.

The $ 195 million that was spent on tax relief earlier this year could have been used to fund scholarships for in-state students, he said.

Citadel President Lt. Gen. Claudius Watts III said, "We need more dollars coming from the state to support state students. We have to be careful we don't set up an elitist system ... and don't simply throw dollars at the problem."

There must be strong programs to entice students to attend schools here, Watts said, saying he would support a lottery to raise additional money for higher education. "I think the lottery would have to supplement what's already appropriated for higher education."

Legislators have to be careful not to turn their backs on higher education. Sometimes lottery funding starts as a supplement but becomes the main source, and that can't happen, he said.

Meanwhile, the Commission on Higher Education wants the General Assembly to increase appropriations for higher education.

Sanders and Watts said the Georgia scholarship program is just one more example of how schools in South Carolina have to compete for outstanding students.

LOAD-DATE: December 28, 1995

LEVEL 1 - 5 OF 16 STORIES

The Herald (Rock Hill, S.C.)

December 26, 1995 Tuesday 1ST EDITION

SECTION: STATE; Pg. 10B

LENGTH: 580 words

HEADLINE: Georgia's lottery taking students from SC colleges, officials say

BODY:

COLUMBIA, S.C. (AP) - Free college tuition offered to many Georgia students is tough competition for South Carolina, which used to siphon top students from the neighboring state.

Georgia's HOPE Scholarship program, which pays college tuition for in-state students who graduate high school with at least a "B" average, is in its third year.

The lottery-funded program provides more than $ 80 million a year to more than 100,000 students, The (Columbia) State reported Monday.

University of South Carolina President John Palms told a legislative committee earlier this month that "the lottery in Georgia is giving us fits in terms of attracting top students."

South Carolina is the only state that does not have any kind of financial aid fund for tuition assistance at public colleges, the newspaper reported.

"Economics are going to influence where a student goes to school these days," said Randy Duckett, University of South Carolina-Aiken admissions director.

"There's no question the program impacts schools in South Carolina. ... We've had to work extra hard to overcome what's going on over there," said Mike Heintze, Clemson University's admissions director.

"It's become more and more of a challenge to attract gifted students out of Georgia," he said. "What the state is spending is significant. It's difficult to compete with that."

Clemson used to count on attracting as many as 120 freshman annually from Georgia. Last year, that was down to 78; the number this year is 98.

Heintze acknowledged the rebound "could've been an aberration. I'm hopeful that trend will continue. But I can't say for certain it will."

Georgia's lottery has produced so much money that students who attend private colleges and technical training schools get financial help as well.

The state has eliminated a requirement that families earn no more than $ 66,000 to qualify for a HOPE scholarship, which stands for Helping Outstanding

Pupils Educationally.

However, the program does not cover room and board.

"Free tuition for anyone with a B average is too tempting to pass up," said Benny Walker, vice president for enrollment at Furman University.

Three years ago the private Greenville college's freshmen class had 190 Georgians. This year that figure has dropped to 120.

"It's a concern when you have your second feeder state drop off so dramatically," Walker said. "You have to turn to other states."

This year, almost 30 percent, or 104, of Presbyterian College's freshman class is from Georgia. The number rebounded from a year ago when only 84 enrolled at the Clinton school, but it's still less than the 128 Georgians who were freshmen in 1992.

"We have drawn well from Georgia for many, many years," said Margaret Williamson, Presbyterian's chief admissions officer. "The (HOPE) scholarship program is making us all work a little harder and a little smarter."

Furman employs a full-time recruiter in the Atlanta area.

Presbyterian counts on its church-affiliation and an annual banquet in Atlanta to draw prospective students.

The Legislature allows residents of Richmond and Columbia counties in the Augusta area to pay in-state tuition to attend USC-Aiken. However, Duckett said, HOPE Scholarships have put a dent in the number of students crossing the border.

The Aiken campus usually could count on about 30 Georgia freshmen each fall. A year ago, the number dropped to 10, and 23 freshmen from Georgia enrolled this fall.

LOAD-DATE: December 27, 1995

requirement applies to the private school scholars.

HOPE scholarships may constitute Miller's most successful innovation. Even so, the program can be improved with fine-tuning. That's what the governor has done with these latest changes.

LOAD-DATE: January 16, 1996

LEVEL 1 - 6 OF 16 STORIES

Daily Report Card

November 6, 1995

SECTION: GOAL SIX: ADULT LITERACY AND LIFELONG LEARNING

LENGTH: 454 words

HEADLINE: TOUGH ON CRIME: NO MORE EDUCATION FOR INMATES

BODY:

Government-subsidized education for prison inmates is coming to an end, writes the ATLANTA JOURNAL/CONSTITUTION (Cook, 10/28). Under President Bill Clinton's 1994 crime bill, prison inmates nationwide are prohibited from receiving Pell grants, and those in Ga. are being sacrificed under Gov Zell Miller's (D) plans to reduce spending for prison education programs.

However, many experts who claim that schooling is a long-term solution to crime warn that curtailing prison education programs is a bad idea. Stephen Steuer, executive director of the national Correctional Education Association, explained that inmates who earn high school or college diplomas are less likely to return to prison than those with fewer years of schooling, reports the paper. "The trends are quite clear. People who participate in ... secondary, GED (general equivalency diploma) or adult education have a significantly lower recidivism rate -- 10% to 20% lower," he argued.

Inmates who earn their GED in prison are entitled to a $500 voucher from the Ga. HOPE scholarship program. However, the paper writes that the voucher only covers a small fraction of the cost of tuition and can only be used when prisoners have been released. Ellen Cauthorn, education director for the Ga. prison system: "College courses are gone unless the inmate chooses to do a correspondence course at his own expense."

The JOURNAL/CONSTITUTION notes that 62% of Ga.'s 34,000 inmates read at or below an 8th-grade level and 35% cannot solve 6th-grade math problems. Thad Thacker, a 25-year-old armed robber who was halfway through his bachelor's degree when the funding was pulled: "Prisoners have to have something to change their lives, which is what college has done for me, so that we never think about committing crimes again."

LANGUAGE: ENGLISH

LOAD-DATE: November 6, 1995

LEVEL 1 - 7 OF 16 STORIES

The Atlanta Journal and Constitution

April 19, 1995, Wednesday, ALL EDITIONS

SECTION: EXTRA, Pg. 2J, Elliott Brack

LENGTH: 553 words

HEADLINE: GWINNETT TODAY;
College is hard work, as students quickly learn

BYLINE: Elliott Brack

BODY:

Making a grade of B in college seems easy enough for many of today's high schoolers. "What's the big deal about making a B in a course?" they ask.

They may be thinking as I was before heading for college. I thought good grades would be duck soup in college, after having made good grades in high school.

Boy! Was I wrong!

There's a world of difference between classroom achievements in high school and college. It reminds me of a term in the sporting world.

"Take it to another level," they say. Jumping from high school to college is as big "another level" as there is.

That's why it pleased me to see the way the Georgia HOPE scholarships are set up. These students achieved a grade of B in high school. They did not produce "just average" grades of a C. They were therefore, "above average" in high school.

Think again to sports. Sports scholarships are seldom given to players who are mere starters on the varsity. These athletes must have significant achievements to be noticed for a sports scholarship.

Gaining that average grade of B rewards students with a HOPE scholarship . . . and says to them, "Go forward. There's great hope for you."

Better than average

Yet high school graduates will soon learn that keeping a HOPE grant is no pushover. It requires hard work by the student in college. The student must do better than the average freshman in college, those who usually get a C. HOPE grantees must maintain a B average.

Let me tell you, for a freshman, making better than a C is tough.

My first year in college, which I remember having planned to waltz through, was a shocker. In my first quarter, I had never studied and worked so hard in my life. I escaped with three C's that first quarter. It took me down a notch, and taught me that I had to dig deeply in if I was going to do any better.

My worst class turned out to be my best: Physics. I'm not a scientific type, that is, I'm not a mechanical person. I made a C in physics all three quarters while a freshman.

Yet the physics class taught me more than just science. It taught me how to study, how to analyze a problem. It taught me that hard work produced results, and it taught me to achieve. Any success I had later came as a direct result of that physics class.

Putting into practice

Years later, when I was working with a group on a community project, one day I said innocently: "Well, let's just put down what we know, and what we don't know."

One of the people I was working with chimed in, somewhat surprised: "Oooh, I see you are using the scientific method."

I didn't realize it, but I was. I was putting into practice what physics had taught me.

If you have a student about to go to college with a HOPE grant, you probably can't get across to your child what a tremendous transformation there is between high school and college. As a parent, warn your student to be prepared for that significant leap, of taking it to another level.

Later, if the student comes home with a grade of at least a B, that's wonderful! Offer hearty congratulations! You'll know they have worked hard in college to keep that HOPE scholarship.

It'll signal they'll do well in life.

Elliott Brack is associate publisher of the Gwinnett Extra and a 21- year resident of Gwinnett County.

LOAD-DATE: June 27, 1995

LEVEL 1 - 8 OF 16 STORIES

The Atlanta Journal and Constitution

April 12, 1995, Wednesday, CONSTITUTION EDITION

SECTION: EDITORIAL, Pg. 12A

LENGTH: 542 words

HEADLINE: Tuition changes on course

BODY:

Making a college education more expensive is never a popular proposition. Now would seem to be a particularly inopportune time in Georgia, as the HOPE Scholarship program and other state initiatives acknowledge how important it is to make higher education accessible to as many Georgians as possible.

Despite that, the proposed changes in tuition rates make sense. The new rate structure would help move the university system toward the goals set by Chancellor Stephen Portch. Members of the state Board of Regents are scheduled to vote on the increases today.

The proposal to cut tuition at the state's two-year colleges by 5 percent will be applauded by those who attend those schools. Its importance goes beyond popularity, however. Two-year colleges should be points of access to Georgia's higher education system. Lower tuition will help.

When entrance standards for four-year colleges get stiffer and the state ends exemptions that now let students enter those schools despite failure to complete required courses in high school, two-year colleges will become even more important.

Many of those turning to two-year colleges will be teenagers from low-income families or working people with families who discover they need a college education to improve their lives. Even a small break on tuition can make a difference.

The proposed 5 percent increase in tuition for in-state students at Georgia's four-year colleges and the $ 100-a-quarter increase for out-of- state students are also justified steps toward making tuition pay more of the actual cost of educating students. Now, in-state students pay about 25 percent of that cost while out-of-state students cover 75 percent.

No one is eager to pay more for college, but Georgia's tuition increases total 23 percent in the past five years - the lowest in the nation. The out-of-state increase is the first step toward ending taxpayer subsidies to students who come to Georgia's public colleges from other states. At the end of four years, tuition for out-of-state students will cover 100 percent of the cost of educating them.

This is no parochial attempt to sock it to the outsiders. Many states already charge out-of-state students 100 percent of costs. Georgia ranks 38th nationally in the amount it charges for out-of-state tuition. The proposed increase should leave Georgia schools a long way from pricing themselves out of the market for out-of-state students.

In fact, there are benefits to attracting students from other states to Georgia's colleges. Those students can add to academic competition and achievement in the classroom, and some will remain in Georgia and use their talents here after college.

The ability to attract out-of-state students is one measure of a university s ystem's national standing. Georgia would have to attract more out-of-staters than the current 8 percent of total enrollment in the system to rate among the top nationally. But academic excellence will attract better than bargain-basement tuition.

That must be kept in mind by all those involved in the tuition issue, from the regents who will vote on the rates to the students who will pay them. It's not just a matter of how much students pay, but what they get in return.

LOAD-DATE: June 27, 1995

LEVEL 1 - 9 OF 16 STORIES

February 21, 1995

SECTION: SCHOOL WATCH; Section F; Page 3

LENGTH: 463 words

HEADLINE: SCHOOL WATCH The need for scholarship savvy leads students to study options

BYLINE: By Reagan Walker STAFF WRITER

BODY:

Mays High School senior Keisha McClendon has narrowed her college choices to three: the University of Georgia, the University of Southern California and Spelman.

Her grades are good. Her applications are in. But she knows she has to do more than wait. Once she gets in, she has to pay.

With college costs climbing every year, the bill could go as high as $ 20,000 a year if she goes out of state.

"I've been talking with my English teacher and counselor about essay contests and other ways I can earn scholarships," said Keisha, who attended a financial aid workshop at Mays last week with her father, W. Oliver McClendon.

"I've saved some, but I have four children. Keisha is the first to go to college, so I am a novice at financial aid. I'm glad to know there are more opportunities than I realized," McClendon said.

Many people think only the top students get scholarships, but that's a myth. The Coca-Cola Scholars Foundation, for example, looks for students who have overcome obstacles. But it takes a lot of research and work to find scholarships that fit your situation.

Phyllis Townsend, 38, a student at the Interdenominational Theological Center at the Atlanta University Center, found a scholarship aimed specifically at older students - the Orville Redenbacher Second Start Scholarship of $ 1,000.

"I was turned down for many and I think my age had something to do with it," Townsend said. "But I tried one last time and got it."

High school counseling offices, college financial aid offices, clearinghouses such as the National Scholarship Research Service and several reference books can help students find scholarships. There's also some computer software on the market, such as Pinnacle Peak Solutions' Scholarships 101.

Many schools, like Mays High, are sponsoring workshops to help students and parents identify funding sources and complete application forms.

Some universities, such as UGA and Georgia Tech, have March 1 deadlines for financial aid applications. From there, the deadlines for both financial aid and scholarships begin to roll out through the spring months.

"This is the best time to apply for assistance," Calvin King, senior financial aid counselor with the Georgia Student Finance Commission, told Mays High parents.

The first step, King said, is to fill out the free application for federal financial aid, required at virtually every college and university and for such programs as Georgia's HOPE scholarships.

Many parents, like Earnestine Kittler, whose son Byron is considering Morris Brown College in the fall, have known for a while that the college bill is coming. But with spring deadlines near, reality is setting in.

"I don't know what we will qualify for, but we are going to try everything," Kittler said.

GRAPHIC: Photo: "I don't know what we will qualify for, but we are going to try everything," Ernestine Kittler says as she and husband John fill out applications at Mays for their son, Byron. / FRANK NIEMEIR / Staff Chart: Where to get money to learn Financial aid advisers recommend considering all types of aid: -GRANTS: Money that does not require repayment. The largest grant program is the federal Pell grant. Most grants consider financial need. -WORK STUDY: A federal program allows students to work on-campus jobs to help offset costs. Many work off-campus. Some schools, such as Berry College near Rome, allow students to work in exchange for some tuition costs. -MILITARY: Military academies and ROTC programs cover most college costs in exchange for service in the armed forces after graduation. -LOANS: By far the most common form of college financing. In most cases, students must repay the debt upon graduation. In Georgia, graduates can repay some debt with service in critical need areas such as gerontology or teaching math and science in public schools. -SCHOLARSHIPS: Also money that does not require repayment, but applicants must meet certain requirements.

LANGUAGE: ENGLISH

LOAD-DATE: February 22, 1995

LEVEL 1 - 10 OF 16 STORIES

The Atlanta Journal and Constitution

January 24, 1995

SECTION: EXTRA; Section J; Page 4

LENGTH: 542 words

HEADLINE: EDUCATION BRIEFS Lanier gets a little more green to fund environmental program

BODY:

The Lanier Museum of Natural History has received a $ 5,000 grant from Nordson Corp. in Duluth to help fund an environmental education program for Gwinnett County schoolchildren.

The museum, at 2601 Buford Dam Road in Buford, will begin a series of interpretive outreach programs focusing on endangered species and exploring answers to the question, "Now what do we do?" The programs will be provided in about 100 classrooms in Gwinnett County middle schools to enhance the schools' existing curriculum.

The Nordson Corp. engineers, manufacture and market equipment used to apply high-performance adhesives, sealants and coatings during manufacturing operations.

The Lanier Museum of Natural History, which charges no admission fee, offers a look into Gwinnett's natural, historical and cultural past through year-round exhibits, educational programs and special events. The museum is operated by the Gwinnett County Department of Community Services Parks & Recreation Division.

Hours are Tuesday through Friday, noon to 5 p.m., and Saturday, 10 a.m. to 5 p.m. For more information, call 932-4460.

NORCROSS HIGH GRAD MAKES WHO'S WHO: Jennifer Harvey, a 1991 graduate of Norcross High School, is among 27 students at Presbyterian College in Clinton, S.C., chosen to appear in the 1995 edition of "Who's Who Among Students in American Universities and Colleges," based on academic excellence and leadership roles on campus.

Harvey, a senior business administration major, has served in Presbyterian College's Student Volunteer Services program and is an officer in the Society for Advancement of Management. She is a member of the Sigma Kappa Alpha academic honor society and Zeta Tau Alpha sorority.

She is the daughter of Ray Harvey of Lawrenceville and Linda Roche of Alpharetta.

GOFF ON GEORGIA SOUTHERN DEAN'S LIST: Don Michael Goff Jr. of Lilburn, has been named to the dean's list for the 1994 fall quarter at Georgia Southern University in Statesboro.

The son of Don and Susan Goff earned a 3.6 grade-point average on a 4.0 scale.

BOBBER MAKES DEAN'S LIST AT TECH: Amanda H. Bobber, an honor graduate of Central Gwinnett High School, was named to the dean's list for the 1994 fall quarter at Georgia Tech in Atlanta.

Bobber is a Georgia HOPE Scholarship winner and the recipient of a Gwinnett County Georgia Tech Alumni Scholarship.

In addition, she recently joined the Phi Mu sorority. She is the daughter of Robert and Mary Bobber of Lawrenceville.

STUDENTS EARN BERRY COLLEGE DEGREES: Gwinnett residents were among 111 students who graduated from Berry College in Rome recently during winter commencement ceremonies.

Receiving bachelor's degrees were: Robert Brian Lackey of Lawrenceville, business administration; Eric Alan Lauterbach, Norcross, economics and political science; Meredith Leeann Palmer, Lilburn, international studies; and Pamela Christine Sarrett, Snellville, political science and business administration.

Berry College, a four-year, independent coed college, has 1,800 students and is in the North Georgia mountains.

Send Education Briefs to Nichell J. Taylor, Gwinnett Extra, 6455 Best Friend Road, Norcross, Ga. 30071; or fax to 263-3011. Photographs also are welcome, but will not be returned.

LANGUAGE: ENGLISH

LOAD-DATE: January 26, 1995

LEVEL 1 - 11 OF 16 STORIES

The Atlanta Journal and Constitution

November 24, 1994

SECTION: EXTRA; Section D; Page 14

LENGTH: 488 words

HEADLINE: Apply early, but be patient when seeking financial aid for school - it is out there

BYLINE: By Richard Bono STAFF WRITER

BODY:

Colleges and trade schools offer people a chance to optimistically plan their futures. But paying for education is another matter.

"Many people just don't know how to avail themselves of the financial aid that's out there," said financial aid expert Allen May of the Georgia Student Finance Commission (GSFC), an autonomous state agency. "They don't know where to begin."

Where to begin is the subject TAP's Fulton Cluster tackled earlier this week at South Atlanta High School.

"I'm hoping 80 percent of the juniors and seniors here will go to college," said Elaine McCall, chairwoman of the cluster's education committee. "That's about 410 students. But fear of no money keeps people from even trying to go to college."

McCall invited GSFC representatives to conduct a financial aid workshop at South Atlanta High, formed from the recent merger of George and Fulton high schools.

"We conduct hundreds of these workshops throughout the year," May said. "At churches, schools, civic groups."

One of the hardest things about getting financial aid is filling out all the forms - often dozens of pages within applications with more than 100 questions each.

"Sometimes all we do is sit down and help people fill out forms," said May, who sympathizes with the frustration felt by parents pouring over tedious questionnaires.

The one-on-one help provided by May and his GSFC colleagues prompted McCall to host the workshop.

"In talking with parents, we found that there are usually so many people at citywide financial aid workshops, they don't get the personal attention they need," she said. "We brought it into our community, so we can keep the numbers small."

Here are some tips for parents and students entering the financial- aid maze:

Types of financial aid include: loans (from federal or state government), scholarships (private sector), work/study aid (school- based), grants (private, public);

Ask school counselors for information on the Georgia HOPE scholarship, which provides college tuition for high school seniors with 3.0 grade point averages whose parents make less than $ 100,000;

If the government rules you ineligible, apply directly to the college, which may have other kinds of aid available;

Apply for financial aid at each college you are considering and do it early;

High school students cannot apply for aid until their senior year, usually after Jan. 1;

Expect the process to take six weeks to four months;

As much as 30 percent of financial aid applicants will be required to provide extra income verification, which will take even more time;

Use local sources, like libraries (for college and financial aid directories) and high school guidance counselors;

Photocopy every form you send in;

"People should remember that the process is not going to happen overnight," May said. "Getting financial aid could take several months, so people can become frustrated. Be patient."

LANGUAGE: ENGLISH

LOAD-DATE: November 25, 1994

The Atlanta Journal and Constitution

November 24, 1994

SECTION: EXTRA; Section E; Page 23

LENGTH: 488 words

HEADLINE: Be patient, apply early to get funds for school

BYLINE: By Richard Bono STAFF WRITER

BODY:

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LANGUAGE: ENGLISH

LOAD-DATE: November 25, 1994

LEVEL 1 - 13 OF 16 STORIES

The Atlanta Journal and Constitution

November 24, 1994

SECTION: EXTRA; Section N; Page 20

LENGTH: 488 words

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LANGUAGE: ENGLISH

LOAD-DATE: November 25, 1994

LEVEL 1 - 14 OF 16 STORIES

The Atlanta Journal and Constitution

October 26, 1994

SECTION: NATIONAL NEWS; Section B; Page 7

LENGTH: 246 words

HEADLINE: Most college students get financial aid Employers biggest source of assistance

BYLINE: By Reagan Walker STAFF WRITER

BODY:

More than half the nation's college students rely on grants and loans to pay school bills, a new Census Bureau report shows.

Of the 20.6 million college students enrolled during the 1990-91 academic year, 51 percent received some kind of financial assistance, according to a Census Bureau report released today. On average, aid covered 75 percent of a student's costs, the report said.

Those figures were fairly constant with the Census Bureau's 1987 report, which showed 50 percent of college students receiving financial aid.

The bureau said the most popular form of financial aid is employer assistance - when companies foot part of the tuition bill for employees working toward a degree or taking a job-related course.

The second most popular form is student loans. More than 3 million students reported borrowing to pay college bills; the average annual loan was $ 3,155.

The reliance of so many students on loans concerns Jerry McTier, the financial aid director at Georgia Tech. One reason the loans are needed is a lack of financial planning and saving on the part of parents, he said.

Brian Sassaman, assistant director of financial aid at Georgia State University, said Georgia's HOPE scholarship program is a plus for families trying to avoid going into debt. "We will probably see the numbers of students on financial aid in Georgia increase because of the HOPE scholarship, but it will reduce the number of students needing to borrow," Sassaman said.

LANGUAGE: ENGLISH

LOAD-DATE: October 27, 1994

LEVEL 1 - 15 OF 16 STORIES

The Atlanta Journal and Constitution

September 7, 1994

SECTION: EDITORIAL; Section A; Page 10

LENGTH: 352 words

HEADLINE: Keep HOPE standards, but give a second chance

BODY:

WHERE ELSE IN AMERICA can children know, from elementary school on, that if they work hard and earn a 3.0 average by graduation from high school, they can fulfill the dream of going to college whether their family has money or not?

That's the opportunity created by Georgia's HOPE scholarship program, funded by state lottery proceeds. It's a marvelous thing, and it is a solemn promise from the state to its young residents. It is not, however, an entitlement requiring no effort. Students must meet the standards to get the scholarships, and they must keep up the struggle to hold onto them once they enter college.

A small controversy has arisen over that last requirement. A young Gwinnett County woman lost her HOPE funding because her GPA fell to 2.89 during her freshman year at the University of Georgia. Some parts of the HOPE brochure say students can keep the scholarship if they maintain a B average, and because the young woman has that, she thinks she should remain eligible.

In the early days of any program there are bound to be some potential misunderstandings in procedures and documentation. Of course these things should be resolved - but in every case, we think they should be resolved in the direction of keeping the standards high and holding young people to them. That's what real life will be like, and we do our young people no favors to teach them otherwise.

That doesn't mean, however, that students can't be given an opportunity to overcome a one-time drop in their grade point average. We're not talking about a "grace period," during which the funds keep coming despite failure to meet the standards. But if students struggle to stay in school on their own and get back on track, what's wrong with letting them get the scholarship back if they work the average up to the required level in the ensuing quarter?

After all, the purpose of the scholarships is to help more of Georgia's kids become college-educated, successful citizens. We won't do that by relaxing standards, but we would by giving them more than a single chance to qualify for this very special program.

LANGUAGE: ENGLISH

LOAD-DATE: September 10, 1994

LEVEL 1 - 16 OF 16 STORIES

The Atlanta Journal and Constitution

August 4, 1994

SECTION: EXTRA; Section S; Page 30

LENGTH: 235 words

HEADLINE: BACK TO SCHOOL '94 Poll: 73% of parents fret over how to pay kids' college costs

BYLINE: By Betsy White STAFF WRITER

BODY:

If you're worried how you will pay for your child's college education, you are not alone.

A survey conducted this summer found that 73 percent of American parents are concerned about the same thing.

In the telephone poll of 1,000 adults, conducted by Bruskin & Goldring Research, 22 percent of parents were "extremely concerned" they would not have enough money to pay for their children's college education, with another 51 percent being very or somewhat concerned.

In Georgia, the HOPE scholarship program covers tuition, required fees and some book costs for students with a B average or better who attend public in-state colleges. But that still leaves the costs of room, board, supplies, transportation and some books.

Although 43 percent of parents surveyed said they planned to use their savings to pay college expenses not covered by financial aid, in reality, most families end up taking out loans to finance at least part of college costs.

In the first half of 1994 alone, the U.S. Department of Education guaranteed $ 7.81 billion in student and parent loans - 45 percent more than in the first half of 1993.

Here are some important questions to ask when taking out a college loan, according to the Academic Management Services of Providence, R.I.:

Are payments deferred until after graduation?

What are the hours and types of services offered by the customer service department?

LANGUAGE: ENGLISH

LOAD-DATE: August 13, 1994

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2ND STORY of Level 1 printed in FULL format.

The Post and Courier (Charleston, SC)

December 27, 1995, Wednesday, POST AND COURIER EDITION

SECTION: A, Pg. 13

LENGTH: 526 words

HEADLINE: Lottery could aid education;
LACKING: Some S.C. schools are complaining that they aren't recruiting as many Georgia residents.

BYLINE: LINDA L. MEGGETT; Of The Post and Courier

BODY:

A lottery could help South Carolina provide free college tuition for in-state students, but the General Assembly refuses to follow Georgia's example, two Charleston-area legislators said Tuesday.

A lottery could add about $ 60 million annually for higher education and make it more competitive, state Sen. Ernie Passailaigue, D-Charleston, said.

Georgia's HOPE scholarship program, which pays college tuition for in-state students who graduate from high school with at least a "B" average, is in its third year. The lottery-funded program provides more than $ 80 million a year to more than 100,000 students.

Now some S.C. schools are complaining that they aren't recruiting as many Georgia residents. Others say they would be more concerned if Georgia was devoting the money to recruiting more South Carolinians.

Passailaigue, who introduced a lottery bill two years ago, said South Carolina is the big loser because residents are spending about $ 50 million annually in the Georgia lottery. "What we're doing is paying for Georgia students to go to college."

Most S.C. lawmakers won't allow the citizens to vote on a lottery, Passailaigue said. "It shows a lack of regard for the citizens of this state, that they can't make an informed decision."

State Sen. Robert Ford, D-Charleston, agreed.

"Gov. David Beasley is trying to force the Christian Coalition values on the rest of us. We're going to lose out because we choose to stay backward and in the Dark Ages," he said.

He said schools must increase tuition and fees because higher education is inadequately funded. South Carolina's students pay the second-highest tuition rate in the South.

"We have to find a new source of revenue to compete with neighboring states for our own students," Passailaigue said.

College of Charleston President Alex Sanders said it's a shame South Carolina can't provide scholarship money in the way other states do it. Even without a lottery, the state should look at other methods to improve higher education funding, he said.

The $ 195 million that was spent on tax relief earlier this year could have been used to fund scholarships for in-state students, he said.

Citadel President Lt. Gen. Claudius Watts III said, "We need more dollars coming from the state to support state students. We have to be careful we don't set up an elitist system ... and don't simply throw dollars at the problem."

There must be strong programs to entice students to attend schools here, Watts said, saying he would support a lottery to raise additional money for higher education. "I think the lottery would have to supplement what's already appropriated for higher education."

Legislators have to be careful not to turn their backs on higher education. Sometimes lottery funding starts as a supplement but becomes the main source, and that can't happen, he said.

Meanwhile, the Commission on Higher Education wants the General Assembly to increase appropriations for higher education.

Sanders and Watts said the Georgia scholarship program is just one more example of how schools in South Carolina have to compete for outstanding students.

LOAD-DATE: December 28, 1995

3RD STORY of Level 1 printed in FULL format.

Daily Report Card

November 6, 1995

SECTION: GOAL SIX: ADULT LITERACY AND LIFELONG LEARNING

LENGTH: 454 words

HEADLINE: TOUGH ON CRIME: NO MORE EDUCATION FOR INMATES

BODY:

Government-subsidized education for prison inmates is coming to an end, writes the ATLANTA JOURNAL/CONSTITUTION (Cook, 10/28). Under President Bill Clinton's 1994 crime bill, prison inmates nationwide are prohibited from receiving Pell grants, and those in Ga. are being sacrificed under Gov Zell Miller's (D) plans to reduce spending for prison education programs.

However, many experts who claim that schooling is a long-term solution to crime warn that curtailing prison education programs is a bad idea. Stephen Steuer, executive director of the national Correctional Education Association, explained that inmates who earn high school or college diplomas are less likely to return to prison than those with fewer years of schooling, reports the paper. "The trends are quite clear. People who participate in ... secondary, GED (general equivalency diploma) or adult education have a significantly lower recidivism rate -- 10% to 20% lower," he argued.

Inmates who earn their GED in prison are entitled to a $500 voucher from the Ga. HOPE scholarship program. However, the paper writes that the voucher only covers a small fraction of the cost of tuition and can only be used when prisoners have been released. Ellen Cauthorn, education director for the Ga. prison system: "College courses are gone unless the inmate chooses to do a correspondence course at his own expense."

The JOURNAL/CONSTITUTION notes that 62% of Ga.'s 34,000 inmates read at or below an 8th-grade level and 35% cannot solve 6th-grade math problems. Thad Thacker, a 25-year-old armed robber who was halfway through his bachelor's degree when the funding was pulled: "Prisoners have to have something to change their lives, which is what college has done for me, so that we never think about committing crimes again."

LANGUAGE: ENGLISH

LOAD-DATE: November 6, 1995

5TH STORY of Level 1 printed in FULL format.

Newsday

April 16, 1995, Sunday, CITY EDITION

SECTION: CURRENTS; Pg. A30

LENGTH: 794 words

HEADLINE: A Good Mix: Liberalism, Discipline

BYLINE: LARS-ERIK NELSON

BODY:

CONSERVATISM IS ascendant in the Sunbelt. The Democratic Party is dying in the South. Liberalism no longer holds any appeal, Democrats are turning Republican in droves and President Bill Clinton is dead meat in his own home region.

And yet there stands Gov. Zell Miller of Georgia, a Democrat, wrapping himself in the mantle of Franklin D. Roosevelt, enacting what amounts to the socialization of higher education and proudly standing side by side with his friend Bill Clinton while other Democrats run away from their president as fast as they can.

How does Miller get away with it? Some of it is unique to his gritty personality and hard-scrabble mountaineer roots. But in his political stance is some common sense that other Democrats would do well to imitate.

First, Miller does not fit the stereotypical image of a liberal. An ex-marine, he has the looks and voice - that piercing hill-country drawl - of a nightmarish drill sergeant from hell. He is so pro-business, says Prof. Merle Black of Emory University, that he appeals to the Newt Gingrich supporters of suburban Atlanta. He is ruthless on crime, and he backs the National Rifle Association.

That establishes the toughness that let Miller unabashedly proclaim, at the 50th anniversary of Roosevelt's death in Warm Springs, Ga., his affection for Roosevelt's New Deal, which is now being so swiftly dismantled by Gingrich & Co. in Washington. "We Georgians loved [Roosevelt] . . . Loved him for bringing electricity to our remote rural homes. Loved him for bringing prosperity to our impoverished region. Loved him most of all for bringing hope to those of us born without wealth, without power and without influence."

Miller relished Roosevelt's eagerness for a fight, quoting that famous Rooseveltian line, "We have invited battle. We have earned the hatred of entrenched greed." He angrily rejected the notion that Roosevelt was a "victim of polio."

"Franklin Delano Roosevelt was never the victim of anything," Miller thundered. "His life and his work, his causes and his crusades, are an enduring testament to the indomitable spirit of human beings and the unconquerable will of America."

There is the secret of Miller's success: You can prosper as a liberal if you are liberal out of strength, not out of surrender to special pleaders. In their desire to help life's victims, liberals have too often looked like victims themselves, soft-hearted pushovers who are generous with other people's money.

Miller's Hope Scholarship program is a good example of tough liberalism. Every Georgia high school student with a B average is eligible for free tuition payments that can be used at any Georgia public college or university. The tuition grants are financed by a state lottery. The student's obligation: Maintain that B average.

In addition, any Georgia high school graduate, regardless of grade average, can receive free tuition at any Georgia community college or technical school. The student's obligation: Maintain satisfactory academic progress. The Clinton administration talks about education as the key to prosperity; Miller actually provides it, free, to the best and brightest of his young people.

There is no upper-income limit for Hope scholarships. The children of the wealthiest and poorest families are equally eligible - so long as they maintain that B average. "That demonstrates that it's not welfare," Prof. Black says. "It's an investment in children and in Georgia's future. That's what has won Miller a lot of support from middle-class people who otherwise would have voted Republican."

Immediately before Miller spoke, an astonishing event took place. Franklin D. Roosevelt has been dead for 50 years, and Eleanor for 32. But thanks to the immortality of deoxyribonucleic acid, the stuff that genes are made of, up stepped a beautiful young woman named Anna Eleanor Roosevelt to bring Franklin's spirit and Eleanor's grace back to life.

Anna's resemblance to her grandparents was uncanny. When she smiled, she was Eleanor. When she spoke, she was Franklin. She cited her grandfather's 1944 proposal for an "economic bill of rights" - the right to a job, the right to an adequate wage, the right of farmers and businessmen to trade freely, the right to adequate medical care, the right to a good education.

"This is the gospel," she said proudly. "This is still the good news." Franklin Roosevelt, she concluded, "is as much your kin as mine. We who bear his name do not own his legacy. You do."

Clinton was on the podium in Warm Springs. If he needed any inspiration for his next two years, it was right there in front of him: Roosevelt's liberal vision as carried out with Miller's tough, demanding discipline. That's the true Democratic legacy.

LANGUAGE: ENGLISH

LOAD-DATE: April 17, 1995

22ND STORY of Level 1 printed in FULL format.

The Atlanta Journal and Constitution

March 19, 1996, Tuesday, CONSTITUTION EDITION

SECTION: STATE NEWS

LENGTH: 404 words

HEADLINE: '96 GEORGIA LEGISLATURE;
College tuition harder to get;
Budget includes new HOPE rules

BYLINE: Doug Cumming; STAFF WRITER

BODY:

Georgia's eighth-graders face a tougher road to free college tuition through the popular HOPE scholarship, after it was finetuned in the new $ 11.3 billion state budget approved Monday by the Legislature.

The budget for next year includes 6 percent pay raises for teachers and $ 27.5 million to expand the popular pre-kindergarten program. It also includes cuts in dozens of social programs to help fund the teacher raises and repeal of the state's 4 percent sales tax on food.

Future HOPE scholars, starting with next year's ninth-graders, will no longer be able to count grades earned in nonacademic courses for their required B-or-better average.

The impact of the changes championed by Gov. Zell Miller will be profound. A recent study found that 44 percent of last year's freshmen attending public colleges on HOPE would not have qualified if their grade- point average had been based only on core academic subjects like English, math and science.

Officials of the lottery-funded HOPE program said they will send brochures in two weeks to all 100,000 eighth graders in Georgia and letters to their parents explaining the change.

"Without a doubt it will reduce the number of qualified students, but I support it," said Wayne Huey, head counselor at Lakeside High School in DeKalb. Echoing the widely held theory that students will perform better if they know they must, Huey said higher expectations "tend to get a response."

A stronger academic background is meant to help patch up two gaping holes in the HOPE program: The number of HOPE scholars taking remedial courses and the number who lose the money after their college grades drop.

In last year's freshman class, 4,960 HOPE students (31 percent) took remedial courses and 9,334 (57 percent) lost their scholarship after a year.

Another change, to be implemented this fall, will give future private college students $ 3,000 a year in HOPE money, but only if they have, and maintain, a B grade average.

Current private college students will continue to receive $ 1,500 in HOPE money, regardless of grades. The eligibility for an additional $ 1,000 "equalization" grant for private school students will not change.

Miller backed off of his earlier proposal for a grade standard and higher grant on all four grade levels at private colleges, which Rep. Calvin Smyre (D-Columbus) said would have been "devastating" for some schools.

LOAD-DATE: March 20, 1996

22ND STORY of Level 1 printed in FULL format.

March 19, 1996, Tuesday, CONSTITUTION EDITION

SECTION: STATE NEWS

LENGTH: 404 words

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LOAD-DATE: March 20, 1996

30TH STORY of Level 1 printed in FULL format.

March 3, 1996, Sunday, ALL EDITIONS

SECTION: STATE NEWS

LENGTH: 1690 words

HEADLINE: READY OR NOT: THE FRESHMAN CHALLENGE;
ACADEMIC SHORTFALL;
Many Georgia students who proudly collect good grades in high school discover that college is much tougher - and they're not ready

BYLINE: Reagan Walker; STAFF WRITER

BODY:

When her high school diploma hit the palm of her hand during graduation ceremonies at Swainsboro High last spring, Vanessa Youmans was sure that years of hard work and planning had paid off.

The 18-year-old was graduating with a college prep diploma, a 3.3 grade point average and a HOPE scholarship to East Georgia College, where she expected to study to be a teacher.

But when Youmans got to college, she learned that her high school career hadn't made the grade.

Tests showed she didn't have the academic skills to do college-level work, and she spent the first three months of her freshman year in remedial courses that won't count toward her degree.

"I thought I had done everything right," Youmans said. "I guess I wasn't as prepared as I thought."

In Georgia each year, thousands of freshmen are just as unprepared.

Statewide and in metro Atlanta, about four out of 10 high school graduates who go on to the University System need remedial courses - a third more than the national average.

Even among students who complete the relatively rigorous college prep curriculum, nearly three in 10 need remedial work.

And the freshmen who start behind stay behind.

Just one in five who begin college in remedial classes graduate within seven years. Nearly 40 percent won't make it to their sophomore year.

Inadequate counseling, lax college entrance standards and the "general track" diploma, now being phased out, all contribute to the problem, say students and educators.

So do a narrow focus on high school graduation rates and the state's no pass/no diploma graduation test, which isn't intended to measure or nurture college preparedness.

Even the state's HOPE scholarship program could be a contributor, since some students opt for easy courses their senior year to maintain the B average that ensures a tuition-free ride at a state public college. Meanwhile, core skills go stale.

Parents and politicians - and a University System that says it can't afford to reteach 12th grade - are becoming restive.

Rep. Charlie Smith (D-St. Marys) wants to fine high schools for every student who graduates with a college prep diploma and then must take remedial education in college.

Swainsboro doctor Cedric Porter, who has two children in public schools, said he was "shocked and angry" when he learned that more than two-thirds of the 1994 graduates at Swainsboro High - a "Georgia School of Excellence" - needed college remediation.

"A lot of parents have been fussing about inadequate teaching, inadequate counseling and a lackadaisical attitude about preparing students, but they have no clout," Porter said. "I don't want to hear excuses. I want to hear how we are going to fix it."

Steered away from algebra

With a statewide ratio of 460 students for every high school counselor, it's not surprising that lack of guidance is one reason students offered for poor college preparation.

Brandi Lane, a Swainsboro High senior, probably can't afford college without a softball scholarship. But despite being a pretty good student and a top softball prospect, she's struggling to land a scholarship this year.

The reason: bad advice on which courses to take.

"In ninth grade, I didn't know what was what. I knew I was afraid of math, so when a teacher told me to take something easier than Algebra 1, I just went along with what she said," said Lane. "I didn't know it would hurt my chances of getting into college."

Lane found out she'd made a mistake when she started talking to college softball coaches. In her junior year, "I swallowed my pride and took Algebra 1 with all the freshmen." This year, Lane is taking Algebra 2. But there won't be time to take geometry - a required course for admission to Georgia public colleges.

Overcoming 'senioritis'

Even those who take the right courses at the right time aren't always getting what they need to make it in college. A common problem is "senioritis."

Able to meet most course requirements by their junior year, some students slack off in 12th grade, says Peggy Capell, a remedial instructor at Clayton State College. "That's especially true for math," she said. "So they come in rusty, take the placement exam and end up in remedial math."

Lithonia High senior Jason Morris, 18, said he already regrets taking easy co urses this year.

He met his science requirements by the end of last year and chose not to take any more. "I've already had colleges tell me that I will be paying for that next year," said Morris, who would like to major in automotive engineering at the University of Michigan.

Some schools, such as Swainsboro High, are combating "senioritis" by requiring a fourth year in math and social studies instead of the usual three.

Such changes can't come soon enough for Chancellor Stephen Portch, the top administrator for the state's 34 public colleges and universities.

"The wasted intellectual capacity of students in the senior year is the biggest crime in American education," he said.

"In most countries, it is the most rigorous year of high school, not the least."

Requiring seniors to take a full class load will help, but is unlikely to send every graduate to campus well-prepared academically.

Tough classes sometimes sidestepped

Experts say that in too many high schools, courses are designed to get students past the state's high school graduation test - not into freshman English. And seniors concerned about holding on to a B average to qualify for a HOPE scholarship may not be inclined to take difficult courses in any event.

"I think we need to beef up our courses and encourage kids to stick with the tough courses," said Margaret Schick, assistant principal at Lithonia High, where 60 percent of the 1994 graduates attending Georgia public colleges enrolled in remedial courses - including 55 percent of the seniors who earned college prep diplomas.

Caron Yancey, a 1995 graduate of Jackson County Comprehensive High, took advanced placement English her senior year, but finds herself in a remedial English course at the University of Georgia this year.

"My problem here has been writing," said Yancey, one of several freshmen at UGA and Kennesaw State College whom The Atlanta Journal- Constitution has been following through their freshman year.

In high school, "we were absolutely drilled on how to write a five- paragraph essay," she said. "Since I've been in college, no teacher has asked for a five-paragraph essay. They want something more."

The "something more," college faculty say, is the ability to think critically.

"The students get good at absorbing facts long enough to spit them back out on a test, but what's really important here - critical reading, drawing inferences, separating the main points of a piece of writing from lesser points - they are not good at," said Mark Dallas, a remedial reading instructor at East Georgia College.

'Unpleasant numbers'

Officials responsible for primary and high school education have taken various steps to raise high school standards.

A decade ago, the state's Quality Basic Education Act made Georgia one of the first states in the country to require students to master specific skills at every grade level in order to advance. But the standards were supposed to be updated four years ago, and the state Department of Education hasn't done so so far.

Last fall, the department eliminated the "general track" curriculum for incoming high school freshmen.

It had been the choice of a disproportionate number of poor and black students, who often graduated with little prospect of getting a good job or going on to higher education. Now, students must be working toward a vocational or a college prep diploma.

State School Superintendent Linda Schrenko has called for a review of the state curriculum. But she has made clear her dislike of the state being involved in creating a specific list of subjects and skills students should master, saying that should be left to local school systems.

Some state lawmakers would like to do more. Smith said he's drafted a bill that would require high schools to reimburse the state for college prep students who end up in remedial education in college. Though it's unlikely there will be action on the bill in this session, Smith said the issue won't go away.

"There are too many college prep graduates who aren't college- prepped," Smith said. "No one wants to look at the numbers because they are unpleasant. I want to keep putting out the unpleasant numbers year after year until they get better."

That may be just the incentive high schools need to counterbalance pressures to keep dropout and graduation rates looking good - pressures that encourage passing students along to the next class or next grade, even when they are not ready, Smith said.

If it isn't, Portch seems willing to nudge high schools along. Last year, the chancellor persuaded the state Board of Regents to mandate that all colleges reduce the number of students in remedial courses by 5 percent a year for the next 10 years.

And this spring, the board is expected to consider tougher college admission requirements.

Portch wants the University System to identify underperforming high schools and even offer them instructional help.

"If the problem is that the math teacher at a certain high school simply isn't qualified to teach college-level algebra," said Portch, "then maybe we can loan one of our instructors or use distance-learning technology to beam one in from a college."

And if a high school doesn't want to be helped? Then Portch has promised to "embarrass them in the media."

Still, the Board of Regents itself has hesitated in the past to do what it can to pressure high schools to toughen up their teaching.

In 1988, Georgia adopted new high school course requirements that had to be met to get into a public college. But since then, thousands of students have been admitted to state colleges without having taken the required courses.

"We need to set higher standards, and this time, stick with them," Portch sai d.

LOAD-DATE: March 5, 1996

33RD STORY of Level 1 printed in FULL format.

The Atlanta Journal and Constitution

February 1, 1996, Thursday, CONSTITUTION EDITION

SECTION: EDITORIAL

LENGTH: 969 words

HEADLINE: Opinion Roundup: Editorial comments and cartoons from around the country;
CAMPUS CARRIER;
Plenty of HOPE

BODY:

Gov. Zell Miller hopes to change the fact that the HOPE scholarship program seems to require excellence from only some of Georgia's college students. In his proposal, private school students would need to maintain a 3.0 grade-point average to receive funds. Currently, while public school students must have a B average, private school students have no academic requirements to maintain grants.

There is some controversy surrounding Miller's proposed changes. Those opposed to the charges fear that private schools will suffer. They also fear that many students now receiving aid will become ineligible and that the changes do not take into account the levels of difficulty of different schools.

It seems that many students are looking a gift horse in the mouth. Is a B average too much to ask in return for thousands of dollars of aid? Why does the concept of working for something put off people? . . . Why should government dollars go to support students who don't even care enough about their education to keep up a 3.0 average? . . .

And why do we, as Americans, as students, expect everything to be handed to us on a silver platter? Excellence should be rewarded and effort should be acknowledged. Anyone who is willing to work hard can make at least a 3.0.

This editorial ran Jan. 25 in the student newspaper at Berry College, a private college in Rome, Ga.

PHIL LATHAM Strength in unity

I grew up hating Ralph Yarborough. . . . Back in the early 1960s, people split themselves into us and them. . . . But there were a few people like Yarborough who looked like us, but were clearly acting in concert with them. And if there was anything those of us hated worse than anything, it was one of us who had become one of them. . . .

What had Yarborough done to deserve all this hatred? As a U.S. senator, he had voted for the 1964 Civil Rights Act. That made it illegal for us to discriminate against them in voting, jobs or public accommodations. And, oh, how we dearly wanted to be able to discriminate. It was our way. . . .

It was long after Yarborough's historic vote that the walls between us and them began to break down. I know that some of the reason for this is because some of us finally got sense in our heads and actually began to listen to some of them, people like the Rev. Martin Luther King Jr. . . .

My daddy (rest his soul) was wrong when he cursed Ralph Yarborough a and he came to know that not so many years later. My mama was wrong. My brother was wrong and all my cousins, aunts and uncles were wrong, wrong, wrong. Almost all of those people accept the truth of that today. . . .

Some people are regrettably stuck back there in the '60s, but I don't worry much about them anymore, not when I can celebrate all of us who are here together.

Phil Latham is editor of the Lufkin (Texas) Daily News.
THE (RALEIGH) NEWS & OBSERVER A caution flag

Evidently racing legend Richard Petty considers it too much to ask that he stop grubbing for money as a commercial pitchman while he runs for North Carolina secretary of state. The problem ought to be obvious, if not to Petty then to the old pols who are backing him. Advertisements featuring Petty as celebrity salesman a of batteries, soft drinks and headache powders a will bolster his campaign, making their sponsors in effect political donors. But they, and he, will be shielded from the laws governing regular contributions.

Petty also plans to keep making his commercial plugs if he wins the election. How seriously would he be taking the job of public servant? . . .

Even if he didn't turn the Capitol dome into a replica of a Pepsi bottle, his standing as a public official would be reduced to one more cute prop, like his sunglasses or boots.

SEATTLE TIMES Trouble with tax

Proposals to swap the current U.S. income tax system for a flat tax with a single rate avoid the devilish details. In its purest form, the flat tax would replace today's complex tax code and its underlying notion of progressiveness (higher rates for higher incomes) with a single tax rate for all. The idea is appealing for its startling simplicity. . . .

But a flat tax at 17 percent does not generate enough money to cover the cost of government. Each deduction allowed increases the tax rate needed to avoid ballooning the deficit. The conservative Tax Foundation said it would take a 25 percent flat rate not to inflate the deficit. A rate that high has no political support. . . .

A flat tax is not a magic formula that can eliminate taxes at lower incomes and dramatically reduce taxes in the highest brackets without someone paying more. That burden falls on middle-income taxpayers. That is the most devilish detail.

PROVIDENCE JOURNAL-BULLETIN Fat's never free

Olestra is heading our way, having won the Food and Drug Administration's approval. The FDA acknowledges that olestra a the first fat substitute that will not break down during baking or frying a sweeps carotenoids out of the body, along with fat-soluble vitamins A, D, E and K. Some researchers think carotenoids protect the body against prostate cancer, heart disease and macular degeneration, a condition leading to blindness among the elderly. The FDA also concedes that olestra can cause unwanted side effects in "some people" a diarrhea, cramps and other gastrointestinal distress.

Olestra may have met the legal safety standards for all new food additives, but eating food with olestra would not seem to meet the standards of common sense. It is one thing to offer a warning on a package. But what happens to "some people" when the host puts out the new fat-free snacks in an unmarked bowl? It's a "Seinfeld" episode in the making.

In the end, perhaps the marketplace will make the decision that the FDA would not.

LOAD-DATE: March 30, 1996

37TH STORY of Level 1 printed in FULL format.

The Atlanta Journal and Constitution

January 24, 1996, Wednesday, JOURNAL EDITION

SECTION: STATE NEWS

LENGTH: 356 words

HEADLINE: HOPE facts back hike in standards

BYLINE: Doug Cumming; STAFF WRITER

BODY:

Gov. Zell Miller says the prospect of a free public education is a "false hope" for students ill-prepared for college because of a weak academic background in high school.

Had they been in effect this year, his proposed tougher standards for the popular, lottery-funded HOPE scholarship would have kept almost half the students who received it from enjoying free tuition.

According to a report released Tuesday, 44 percent of the 1994-95 HOPE freshmen at Georgia's public colleges - about 7,200 - achieved the required "B" or better average in four years of high school by taking some of what Miller called "easy, nonacademic courses."

A rude awakening came later. Eighty percent of those students lost HOPE after a year for failure to maintain a B average in college. Without the scholarship, many transferred to colleges closer to home, or dropped out, researchers found.

The report from the Council for School Performance provides the first hard numbers on the academic strengths and weaknesses of HOPE students since the popular lottery-funded program began in 1993.

Miller recently proposed tightening HOPE eligibility, starting with high school graduates of the year 2000, by allowing only English, science, math, social studies and foreign languages to count toward the required B average.

"Hope has always been about scholarship," Miller said. "It's something you earn, a reward for hard work."

Council director Gary Henry said the report does not evaluate how well future students would respond to the higher standards. But he said other studies suggest that raising the academic bar tends to raise student performance.

While 44 percent would be cut off today, he predicted that only about half as many would fall short if they know four years ahead what will be required of them.

Although the report downplayed the effect of the proposed change on racial and gender groups, the students who would have met the higher standards last year included 7 percent more females and 3 percent fewer blacks.

The council also found that 31 percent of the HOPE students required noncredit remedial classes.

LOAD-DATE: January 25, 1996

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Had they been in effect this year, his proposed tougher standards for the popular, lottery-funded HOPE scholarship would have kept almost half the students who received it from enjoying free tuition.

According to a report released Tuesday, 44 percent of the 1994-95 HOPE freshmen at Georgia's public colleges - about 7,200 - achieved the required "B" or better average in four years of high school by taking some of what Miller called "easy, nonacademic courses."

A rude awakening came later. Eighty percent of those students lost HOPE after a year for failure to maintain a B average in college. Without the scholarship, many transferred to colleges closer to home, or dropped out, researchers found.

The report from the Council for School Performance provides the first hard numbers on the academic strengths and weaknesses of HOPE students since the popular lottery-funded program began in 1993.

Miller recently proposed tightening HOPE eligibility, starting with high school graduates of the year 2000, by allowing only English, science, math, social studies and foreign languages to count toward the required B average.

"Hope has always been about scholarship," Miller said. "It's something you earn, a reward for hard work."

Council director Gary Henry said the report does not evaluate how well future students would respond to the higher standards. But he said other studies suggest that raising the academic bar tends to raise student performance.

While 44 percent would be cut off today, he predicted that only about half as many would fall short if they know four years ahead what will be required of them.

Although the report downplayed the effect of the proposed change on racial and gender groups, the students who would have met the higher standards last year included 7 percent more females and 3 percent fewer blacks.

The council also found that 31 percent of the HOPE students required noncredit remedial classes.

LOAD-DATE: January 25, 1996

44TH STORY of Level 1 printed in FULL format.

The Atlanta Journal and Constitution

January 11, 1996, Thursday, CONSTITUTION EDITION

SECTION: EDITORIAL

LENGTH: 403 words

HEADLINE: 1996 GEORGIA LEGISLATIVE SESSION;
Teachings from education governor

BODY:

Gov. Zell Miller has made it clear he's no lame duck. This may be his last term, but he's hellbent on making it a productive a if contentious a one.

In his State of the State address Wednesday, Miller outlined an agenda that will dominate the 1996 legislative session. His budget, which cuts taxes and government spending while infusing more than $ 1 billion more into education, puts this state in good fiscal stead.

With an agenda that leans from moderate to conservative, Miller has stolen the Republicans' thunder. They can do little but tinker with what the governor is already doing. From their proposals for "smaller government" and "safer streets" to "welfare reforms that reward responsibility," Miller is ahead of the game.

Already, in the session's opening week, Miller has won passage in the House (with similar prospects in the Senate) of the largest tax cut in Georgia history. The $ 500 million cut will remove sales tax on food by 1999.

Miller also plans to turn over three prisons to private firms to see whether they can operate them more efficiently than the state. And, beginning July 1, he wants to get rid of automatic job security for new state employees.

The governor is also way ahead on welfare reform. Thanks to the Work First program, the number of Georgia welfare recipients has declined by 6,000 since 1994.

But his budget recognizes that low-income mothers need help with child care to move from welfare to work. And they desperately need help collecting child support. Toward that end, Miller wants to suspend the driver's licenses of deadbeat parents a a proposal that will save taxpayers money on welfare payments for dependent children.

As with any budget, this budget must be carefully scrutinized. All Georgia citizens should participate. With his preschool and HOPE scholarship programs, Miller will leave an education legacy that is unmatched. But critical government services must not be sacrificed in his zeal to protect education at all costs.

LOAD-DATE: January 12, 1996

53RD STORY of Level 1 printed in FULL format.

January 4, 1996, Thursday, JOURNAL EDITION

SECTION: EDITORIAL

LENGTH: 349 words

HEADLINE: Miller deserves applause for fixing HOPE flaws

BODY:

MERIT AND EQUAL opportunity were the driving principles behind Georgia's unique HOPE scholarship program that guarantees any high school graduate with a "B" average a shot at a tuition-free college education. Two flaws in the original lottery-funded program tarnish those principles. Now Gov. Zell Miller has acted to fix them. We applaud his effort.

The inequity cropped up when the decision was made to give tuition grants to in-state students who want to attend private rather than public colleges. Since public higher education costs more than tuition provides, the argument was that allowing HOPE money to go to the private schools would equate to savings to taxpayers. Private schools get $ 1,000 per student in state-paid "equalization" aid in addition to the $ 1,500 per student through the HOPE program. But the catch, the unfairness, was that the private college students didn't have to achieve or maintain a "B" average. Under the proposed change, they will.

The second flaw in the original HOPE design watered down the "merit" principle. The governor proposes to correct this, too. As proposed, the "B" average in high school, to establish eligibility for HOPE money, must be based on core studies a English, math, science a not "electives" like crafts, wood shop, or personal hygiene. That flaw came to light when this newspaper pointed out that large numbers of HOPE freshmen (almost 30 percent at Georgia State University) were having to take remedial courses.

The grade point change for high school youngsters will be effective only for those students graduating from high school in the year 2000. We'd wish it could be sooner, so the current crop of high school youngsters aiming for HOPE scholarships would buckle down on the core curriculum even in their last two years. Nevertheless, we commend the governor for supporting the change.

Merit scholarships, like good jobs and worthwhile accomplishments in the real workaday world, shouldn't be too easy to attain. Giving students a false sense that merit is the same as mediocrity is cheating them and us.

LOAD-DATE: April 4, 1996

63RD STORY of Level 1 printed in FULL format.

Georgia Trend

December, 1995

SECTION: Vol. 11 ; No. 4 ; Pg. 20; ISSN: 0882-5971

LENGTH: 3226 words

HEADLINE: The Indiana queen who made a Georgia governor's gamble pay off for education; Rebecca Paul, Miss Indiana 1972 and currently Pres. and CEO of the Georgia Lottery; includes related articles on other women leadersWomen in LeadershipCover Story

BYLINE: Barry, Tom

BODY:

Nobody knows more about running a lottery than Rebecca Paul, who's run three and launched two - and Georgia's success has confounded every prediction

The president and CEO of the Georgia Lottery has presided over lottery operations in three states - starting two from scratch, including the spectacularly successful Georgia version - plus she spent 10 years as a gymnastics coach and another 10 as a television commentator.

But when she's introduced at one of her many speaking engagements, the emcee invariably gets the attention of the audience most surely when he adds, "And our speaker today also was Miss Indiana and the swimsuit winner and fourth-runner-up in the 1973 Miss America contest."

She's become one of the nation's most acclaimed marketing and administrative leaders in lottery operations, but Rebecca Graham Paul admits that her Miss America experience still provides a degree of fame other achievements cannot dim.

"I'm certainly not embarrassed by it," she says, "but I've done a lot of things far more important." At the top of the list, she'd put the financial contributions to education that the lottery has made in Georgia.

This past academic year, lottery profits yielded $ 85 million in HOPE (Help Outstanding Pupils Educationally) scholarships to more than 100,000 Georgia high school graduates, and $ 157 million for 48,000 4-year-olds to attend pre-kindergarten.

"There's been no program like the HOPE in the history of American education. None," says Dr. Stephen Portch, chancellor of the University System of Georgia. "Whenever I speak on the lottery, I always have to repeat myself, because people simply don't believe it at first hearing."

The lottery also has funneled $ 135 million to Georgia's 1,845 public schools to buy computers, satellite dishes and media technology; $ 34.2 million to Georgia Public Television's parent company; $ 65 million to technical institutes plus tuition for 39,000 students; and $ 98.7 million in computer equipment to some 40 campuses in the state university system.

Rebecca Paul, in her office at the Inforum, high above Centennial Olympic Park in downtown Atlanta, obviously believes in what she's doing, despite the still-lingering stigma attached to state-sanctioned gambling.

"Everybody would like to think their lives make a difference," Paul says. "At least for right now, the difference I'm making is raising dollars that can change kids' lives."

Paul roars with laughter when a visitor asks about inaccurate revenue projections made for the Georgia Lottery, a subject that could furrow the CEO brow. But the first and second year lottery projections for Georgia were so far under the actual figures that she can afford to laugh.

Thirty seven states, plus the District of Columbia, have a lottery and all but Texas, Florida, Iowa and Georgia experienced second-year slumps. In its first year, the Georgia Lottery rang up $ 1.13 billion in sales, returning $ 362 million to the state for education. Per-capita sales totaled $ 165, smashing Florida's national start-up mark of $ 128, set under Paul's leadership in 1988.

Instead of a sophomore jinx, second-year sales have climbed to $ 1.4 billion - well beyond the $ 862 million projected - with $ 500 million going to education. The third year's been even better so far, with four-month sales figures July to October running $ 25 million ahead of last year.

"And we're looking at a new product for introduction by the end of the year that will make (proceeds) jump," Paul says. Mum's the word for now, but it will be unveiled in "dramatic fashion" at the appropriate time.

Seems that Georgians and neighbors from bordering states like to play the lottery, and Zell Miller and Rebecca Paul have given 'em what they want.

Paul's career is a study in serendipity, of taking advantage of good breaks with smarts, talent and relentless drive.

"I didn't go to college saying, 'Gee, when I grow up, I want to run a lottery,'" says Paul, now 46. "Things have always just sort of happened."

She was born in Indianapolis, the youngest of four girls. Her father, a math major who dropped out of college to work, took a job in a battery factory three blocks from home. Each day, until his retirement in 1976, he walked to work. Day in, day out, for 47 years - an object lesson in perseverance.

Becky Graham was a bookish tomboy - all pigtails and glasses - who started high school at age 12 and graduated at 16. Gymnastics and basketball were her two loves. One of her earliest memories is going with her father to see Hoosier prep legend Oscar Robertson play basketball.

Childhood was relatively simple. "I studied and tumbled, studied and tumbled," she says.

At Butler University, Paul was a math major in her freshman year, before turning to physical education. Today her mathematical knack is given play in her favorite lottery task - devising new games of chance.

"I like game strategy, what new games we're going to think up, how we're going to test them and play them and introduce them to the public," she says.

Paul studied to be a teacher and began coaching gymnastics while at Butler, where she was also a cheerleader.

The decision to enter the Miss Indianapolis contest was a lark, she recalls. The pageant's producer saw her performing a gymnastics routine and urged her to enter the pageant.

"Talent's 50% (of the contest) and I just watched you do gymnastics," he said. "You could win talent."

"I'm a jock, not a beauty queen," Rebecca told him.

"We'll do your hair, your makeup and get you a wardrobe," he replied.

She won the pageant and that night turned down an open microphone for perhaps the last time in her life. "They took me to an event and asked if I would like to say a few words," she laughs. "I said no."

Paul didn't win the Miss Indiana title that year, but her competitive fires were stoked, and she was victorious in a repeat bid in 1972. That fall, she went on to win the swim-suit competition and become one of the five finalists in the Miss America Pageant. Her talent - gymnastics - was considered a novelty at the time.

Those long-ago pageants evoke good-natured teasing today, but the contests literally changed her life. Touring the state for a year as Miss Indiana, she evolved from a shy young gymnast lacking confidence in herself to a poised woman who believed she could do anything. If today she can disarm hostile crowds with warmth, savvy and wit, and even get a laugh out of lottery foes, she traces the skill to her Miss Indiana experiences.

"You become much more aware of your ability to do things you never thought you could do before," she says. "You're just thrown into situations. 'OK, Miss Indiana, come to our cow-milking contest,' they'll say. And there you are, milking a cow in a public forum."

And Paul was called upon to speak more than most beauty queens, since she wasn't a singer or musician. "A lot of state queens could go to a Rotary club and sing," but few podiums have space for backflips, she dryly notes. And so Paul learned to be quick on her feet in other ways.

The Miss Indiana title was entree to both a television career and marriage. An Indianapolis TV station hired her to do weekend weather and specials, and at a home show where she was appearing as a local celebrity, she met the man who in 1976 would become her husband, Terry Paul, then executive director of the Builders Association of Greater Indianapolis.

As he would follow her to Florida years later, she followed him in 1978 to Springfield, Ill., where he became executive director of the Illinois Homebuilders Association. She began working for the NBC affiliate in Springfield, WICS-TV, eventually doing Today show inserts and public access programming, and serving as community affairs director.

Her love for politics landed Paul her first lottery post. Politics had always attracted her. At 18, "enthralled" by Richard Lugar in his 1967 bid for Indianapolis mayor, she worked in his campaign, and Lugar's current presidential bid stirs old memories.

By 1982, Paul was chairman of the Illinois Republican State Central Committee. She describes herself then as a moderate Rockefeller/Chuck Percy Republican. (Percy was a U.S. senator from Illinois.) She served three years in the post, traveling the length and breadth of the state giving speeches. Paul's fire and intelligence caught the eye of Gov. Jim Thompson, who wanted to revitalize the state's decade-old lottery. He asked Rebecca Paul to take it over.

"I don't know anything about lotteries," she told him.

"But you know how to market a product," he said. "I have 300 employees over there who know how to run a lottery. You go teach them how to market a product and they'll teach you how to run a lottery."

Paul turned the Illinois lottery around, pushing sluggish sales to a record $ 1.34 billion, which at the time was 11% of the entire national lottery market. Her success made her a natural choice to launch a lottery in Florida.

But moving to the Sunshine State turned out to be a trip down the rabbit hole. Voters in 1986 had passed the lottery by a two-to-one margin and, in the same election, had sent Republican Bob Martinez to the governor's mansion. Martinez, though, had opposed the lottery in his campaign, saying it wouldn't raise additional monies for education, and he didn't change his opinion once he became governor. Martinez hired Paul but then distanced himself from anything smacking of the lottery.

"He never bought a ticket and would never participate in a press conference" announcing winners, she says. Gov. Thompson, by contrast, had been an enthusiastic booster, who had even opened gambling kiosks at O'Hare Airport.

To make matters worse, few women held high state positions in Florida government, and Paul was highly visible with skeptics all around. "Had I been a man, I don't know if there would have been the same visibility," she says.

Not surprisingly, the lottery and Paul became interchangeable in the public's mind. Nevertheless, Florida's first year per-capita sales of $ 128 smashed the previous record of $ 87 set by California. Back then, the average start-up figure for states was $ 65.

Florida was ripe for pickings. "There were no lotteries in bordering states. Florida draws 40 million tourists a year and 1,000 people a day were moving in, a large percentage of them already familiar with a lottery," says Paul.

But by 1990, Democratic gubernatorial candidate Lawton Chiles was criticizing the lottery as too glitzy and too hard-sell, never mind that it was bringing in $ 2 billion-plus annually. Others said Paul was a showboat who'd promoted herself as much as the lottery.

Even worse, Martinez had been right on his basic premise. Education wasn't getting any extra money from the lottery. The lottery profits were earmarked for education, but the state legislature had reduced general revenue funding for education by the amount the lottery provided. It was the same old shell game that had happened in Illinois, California, New York, Ohio and other states, the kind of sleight-of-hand that soured many on lotteries.

When Chiles won the 1990 governor's race, he promptly fired Paul.

"If you're a political appointment and serve in a Republican cabinet and a Democrat wins, you don't expect to stay," Paul says. "Clinton has none of Bush's cabinet... That year there were 20 new lottery directors across the country because there were 20 new governors."

The firing was no surprise, but Paul was surprised that she had been a campaign issue. The lottery too glitzy? Might as well say she had done too good a job. A showboater whose advertising budget was too large? Did they understand marketing at all?

So when the Georgia Lottery called in 1993, Paul was initially reluctant to quit a high-paying job she'd landed as an Ernst and Young consultant.

She discovered, though, that Georgia would be a completely different situation from Florida or Illinois. Gov. Miller not only supported the lottery, it had been his own idea, a supposed long-term fix for the state's laggard education system. Most significantly to Paul, the lottery would be run by an independent corporation, not a state agency, much like a private company, with the ability to turn on a dime in response to changing markets.

Miller has been no Martinez. When the first $ 1 million was given away, there was Miller on stage with the check. When Powerball was introduced, Miller was in line to buy the first ticket.

Today, in Miller's speeches, HOPE and the pre-kindergarten programs are prominent themes. It's a sure-sell political message, which helped Miller win re-election in 1994.

Students who maintain a B average in high school get free tuition at in-state colleges and universities. Just about everyone knows someone who has a scholarship, and that can silence a lot of philosophical objections.

"Here, it's Gov. Miller's lottery, as well it should be," Paul says. "I operate it and raise as many dollars as I can. But if you ask people in Georgia who's responsible for the lottery, almost to a person they'll say Gov. Miller."

Beyond giving money to students, HOPE has had a dramatic effect on standards within the university system, as fewer of the best students go out of state to college, notes Chancellor Portch. One indication: The average SAT score at

Georgia Tech is the highest in the nation among public universities.

"From talking to thousands of parents, I know they are more involved in their kids' high school education today," Portch says. "They want them to get good grades so they'll earn a HOPE scholarship."

The lottery's remarkable early success actually surprised Paul. She knew that voters had approved the lottery by a narrow margin, and that it had many critics, who vowed never to play, and said it would take money from the poor.

One factor in the high sales, she believes, is simply that four of the five states bordering on Georgia don't have a lottery, and 12% of first-year sales came from those adjoining states.

But most important was the way the lottery was set up, which countered skepticism that Georgia would use lottery dollars as Florida had, and that public education wouldn't have actual gains in funding.

"Certainly, the way the dollars were spent made as big a difference as anything," Paul says. "The governor earmarked the dollars for specific projects that weren't being funded."

In three lotteries over 10 years, Paul has shown that she knows the answer to Freud's question, lottery-style: What do players want? And her marketing savvy paid off in the early months.

To minimize confusion, most lotteries start off simply, generally selling only one instant game at a time for about a year and waiting at least nine months to introduce an on-line (computerized) game. Besides, if you give them everything the first year, what will you do for an encore?

But Paul went sharply against the grain. Many Georgians, she figured, had been been playing the lottery in Florida for five years. Many others were transplants from Northern states with lotteries. Why should there be confusion?

"We started with two instant games," she says. "At the end of four weeks, we had four instant games on sale and 10 by the end of six months. And we started our first on-line game within six weeks."

The lottery today offers an array of contests: 26 instant ticket games and four on-line games - Cash 3, Lotto Georgia, Fantasy S and Georgia's Powerball.

"We respond quickly to what the players want," she says. "We do forums around the state, probably 12 of them last year, and have 300 to 400 retailers in. We ask them what the players want, and how we can make this more successful for them. We spend lots of time listening."

The $ 35,000 bonus given Paul this past year touched off nothing like the ruckus over the $ 30,000 bonus (atop a then-$ 125,000 salary) she got the first year, so quickly has the lottery's success entrenched itself in the public mind.

Paul's greatest challenge may still lie ahead, according to state Rep. Roy H. "Sonny" Watson (D-Warner Robins), chairman of the Industry Committee, which oversees the lottery.

"She's been successful in keeping the lottery on the rise by changing the games and other things she does in marketing," he says. "But nationwide, lotteries tend to peak and come down. The newness wears off, and it's going to be tougher and tougher to keep interest up."

So far, Florida is the only state bordering on Georgia with a lottery. But other states are considering getting into the gaming business. The lottery passed the Tennessee legislature twice but failed a third time, narrowly missing the mandated three straight sessions before going on the ballot. The lottery is also before the North Carolina and Alabama assemblies.

The longer it takes for rival states to crank up, the better off Georgia will be, says Paul. "Buying patterns are hard to change."

But even if revenues plummet, the lottery is set up in such a manner that HOPE scholarships and the pre-kindergarten program would be the last to suffer, she adds.

"We could probably have as much as a half a billion dollar drop in sales and it wouldn't impact HOPE and pre-K," Paul says. "Pre-K's funded, HOPE's funded, and whatever we have on top of that goes to provide all those satellite dishes and computers to schools."

If interest in the Georgia Lottery does slacken, it won't be for lack of effort by Paul, who puts in 12 to 14 hours a day. Unlike many marketing experts, intent on the sizzle, Paul is also known as an intense, hands-on administrator.

For instance, Paul may not know much about personal computers - she says she can barely read her e-mail - but she sometimes amazes her technical employees with what she's absorbed in on-line technology through the years.

"She's on top of everything," says Watson. "There's no question about who's in charge."

If Paul is intense today - the kind of person she says people either love or hate - she's far less so than she was before she met her husband of 20 years. Back then, Paul readily admits, she had "no sense of humor."

"His philosophy in life is if you can't laugh about it, you ought not to do it," she says.

Laughter has helped Terry Paul overcome many obstacles. A diabetic, he endured a kidney transplant, lymph node cancer and quadruple heart bypass during the 1980s. Today, at 52, he plays golf, travels and is doing fine, she says.

Terry Paul still lives in Tallahassee and commutes to Atlanta for frequent visits at their Midtown apartment, and she travels to Tallahassee several times a year.

Paul says the long hours at work have kept her from civic activities. Mainly, she goes home and watches old movies World War II vintage films - over and over. She keeps a small hoop in the corner of her office, for informal shoot-outs with staff, and she still tracks alma mater Butler's basketball team religiously.

What's next for Paul?

"I love my job and I have no reason to move unless somebody offers me a million dollars to do something else," she says.

"I believe the HOPE scholarship program will make a real difference in Georgia, and I feel good about working hard enough to provide the opportunities for more kids to go to college."

SIC: 7999 Amusement and recreation, not elsewhere classified
IAC-NUMBER: IAC 17838601

IAC-CLASS: Trade & Industry

LANGUAGE: ENGLISH

LOAD-DATE: February 02, 1996

66TH STORY of Level 1 printed in FULL format.

PR Newswire

November 29, 1995, Wednesday

SECTION: Financial News

DISTRIBUTION: TO EDUCATION AND BUSINESS EDITORS

LENGTH: 393 words

HEADLINE: GEORGIA DEPARTMENT OF TECHNICAL AND ADULT EDUCATION ANNOUNCES ENROLLMENT INCREASES

BODY:

The Georgia Department of Technical and Adult Education today announced another consecutive year of enrollment increases. Over the past five years, enrollment in the state's system of technical and adult education has increased 40 percent.

Fall Quarter figures for students enrolled in diploma and degree courses, either part time or full time, totals 40,792. As the workforce changes, the demand for technical and adult education rises. This fall quarter shows an 8 percent growth over the same quarter last year.

ATLANTA, Nov. 29

Commissioner Kenneth H. Breeden said, "Along with the rapid growth of our three newest technical institutes, we attribute this enrollment increase to the Technical Certificates of Credit (TCC) offered at many of the 33 institutes. TCC are new programs developed by the Georgia Department of Technical and Adult Education in response to the customers' needs. Both industry and individuals have expressed the demand for technical training in specialized areas." The TCC programs are designed to provide short term courses for employment in technical occupations. Currently over 240 different TCC are implemented across the state and 36 are in the developmental and approval stages.

Governor Zell Miller's HOPE Scholarship Program (Helping Outstanding Pupils Educationally) is another factor for enrollment's upward trend. Enabling Georgia residents to attend technical institutes at low to no cost, HOPE continues to provide technical education opportunities to students enrolling at institutes in the Georgia Department of Technical and Adult Education system. According to the Georgia Student Finance Commission, 41,611 students received HOPE awards for tuition and textbooks during the 1994-95 academic year.

Douglas L. Bolen, Assistant Commissioner of Technical Education, predicts continued enrollment growth for the 33 technical institutes in Georgia. The next academic year, 1996-1997, will see the opening of new and expanded facilities at most of the Department's institutions, the result of a major capital improvement and building plan.

NOTE: Contact your local technical institute for specific enrollment figures

for your coverage area. CONTACT: Helen Mathis, Director of Communications, Georgia Department of Technical and Adult Education, 404-679-1612
LANGUAGE: ENGLISH

STATE: GEORGIA, USA;

LOAD-DATE: November 30, 1995

82ND STORY of Level 1 printed in FULL format.

The Atlanta Journal and Constitution

September 10, 1995, Sunday, ALL EDITIONS

SECTION: EXTRA, Pg. 1J

LENGTH: 532 words

HEADLINE: Majority of college-bound students staying in state;
HOPE: Lottery-funded scholarship credited with keeping county's freshmen- to-be close to home.

BYLINE: Diane Loupe; STAFF WRITER

BODY:

Clayton Harrison prepared for his freshman year at the University of Georgia by having surgery.

The Dacula High School valedictorian opted for a tonsillectomy after a summer of recurring tonsillitis.

"I decided to go ahead and have it done before school started," said the slightly hoarse future Bulldog.

As he sits at home sipping soup and eating Jell-O, he and buddy Sean Ireland are making final plans for rooming together in Lipscomb Hall.

When UGA classes start Sept. 18, Harrison may see lots of familiar faces. Many of Gwinnett County's 1995 high school graduates packing their hair dryers for their first semester of college are heading to Athens. Last fall, 434 of the county's 2,307 students attending state colleges went to UGA.

DeKalb College, which offers courses near Gwinnett Tech, is the most popular state college for Gwinnett students entering postsecondary education. The two-year college, which offers courses inside Gwinnett County near the Gwinnett Tech campus, attracted 876 students last year.

Eight out of every 10 Gwinnett public school graduates plan to attend college or a postsecondary school, according to a survey by the county's guidance and counseling staff. In three high schools - Shiloh, Parkview and Brookwood - more than 90 percent of graduates are college bound.

About 69 percent of the county's graduates will attend a Georgia college, and 12 percent will attend an out-of-state college.

School officials say the lottery-funded HOPE scholarship is keeping more Gwinnett students in Georgia schools. Harrison credits a HOPE scholarship, along with other scholarships totaling about $ 7,000, for his decision to enroll at UGA, where he plans to major in journalism and communication.

The other school he considered, the University of Colorado at Boulder, didn't offer enough scholarship money for Harrison, who plans to help finance his college expenses by working weekends at Applebee's in Lawrenceville.

In fact, 78 percent of Gwinnett's seniors last January qualified for HOPE scholarships by having a B average. The lottery-funded scholarships provide free tuition and a book allowance for Georgia's public colleges and universities, and $ 1,500 per year for Georgia students attending private Georgia colleges.

One in four college-bound Gwinnett graduates will, like Harrison, have part of their college costs paid by other scholarships. Gwinnett's Class of 1995 will arrive at college with more than $ 23 million in scholarships, about $ 6 million more than the Class of 1994, say school officials.

Gwinnett's students reported receiving $ 15.4 million in academic scholarships, other than HOPE grants, $ 5.2 million in athletic scholarships and $ 2.4 million in military scholarships.

Twelve seniors reported appointments to military academies, including five Air Force, four West Point, one Naval, one Merchant Marine and one Coast Guard academy appointments. These four-year appointments include tuition, books, room and board, uniforms and additional stipends.

Five high schools - Brookwood, Duluth, Parkview, Shiloh and South Gwinnett - have full-time career specialists in their counseling departments.

GRAPHIC: Chart: Where Gwinnett students go to college
More than 2,300 Gwinnett students enrolled as first-time freshmen in Georgia's Regents colleges and universities. Here's where most of them went last year: DeKalb College................ 876
University of Georgia..........434
Georgia State University...... 219
Georgia Southern.............. 151
Georgia Tech.................. 150
West Georgia College.......... 96
Valdosta State University......77
Gainesville College............76
North Georgia College..........62
Georgia College................58
Southern Tech..................29
Abraham Baldwin College........13
Middle Georgia College........ 13
Clayton State College..........10
Kennesaw State College........ 10
Georgia Southwestern.......... 7
Columbus College.............. 5
Fort Valley State College......5
Floyd College..................4
Augusta College................3
Atlanta Metropolitan College.. 3
Savannah State College........ 2
South Georgia..................2
Armstrong State College........1
Darton....................... 1
Total.....................2,307
Source: Georgia Board of Regents

Color photo: UGA bound: Clayton Harrison says HOPE scholarship helped him to enroll. / STEVE DEAL / Staff

LOAD-DATE: September 13, 1995

86TH STORY of Level 1 printed in FULL format.

August 24, 1995, Thursday, CONSTITUTION EDITION

SECTION: LOCAL NEWS, Pg. 8D

LENGTH: 460 words

HEADLINE: METRO SAT SCORES;
Verbal section rises; Marietta surges ahead;
Officials: Results show schools are improving

BYLINE: Betsy White; STAFF WRITER;
Staff writers Joliene Price, Anne Cowles, Lisa Frederick, Michael Weiss, Diane Stepp, Bernadette Burden, Sherrell Evans and Gail Hagans Towns contributed to this article.

BODY:

Around metro Atlanta, average scores on the Scholastic Assessment Test mostly rose this year, particularly on the verbal section.

The biggest news was in Marietta, where the average score surged 25 points to 960, putting the Cobb County city far ahead of any other local system. Marietta Superintendent Ron Galloway said he thinks scores rose because students got more intensive preparation for the test, both from school system-funded SAT prep classes and because more Marietta students are taking physics, calculus and Advanced Placement courses.

"We've put a lot of emphasis on that, and it looks like it's paying off," he said.

'Feet to the fire'

In virtually every district, school system officials trumpeted the higher scores as proof that teachers, counselors and students all are doing a better job.

"We're holding students' feet to the fire and we're expecting them to perform at a greater level," said Atlanta Superintendent Benjamin Canada.

But testing experts cautioned against reading too much into the scores.

The College Board revised the test for the first time in 20 years, slicing off some of the hardest and easiest questions and altering the style of questions to better fit how students are taught today.

That meant the test was less threatening and, for many top students, easier, test experts said.

Plus, hearing that the test had changed, students packed test-prep courses and centers, which also gave them an edge, said Kate Foster, director of pre-college programs for Kaplan Educational Centers.

"I don't think that the SAT people could claim that all the growth is due solely to student improvement" without clear evidence that other factors did not come into play, said Mary Lyn Bourque, assistant director for psychometrics for the National Assessment Governing Board.

'That was a red flag'

Many metro school systems say they focus on boosting SAT performances.

When Rockdale County's class of '94 scored lower than preceding classes, "that was a red flag and we put a lot more emphasis on the SAT," said Elizabeth Ross, director of student support for Rockdale, where the average score soared 48 points this year.

Galloway noted that Marietta's huge improvement and high average scores were particularly remarkable because a far higher proportion of Marietta High's class of '95 took the college-entrance exam than in previous years - 71 percent, versus 57 percent for the class of '94. Generally, when a higher percentage of students take the SAT, the average score falls.

Galloway said Georgia's new lottery-funded HOPE scholarship program probably sent a message to students who thought they couldn't afford college that they could go after all, provided they'd hit the books.

GRAPHIC: Chart: How metro students fared
Here are the average verbal and math scores recorded by the class of '95 in each school district on the Scholastic Assessment Test, along with the change in score from last year. Also shown is the percentage of graduating seniors who took the college-entrance test.

District	Verbal	Math	Percent tested
Atlanta	363 (+12)	397 (+2)	57%
Buford	436 (+18)	464 (-13)	51%
Cherokee	scores unavailable		
Clayton	396 (+8)	439 (+3)	55%
Cobb	438 (+7)	477 (+3)	83%
Coweta	417 (+15)	449 (+5)	*
Decatur	386 (-34)	458 (-3)	86%
DeKalb	408 (+6)	447 (0)	87%
Douglas	407 (+11)	451 (+1)	61%
Fayette	437 (+8)	490 (+1)	81%
Fulton	423 (+6)	472 (-1)	69%
Gwinnett	424 (+13)	489 (+5)	76%
Henry	410 (+5)	458 (-10)	63%
Marietta	458 (+16)	502 (+9)	71%
Newton	387 (+7)	455 (+14)	59%
Rockdale	430 (+28)	481 (+20)	76%
Georgia	406 (+8)	448 (+2)	65%

* Coweta officials said they do not know what percentage of students took the SAT.

Source: Individual school systems

Photo: mug of Marietta Superintendent Ron Galloway

LOAD-DATE: August 25, 1995

96TH STORY of Level 1 printed in FULL format.

June 20, 1995, Tuesday, JOURNAL EDITION

SECTION: LOCAL NEWS, Pg. 1B

LENGTH: 327 words

HEADLINE: Marietta teacher helps students REACH for best

BYLINE: Seth Coleman; STAFF WRITER

BODY:

Shannon Johnson wants to be an elementary school teacher - a goal well within his reach. But seven years ago, the mere idea would have been laughable.

Before middle school, "my grades were bad," said the recent Marietta High School graduate, who compiled a B-plus average and earned a HOPE scholarship to the University of Georgia. "Back then, all I did was try not to get F's. But Mrs. K pushed me to do my best, and nothing less."

"Mrs. K" is Marjorie Kellogg, a middle school language arts teacher who started Project REACH - a program designed for students who need extra motivation and enrichment to get through high school and consider attending college.

Although there are similar programs in the metro area, most were initiated by a school or school system. Kellogg launched her own program eight years ago.

"I started REACH because I saw that a lot of my students from low- income backgrounds had high hopes and dreams," Kellogg said. "And I realized how much tougher it was for them to fulfill those dreams."

Students volunteer for REACH, beginning in the seventh grade, or are referred by a guidance counselor. At the beginning of this past school year, REACH had 70 participants - 35 in high school, 21 in middle school and 14 high school graduates, six of whom are in college. About 90 percent of REACH students graduate from high school.

"They're really good kids and they work really hard," Kellogg said. "Most of the time, when we adults work hard, we get paid for it. So I think it's important for the kids to see that you get rewarded for hard work."

One of REACH's successes is Darius Dunson, a rising senior at Valdosta State University who is on schedule to become the first REACH participant to graduate from college. Eight participants graduated from Marietta High last week, including Johnson and Gwen Sommerour, an 18-year- old mother of two who is the first in her family to graduate from high school on schedule.

GRAPHIC: Color Photo: REACH participant Shannon Johnson. / JOE McTYRE / Staff

LOAD-DATE: June 27, 1995

98TH STORY of Level 1 printed in FULL format.

The San Diego Union-Tribune

June 19, 1995, Monday

SECTION: LIFESTYLE; Ed. 1,2,3; Pg. D-1

LENGTH: 533 words

HEADLINE: Georgia program gave HOPE to inspired student

SERIES: MAKING IT

BYLINE: Ozzie Roberts

BODY:

Under a Georgia summer sun, in Decatur's Adams Stadium, the spirits of Shamrock High School's 172 graduates and their supporters were higher than the humidity and the 94-degree heat.

Fay Smith, the staid principal, felt compelled to warn students against showboating.

But in the stands, Glenda Brown remarked: "Shoot, it's the parents who'll yell the loudest, with all that we've had to go through."

"Tell me about it," said Alley Dunn. "I raised my son by myself. Seeing this finally happen is very exciting."

I concurred. Brown is my sister. I had journeyed deep into Dixie to see her son, Bobby Reid, a transplanted San Diego native son, walk with his class.

And as "Pomp and Circumstance" blared, he was torn: "Should I strut? Should I do a cartwheel out of here? I know they said there'd be trouble. But I'm so happy, and this is the last day of my last year."

Students and teachers who know Bobby might have expected the extraordinary. He was, after all, the witty class cutup.

But Robert Edward Reid, 18, is nobody's swellheaded fool, and he had come too far to risk a last-minute scandal.

He wants to be an architect, and he graduated on the school's highest honor roll. Bobby made straight A's in physics, trigonometry, British literature, business and photography. He tutored many of his peers.

A sinewy 6-footer, he also became a state champion on the track, running 400 meters in under 50 seconds and dreaming of Olympic competition.

Yet five years ago, when Bobby left San Diego with his mom and his stepdad, a Marine sergeant who was being reassigned to a base near Havelock, N.C., few of his grades at Bell Junior High School were above D.

And he had faced daily threats of violence at the hands of violent street gangs.

In the two-stoplight town of Havelock, however, he pined for his former California home.

But after Lawrence Brown was honorably discharged from the service three years ago, Bobby's blue-collar parents decided to plant their feet in the soil of Stone Mountain, a town that long ago shed a reputation for racial intolerance.

Like the town, Bobby matured -- overnight, it seemed. He decided "to make the best of things" and bear down on college.

Still, he hit obstacles. freezes on standardized tests, and he achieved only average scores on the national Scholastic Aptitude Test (SAT). Consequently, some private schools that have accepted him aren't offering a lot of financial incentives.

But Georgia holds a light.

Through its HOPE (Helping Outstanding Pupils Educationally) program, it pays college tuition and book fees for students who, like Bobby, have maintained a B or better average in high school. Those eligible must enroll in a state institution and maintain at least a B average to keep the scholarships.

HOPE helped 55,000 Georgia students in 1993-94, the program's first year. And -- California should note -- the program is funded with Georgia state-lottery money.

Like others, my nephew is weighing wider options even in these tight economic times.

So, this reclaimed San Diegan found hope in Georgia, mainly because he put his gifts to good use. We all benefit from that lesson.

GRAPHIC: 1 PHOTO; Hopeful: Former San Diegan Bobby Reid's academic success in Georgia makes him eligible for a program called HOPE, under which the state paysfor college scholarships with lottery money. (D-5)

LANGUAGE: ENGLISH

LOAD-DATE: June 20, 1995

103RD STORY of Level 1 printed in FULL format.

The Atlanta Journal and Constitution

June 6, 1995, Tuesday, ALL EDITIONS

SECTION: EXTRA, Pg. 1J

LENGTH: 499 words

HEADLINE: SCHOOL COMING TO AN END;
Finally, a time for tests, tassels;
4,000 seniors graduating amid excitement, high emotion

BYLINE: Diane R. Stepp; STAFF WRITER

BODY:

This week nearly 4,000 Gwinnett County high school graduates will look out across the audience seeking the smiles of proud parents and relatives as they receive their diplomas.

Graduate Michael Coggins thanked his mother in a different way during Friday's commencement ceremonies in the Buford High School gymnasium.

Linda Coggins was also a graduate of Buford High School - 25 years ago. She died this year before seeing her son receive his diploma from her alma mater. In her honor, the Class of '70 presented young Coggins with a $ 600 scholarship that he plans to use to attend Georgia State University, said 1995 classmate Angie Henderson.

When Coggins received the scholarship from his mother's class, Henderson said, "he gave the principal a hug, the class of 1995 gave him a standing ovation and, when he got his rose, he kissed it and held it to heaven for her."

Buford High was one of the first schools in the county to hold graduation exercises for its 79 seniors. Gwinnett County schools also began graduations last Friday, with Phoenix High awarding 116 diplomas during commencement ceremonies at the Gwinnett Civic Center.

Most county schools, however, begin a round of graduations on Wednesday, the last day of classes, continuing through Saturday.

Almost 81 percent of this year's graduates are planning to continue on to two-or four-year colleges, vocational, technical or business school.

The seniors have reported offers of about $ 23 million in scholarships, $ 6 million more than last year. Those do not include Georgia Lottery-funded HOPE scholarships. In January, 3,117 seniors academically qualified for HOPE scholarship funds, said Vickie Watts, coordinator of guidance and counseling.

Among Gwinnett's 3,967 seniors this year, 27 did not pass the state- mandated Georgia high school test. Those who have met all other requirements for graduation will receive a certificate of attendance during the ceremonies and be given the opportunity to retake the test after attending a remedial summer school session. If they pass the test on re-examination, they will receive their regular diplomas.

The following ceremonies are scheduled:
Berkmar - Thursday, 7:30 p.m., school stadium, 331 graduates.
Brookwood - Wednesday, 7:30 p.m., school stadium, 568 graduates.

Central Gwinnett - Wednesday, 7:30 p.m., school stadium, 314 graduates.

Collins Hill - Saturday, 7 p.m., Gwinnett Civic Center, 121 graduates.

Dacula - Thursday, 7 p.m., school stadium, 184 graduates.
Duluth - Saturday, 9 a.m., Gwinnett Civic Center, 270 graduates.
Meadowcreek - Saturday, 3 p.m., Gwinnett Civic Center, 291 graduates.
Norcross - Thursday, 7 p.m., Gwinnett Civic Center, 360 graduates.

North Gwinnett - Saturday, noon, Gwinnett Civic Center, 209 graduates.

Parkview - Wednesday, 8 p.m., school stadium, 405 graduates.
Shiloh - Friday, 7 p.m., Gwinnett Civic Center, 428 graduates.
South Gwinnett - Wednesday, 7 p.m., 370 graduates.

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LOAD-DATE: June 27, 1995

104TH STORY of Level 1 printed in FULL format.

The Atlanta Journal and Constitution

June 1, 1995, Thursday, ALL EDITIONS

SECTION: EXTRA, Pg. 2R

LENGTH: 731 words

HEADLINE: Two-thirds of graduates plan to continue their education

BYLINE: Fred Turner

BODY:

A survey of Rockdale County's graduating high school seniors shows more than 66 percent plan to attend a two-or four-year college, and most plan to pursue degrees in fields with good job prospects.

Of the 684 students who will graduate this month, 609 responded to the survey and 449 said they planned to attend a two-or four-year college. Forty-nine others plan to attend a technical or trade school, and 32 plan to enlist in the military.

The survey was compiled by Lyn Robinson, the school system's financial aid and scholarship adviser. She said this year's grads seem to be a pragmatic group, with many pursuing degrees in health sciences, environmental fields, engineering, computer science and business.

Fewer students, she said, are undecided or are looking at fields where pay scales are not improving.

"I think we are seeing students selecting fields where they think they will be successful financially and there will be jobs available," she said.

This year's grads have accepted $ 2,096,661 in scholarships, and most of that was awarded to Salem High School graduates, who accepted $ 1,185,180.

Robinson said the Salem students more aggressively pursued college scholarshi ps at their colleges of choice. She also said Salem students seem to be better motivated as a group because they were graduating from a model program.

"I think they felt like they had something to prove," she said.

In addition to the scholarships, about 456 students are eligible for the lottery-funded HOPE grants.

The grants are available to students who attend Georgia colleges and have a grade-point average of 3.0 or better. Students who attend public colleges and maintain a 3.0 average can receive full tuition and money for fees and books. Students attending private colleges in Georgia can receive grants up to $ 2,500 a year.

Schlotzky's buys land: Schlotzky's Real Estate Inc. has bought a .398-acre site in the Rockdale Square shopping center on Ga. 20 and plans to build a 2,700-square-foot Schlotzky's Deli.

Douglas Dewberry, who handles marketing and leasing for Dewberry Capital, the shopping center's owner, said the land is part of the grassy area that fronts Ga. 20 between Sonny's Real Pit Bar-B-Q and the shopping center parking lot.

Schlotzky's, based in Austin, Texas, was founded in 1971 and now has about 400 franchised restaurants. About 20 are in the Atlanta area. The restaurants serve a large selection of deli sandwiches.

Dave Mahn, who works in the real estate department for Schlotzky's, said a franchisee to operate the Conyers store will be selected soon.

Dewberry said the 91,207-square-foot Phase 1 section of Rockdale Square is completely leased, and Dewberry Capital is now marketing Phase 2, a 12,000-square-foot section. The company also has a site next to the Schlotzky's site and is negotiating with a buyer.

Good month for housing: Rockdale Realtors say falling interest rates and a stable economy have fueled increased sales this spring, and the activity has continued through May.

Numbers from the Metro Listing Service (MLS), which doesn't include sales by owners, show 52 sales in January, with 483 houses listed; 47 sales in February with 520 listings; 62 in March with 502 listings; and 74 sales in April with 509 listings.

Among the tips Realtors offer for homeowners wanting to sell their property: Prepare your home by painting it, cleaning windows and cleaning or replacing carpet. Make it smell good. The trend is toward open floor plans and light colors. Dark paneling is a problem.

A new school: About 218 students quit school in Rockdale County this year, and school officials hope the alternative school that will open this fall will help cut the rate next year.

Beth Ross, director of student support, said the new school will serve middle and high school students who are discipline problems and often quit school after being suspended or expelled.

"This will give us one more alternative to suspension and expulsion," she said.

The new school is being provided through a $ 250,000 lottery-funded grant that is renewable. It will open with 40 to 60 students who will be housed in doublewide trailers near the administrative offices on Main Street.

Fred Turner is a 21-year resident of Rockdale County and a veteran journalist. His column appears every Thursday in the Rockdale Extra.

LOAD-DATE: June 27, 1995

108TH STORY of Level 1 printed in FULL format.

Daily Report Card

May 22, 1995

SECTION: HIGHER EDUCATION

LENGTH: 547 words

HEADLINE: GA.'S HOPE: THAT SCHOLARSHIP PAYS FOR MORE THAN REMEDIATION

BODY:

A $36M Ga. scholarship program paid for with lottery funds is supporting "hundreds" of scholars who have been assigned to remedial classes (Cumming, ATLANTA JOURNAL-CONSTITUTION, 5/14). According to the paper, 12% of HOPE freshman scholars take remedial courses.

The problem lies with the program's reliance on grade-point averages that include all courses, not just academic ones, reports the paper. A disadvantaged student must earn at least a B average to qualify for the HOPE scholarship. However, because HOPE does not discern difficult courses from easier ones, there is a disincentive to enroll in rigorous courses. From the paper: "HOPE unintentionally and unfairly rewards students who take high school courses that give them easy A's but do not ready them for college." It's easy to have a B average if "you can take three periods as office assistant," explained Anne Ball, a Ga. teacher.

According to the JOURNAL-CONSTITUTION, there are honor students who can not qualify for HOPE because of struggling through harder courses that are preparing them for college. The Legislature attempted to address this problem last year by raising the grade-point average to 3.2 for students who lack college-preparation courses. Yet, approximately 650 students who met the higher average and lacked the college-preparatory courses still were awarded HOPE funding.

The disincentive to take more rigorous courses continues to plague HOPE students throughout their college years because of the stipulation that a student will lose the scholarship if their grade-point average falls below 3.0. Half of HOPE scholars suffer a loss of their scholarship, writes the paper.

Another problem with the HOPE program is that the scholarship does not cover all the costs of college for students assigned to remedial courses that do not apply to graduation. Specifically, HOPE only pays for 190 hours worth of schooling. While this is enough for most bachelor degrees, it does not cover all costs for students assigned to remedial courses during their freshman year.

HOPE Director Mike Vollmar said his office is collecting data on the effects HOPE policies have on students so the 1996 Legislature will have "hard data to help it make any adjustments that may be needed," reports the paper.

LANGUAGE: ENGLISH
LOAD-DATE: May 22, 1995

109TH STORY of Level 1 printed in FULL format.

The Atlanta Journal and Constitution

May 22, 1995, Monday, JOURNAL EDITION

SECTION: EDITORIAL, Pg. 6A

LENGTH: 424 words

HEADLINE: HOPE program often rewards mediocrity

BODY:

FACT: 1,500 OF THE 9,303 HOPE scholars, as freshmen at Georgia colleges and universities last year, were required to take remedial classes before being allowed to take courses for credit.

They did not slip through the HOPE qualifying process. The fact that they met the requirements demonstrates clearly that the HOPE scholarship rules need remedial work, too. The program as it exists condones mediocrity and penalizes risk-takers.

To qualify for HOPE tuition money, a high school student must have a B average. But the standard ignores the degree of difficulty in course work. Why take physics when phys-ed counts the same? Students willing to slog through the hard courses run the risk of jeopardizing their B average.

The encouragement to take crip courses continues when HOPE students get to college. The B, or 3.0, average must be maintained and the lack of distinction between hard and easy classes persists.

HOPE's goal was to motivate students to achieve, not just get by. Simply raising the grade-point average, as the Legislature considered doing last session, is not the answer. Doing so actually will pressure students to take more easy classes to pad their averages.

A better option would be to rewrite the standard, weighting courses according to their difficulty. For example, business math might be worth one point; introductory algebra 1.3, advanced algebra 1.5 and calculus 2. Grades would be multiplied by the course's difficulty factor, creating scores that would reward advancement and merit. Then the state could set a total score that compelled high school students to take more challenging courses.

Such a system will meet with resistance from students and parents who believe it would discriminate against those not up to doing advanced work. Truth be told, those students ought not to be going to four-year colleges in the first place. Not only does their attendance require universities to use scarce resources on remedial courses, diminishing the quality of education for students who rightfully should be in first-tier colleges, but it also does a disservice to the unprepared students. Students who go through remedial programs run a high risk of not finishing degree programs. Continually playing catch-up with their classmates, they become frustrated by the workload.

HOPE scholarships are meant to reward academic excellence. Everyone won't qualify. Unless high standards are enforced, the lesson for students is that mediocrity and minimal effort pay off just as much as hard work.

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110TH STORY of Level 1 printed in FULL format.

May 14, 1995, Sunday, ALL EDITIONS

SECTION: PERSPECTIVE, Pg. 1B

LENGTH: 994 words

SERIES: This is part of the special report, "The Class of '95."

HEADLINE: The Class of '95 NOT READY FOR PRIME TIME;
HOPE requires remedial leap

BYLINE: Doug Cumming

BODY:
Jimikius Harris is attending Georgia State University without paying a cent, thanks to a high school grade-point average high enough to qualify him for a lottery-funded HOPE scholarship.

The trouble is, Harris, a graduate of Avondale High School in DeKalb County, has been forced to take five remedial courses since starting college in January. That has prevented him from taking a single college- credit course so far.

This may sound like a contradiction - remedial classes paid for by a $ 36 million tuition program intended to be a merit scholarship. But in fact, hundreds of other HOPE scholars have also been assigned to remedial classes.

Among last year's high school graduates, about 1,500 of the 9,303 freshmen put into remedial studies when they entered the University System had at least a B average to qualify for HOPE. That number is almost 12 percent of all freshman HOPE scholars from the high school class of '94.

At state colleges that set higher standards for regular admission, which forces better students to take remedial courses, the percentage can be higher. At Georgia State, for example, 28 percent of the HOPE scholars have had to take at least one remedial course.

The phenomenon results from a bad combination of good intentions, educators say. Georgia's public colleges, despite an effort to raise admission standards in 1988, have continued to accept thousands of students who fail to meet those standards. The students are assigned to courses, sometimes called "developmental studies," designed to offer a crack at college to those who did not get their act together while in high school.

But in the meantime, while most HOPE scholarships go to students who have done well in difficult courses, some are being awarded to students who graduated from high school with high grades in low-demand courses.

In one extreme case, a writing teacher at West Georgia College tells of a HOPE student who was such a poor writer and so inarticulate that the teacher suspected he was learning-disabled. Later she was shocked to see on his middle school transcript that a test showed he was of low intelligence and formerly in special education classes.

It's easy to have a B average if "you can take three periods as office assistant," said Anne Ball, the teacher.

While the HOPE program earns lavish praise as a motivator for Georgia students, at least two flaws result from the loophole that allows ill-prepared students to qualify:

> An incentive against hard courses. Because the grade-point average to qualify includes all courses, not just academic courses, HOPE unintentionally and unfairly rewards students who take high school courses that give them easy A's but do not ready them for college. At Fort Valley State College, for example, some current honor students do not qualify for HOPE because they struggled through hard courses in high school, while some developmental studies students do, said Rosie Petties, the college's director of developmental studies.

The Legislature tried to address this problem in 1994 by requiring a slightly higher grade-point average (3.2, rather than 3.0, out of 4.0) for students who lack the necessary college preparatory courses. Last fall, about 650 students who lacked college prep courses but met the new higher grade-point standard arrived on University System campuses with HOPE funding.

A similar disincentive against taking hard courses plays out once students enter the public colleges, since HOPE scholars lose their funding if their college grade-point average is below 3.0 after three quarters. In fact, this has happened to about half of them. (No such standards are required for Georgians at in-state private colleges to get $ 2,500-a-year in tuition aid, most of that from HOPE.)

> Support that won't see the student through to graduation. HOPE pays for developmental studies courses, which give no credit toward a degree, but the HOPE scholars who take these courses will likely run out of money as they near graduation. Although interviews show these students are typically unaware of it, HOPE will only pay for a limited number of courses - the equivalent of 190 hours' worth, the amount needed for most bachelor degrees.

Mike Vollmer, director of HOPE, said the program was faced early on with the dilemma of whether to pay for developmental studies courses. With agreement from the governor and legislative leaders, HOPE officials decided to help the student with good grades who "for whatever reason, maybe a poor math teacher," was in developmental studies, he said.

But he said the program will soon gather research on the effects of this and other HOPE policies on student behavior, so that the 1996 Legislature will have hard data to help it make any adjustments that may be needed.

When Jimikius Harris was at Avondale High, he took the classes required for a college prep diploma. But while he was strong in math classes, which kept his grade-point average high, he was weak in English.

And it was that weakness, revealed in SAT scores and placement exams taken for Georgia State, that landed him in English and reading developmental studies courses. He partly blames Avondale, where all 11 of his classmates now in the University System had to take developmental studies, for not making him realize he needed stronger language skills for college.

His favorite teacher at Avondale, Dwala Mosely, said Harris should have acquired those skills in her 11th-grade American literature and composition class, where students do a vast amount of analytical writing. But like many adolescents, she recalls, he was unfocused, spent too much time in part-time jobs and procrastinated.

Harris acknowledges that Avondale offered sessions with a college counselor. But he didn't know what to ask, he said. "All I asked about is the grade-point average - for HOPE."

Doug Cumming is a staff writer for The Atlanta Journal-Constitution.

GRAPHIC: Color photo: Jimikius Harris, a HOPE scholar, partly blames his high school for his trouble adjusting to college courses. / ERIK LESSER / Special Photo: Gov. Zell Miller, founder of the HOPE scholarship program, has made it a tradition to honor valedictorians from Georgia's public and private schools at the Governor's Mansion. / File

LOAD-DATE: June 27, 1995

116TH STORY of Level 1 printed in FULL format.

The Courier-Journal

April 9, 1995, Sunday - METRO Edition

SECTION: NEWS; Pg. 1A

LENGTH: 1274 words

HEADLINE: THE RACE FOR GOVERNOR; BABBAGE'S SCHOLARSHIP PLAN FACES TOUGH TESTS POLITICS-M; GAMES-M; HIGHER EDUCATION-M CONSUMERS; STUDENTS

BYLINE: AL CROSS; MARK SCHAVER SALES AND WHAT THE STATE GOT; PHOTO

DATELINE: FRANKFORT, KY.

BODY:

The linchpin of Secretary of State Bob Babbage's campaign for governor, a plan to finance college and vocational scholarships with money from the state lottery, appears to be based on some shaky financial assumptions.

To begin with, lottery officials say they can't produce the extra money the plan would need. Moreover, the experience of the Georgia program that is Babbage's model indicates that his plan would cost more than he says.

Babbage says he's willing to accept the higher estimates, and he promises to find the money somewhere in the state budget, which already is tight, because the program would be his top priority and would "change Kentucky in a big way."

The Georgia program is raising vocational-school enrollments and proving immensely popular. If Kentuckians responded likewise to Babbage's plan -- and his insistence that lottery money be spent on education, as originally proposed -- he could have an opportunity to gain ground in a race that has lacked a dominant issue.

For more than two weeks, Babbage has focused almost entirely on his plan, bringing it up when asked about other issues and hawking it at colleges and vocational schools.

He says it would pay for tuition, fees and books for any student at a state college or university who graduates from a Kentucky high school with a B average. That would amount to a stipend of about $3,000 a year for an undergraduate at the University of Kentucky.

The scholarship would continue as long as a B average is maintained in college, for up to four years.

Also, any Kentucky high school graduate, regardless of grades, would get a grant covering tuition, fees and books for two years at a state vocational or technical school.

Babbage estimates that his plan would cost $52 million in the first year. To get that money, he would require the lottery to return 35 percent of its sales to the state, instead of the current 26 percent.

If lottery sales remained at the same level, that would work. But lottery officials say sales would decline because a greater return to the state would mean less money in prizes for players -- who wouldn't play as much because they wouldn't win as much.

"Yes, we can return 35 percent," Lottery President Arch Gleason said. "Can we return 35 percent and get more dollars? Absolutely not."

When the lottery was created in 1988, the legislature suggested that the state get 35 percent, a national norm. But lottery officials figured that by accepting a smaller percentage, they could earn more for the state by offering more prizes and thus increasing sales. That worked, and some other states have followed suit.

No state has tried to increase the percentage of return, said Brian Gale, executive director of the North American Association of State and Provincial Lotteries.

Some games are out

Gleason said Kentucky could double its sales with video lottery and other casino-type games, but "we have a responsibility to offer games that are socially acceptable in our environment." Legislators, horse interests and others have opposed such games in Kentucky.

"With the current products we have, we can look to modest growth at best" in sales and percentage of return, Gleason said. "I don't think it could get much above 30, if that high. We may be getting close to optimum."

That view is supported by Gaming & Wagering Business magazine, which ranked Kentucky sixth among 36 states in percentage of personal income spent on lottery tickets. The top two were South Dakota and Oregon, which have video lottery, followed by Massachusetts, Ohio and Florida.

These last three states earmark returns, as most lottery states do, and advertise how the money is used. Gleason said he would like Kentucky to do that -- not because it would boost sales, which he doubts, but "because the most commonly asked question" about the lottery is where its money goes.

When Wallace Wilkinson was elected governor in 1987 on the promise of a lottery, and campaigned for the 1988 constitutional amendment that allowed it, he said the money would go to education, a one-time veterans' bonus and senior citizens' programs.

But the amendment didn't say that, and the General Assembly put the money in the General Fund, which gets most state taxes and pays most state expenses. Legislators feared that a separate Lottery Fund might create a shell game that could lead to cuts in General Fund money for schools, as in California.

But without earmarking, distrust of government comes into play. "This is not about what the lottery says," Babbage said. "This is about keeping a promise."

Georgia's experience

Babbage's plan is modeled after the one in Georgia, where Gov. Zell Miller was elected in 1990 on a promise of a lottery amendment requiring the money to be used for education. The Georgia law requires a 30 percent return to the state and divides it between pre-kindergarten education, capital expenses such as computers, and the post-secondary scholarship program.

The Georgia plan is known as the "HOPE Program," for "Help Outstanding Pupils Educationally." Many credit it with helping Miller win re-election last year.

A poll by Georgia State University last summer found that 77 percent of those who were aware of the program thought it would lead parents to take a more active interest in their children's education.

"It's an ingenious program," said Barry Fullerton, the vice chancellor for student services for the university system of Georgia. "It's great public policy, and it has benefited thousands of students."

But Fullerton acknowledges that the jury is still out on another question - - whether teachers may feel pressure to give students higher grades so they can earn the scholarships. Babbage said that if teachers are now trusted to grade properly, their integrity shouldn't be doubted.

While the Georgia program hasn't increased university enrollments so far, it has had an impact on the state's technical schools. The latest figures available from the Georgia Department of Technical and Adult Education show enrollment jumping 16 percent since the HOPE Program began in 1993. Some popular programs, such as those in the health sciences, now have long waiting lists. As more students enroll, that increases the cost of the scholarship program.

Setting it up here

For Kentucky, estimating the potential cost is tricky. The formula Babbage used is based on the number of students receiving scholarships in Georgia.

However, Kentucky does not keep statewide figures on the number of students who get a B or higher, so there is no easy way of knowing how many students would be eligible for a scholarship here.

Using Babbage's own formula, his estimate appears to understate the cost by about $3.5 million. Although Babbage has said costs would rise 10 percent in the second year, or about $5.2 million, his own formula and the latest figures from Georgia show there would actually be a $12 million increase.

There are other differences that make the cost estimates shaky at best. Georgia, for example, began with an income cap that limited the scholarships to families earning less than $100,000 a year. Babbage's program has no such cap. The uncertainties about estimating costs led Georgia to start its program slowly, expanding only when it was clear the lottery could cover the costs. The income cap, for example, will be dropped this fall.

Babbage said that even if the program costs more than he estimates and the lottery can't provide the money, he will fund it by running government "as

efficiently and effectively as possible."
GRAPHIC: Bob Babbage: Vows to make proposed program work

LANGUAGE: English

LOAD-DATE: April 13, 1995

130TH STORY of Level 1 printed in FULL format.

The Atlanta Journal and Constitution

March 23, 1995, Thursday, ALL EDITIONS

SECTION: EXTRA, Pg. 19G

LENGTH: 210 words

HEADLINE: EDUCATION BRIEFS;
4,045 from county benefit from HOPE

BYLINE: Seth Coleman; STAFF WRITER

BODY:

If you're a college student, HOPE definitely springs eternal in Cobb County.

Thanks to the state's HOPE (Helping Outstanding Pupils Educationally) scholarship program, 4,045 students from the county are receiving more than $ 1.9 million toward their education in Georgia universities, colleges and technical schools, according to Gov. Zell Miller's office.

Statewide, HOPE - funded entirely by the Georgia lottery - is providing almost $ 28 million to 67,477 students.

HIGH-TECH HELP COMING: Cobb students' test scores usually rank among the highest in the state, even though computer technology at most county schools is somewhat subpar. But help is on the way.

Miller's office announced last week that Cobb schools will receive more than $ 2.2 million for computer technology. The money is from the Georgia lottery.

BEING DIFFERENT THE SAME: The Marietta Middle School Chorus is helping bridge cultural gaps through its participation in the Atlanta World Choir.

Other Atlanta World Choir members include: Southwest YMCA Youth Choir, the B'nai B'rith Youth Organization's Project Impact Theater and the Native American Tour Group. They perform to promote cultural unity and express culture and history through drama, music and dance.

LOAD-DATE: July 17, 1995

137TH STORY of Level 1 printed in FULL format.

February 28, 1995

SECTION: EXTRA; Section J; Page 1

LENGTH: 399 words

HEADLINE: Bill would base eligibility on SAT

BYLINE: By Laura Williamson STAFF WRITER

BODY:

Home-schooled children applying for HOPE scholarships would get them a lot faster under a bill recently introduced by state Rep. Ron Crews (R- Tucker).

The bill, scheduled to be heard in a House education subcommittee today, would make home-schooled children who earn a minimum of 1,000 on the Scholastic Assessment Test (SAT) eligible for the scholarships as college freshmen. Under present policy, they don't become eligible until their junior year of college, and must maintain a "B" average for the first two years.

Students who attend Georgia's public and private high schools become eligible for the scholarships after earning a "B" average in high school.

"There's an inequity that penalizes home-schoolers," said Crews, who taught his four children at home for several years before enrolling them in public school.

Crews, who introduced his bill last Wednesday, said he would have dropped it in sooner, but he learned of the discrepancy only last week. Despite its late arrival, Crews said the bill's chances of getting acted upon this year were bolstered by support from the governor's office.

Gov. Zell Miller, who has also proposed allowing students with less than a "B" average in high school to become eligible for the scholarships after attaining a "B" average for two years of college, told Crews he would support the bill.

HOPE scholarships, funded by the Georgia lottery, provide students with tuition and fees at state colleges or technical institutes. Students who attend a private, nonprofit Georgia college are eligible for $ 1,000 scholarships. They must maintain a 3.0 at the college level to keep the scholarships.

Crews said he proposed using SAT scores as criteria because they are a standardized method of measuring a student's ability to succeed in college. According to statistics given to him by state education officials, the average HOPE scholarship recipient earns a combined score of 920 on the SAT.

Mary Jo Patterson, who heads the Georgia Home Education Association along with her husband, Ken, said home-schoolers don't mind having to reach a higher standard than public school students to become eligible for the scholarships.

Her group is still reviewing the bill, but is likely to support it, she said.

Patterson said she had no idea how many home-schooled children would apply for the scholarships, or even how many would be eligible.

LANGUAGE: ENGLISH

LOAD-DATE: March 1, 1995

159TH STORY of Level 1 printed in FULL format.

The Atlanta Journal and Constitution

December 16, 1994

SECTION: EDITORIAL; Section A; Page 22

LENGTH: 292 words

HEADLINE: Give serious students second chance at HOPE

BODY:

WHAT'S THE POINT of Georgia's innovative and unusual HOPE scholarship, which promises free college tuition to any student who earns a B average in high school and maintains it throughout the university years? It's not charity, and it's not a favor to students or their families. It is, quite simply, an effort to help Georgia's young people become well-educated, productive citizens.

That being the case, it makes sense to structure the program to serve as many students as possible, as long as they can meet the educational standards. And that means giving a second chance to those who falter, but then struggle hard to regain their momentum.

As now written, the HOPE law says a recipient whose grade-point average in college falls below B loses the scholarship - and in many cases, the only chance for an education - forever. That hurts both the student and the state.

Gov. Zell Miller has changed his mind on the subject and now says he supports an amendment that would give students one year to work their way back into the program. Tuition during that period would be their responsibility, but once their grades came back up, they'd get state help once more.

The governor also proposes removing the $ 100,000 ceiling on family income for eligibility for the grants. We have no particular objection to that, since it too might mean a few more college graduates for Georgia, but the second-chance amendment is the important change.

Our state can no longer afford to lurk around the bottom of the educational barrel, especially since the new global information age means that barrel includes other countries, not just other states. Giving as much HOPE as possible to Georgia's students means increasing hope of prosperity for all of us.

LANGUAGE: ENGLISH

LOAD-DATE: December 18, 1994

223RD STORY of Level 1 printed in FULL format.

The Atlanta Journal and Constitution

June 13, 1994

SECTION: LOCAL NEWS; Section A; Page 1

LENGTH: 948 words

HEADLINE: Top-of-the-class honor renews dispute over award Critics: Valedictorian avoided tough classes

BYLINE: By Julie K. Miller STAFF WRITER

BODY:

For the honor of being No. 1 at graduation time, valedictorians usually slog through years of chemistry, trigonometry and physics - some of the toughest courses high schools have to offer.

But that determination to succeed, often in a fierce battle with other high achievers, propels them into an arena where the sacrifices can offset the rewards of scholarships, invitations to the Governor's Mansion and media recognition.

Some, such as valedictorian Rebekah Meier of Riverdale, pay a dear price to get to the top.

Some of her fellow students, who say she avoided tougher courses to get the best grade-point average (GPA) possible, literally turned their backs on her during her June 4 valedictory address. They were infuriated with a system that allowed a student who had not taken some of the school's more rigorous courses to be its academic leader.

Meier is not the first to be accused of taking advantage of the system to become valedictorian.

It is an honor that generates arguments every year in school systems across Georgia. Detailed rules - which differ from school to school and system to system - lay out exactly who is eligible and how to determine class rank, down to the last decimal point.

Each year, arguments over how the top honors selection process is handled, who is eligible and how grades are computed are worked out in school systems around the state.

"It's an ongoing problem and has been since dirt," said Carol O'Neal, an assistant superintendent of Henry County schools.

Some want a statewide guideline; others think the current system of allowing each county to set its own rules works fine; and a few would like to see everyone in the top 10 percent of the class grouped equally as "honor graduates."

"This is a big issue here," O'Neal said. "If principals had their way, they'd probably do away with valedictorians and salutatorians, but we couldn't afford the fallout."

Some schools compromise to avoid hard feelings. At Harrison High School in Kennesaw, four students with the same GPAs have been named co- valedictorians; at North Springs High in North Fulton, there are three.

The subject is so sensitive the courts had to determine the valedictorian in Newton County a few years ago when two young men were in a virtual tie.

Among educators, feelings on the subject are mixed. Some say it's essential to honor excellence and achievement; others believe it only causes hard feelings and doesn't mean a whole lot if students don't take a rigorous course of study.

"We don't want to lift one student over all the rest and say this is the best student when we have a whole bunch of students who have excelled," said Paul Hayward, high school coordinator at Paideia, a private school in Atlanta. No valedictorian is named there. At graduation, students are arranged in a semicircle so there is no preferred seating.

With the introduction of the state's lottery-funded HOPE scholarships for Georgia students who maintain a B average, the issue of course difficulty will be even more evident, school officials say.

"It will be an unusual parent who would press their child to take trigonometry when money for college is on the line," said Jo Hill, a counselor at Henry County High School.

While valedictorians generally receive some benefit from the title, being No. 1 doesn't necessarily spell future success in college or in the workplace, said a Boston researcher who has followed the lives and careers of 82 valedictorians and salutatorians who graduated from Illinois high schools in 1981.

Karen Arnold of the Boston College School of Education concluded that "even high school valedictorians are at risk for significant educational and vocational underachievement."

Three-fourths of the 46 women and 35 men studied went on to excel in college, receiving academic honors. But in the work force, most recorded average achievements.

While the honor gets the attention of admissions officers at major universities, it doesn't guarantee entry, let alone scholarships, at some of the more prestigious colleges.

"I don't want to belittle the honor, but we have a number of students applying who are valedictorians," said Garreth Johnson, assistant dean of admissions at Emory University. "We try to admit students who we believe will be academically successful at Emory. If a student had the opportunity to take a full array of advanced courses but did not, then we're going to ask the question why."

To combat the problem of students opting for an easier track of study to get higher grades, Henry County is implementing a program next year to encourage ninth-and 10th-graders to take the more intellectually challenging courses by giving them additional credit. If they make a B in the honors course, they'll get an A on their permanent record.

"There will be an immediate payback for taking the difficult courses early," O'Neal said.

Other metro systems have similar programs, usually in the higher grades, to make taking advanced-placement English or honors history more palatable for top students.

In Clayton County, students get extra credit for advanced-placement courses, but not as much as in Cobb or Fulton, where students also are rewarded for taking honors courses.

That was one of the main beefs from Riverdale students about the selection process. But educators say a student's numeric average isn't what counts in the long run.

"It's the kind of education the student has gotten," said Glenice Graves, assistant principal at Riverdale High School. "The kids graduating who did not finish first will do fine. Rebekah will do fine. There is a world outside Riverdale High School, and the competition is keen."

GRAPHIC: Color Photo: Rebekah Meier of Riverdale High School has been accused of taking advantage of the system by avoiding tougher courses to get the best grade-point average possible. / W.A. Bridges Jr. / Staff

LANGUAGE: ENGLISH

LOAD-DATE: June 16, 1994