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Hope Scholarships [4]

Stack:	Row:	Section:	Shelf:	Position:
S	19	1	1	1

Arkansas Stats / Requirements

COLLEGE-GOING RATE IN ARKANSAS 1980-1993

YEAR	RATE
1980	43.0%
1981	39.7%
1982	38.2%
1983	39.3%
1984	39.4%
1985	41.6%
1986	42.9%
1987	43.5%
1988	44.3%
1989	45.5%
1990	48.3%
1991	51.6%
1992	57.3%
1993	55.0%
1994	56.1%
1995	55.4%

FIGURES USED TO CALCULATE CGR

1ST-TIME FROSH / HS GRADS	
12,481 /	29,052
11,663 /	29,414
11,350 /	29,710
11,169 /	28,410
10,658 /	27,075
11,025 /	26,517
11,378 /	26,527
11,842 /	27,224
12,316 /	27,776
12,699 /	27,920
12,798 /	26,475
13,232 /	25,640
14,808 /	25,845
14,120 /	25,655

These numbers refer to in-state college attendance of Arkansas high school students

Arkansas Academic Challenge Program

H:\aac\stats.wk4

	1991-92		1992-93		1993-94		1994-95	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Number of Applicants:	2,225	100.0%	3,748	100.0%	3,348	100.0%	3,750	100.0%
Black	675	30.3%	721	19.2%	537	16.0%	718	19.1%
White	1,467	65.9%	2,891	77.1%	2,673	79.8%	2,861	76.3%
Other	83	3.7%	136	3.6%	138	4.1%	171	4.6%
Male	906	40.7%	1,493	39.8%	1,333	39.8%	1,433	38.2%
Female	1,319	59.3%	2,255	60.2%	2,015	60.2%	2,317	61.8%

	1991-92		1992-93		1993-94		1994-95	
	Number	Percent	Number	Percent	Number	Percent	Number	Percent
Number of Recipients:	1,024	100.0%	2,771	100.0%	4,179	100.0%	5,383	100.0%
Black	119	11.6%	318	11.5%	493	11.8%	604	11.2%
White	857	83.7%	2,340	84.4%	3,515	84.1%	4,573	85.0%
Other	48	4.7%	113	4.1%	171	4.1%	206	3.8%
Male	410	40.0%	1,055	38.1%	1,578	37.8%	1,981	36.8%
Female	614	60.0%	1,716	61.9%	2,601	62.2%	3,402	63.2%

Funds Expended for Academic Challenge Program

	1991-92		1992-93		1993-94		1994-95	
	$ Spent	% Chg.	$ Spent	% Chg.	$ Spent	% Chg.	$ Spent	% Chg.
	862,730	N/A	2,548,268	195.4%	3,924,278	54.0%	4,919,811	25.4%

ARKANSAS ACADEMIC CHALLENGE SCHOLARSHIP PROGRAM

1996-97 ACADEMIC YEAR

!APPLICATION DEADLINE - OCTOBER 1, 1996!

The Arkansas Academic Challenge 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 3 more years provided the student meets the continuing eligibility standards established by the Arkansas Department of Higher Education. This scholarship will not displace any other state grants or scholarships unless required by federal regulations. Names of recipients may be released to the news media to recognize the accomplishments of the recipients.

Award is made based on the applicant's meeting minimum standards with regard to the ACT composite score, grade point average (GPA) in the pre-collegiate core curriculum defined by the State Board of Higher Education, and financial need.

ELIGIBILITY CRITERIA

Applicants must meet the following criteria in order to be considered for the Arkansas Academic Challenge Scholarship.

APPLICATION DEADLINE

1996 calendar year high school graduates must apply by October 1, 1996 in order to be considered for the Arkansas Academic Challenge Scholarship. If the academic requirements have not been met, the applicant has 24 months after graduation to complete the requirements. However, the applicant must submit an application by the deadline in order to qualify for the 24 month grace period.

ARKANSAS RESIDENCY

Both the applicant and his or her parents (or legal guardians) must have been Arkansas residents for the 12 months prior to the applicants' graduation from high school.

UNITED STATES CITIZENSHIP

Applicants must be United States citizens or permanent resident aliens.

HIGH SCHOOL GRADUATION

Applicants must have graduated from an Arkansas high school in 1996.

ADMISSION & ENROLLMENT

Applicants must be accepted for admission and enrolled in an approved Arkansas college or university in a program leading to a baccalaureate degree, associate degree, or associate of applied science degree within 24 months of graduation from high school.

ACADEMIC STANDING

Applicants must have a composite ACT score of 19 (or at least 730 combined math and verbal score on the SAT if the ACT is not available), and a grade point average of 2.50 on a 4.00 scale, in the precollegiate core curriculum.

Those applicants not meeting either the grade point average or ACT score requirements may still qualify for the Academic Challenge Scholarship if their combined ACT score and grade point average meet satisfactory levels when applied to the selection index developed by the Arkansas Department of Higher Education. The selection index is defined as follows:

ACT COMPOSITE SCORE	MINIMUM GPA
15-16	3.25
17-18	3.00
19	2.50
20-24	2.25
25-36	2.00

GRACE PERIOD

THOSE STUDENTS WHO HAVE NOT COMPLETED THE CORE CURRICULUM OR WHOSE COMBINED ACT SCORE AND GRADE POINT AVERAGE DO NOT MEET THE SELECTION INDEX AS DEFINED ABOVE WILL BE CLASSIFIED AS CONDITIONALLY ELIGIBLE. THESE STUDENTS WILL HAVE 24 MONTHS AFTER HIGH SCHOOL GRADUATION TO SATISFY THE ACADEMIC REQUIREMENTS AND ENROLL IN COLLEGE. THEY MUST STILL APPLY DURING THE CALENDAR YEAR IN WHICH THEY GRADUATE FROM HIGH SCHOOL. STUDENTS WILL NOT RECEIVE SCHOLARSHIP FUNDS UNTIL THE ACADEMIC REQUIREMENTS HAVE BEEN FULLY MET.

Applicants who complete the Technical Preparation Core Curriculum and graduate before the end of the 1996-97 academic year, but have not completed courses equivalent to those in the precollegiate core curriculum, have a choice of which grade period they would like to take advantage:

1. These applicants may choose the 24 month grace period described above, in which case they will receive funds only after all academic deficiencies have been met; or

2. These applicants may choose to receive scholarship funds for ONE (1) semester to remove all the course deficiencies. Students who do not remove all the deficiencies by the end of that semester forfeit any future eligibility for the Arkansas Academic Challenge Scholarship program.

Applicants who do not complete the Technical Preparation Core Curriculum will not have a choice. They will be required to use the original 24 month grace period.

CORE COMPLETION

Applicants must complete the precollegiate core curriculum recommended by the Arkansas Boards of Education and Higher Education. Applicants completing the Technical Preparation Core Curriculum (Tech Prep) are eligible to apply for an Arkansas Academic Challenge Scholarship. However, these applicants must complete the Technical Preparation Core Curriculum AND those Precollegiate Core Courses for which a Technical Preparation Core Curriculum substitute does not exist.

The Precollegiate Core and Technical Preparation Core Curriculum substitutes are defined as follows:

ENGLISH - 4 units, with emphasis on writing skills. This area should not include courses in oral communications, journalism, drama or debate.

NATURAL SCIENCE - 2 units, with laboratories, chosen from Biology, Chemistry, and Physics. Applied Biology/Chemistry (two-year program) may be substituted for Biology. Principles of Technology I and II may be substituted for Physics. This area must not include Physical Science as a substitute for either Chemistry or Physics. Also, each unit must be from a different area of natural science. For example, Biology and Advanced Biology or Biology and Zoology would not count as two units. All these courses come from the same discipline. A course from the other two disciplines is necessary to complete the core.

MATHEMATICS - 3 units including Algebra I, Algebra II and Geometry. Applied Math I and II may be substituted for Algebra I, provided the student passes Algebra II and Geometry.

SOCIAL STUDIES - 3 units including American (United States) History (does not include Contemporary American History), World History, and at least one-half unit of Civics or American Government. The remaining one-half unit can consist of any social studies course. World Cultures, World Geography, or Global Studies will not satisfy the World History requirement.

FOREIGN LANGUAGE - 2 units of any non-English language. Both of these units must be in the same language.

DRUG FREE PLEDGE

Applicants must certify that they are drug free and pledge to remain so.

FINANCIAL NEED

Applicants must meet the following financial need requirements:

1. For a family with one (1) dependent child under the age of 21, have an average family adjusted gross income, for the two years preceding the date of application to the program, not exceeding $35,000.
2. For a family with two (2) dependent children under the age of 21, have an average family adjusted gross income, for the two years preceding the date of application to the program, not exceeding $40,000.
3. For a family with three (3) or more dependent children under the age of 21, have an average family adjusted gross income, for the two years preceding the date of application to the program, not exceeding $45,000.
4. For each additional (over 3) dependent child under the age of 21, the income level increases by $5,000 per child.

For an applicant who is adopted and was at least 12 years old at the time of adoption, and whose family includes one (1) or more adopted children under the age of 21, the income requirements differ from those above. The following requirements govern such students:

1. For a family with one (1) adopted child under 21 years of age, the adoptive family must have an average family adjusted gross income, for the two years preceding the date of application to the program, not exceeding $40,000.
2. For a family with two (2) adopted children under 21 years of age, the adoptive family must have an average family adjusted gross income, for the two years preceding the date of application to the program, not exceeding $50,000.
3. For a family with three (3) adopted children under 21 years of age, the adoptive family must have an average family adjusted gross income, for the two years preceding the date of application to the program, not exeeding $60,000.
4. For a family with four (4) or more adopted children under 21 years of age, the adoptive family average family adjusted gross income level increases by $10,000 per child.

Any student who claims to be emancipated or independent must be classified as an independent student as defined by federal regulations and be eligible to receive federal financial aid as an independent student.

A family that includes two or more dependent children under the age of twenty-one (21), and two or more of these children are enrolled full-time in approved Arkansas colleges, shall have the income limit increased by an additional ten thousand dollars ($10,000) of adjusted gross income for each additional child (other than the applicant) enrolled in college. For example, a family with three dependent children all under the age of 21, with one child in an approved Arkansas college, has a $45,000 average adjusted gross income limit. If this family has two of the three children (all under age 21) enrolled in approved Arkansas colleges, the average income limit is increased to $55,000. If all three of the dependent children are under age 21 and enrolled in approved Arkansas colleges, the average income limit is increased to $65,000.

AMOUNT OF SCHOLARSHIP

An Arkansas Academic Challenge Scholar will receive an annual award of $1500 or the annual tuition, whichever is less, to attend an approved Arkansas college or university in a program that leads to an associate, associate of applied science or a baccalaureate degree. The scholarship will be disbursed by the institution the recipient is attending. The scholarship will be divided equally according to the number of terms at the institution: two payments for schools on the semester system, three payments for schools on the quarter system. A check made payable to the institution will be mailed to the institution's financial aid office to be disbursed to the recipient according to the institution's disbursement policies. Those recipients who complete 24 credit hours in an academic year and have a cumulative GPA of 3.0 or above will receive $500 above the amount they received in the previous academic year.

DEADLINE FOR APPLICATION

·e application deadline for 1996 graduates is **OCTOBER 1, 1996**. Each student must submit an application by October ıf the year of graduation from high school. Applications received after this deadline will not be considered for a scholarship. ı hose students who have not completed the core curriculum requirements or have not enrolled in school but plan to within the next 24 months must still apply by the deadline.

Processing will begin in the spring of 1996. Notices explaining the status of each individual's application will be sent to all applicants. These notices will provide instructions for any further action. Please do not contact the Department of Higher Education about your application before May 1, 1996.

cal equipment.

* YOUTH APPRENTICESHIP PROGRAMS will be developed with specific employers to provide motivation for non-college bound students to stay in school and do well, and provide opportunities for them to get good jobs, not dead end ones.

* THE ARKANSAS ACADEMIC CHALLENGE SCHOLARSHIPS will benefit not just poor families, but middle-income working families, too. Scholarships of $1,000 per year will be given to any student who takes the core curriculum in high school, achieves a 2.5 grade point average in those courses, scores a 19 on the ACT, stays off drugs, enrolls in an Arkansas college and has a family income of $30,000 or less for families with one child and $35,000 for those with two children. The law allows an extra $5,000 of family income per child. Over 25 percent of our high school graduates will meet the income elibility.

* THE POLICE CORPS program awards college scholarships to recommended prospective and current police officers who agree to attend the Arkansas Law Enforcement Training Academy upon graduation and serve in a police department or law enforcement agency in the state. Arkansas is the first state in the nation to pass such legislation.

* SECOND EFFORT SCHOLARSHIPS will give a tuition scholarship of up to $1,000 to the top ten scorers on the GED test each year. Arkansas is one of only a few states which provides free GED testing. In 1990, 7,011 people obtained their GED certificate, almost as many people as dropped out of school.

* ADULT EDUCATION AND LITERACY programs will increase the numbers of people served, including welfare clients, those sentenced to learn to read in the court system, family literacy and workplace literacy, to 100,000 by 1995. The recent legislative funding increases of $5 million in fiscal year 1992 and $7 million in fiscal year 1993 will allow the state to serve about 30,000 more adult learners in the next two years, up from about 42,000 served this year.

Health

* UNIVERSAL CHILD HEALTH CARE PROGRAM is a program to provide universal child health care by the year 2000. It emphasizes preventive and primary care for all children 16 and under, regardless of family income and builds on the dramatic expansion of Maternal and Child Health Care in the last two years.

The Honorable Bill Clinton
Governor
State of Arkansas

The 1990s can be a decade of progress for Arkansas. But only if we give our best.

Giving our best does not mean denying our problems or our potential.

Giving our best does not mean being timid, even in these troubled and uncertain times.

We must, instead, be bold and recognize that we are a community, and we must go forward together or we will all be limited in what we achieve.

The 1991 legislative session was marked by sweeping reform, rooted in the principles we believe in:

We increased our investment in our people, both middle-income and poor, in order to provide more opportunities for them.

Our people are entitled to more choices in public schools, child care vouchers, the Elder-choices program for our older citizens, and more options in health care. We have provided these choices.

They are entitled to believe that when we use their money to help other people, those who benefit will behave responsibly. We have tried to ensure that.

They are entitled to an efficient, effective and dynamic government that treats them like valued customers and is committed to constant improvement in how we spend their money and deliver services. We have made a commitment to quality management.

They are entitled to fairness in benefits and taxation through tax reform and access to health care, child care and scholarships for young people from working families. We are moving forward on those fronts.

Arkansas must do its part to reach the National Education Goals. Our education reforms will help us meet these goals, building on the standards we enacted eight years ago.

This is an exciting time. With a commitment to investment, opportunity, responsibility, choice and restructuring government, we can have a great decade in the 1990s.

Bill Clinton

78TH ARKANSAS GENERAL ASSEMBLY
1991-1992

BILL CLINTON, GOVERNOR

JERRY BOOKOUT, PRESIDENT PRO-TEM
ARKANSAS SENATE

JOHN LIPTON, SPEAKER OF THE HOUSE
ARKANSAS HOUSE OF REPRESENTATIVES

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Divider Title: **Arkansas Clips**

2ND STORY of Level 1 printed in FULL format.

The Times-Picayune

July 15, 1994 Friday, THIRD

SECTION: METRO; Pg. B06

LENGTH: 611 words

HEADLINE: STATE FORM NOT RETARDING STUDENT AID PROGRAM

BODY:
Baton Rouge

Your June 27 editorial, "Scholarships go begging," referred to a comment by Pat Taylor "that Arkansas has a one-page application, while Louisiana's is four pages with 12 pages of instructions" and concluded that the difficulty of the form is a major reason for the difference in participation rates between the Arkansas and Louisiana programs. We disagree with the conclusion.

The "four-page application" used by Louisiana is the Free Application for Federal Student Aid (FAFSA). All students applying for any of the federal need-based programs must submit the FAFSA.

Many students will qualify for grants that can be used to supplement other awards. It would be a disservice to students not to require the application for federal aid as part of our process.

In addition to being considered for five federal aid programs, students completing the FAFSA are automatically considered for programs administered by the state, including the Tuition Assistance Plan (TAP).

Louisiana students receive consideration for more programs by answering fewer questions and using fewer forms than in most other states, including Arkansas.

The difference in the legislation governing the Arkansas Academic Challenge Scholarship program and Louisiana's TAP accounts for the disparity in the number of recipients between the programs. For example: the maximum average adjusted gross income a family (parents with one child under 21) may receive and still qualify for the Arkansas program is $35,000, compared to only $26,489 for TAP. The Arkansas program permits students to qualify based on an index, with ACT scores as low as 15 and cumulative high school grade point averages as low as 2.00. The acceptable minimum score to qualify for Louisiana's program is an ACT of 18 or a high school cumulative grade point average of 2.25.

Louisiana's program covers the full cost of tuition at public institutions for an annual average award of $2,120. Awards under the Arkansas program are limited to a maximum of $1,000 annually.

We concur with Mr. Taylor that in comparing the number of students graduating to those being awarded TAP, there is cause for concern.

The application form is not a factor retarding the program's growth. Although we have an extensive outreach program, we are constantly exploring more efficient ways of communicating with students and their parents.

In 1992, this agency created a child's storybook entitled, "I'm Going to College." For the last two school years, the storybook was distributed to every third grade student in Louisiana.

Every year, at nine locations throughout the state, this agency conducts financial aid workshops for high school counselors and seminars for students and parents. The parent seminars are publicized through paid advertisements in local newspapers and by public service announcements on local radio and TV stations.

This summer, we will inaugurate a pilot program called "Trailblazers," which involves training selected students as peer tutors to assist high school counselors in disseminating information about college aid programs and procedures.

If students are to realize the program's promise of a college education, not only must they be informed of the program, they must be encouraged by parents and counselors. Perhaps focusing our effort here will produce the positive results we all want to see.

For more information about our financial aid programs or procedures, one may contact our Client Services representatives at 1-800-259-5626, ext. 1012.

Jack L. Guinn

Executive Director,

Office of Student

Financial Assistance,

State of Louisiana

LANGUAGE: ENGLISH

LOAD-DATE: July 16, 1994

4TH STORY of Level 1 printed in FULL format.

The Commercial Appeal (Memphis)

June 4, 1994, Saturday, First Edition

SECTION: METRO, Pg. 1B,

LENGTH: 452 words

HEADLINE: Governor helps push school aid for blacks
Ark. offering $ 9.5 million

BYLINE: By James Jefferson, The Associated Press

DATELINE: LITTLE ROCK

BODY:

- The governor and higher education officials announced a new campaign Friday to get more black students to apply for millions of dollars in scholarship money available from the state.

The Higher Education Department will award about $ 9.5 million in college aid this year and $ 11.2 million next year to Arkansas college students, about half of it earmarked for students pursuing degrees in education.

Last year, black students made up 17 percent of the state's college population but got only 14 percent of state aid, Gov. Jim Guy Tucker said.

''The opportunity to have access to scholarship money is a precious opportunity,'' Tucker said. ''It is particularly important within the minority community that those who want to go to college and might be able to do so if they just had a little extra money be made aware of the availability of that scholarship money.''

The campaign involves a statewide effort to get the word out about scholarship programs on billboards, radio interviews and public service announcements, newspaper advertisements and other outlets serving the black community. The campaign also will including a toll-free number - 1-800-54-STUDY - for students or their families to call for more information.

''We want to take every affirmative step that we can by going to places where we know minority students are going to be listening, where they live, to get the word into those homes, both to their parents and to them as well,'' Higher Education director Diana Gilliland said.

One major program for which high school seniors still may apply is the Arkansas Academic Challenge Scholarship. College-bound education students who complete a college preparatory core curriculum in high school with a 2.25 grade-point average and pledge to be drug free may be eligible for scholarships of up to $ 1,000 a year for four years. The deadline to apply is Oct. 1.

Students also may apply by June 15 for the Paul Douglas Teaching Scholarship, which provides up to $ 5,000 a year for four years for academically qualified education students who agree stay in Arkansas to fill teaching shortages in math, science and other subjects.

Other scholarships are available to dependents of servicemen who were killed, held prisonor or listed as missing in action in Vietnam; and dependents of law enforcement officers killed in the line of duty.

''We need the skills of every single citizen of our state, and we have a moral obligation to help every Arkansan to reach his or her full potential,'' said Pat Gray, vice chairman of the state Board of Higher Education.

LOAD-DATE: July 9, 1994

6TH STORY of Level 1 printed in FULL format.

The Commercial Appeal (Memphis)

July 13, 1991, Saturday, TENNESSEE EDITION

SECTION: NEWS, Pg. A10

LENGTH: 294 words

HEADLINE: 250 ARK. STUDENTS TO GET AID NOTICES THIS WEEKEND

BYLINE: Joan I. Duffy; The Commercial Appeal; Little Rock Bureau

DATELINE: LITTLE ROCK

BODY:

The first 250 Arkansas high school graduates who qualify for the state's new $ 1,000 scholarship program will receive their letters of notification this weekend, Gov. Bill Clinton's office said Friday.

The Arkansas Academic Challenge Scholarships, approved during the 1991 legislative session and funded in part with a .5 percent increase in sales taxes, offer annual $ 1,000 scholarships to children from low- and middle-class families. The legislature allocated $ 4 million for the program this year and $ 7 million next year.

Based on a similar full scholarship program in effect in Louisiana, the program requires students to have a 2.5 grade point average in core curriculum high school classes, score at least a 19 on the American College Test and enroll in an Arkansas college. The applicants also must be drug-free and pledge to refrain from the use of illegal substances.

Clinton touted the program to the legislature, saying too many qualified students fail to go to college because of financial barriers.

''We need more of our young people going to college and we need them to succeed and stay in college,'' Clinton said in a statement. ''This program will help us accomplish that goal.''

The money is made available to qualified students in one-child families with incomes of $ 30,000 or less. Income limits can rise by $ 5,000 for each additional child in the family.

The Department of Higher Education mailed the notices to 250 qualified winners and said another 400 applicants will be asked to supply additional information before their requests can be processed. Clinton's office said another 485 students who have applied for the money will become eligible if they complete the courses required within the next two years.

LOAD-DATE: January 29, 1996

7TH STORY of Level 1 printed in FULL format.

The Commercial Appeal (Memphis)

April 7, 1991, Sunday, FINAL EDITION

SECTION: NEWS, Pg. A11

LENGTH: 779 words

HEADLINE: 709 MEASURES BECOME NEW LAWS IN ARKANSAS

BYLINE: Joan I. Duffy; The Commercial Appeal; Little Rock Bureau

DATELINE: LITTLE ROCK

BODY:

Of the 2,866 bills introduced in the 1991 Arkansas legislative session, 709 became new laws. Here is a rundown of the major ones:

EDUCATION

Restructuring: Directs state Board of Education to determine what Arkansas schools must do to meet the National Education Goals and provides $ 200,000 in grants to schools pursuing restructuring; Act 236 by Sens. Stanley Russ (D-Conway) and David Malone (D-Fayetteville).

Creation of model rural school; Authorized in 1989 session by an act sponsored by Rep. Bynum Gibson (D-Dermott), funding for school included in Educational Trust Fund, Act 10 by the Joint Budget Committee.

Readiness for School: Arkansas Better Chance preschool program for 3- and 4-year-olds from educationally or economically deprived homes; Act 212 sponsored by Rep. Ernest Cunningham (D-Helena).

Student Achievement: Arkansas Academic Challenge Scholarships for students from low- and middle-income families with B averages; Act 352 by Sen. Jerry Bookout (D-Jonesboro) and Rep. John Lipton (D-Warren).

Creation of Arkansas School for Math and Science, a residential high school for gifted students; Act 259 by Sen. Charlie Cole Chaffin (D-Benton).

Compulsory attendance, raising age required for school attendance from 16 to 17. Act 320 by Sen. Steve Bell (D-Batesville) and Rep. Jodie Mahony (D-El Dorado).

Requiring high school diploma or regular attendance in high school to obtain driver's license; Act 831 by Rep. Jodie Mahony (D-El Dorado).

Parental Involvement: Public School Choice Act allowing students to cross district lines to attend school of choice; Act 284 by Rep. Wanda Northcutt (D-Stuttgart) and Sen. Wayne Dowd (D-Texarkana).

Teaching Improvements: Pay raises for public school teachers averaging $ 4,000 a year and paid for with half-percent increase in state sales taxes; Act 10 by the Joint Budget Committee.

Financial assistance for professionals participating in alternative teacher certification programs; Act 308 by Rep. Wanda Northcutt (D-Stuttgart).

Vocational-Technical Training: Creation of technical colleges; bill by Sens. Allen Gordon (D-Morrilton) and Nick Wilson (D-Pocahontas) awaiting governor's signature.

Establishment of apprenticeship programs with the help of state grants to bridge the gap between the classroom and the workplace; Act 553 by Rep. Carolyn Pollan (R-Fort Smith).

TAXES

Tax increases: Half-cent increase in retail sales taxes and imposing the tax on used-car sales to finance educational improvements; Act 3 by Sen. Clarence Bell (D-Parkin).

Two cents a gallon increase in diesel, five cents increase in gasoline fuel taxes to finance $ 2.4 billion road construction program; Act 382 by Sen. Jack Gibson (D-Boydell).

Four cents per gallon increase in diesel fuel taxes to offset repeal of weight-distance tax; Act 219 by Rep. Louis McJunkin (D-Springdale).

One cent per pack increase in cigarette taxes to finance $ 3 million a year in transportation and meal programs for elderly; bill by Rep. John Miller (D-Melbourne) awaiting governor's signature.

Tax on Medicaid reimbursements to providers to generate $ 60 million for a Medicaid Rebate Trustfund that will be used as state match for more federal Medicaid dollars; bill by Rep. John Lipton (D-Warren) awaiting governor's signature.

Half-percent increase in corporate income taxes to finance overhaul of vocational education system; bill by Sens. Allen Gordon (D-Morrilton) and Nick Wilson (D-Pocahontas) awaiting governor's signature.

Tax Breaks: Removes working poor from income tax rolls; Act 95 by Rep. Ernest Cunningham (D-Helena).

HUMAN SERVICES

Safety and Security: Mandatory seatbelts in front seats of passenger vehicles; Act 562 by Sens. Travis Miles (R-Fort Smith) and Jay Bradford (D- Pine Bluff).

Domestic Abuse Act giving victims of family violence a quick and easy avenue to remove the abuser from the family home; Acts 266, 267 and 268 by Sen. Jay Bradford (D-Pine Bluff).

Personal Responsibility: Places father's Social Security number on child's birth certificate, enabling the state to track down and garnishee wages of non-supporting fathers; Act 474 by Rep. Jodie Mahony (D-El Dorado).

Allows state to deduct health care coverage premiums from earnings of noncustodial parent ordered by court to provide health care coverage for child; Act 368 by Mahony.

ENVIRONMENT

Solid Waste Management: Landfill Trust Fund establishes per ton fee on trash disposal to pay for closure of unlicensed land fill; Act 747 by Rep. Bynum Gibson (D-Dermott).

Recycling tax credit for businesses established to recycle trash into marketable products; Act 748 by Gibson.

LOAD-DATE: January 26, 1996

8TH STORY of Level 1 printed in FULL format.

PR Newswire

March 5, 1991, Tuesday

SECTION: State and Regional News

DISTRIBUTION: TO CITY, STATE AND EDUCATION EDITORS

LENGTH: 273 words

HEADLINE: ARKANSAS GOVERNOR SIGNS 'TAYLOR PLAN' LAW

DATELINE: NEW ORLEANS, March 5

BODY:

Arkansas will join five other states this morning when Gov. Bill Clinton signs a new college tuition assistance program into law in Little Rock.

Called the "Arkansas Academic Challenge Scholarships," the measure was modeled after a Louisiana tuition assistance law which was initiated by New Orleans oilman Patrick F. Taylor. Last year Texas, Florida, Indiana and New Mexico passed similar measures.

The legislation (HB 1501) assists academically qualified high school graduates from low and middle income families with publlic or private college tuitions. Students must earn a 2.5 grade point average on a 4.0 scale, score a 19 on the American College Test (ACT) and take a normal college preparatory course schedule in high school. For families with one dependent child, income cannot exceed $30,000 per year; with two dependents, income cannot exceed $35,000 and so on.

The law becomes effective this fall. In Louisiana, more than 1,300 students are enrolled in public colleges or universities under the Taylor Plan. Ninety-five percent of the first class of freshmen (who enrolled in the fall of 1989) passed to their sophomore year. Even if only 80 percent graduate, it will more than double Louisiana's average public college graduation rates.

Similar legislation is in the works in North Carolina, Maryland, Ohio, Georgia, Alabama, Mississippi and Oklahoma. Another six states have indicated an interest in introducing legislation when their sessions convene this year. CONTACT: Kathi Schroeder of Taylor Energy, 504-593-8582, or Susie Whitacre of the Arkansas Governor's Office, 501-682-3614

LANGUAGE: ENGLISH

LOAD-DATE: 030591 AT005

Clinton Presidential Records
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This marker identifies the place of a tabbed divider. Given our digitization capabilities, we are sometimes unable to adequately scan such dividers. The title from the original document is indicated below.

Divider Title: **Louisiana**

6TH STORY of Level 1 printed in FULL format.

The Times-Picayune

January 11, 1996 Thursday, KENNER

SECTION: PICAYUNE; Pg. 1D1

LENGTH: 514 words

HEADLINE: SCHOLARSHIPS ARE UP FOR GRABS

BYLINE: By SANDRA BARBIER West Bank bureau

BODY:

January is the start of the scholarship application season.

More than 7,500 Louisiana students will benefit this school year from state scholarship and grant programs, said Deborah Paul, client services manager for the state Office of Student Financial Assistance. The application period for state programs for the 1996-97 academic year began Jan. 1.

To be considered for the state's financial aid programs, high school seniors need only complete and return the federal student aid application forms, she said. For consideration for state programs, they must have a return postmark no later than March 15, she said.

Forms are available in school counselors' offices, or by calling the state student assistance office at 1-800-259-LOAN, or the federal information center at 1-800-4-FED-AID. Hearing-impaired students can call the federal office at 1-800-730-8913.

The state has five scholarship and assistance programs, Paul said. Following is a list of the programs and the features of each:

The Louisiana Tuition Assistance Plan, formerly called the Taylor Plan, provides free tuition to any state university or college for students meeting academic and need requirements. About 2,400 students received the aid for the 1995-96 school year.

The Louisiana Honors Scholarship is a full-tuition scholarship available to students in the top 5 percent of their graduating class. It pays full tuition at any state school, and the equivalent of the highest state tuition in payment of any private university's tuition.

Paul said 3,400 students received the scholarship during the current school year.

The Louisiana State Student Incentive Grant is awarded through state universities, colleges and vocational schools, and averages $700 per student. Financing is limited and students must meet academic and need requirements. Schools can add criteria as well.

There is about $2 million in this program, Paul said.

The T.H. Harris Scholarship provides $400 per year based on merit, with a minimum 3.0 grade-point average. The fund is limited, so the scholarship is competitive, Paul said. The fund contains $600,000 this year.

The Rockefeller State Wildlife Scholarship is a scholarship of $1,000 per year offered to students majoring in wildlife, fisheries or forestry science. It, too, has limited financing and has academic criteria. Of the 66 people applying for new scholarships this year, 16 were granted, Paul said. A total of 60 scholarships - new and continuing - were awarded.

Students and their parents who want to learn more about the state's programs can attend a free seminar Jan. 30 at the University of New Orleans. The seminar begins at 6:30 p.m. and will be held in the Student Union. Several state colleges and universities will have booths with information about aid and applications, Paul said.

Earlier that day, the agency is sponsoring a seminar for guidance counselors at the New Orleans Sheraton North in Metairie. Counselors interested in attending can call the state at the "800" number and ask for Ext. 1012, Paul said.

LANGUAGE: ENGLISH

LOAD-DATE: January 12, 1996

DATE: JUNE 1, 1996

CLIENT:
LIBRARY: NEWS
FILE: ALLNWS

YOUR SEARCH REQUEST IS:
LOUISIANA TUITION ASSISTANCE

NUMBER OF STORIES FOUND WITH YOUR REQUEST THROUGH:
LEVEL 1... 22

5TH STORY of Level 1 printed in FULL format.

The Times-Picayune

May 9, 1995 Tuesday, THIRD

SECTION: METRO; Pg. B6

LENGTH: 504 words

HEADLINE: HELPING STUDENTS AIM HIGH

BODY:

The Louisiana Legislature opened the door to college for students from poor and middle-income families when it adopted the Louisiana Tuition Assistance plan in 1989, but six years later, too few students have walked through that door.

The numbers have been particularly disappointing in New Orleans, with only 219 students receiving the grants in the past four years.

Adopted at the urging of millionaire oilman Pat Taylor, the plan provides free tuition and fees to academically qualified students who attend a Louisiana public college of their choice.

The plan intentionally sets fairly high academic standards. The idea is to see that students graduate from college, not simply that they make a stab at attending, Mr. Taylor has said. Young people must complete 17.5 units of college-preparatory courses, score 20 out of 36 on the American College Test and graduate from high schools with a 2.5 grade point average.

Although the requirements may be responsible in part for the lackluster numbers, relaxing them would send the wrong message to young people who are aiming higher in their educational goals.

Other factors that have discouraged participation can be addressed, however. Mr. Taylor has bemoaned the lack of communication about the plan in schools, saying that students don't learn about it early enough in their high school careers.

While serious college-bound students need to keep their grade point averages up and select the right courses, those who don't know about the opportunity available to them might not choose to study hard and take challenging courses.

"And schools aren't pushing it like they should," Mr. Taylor said. "Children need to know about it in elementary school, as soon as possible."

The Orleans Parish School Board has taken that criticism to heart and now intends to promote the Taylor Plan system-wide. The School Board adopted a resolution requiring guidance counselors to develop ways to promote the program among students beginning at the earliest grades.

Some proposed changes in the plan that are before the Legislature would help to put a bigger welcome mat at the door for students. The Senate passed a bill last week that relaxes family income eligibility to include more students. It also lowers the college performance standard for underclassmen from a 2.5 grade point average to a 2.1 average for freshmen and a 2.3 average for sophomores. The reasoning is that the first two years of college tend to be more difficult, and experience showed that some students were eliminated from the Taylor Plan during those tough first semesters.

When the Taylor Plan was first adopted, it was hailed as a profound change in the state's education system. While the program has not yet lived up to that promise, the potential remains. The Legislature and the Orleans public school system seem willing to do their part.

But they can only do so much to keep the door open. It will be up to parents and the students themselves to walk in.

LANGUAGE: ENGLISH

LOAD-DATE: May 18, 1995

6TH STORY of Level 1 printed in FULL format.

The Times-Picayune

May 8, 1995 Monday, THIRD

SECTION: METRO; Pg. B1

LENGTH: 1058 words

HEADLINE: FEW STUDENTS UTILIZING TAYLOR PLAN;
REQUIREMENTS PART OF PROBLEM

BYLINE: By RHONDA NABONNE Staff writer

BODY:

Doors to broader horizons sprang open for Chentrell Comeaux in 1989.

That year, the Louisiana Legislature adopted a plan offering free college tuition to qualified high school graduates from low- and moderate-income families.

Comeaux, fresh out of McMain Magnet School in New Orleans, was among the first to cash in on the opportunity.

What became known as the Taylor Plan was like "open sesame" for Comeaux, who was in a quandary after turning down a full-tuition scholarship to study aeronautical engineering at the University of Hawaii because her parents couldn't afford to cover her travel and living expenses.

On Saturday, Comeaux, a 22-year-old with a sunny disposition who aspires to be a doctor, will graduate from Southern University at New Orleans with a biology degree and gratitude for the Taylor Plan.

"It gave me a chance," Comeaux said. "Sometimes I wonder if I would have gone to college. I hope other students find out how it can fulfill their dreams."

That's Pat Taylor's wish too. He single-handedly pushed the free college tuition concept through the Legislature. A New Orleans millionaire oilman who left his impoverished home in east Texas at age 16, Taylor wanted to give students the same chance to go to college that he had.

But even with success stories like Comeaux's, Taylor is dismayed: The nationally recognized plan is falling short of his anticipation of reaching significant numbers of students, particularly in Orleans Parish.

Out of 12,000 high school graduates in Orleans Parish in the past four years, just 219 have received the grants, records show.

"That's a tragedy," Taylor said. "It's absolutely sickening."

Statewide, 2,278 students are recipients of what's officially known as the Louisiana Tuition Assistance Plan (TAP), which waives the cost of attending public colleges and universities in Louisiana for state high school graduates who qualify.

Jefferson Parish has the largest number of participants - 222, a few more than Orleans.

Arkansas, one of a dozen other states that have adopted the concept, gets twice as many applicants as Louisiana.

Taylor argues that Louisiana students aren't learning about the TAP program soon enough. "And schools aren't pushing it like they should," he said. "Children need to know about it in elementary school, as soon as possible."

But other factors also have worked to keep the number of recipients down in Orleans and elsewhere.

Jane Brown, program specialist for guidance and counseling in Orleans Parish schools, said the Taylor Plan has requirements that could be forcing some students to look the other way.

While the average ACT score in Orleans has been 17.5, the Taylor Plan demands a score of 20.

The Taylor Plan also excludes students who've gotten into trouble with the law.

"There might be a few kids who've gotten into trouble and cleaned up their life," she said.

Brown said couselors beef up their efforts to draw more students' attention to the Taylor plan, but they need more cooperation from parents and others to get students to fulfill commitments.

"Sometimes kids get to the last two years (of high school) and don't want to take hard courses," she said. "Sometimes it's more important for them to just get out of high school."

In other cases, Thomas said, the Taylor Plan is competing with other offers.

"About 50 to 60 percent of Orleans high school seniors go to college, and they're having other options," Thomas said.

Every year the school system receives at least $5 million in scholarship offers from universities and organizations.

Students who take advantage of the Taylor Plan can qualify for federal Pell Grants to help pay for room and board, as well as assistance from the Project New Orleans Foundation, financed by 17 New Orleans businesses to help students cover personal expenses.

Just as Taylor worked zealously to get lawmakers to approve his idea, he's now working to get more students to take advantage of the program.

In March, Taylor appealed to the Orleans Parish School Board and got a commitment that it will promote the Taylor Plan system-wide, as early as pre-kindergarten.

"Posters will be put in every classroom in this city," said Taylor, a graduate of Louisiana State University. "Every teacher is going to have to talk about this opportunity and constantly push and reassure students that every kid has a chance to go to college."

In a resolution adopted by board officials, school system guidance counselors will be required to develop ways to spread the word among students, beginning in the earliest grades.

Thanks to Taylor's tenacity, a proposal to make the state's program more attractive also is working its way through the Legislature.

On Wednesday, the Senate unanimously passed a bill that would provide several improvements including:

Lowering the family income eligibility limitation to include more students. Family income would also be removed from the list of requirements after an applicant is enrolled. Some Taylor Plan recipients have had to drop out because their parents got pay raises.

Lowering the college performance standard from 2.5 to 2.1 for the freshmen year and to 2.3 for sophomores. The 2.5 standard would remain for juniors and seniors. Some students have been eliminated from the Taylor Plan because they fell short of the requirement during the first, most difficult, years of college.

Chentrell Comeaux has had compelling reasons to quit.

She was widowed last year, she said, left to raise a child alone after her husband was murdered.

Though her life has been a juggling act - getting her 2-year-old son off to pre-school, working part-time as a dental assistant and carrying a heavy academic load at SUNO - Comeaux has maintained at least a 3.0 grade-point average.

She also was one of three students selected to spend last summer studying at a research lab in Argonne, Ill.

Comeaux's perseverance runs in her family. When she gets her college degree, Julia Comeaux will be looking on as a proud mother - but she'll be wearing a mortarboard too.

Julia, who growing up never thought of herself as college material, will graduate alongside her daughter.

But Julia thinks her daughter deserves all the spotlight.

"I'm so proud of her, it's unreal," her mother said.

GRAPHIC: Chentrel Comeau listens to a lecture in political science class at Southern University in New Orleans. Comeau, who graduates this month, is one of the few Taylor Plan students meeting the requirements for its free tutition and

other benefits. [COLOR] STAFF PHOTO BY BRYAN S. BERTEAUX
LANGUAGE: ENGLISH

COLUMN: OUR SCHOOLS OUR FUTURE

LOAD-DATE: May 9, 1995

13TH STORY of Level 1 printed in FULL format.

The Times-Picayune

June 24, 1994 Friday, THIRD

SECTION: METRO; Pg. B2

LENGTH: 452 words

HEADLINE: OILMAN WANTS MORE STUDENTS TO APPLY FOR FREE COLLEGE GRANTS

BYLINE: By SUSAN SAULNY Staff writer

BODY:

Like a general with an undying resolve for victory, New Orleans oilman Pat Taylor wants to make a college education available to every academically qualified child.

In 1989, the highly publicized Taylor plan, which guaranteed qualified and needy students tuition-free educations, became Louisianan law. A powerful and innovative idea, lawmakers around the country took note of the Taylor plan's success in Louisiana. Today, the program is thriving in 10 other states.

But locally, something unsettling has happened in the past four years, and Taylor is not pleased. The money is there, but few students are stepping forward to claim it.

"I stand here sad, disappointed and angry," Taylor said Thursday at a convocation and luncheon sponsored by the Project New Orleans Foundation. The foundation, which is financed by 17 New Orleans businesses, provides grants to students who qualify for the Taylor Plan and federal Pell grants.

The reasons for Taylor's dismay are mathematical and clear.

Approximately 5,000 public and private high school students graduated in Orleans Parish this year. Of that number, 137 received money through the Louisiana Tuition Assistance Plan, the official name of the Taylor plan. More than 120 also qualified for Pell grants and received Project New Orleans assistance.

Arkansas, a state that emulated the Taylor plan, has twice the number of students enrolled, Taylor said.

"Counselors could be of the greatest help in notifying students of these opportunities. In that respect, my counselor was deficient," grant recipient Nicholas Van Norman said.

Benjamin Franklin High School graduate Alexander Ducros echoed the same sentiment. "I was never made aware that I was eligible for the Taylor plan."

The students didn't find out about the plan until their sophomore year in college.

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The students didn't find out about the plan until their sophomore year in college.

But counselors cite other reasons for the lack of participation, including long application forms and miscommunication. Taylor said Arkansas has a one-page application while Louisiana's is four pages with 12 pages of instructions. "If you can fill out that application, you don't need a college education," he said.

Taylor said he hopes Thursday's luncheon will help students to believe by generating publicity. "By recognized them, their younger peers will know of their success, and emulate them," Taylor said.

Eligibility requirements for the Taylor plan include a 2.5 minimum cumulative grade point average, a college preparatory curriculum, and an ACT score of 20 or higher.

Families also must demonstrate a financial need by having a two-year average adjusted gross income of less than $25,000. ($5,000 is added for each additional minor child).

LANGUAGE: ENGLISH

LOAD-DATE: June 25, 1994

17TH STORY of Level 1 printed in FULL format.

The Times-Picayune

August 20, 1993 Friday, THIRD

SECTION: MONEY; Pg. C1

LENGTH: 589 words

HEADLINE: FREE TUITION PLAN NEEDS MONEY

BYLINE: By VICKI HYMAN Staff writer

BODY:

Incoming college freshmen eligible for a tuition-paid state scholarship program may have to wait until school starts to find out if they indeed have a free ride.

The state Legislature did not approve additional money for the Louisiana Tuition Assistance Program (TAP) for the 1993-94 school year to pay for all newly eligible students, said Jack Guinn, executive director of the Louisiana Student Financial Assistance Commission, which administers the program.

But commission members could decide to pay for all eligible TAP students for the fall semester at an emergency meeting called for Tuesday. Guinn acknowledged that covering the fall semester could cause a shortage in the spring.

But he said that Gov. Edwards and state legislators have vowed to find the money by then.

Calling the shortage "just a glitch," New Orleans oilman Patrick Taylor, who developed and pushed the program through the Legislature in 1989, said that state university administrators have said they will allow TAP students to register without tuition payment.

Guinn said TAP's budget will pay for only 40 percent of the tuition costs for the freshman class, though it has the money to continue paying for students already in the program.

Guinn said that program officials are waiting to see how many continuing students they will have to cover. Students who do not maintain a 2.5 grade point average or enroll for a full course load are no longer eligible for the program. Their money will go to newly eligible students, Guinn said.

The commission won't know who is eligible until the second week in September, after students register.

To qualify for TAP, students have to score at least a 20 out of 36 on the American College Testing assessment, or ACT, maintain a C-plus high school grade point average in college preparatory classes, and have a clean record.

Families with incomes of $25,000, $30,000 and $35,000 qualify if they they

have one, two or at least three children, respectively.
Alternative tuition sources include school-sponsored financial aid and the state's student loan program, Guinn said.

Because the tuition payment alone is not enough to ensure college opportunity for many low-income students, they are already seeking other money, Taylor said.

Guinn said that budget priorities blocked money from TAP, which is reaching its maximum funding - excluding tuition increases and inflation - of $5 million this year. The program pays tuition through five years, and this is the fifth year of the program.

In the 1992-93 school year, 1,739 students were fully funded through TAP. For the 1993-1994 year, 1,063 continuing students are potentially eligible for the full award, but there are 977 newly eligible students, and only $847,000 to pay their tuition - about 40 percent of the total need. A request for an additional $1.7 million was not approved by the Legislature.

The question of cost has plagued the program since its inception.

When nearly 1,000 freshmen entering Louisiana colleges in August 1989 applied for the brand-new plan, the state hadn't yet appropriated money.

Taylor stressed the need to get a permanent source of financing. Students need to know that if they've worked hard, they'll earn a college education, he said. "We can't be having this year-to-year question raised all the time."

Taylor said he would continue to appeal to legislators and university administrators. "The promise to these students will be honored," he said. "We will find a way."

LANGUAGE: ENGLISH

LOAD-DATE: August 21, 1993

20TH STORY of Level 1 printed in FULL format.

Daily Report Card

June 9, 1992

SECTION: GOAL TWO: HIGH SCHOOL COMPLETION

LENGTH: 299 words

HEADLINE: HELP AFTER GRADUATION: LOUISIANA'S TUITION ASSISTANCE PLAN

BODY:

LA's Tuition Assistance Plan has been available statewide for three years, but fewer students have qualified than state lawmakers expected when they drafted the plan. Just two out of every 100 H.S. students in LA has enrolled (Coleman Warner, New Orleans TIMES-PICAYUNE). Nonetheless, the plan, which helps only poor and some middle-income families, is in no immediate danger of cuts, because officials say awareness of the plan is increasing.

Tuition assistance unofficially began four years ago when oil executive Pat Taylor offered to pay for college for any seventh- or eight-grader at Livingston Middle School who stayed in school, stayed out of trouble and made good grades. Only one student of the original 83 was eligible to claim Taylor's offer, but 39 have graduated, three still have courses to complete and one left school for the military (Coleman Warner, TIMES-PICAYUNE).

The following year Taylor lobbied the LA Legislature to create a statewide fund, and today 1,447 students are enrolled in the Tuition Assistance program, but only those who keep up grades and stay out of trouble are eligible for scholarships from the fund. Taylor is concerned that only $2.9M has been dispersed -- about half of what he expected. But LA officials expect 1,000 students to enter the program this fall, because more kids are learning about the program's requirements. Taylor has considered pushing for less stringent prerequisites for the students -- such as lowering the required grade point average from 2.5 (on a 4.0 scale) to 2.0 -- but he says "he fears pushing for changes in the law -- is sure to increase its cost -- when legislators face a state budget deficit." (both cites 6/7)

LANGUAGE: ENGLISH

LOAD-DATE: June 9, 1992

Clinton Presidential Records
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Divider Title: **Other State Programs**

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.

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.

Examples of State-Administered Grant Programs with a Merit Component

California

Cal Grant A helps low- and middle-income students with tuition/fee costs. Grant recipients are selected on the basis of financial need and grade point average. 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

The *Scholastic Achievement Grant* program is available to any Connecticut resident who is a U.S. citizen or national, demonstrates financial need, and who is a high school senior or graduate with a ranking in the top 20 percent of his or her class, or has an SAT score of at least 1,200. 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.

Georgia

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.

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. Beginning this school year (1995-96), all family income restrictions for HOPE eligibility have been removed. The HOPE Scholarship Program has also been broadened to include eligible students already in public college or those who wish to return to public college.

Students enrolled in a private college in Georgia can receive $1,500 per year plus a $1,000 Georgia Tuition Equalization Grant for a total of $2,500 per academic year. Students attending any Georgia public technical institute can receive financial assistance for non-degree programs regardless of grade point average. Additional HOPE assistance is available for GED recipients.

Eligibility Requirements:

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

Students may renew the scholarship for their sophomore, junior, and senior years, but must:

- maintain a 3.0 cumulative grade average;

- reapply for the scholarship by completing the Free Application for Federal Student Aid (FAFSA); and
- be making satisfactory academic progress.

Illinois

The *Merit Recognition Scholarship (MRS)* Program 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[1]-approved Illinois institutions. Financial need is not a factor in determining MRS recipients. This scholarship does not count as a financial resource 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 each year from the Illinois General Assembly. Only students who, based on funding levels, are reasonably assured of receiving the grant will be notified of the award.

Eligibility requirements:

- be a U. S. citizen or an eligible noncitizen;
- be a resident of Illinois;
- rank in the top 5 percent of the Illinois high school class according to the cumulative Grade Point Average (GPA) at the end of the seventh semester;
- attend a MAP-approved Illinois postsecondary institution as an undergraduate on at least a half-time basis or attend one of the nation's four Military Service Academies;
- comply with federal Selective Service registration requirements; and
- claim the MRS award within one year after high school graduation, but no later than June 15 of the academic year following high school graduation.

Indiana

The *Hoosier Scholar Award* 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 on 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.

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[1] The *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.

New Mexico

The *New Mexico Scholars'* 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 2 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.

Clinton Presidential Records
Digital Records Marker

This is not a presidential record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

This marker identifies the place of a tabbed divider. Given our digitization capabilities, we are sometimes unable to adequately scan such dividers. The title from the original document is indicated below.

Divider Title: **Pell Grants**

STUDENT FINANCIAL ASSISTANCE

Federal Pell grants

Recipients must be undergraduates and enrolled with the purpose of obtaining a degree or certificate at an eligible institution. Students must also have a high school diploma (or its equivalent) or a demonstrated ability to benefit from the training offered by the institution. Less than full-time students are eligible for awards, which are prorated on the basis of enrollment status.

Award rules:
The amount of the Pell Grant award is the lesser of the following three amounts:

- The maximum award minus the EFC,
- The student's cost of attendance minus the EFC, or
- In any year for which an appropriation act provides a maximum award in excess of $2,400, the sum of: (1) $2,400 plus one-half of the difference between the maximum award and $2,400; and (2) the lesser of: (a) the remaining one-half of the difference between the maximum award and $2,400, or; (b) the sum of the student's tuition and allowances for dependent care and disability-related expenses.

Costs of attendance:
For purposes of determining the Pell Grant award, the cost of attendance is established by the postsecondary institution and includes the following components:

- Tuition and fees,
- An allowance for books, supplies, transportation, and miscellaneous expenses,
- Allowances for dependent care and disability-related expenses, and
- Living allowances of
  - the actual amount charged by the institution for room and board for students living at school,
  - not less than $1,500 for students living with parents, and
  - not less than $2,500 for all other students.

The cost of attendance for a less-than-half-time student includes: tuition and fees; an allowance for books, supplies and transportation; and dependent care. The cost of attendance for an incarcerated student is limited to tuition and fees and, if required, books and supplies.

Financial aid administrator discretion:
The Higher Education Act provides that financial aid administrators may adjust a student's Pell Grant award by changing the cost of attendance or the value of data elements used to calculate the EFC to reflect "special circumstances," which are not subject to definition by the Secretary.

STUDENT FINANCIAL ASSISTANCE

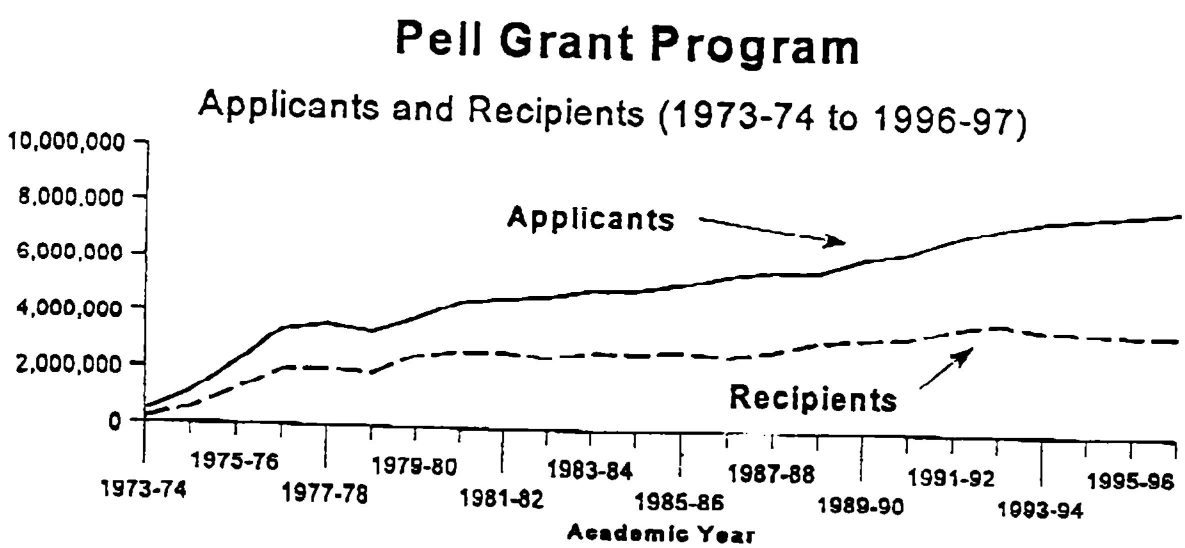
Federal Pell grants

Institutional payments:
The Higher Education Act provides for payments to institutions, based on a $5 per Pell Grant recipient calculation, to reimburse institutions for a share of the cost of administering the Pell Grant program. Funds for these payments are reserved from the Pell Grant appropriation.

Program history:
Applicant and Recipient Growth: The graph below shows the applicant and recipient trends since the inception of the Pell Grant program.

Applicant growth is affected by many factors, including college enrollment and the recent requirement that students complete the Federal application form prior to receiving any Title IV student aid.

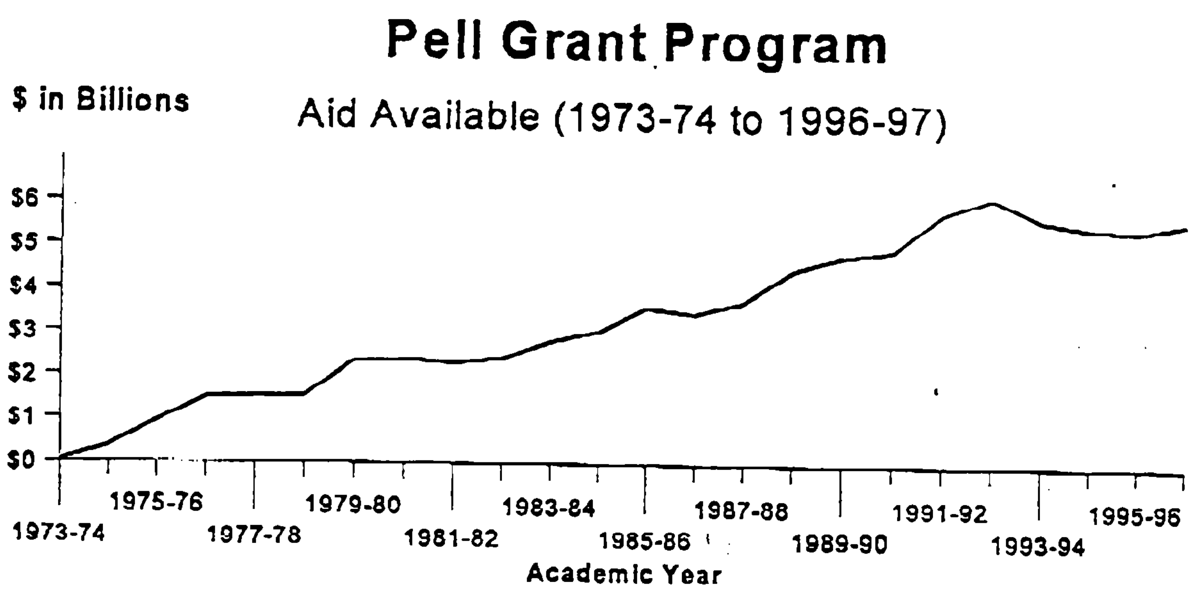
Recipient growth is affected by changes in family incomes, need analysis, and the level of the maximum Pell Grant award, as well as by the factors affecting changes in applicant levels. Data for academic years 1994-95 through 1996-97 are estimated.



STUDENT FINANCIAL ASSISTANCE

Federal Pell grants

Aid Available: The aid available calculations presented in the Pell Grant policy discussions and impact data represent the amount needed to fund the program in that award year less the institutional payments for the number of recipients. The following graph shows aid available since the inception of the Pell Grant program. Data for academic years 1994-95 through 1996-97 are estimated.



Funding levels for the past five fiscal years were as follows:

($ in 000s)

1992	$5,499,690[1]
1993	6,458,805[1,2]
1994	6,633,566[1,3]
1995	6,143,680[1,4]
1996	4,967,446

[1] Excludes $3.165 million in FY 1992, FY 1993, FY 1994, and FY 1995 appropriated by transfer from the Department of Defense, pursuant to P.L. 102-27, the Dire Emergency Supplemental Appropriations Act of 1991.

[2] Includes appropriation of $671.237 million to cover estimated costs of cumulative Pell Grant program funding shortfalls and supplemental appropriation of $30 million provided in the fiscal year 1993 Emergency Supplemental Appropriations for Relief from Major, Widespread Flooding in the Midwest.

[3] Includes appropriation of $250 million to help cover estimated costs of cumulative Pell Grant program funding shortfall.

[4] Reflects a rescission of $35 million from FY 1994 unobligated balances.

5919
506
$6.4

STUDENT FINANCIAL ASSISTANCE

Federal Pell grants

1997 BUDGET REQUEST

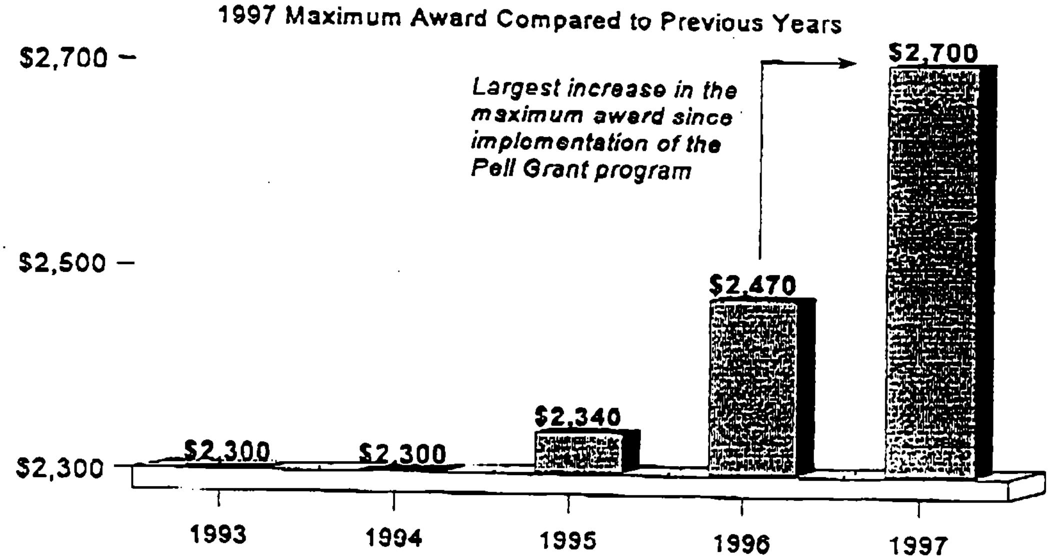
The Department requests $5.9 billion for Pell Grants, an increase of $952 million over the 1996 tentative conference level. The Pell Grant has been designed to be the foundation of a student financial aid package to which other aid is added. Studies show that Pell Grants have been successful in helping low-income students overcome financial barriers to postsecondary education. Students from low-income families who receive Pell Grants have significantly higher participation and graduation rates than students in similar financial circumstances who do not receive grants.

Budget Authority: The Administration's 1997 budget request for Pell Grants is $5.919 billion, an increase of 19.2 percent over the 1996 tentative conference level. In addition to the new budget authority, the Department will use $506 million in surplus budget authority carried forward from prior years to meet the projected cost of the Pell Grant program in 1997.

Proposed Policy Changes: The 1997 request for Pell Grants proposes to raise the maximum Pell Grant award by 9.3 percent over the 1996 tentative conference level. The maximum Pell Grant award would be substantially increased by $230 from $2,470 to $2,700.

Maximum Pell Grant Awards

1997 Maximum Award Compared to Previous Years



Raising the maximum Pell Grant increases aid to students at the lowest income levels, and improves the affordability of higher education by increasing the purchasing power of Pell Grants.

STUDENT FINANCIAL ASSISTANCE

Federal Pell grants

Aid Available: Under the Administration's 1997 request, a total of $6.4 billion in aid would be available under the Pell Grant program. The aid available under the Pell Grant program in 1997 would represent a 12.5 percent increase over the estimated amount that will be received by Pell Grant recipients in 1996 at the H.R. 3019 tentative conference level.

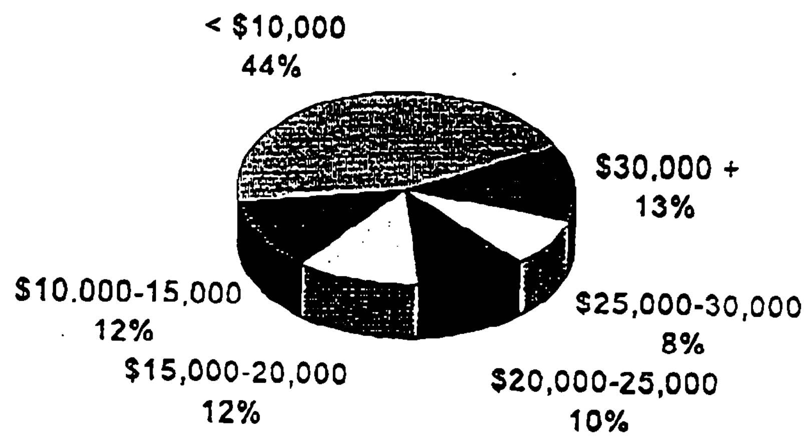
Number of Recipients: Under the Administration's 1997 request, a total of 3.76 million recipients would receive assistance under the Pell Grant program. This number of Pell Grant recipients would represent a 4.1 percent increase over the projected number of students receiving Pell Grants in 1996 at the H.R. 3019 tentative conference level.

IMPACT DATA ($ in 000s)

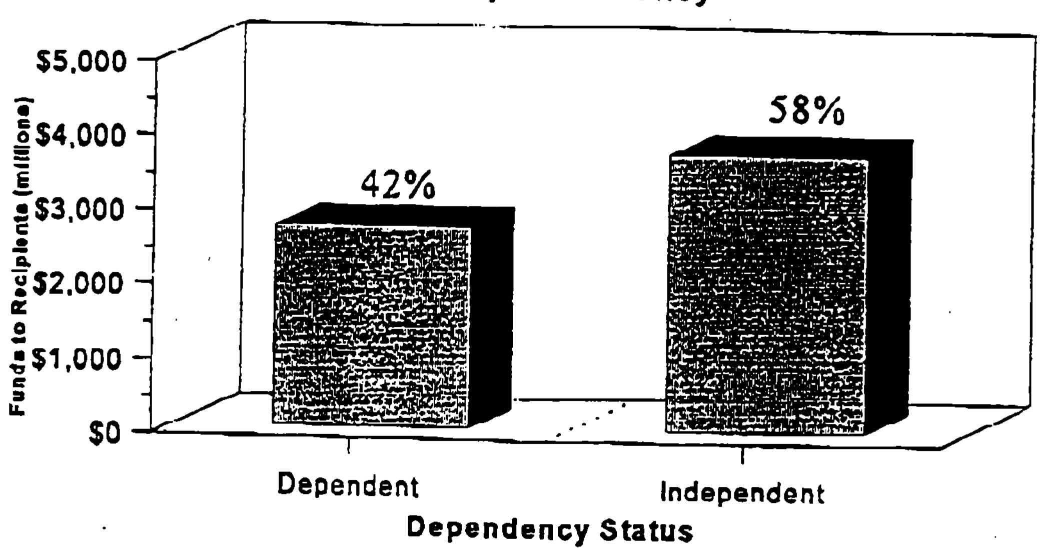
	1995	1996	1997
Aid available to students	$5,426,000	$5,693,000	$6,406,000
Recipients	3,600,000	3,606,000	3,755,000
Maximum grant (whole $)	$2,340	$2,470	$2,700
Minimum grant (whole $)	$400	$400	$400
Average grant (whole $)	$1,507	$1,579	$1,706

Family Income Levels and Dependency Status: The charts on the following pages provide estimates for Pell Grant recipients by family income and dependency status under the Administration's 1997 request. In award year 1997-98, as in the past few years, most Pell Grant recipients are expected to have family incomes of less than $15,000 and most of the funds will be awarded to students with family incomes of less than $10,000.

Distribution of Pell Grant Funds by Family Income
1997 Proposed Policy



Distribution of Pell Grant Funds by Dependency Status
1997 Proposed Policy



STUDENT AID ELIGIBILITY UNDER CURRENT LAW AND PROPOSALS

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BEFORE COLLEGE

o Family saves through savings bonds, IRAs, and **state tuition prepayment plans** before student enters college.

--interest exemption for savings bonds used for college; phases out for higher incomes.
--could save $2,000 (indexed for inflation) annually in IRA with favorable tax treatment if used for education. Could consider allowing additional contributions for education.
--Treasury working on favorable tax treatment for the state plans.

WHILE IN COLLEGE

o When student enters college, calculate expected family contribution (EFC).

o Determine Pell Grant:

--maximum award ($2,470 for 1996-97 school year) minus EFC.
--President's budget increases maximum to $3,100 in 2002.

o Determine amount of Stafford loan eligibility.

--for subsidized loan, eligible to borrow total costs minus EFC and other student aid up to annual maximum ($2,625 for freshmen, $3,500 for sophomores, and $5,500 for other undergraduates).
--for unsubsidized loan, eligible for amount of annual maximum not borrowed in subsidized Stafford.
--for subsidized loan, interest does not accumulate while in school; for unsubsidized loan, interest does accumulate while in school.
--could use savings instead of loans.

o Students are also eligible for other Federal aid--Perkins loans, work-study (**President proposed increased funding**), SEOG, **Presidential Honors Scholarships.** (Top 5% $1,000

o Parents may borrow up to total cost minus financial aid received by the student.

AFTER PAYING TUITION

o **Under the President's Middle Class Bill of Rights ~~proposal, students~~ could receive an income tax deduction equal to tuition net of grants up to $10,000.**

--in the 15% tax bracket, this would equal a maximum reduction in taxes of $1,500.
--in the 28% tax bracket, it would equal a maximum reduction in taxes of $2,800.
--deduction phases out for higher incomes.

o **Under the guarantee proposal under consideration, eligible first- and second-year students would receive a tax credit of $1,500 or tuition, whichever is less, minus Pell Grants.**

--credit phases out for higher incomes.

Notes: **Items in bold are proposed.**
Total costs include tuition, fees, room and board.

$500 4500.

Illustrative Examples

Student From Family with Income of $20,000

	First Year Student		Second Year Student	
	Community College	Public 4-Year	Community College	Public 4-Year
Average Cost *	$4,450	$7,500	$4,450	$7,500
Tuition Component	$1,200	$2,900	$1,200	$2,900
Expected Family Contribution **	0	0	0	0
Student Aid				
Pell Grant	2,470	2,470	2,470	2,470
Stafford Loan				
Subsidized	1,980	2,625	1,980	3,500
Unsubsidized	0	0	0	0
PLUS Loan Eligibility	0	2,405	0	1,630
Tax Benefit				
Tax Deduction (MCBR)	0	65	0	65
Tax Credit (Guarantee)	0	0	0	0

Middle Class based on eligib

Student From Family with Income of $30,000

	First Year Student		Second Year Student	
	Community College	Public 4-Year	Community College	Public 4-Year
Average Cost *	$4,450	$7,500	$4,450	$7,500
Tuition Component	$1,200	$2,900	$1,200	$2,900
Expected Family Contribution **	668	668	668	668
Student Aid				
Pell Grant	1,802	1,802	1,802	1,802
Stafford Loan				
Subsidized	1,980	2,625	1,980	3,500
Unsubsidized	645	0	668	0
PLUS Loan Eligibility	23	3,073	0	2,198
Tax Benefit				
Tax Deduction (MCBR)	0	165	0	165
Tax Credit (Guarantee)	0	0	0	0

Student From Family with Income of $60,000

	First Year Student		Second Year Student	
	Community College	Public 4-Year	Community College	Public 4-Year
Average Cost *	$4,450	$7,500	$4,450	$7,500
Tuition Component	$1,200	$2,900	$1,200	$2,900
Expected Family Contribution **	6,799	6,799	6,799	6,799
Student Aid				
Pell Grant	0	0	0	0
Stafford Loan				
Subsidized	0	701	0	701
Unsubsidized	2,625	1,924	3,500	2,799
PLUS Loan Eligibility	1,826	4,875	950	4,000
Tax Benefit				
Tax Deduction (MCBR)	336	812	336	812
Tax Credit (Guarantee)	1,400	1,500	1,400	1,500

* Based on estimated 1996-97 college costs.
** Based on family of 4 with 1 child in college.

31-May-96

Pell Grant Eligibility

For a family of four with one child in college:

- The student receives the maximum Pell grant of $2,470 if the family has $26,000 or less of income;
- The student receives a $1,500 Pell grant if the family has $32,000 of income; and
- The student is not eligible for a Pell grant if the family has $40,000 or more of income.

Income eligibility increases if the family has more children in college.

90% <

Summary of Pell Grant Information

Fiscal Year	Award Year	Maximum Award	Recipients	Average Award	Aid Available (Thousands)	Program Cost (Thousands)	Appropriation (Thousands)	Outlays (Thousands)	Surplus (Shortfall) (Thousands)
Current Services ($2,470 Maximum in 1996)									
1994	1994 - 95	$2,300	3,679,000	$1,489	$5,478,000	$5,496,000	$6,636,731	$5,707,136	$621,243
1995	1995 - 96	$2,340	3,600,000	$1,507	$5,426,000	$5,444,000	$6,146,845	$5,570,485	$1,324,088
1996	1996 - 97	$2,470	3,630,000	$1,578	$5,729,000	$5,747,000	$4,914,000	$5,572,903	$491,088
1997	1997 - 98	$2,470	3,629,000	$1,579	$5,729,000	$5,747,000	$5,046,678	$5,740,940	($209,234)
1998	1998 - 99	$2,470	3,663,000	$1,581	$5,790,000	$5,808,000	$5,182,938	$5,759,200	($834,295)
1999	1999 - 0	$2,470	3,710,000	$1,584	$5,876,000	$5,895,000	$5,322,878	$5,824,180	($1,406,418)
2000	2000 - 1	$2,470	3,768,000	$1,586	$5,974,000	$5,993,000	$5,466,595	$5,912,880	($1,932,822)
2001	2001 - 2	$2,470	3,826,000	$1,588	$6,076,000	$6,095,000	$5,614,193	$6,011,440	($2,413,629)
2002	2002 - 3	$2,470	3,873,000	$1,591	$6,163,000	$6,183,000	$5,765,777	$6,110,560	($2,830,852)
President's Budget									
1994	1994 - 95	$2,300	3,679,000	$1,489	$5,478,000	$5,496,000	$6,636,731	$5,707,136	$621,243
1995	1995 - 96	$2,340	3,600,000	$1,507	$5,426,000	$5,444,000	$6,146,845	$5,570,485	$1,324,088
1996	1996 - 97	$2,470	3,630,000	$1,578	$5,729,000	$5,747,000	$4,914,000	$5,572,903	$491,088
1997	1997 - 98	$2,700	3,752,000	$1,706	$6,402,000	$6,421,000	$5,919,000	$5,875,740	($10,912)
1998	1998 - 99	$2,780	3,834,000	$1,751	$6,714,000	$6,733,000	$6,091,000	$6,469,920	($652,912)
1999	1999 - 0	$2,863	3,934,000	$1,797	$7,071,000	$7,091,000	$6,261,000	$6,798,360	($1,482,912)
2000	2000 - 1	$2,949	4,041,000	$1,846	$7,459,000	$7,480,000	$6,437,000	$7,161,640	($2,525,912)
2001	2001 - 2	$3,037	4,153,000	$1,896	$7,875,000	$7,896,000	$6,617,000	$7,555,420	($3,804,912)
2002	2002 - 3	$3,128	4,256,000	$1,948	$8,291,000	$8,312,000	$6,802,000	$7,970,880	($5,314,912)

3

impact of Budget resolution

Budget Service 05/21/96 09:21 AM

June 2, 1996

Maximum Pell Grants Under President's proposal

	Dollar	Percent Increase
1995	2,340	
1996	2,470	6%
1997	2,700	9%
1998	2,780	3%
1999	2,860	3%
2000	2,940	3%
2001	3,030	3%
2002	3,120	3%

The proposed 1997 increase is the largest increase in the maximum award in the history of the Pell Grant program. (The program was enacted in 1972.)

26% increase in maximum award in 2002 from 1996
33% increase in maximum award in 2002 from 1995

The average Pell Grant is $1,600 this year, and will increase to $1,700 in 1997 under the President's proposed expansion.

Number of students receiving Pell Grants (remember it is like an entitlement):

1995 3.6 million
1997 3.7 million
1997 4.1 million

Income eligibility: Pell Grants are based on expected family income, which is based on income, number of children, number in college, etc.

A student from a family of four with one child in college in 1996:

If this family has an income of $26,000 or less, the student receives the maximum Pell Grant award of $2,470.

If this family has an income of $32,000, the student receives $1,500.

This student is not eligible for a Pell grant if the family has $40,000 or more of income.

Over 90% of Pell Grant recipients are from families with incomes under $30,000.

Over half have income < $15,000.

FEDERAL PELL GRANT PROGRAM

I. PROGRAM DESCRIPTION

- The Federal Pell Grant Program provides grants to low-income undergraduate students to promote access to postsecondary education. A Federal Pell Grant, unlike a loan, does not have to be repaid. Eligibility for Pell Grants is based on financial need using a formula that is applied uniformly to all applicants. In general, the amount of a student's Pell Grant is inversely related to the family's income.

- Pell Grants are considered the "foundation" of a student's financial aid package, that is, other aid, including loans and work-study, is awarded after the Pell grant amount has been determined. Pell Grants, which range in value from $400 to $2,340 for the current year, are disbursed to the student by the postsecondary institution the student is attending.

II. PROGRAM HISTORY

- The Federal Pell Grant Program was authorized as the "Basic Educational Opportunity Grant program" by the Education Amendments of 1972 (P.L. 92-318, enacted June 23, 1972). Current statutory authority is provided by the Higher Education Act of 1965, as amended, which expires on September 30, 1997.

- The legislation establishing the Federal Pell Grant Program was created in the Senate Committee on Labor and Public Welfare, Chaired by Harrison A. Williams, Jr. and through its Subcommittee on Education, Chaired by Claiborne Pell.

- Typically, appropriations act language specifies the annual maximum Pell Grant award. Institutions are paid a $5 administrative fee for each Pell Grant recipient. Hence, virtually the entire appropriation funds student-level awards.

Fiscal Year	Appropriation	Fiscal Year	Appropriation
1980	$2,157,000,000	1988	$4,260,430,000
1981	$2,604,000,000	1989	$4,483,915,000
1982	$2,419,040,000	1990	$4,804,478,000
1983	$2,419,040,000	1991	$5,375,502,000
1984	$2,800,000,000	1992	$5,502,855,000
1985	$3,862,000,000	1993	$6,461,970,000
1986	$3,579,716,000	1994	$6,633,566,000
1987	$4,187,000,000	1995	$6,247,180,000

III. ACCOMPLISHMENTS

- Students may use their Pell Grants at any one of approximately 6,900 participating postsecondary institutions. Each year, approximately 8 million students apply for Pell Grants. In fiscal year 1995, more than 3.6 million students received grants averaging $1,500.

- Pell Grants mostly assist lower income students. More than 90 percent of all Pell

Grant recipients are from families with annual incomes less than $30,000.

- The General Account Office reported that an additional $1,000 in grant money for low-income students reduced their dropout likelihood by 14 percent, while loans had no statistically significant effect on dropout rates.

- The President's fiscal year 1997 budget requests funding to support a $2,700 maximum Pell Grant—a near 10 percent increase over the current level—which would provide more than 3.7 million students with Pell Grants averaging $1,700.

500,000 more 14% inc.

- The President has proposed continued increased Pell Grant program funding so that the maximum award would rise to $3,128 in fiscal year 2002, resulting in awards to an estimated 4.1 million postsecondary students.

IV. HISTORY OF BIPARTISAN SUPPORT

- A recently released report from The Heritage Foundation called for the transfer of the Pell Grant program to the Department of Health and Human Services while calling for the elimination or block granting other Department of Education programs, as well as the elimination of the Department. This report notes that the Pell Grant program is the Department's most "need-focused" student aid program, and advocates terminating most other merit-based scholarship programs in order to focus resources on need-based grant programs such as Pell Grants.

- The Administration had requested a $2,620 maximum Pell Grant for fiscal year 1996. While not agreeing with the President, the Republican-controlled Congress has nonetheless increased the maximum for 1996 by more than $100 over the 1995 level.

V. MAIN CRITICISMS/ATTACKS ON THE PROGRAM AND RESPONSES

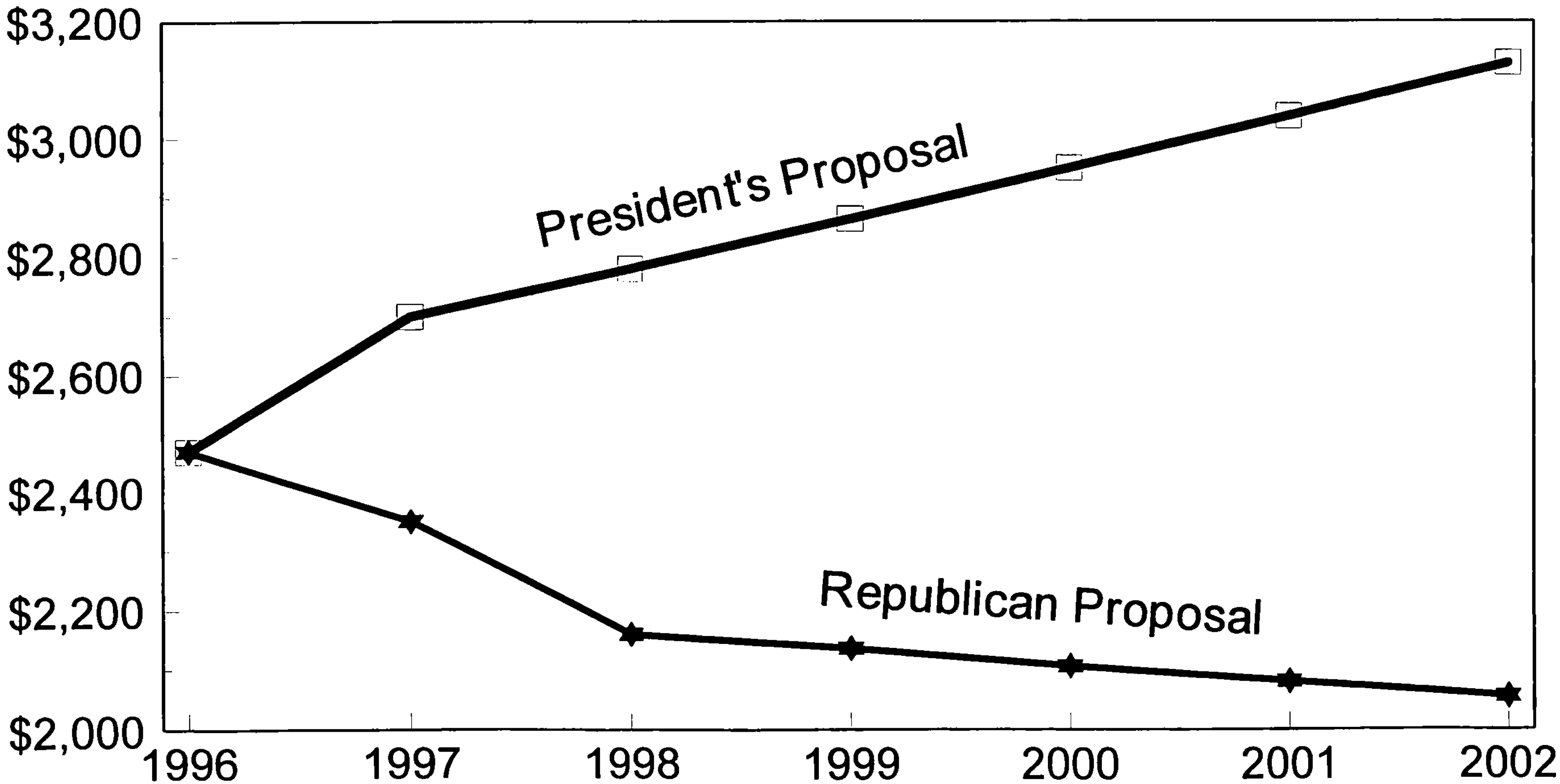
- Senator Nunn has criticized the Pell Grant program being more concerned about getting money to students rather than demanding results.

- In a February, 1995, speech to the National Association of Independent College and Universities, Speaker of the House Newt Gingrich said that Pell Grant recipients should have to work for their awards, which are the primary source of federal support for low-income students. Recipients should have to "do more than breathe," he said in a speech to the annual meeting of the National Association of Independent Colleges and Universities. *(The Chronicle of Higher Education,* February 10, 1995)

OPE/PPI
April 18, 1996

Pell Grant Alternatives:
President's Plan vs. Republican Plan

Maximum Pell Grant Awards



Data for Pre ent's proposal from FY 1997 Balanced Budget. Data ' epublican proposal based on the House and Senate ' ublican Budget Res tions, assuming a freeze of Pelll Grant Budget Authori the 1996 level through FY2002.

FYI

EXECUTIVE OFFICE OF THE PRESIDENT

03-Jun-1996 05:08pm

TO: Pauline M. Abernathy

FROM: S. Aromie Noe
Office of Mgmt and Budget, HRD

CC: Lisa B. Fairhall
CC: Barry White

SUBJECT: President's plan vs. Republican plan

Per your request, I am sending you a table that compares the President's and Republican plans for Pell.

As I mentioned earlier, we do not know for sure what the Republican plans are, since Republicans are not specific about their Pell policy. For now, we assume that Republican plans would freeze a Pell BA at the 1996 level, through FY2002. Please be explicit about our assumption whenever you use information below.

Fiscal Year	Max Award		Recipients	
	Pres.	(Republican)	Pres.	(Republican)
1997	$2,700	($2,350)	3,752,000	(3,561,000)
1998	$2,780	($2,160)	3,834,000	(3,477,000)
1999	$2,863	($2,135)	3,934,000	(3,504,000)
2000	$2,949	($2,105)	4,041,000	(3,536,000)
2001	$3,037	($2,080)	4,153,000	(3,575,000)
2002	$3,128	($2,055)	4,256,000	(3,606,000)

I will probably graph this

JUN-03-96 MON 21:14

EFC's and Income for Receiving Subsidized Stafford Loans

	First Year Student			Second Year Student		
	Community College	Public 4-Year	Private	Community College	Public 4-Year	Private
*Average Cost of Education**	*$4,450*	*$7,500*	*$18,000*	*$4,450*	*$7,500*	*$18,000*
EFC to get Maximum Subsidized Stafford ** ▶	na*	4,875	15,375	na*	4,000	14,500
Income Cutoff to get Maximum Subsidized Stafford ▶	na*	$52,876	$92,382	na *	$49,372	$89,077
EFC to get Zero Subsidized Stafford ** ▶	4,450	7,500	18,000	4,450	7,500	18,000
Income Cutoff to get Zero Subsidized Stafford ▶	$51,280	$62,649	$102,185	$51,280	$62,649	$102,185

* Based on estimated 1996-97 college costs

** Based on family of 4 with 1 child in college

* Never get maximum loan subsidized because student would receive Pell Grant

Undergraduate Students: Attendance Status by Class Level, Income and Dependency Category, Aid Receipt, Tuition and Fee Category and Institutional Type, 1992-93

	Full-time	Part-time, at least half-time	Part-time, less than half-time	Other part-time	Total
All Students	9,623,900	3,842,200	4,285,400	562,200	18,313,700
Class level (including 5th year)					
Freshman (1st year undergraduate)	3,949,100	1,915,500	2,402,000	239,000	8,505,600
Sophomore (2nd year undergradaute)	2,043,300	961,900	795,500	116,300	3,917,000
Junior (3rd year undergraduate)	1,490,900	357,700	270,900	68,500	2,188,000
Fourth year undergraduate	1,797,900	410,700	288,300	43,200	2,540,100
Fifth year undergraduate	189,000	96,300	150,300	17,600	453,200
Undergraduate (level unknown)	154,900	99,000	378,800	77,600	710,300
Income and dependency level (categorical)					
Dependent: Less than $10,000	369,300	84,500	41,100	4,100	499,000
Dependent: $10,000-$19,999	541,500	157,500	91,400	9,400	799,800
Dependent: $20,000-$29,999	641,300	158,400	94,600	20,400	914,700
Dependent: $30,000-$39,999	763,300	200,700	139,700	18,200	1,121,900
Dependent: $40,000-$49,999	852,600	289,200	236,000	24,400	1,402,200
Dependent: $50,000-$59,999	914,100	155,900	115,400	22,300	1,207,700
Dependent: $60,000-$69,999	660,000	96,500	76,800	8,400	841,700
Dependent: $70,000-$79,999	307,600	44,500	20,500	1,300	373,900
Dependent: $80,000-$99,999	338,800	58,100	34,600	5,800	437,300
Dependent: $100,000 or more	444,400	71,400	38,600	6,700	561,100
Independent: Less than $5,000	726,300	212,700	123,100	20,800	1,082,900
Independent: $5,000-$9,999	739,200	304,400	181,900	14,300	1,239,800
Independent: $10,000-$19,000	849,300	606,600	591,900	81,300	2,129,100
Independent: $20,000-$29,999	452,700	496,900	739,500	84,800	1,773,900
Independent: $30,000-$49,999	417,200	549,200	1,096,000	171,100	2,233,500
Independent: $50,000 or more	169,700	237,400	587,300	65,500	1,059,900
Title IV amount					
No Title IV Aid Received	5,379,600	2,830,100	3,979,700	511,900	12,701,300
Some Title IV Aid Received	4,244,300	1,011,100	306,400	49,400	5,611,200
Pell amount					
Nonrecipient	6,761,000	3,047,600	4,069,300	530,300	14,408,200
Recipient	2,863,000	793,700	216,300	31,200	3,904,200
Stafford amount					
Nonborrower	6,963,100	3,425,200	4,112,300	535,300	15,035,900
Borrower	2,661,100	417,000	173,400	26,600	3,278,100
Tuition and fees (amount for terms attended)					
Up to $1,000	2,023,600	2,520,300	3,825,500	391,600	8,761,000
$1,001 to $1,500	1,113,300	460,200	166,100	42,200	1,781,800
$1,500 to $2,000	1,145,100	262,300	97,700	24,300	1,529,400
$2,001 to $2,500	958,300	135,400	43,000	19,700	1,156,400
$2,501 to $3,000	650,700	89,100	32,500	15,700	788,000
$3,001 to $5,000	1,344,000	208,000	56,600	32,800	1,641,400
$5,001 to $10,000	1,290,200	125,000	34,300	21,300	1,470,800
Over $10,000	1,044,000	16,100	7,100	5,600	1,072,800
Institutional type (level and control)					
Public Four-year	4,027,400	908,500	687,400	76,900	5,700,200
Public Two-year	2,504,300	2,362,600	3,119,600	350,100	8,336,600
Private Four-year	1,871,400	341,600	324,900	73,900	2,611,800
Private Two-year	144,600	62,100	76,600	9,200	292,500
Proprietary, at least 2 years	410,400	67,000	52,400	35,900	565,700
Proprietary, less than 2 years	667,000	99,600	24,700	16,100	807,400

Computation by DAS-T Version 0.47 on 10/23/95
Source: NCES, NPSAS:93 Undergraduate Students, 5/23/95

Note that "low n" means too few unweighted cases for a reliable estimate.

974 93-94
1015 94-95

1125 93
1194 94

Tuition and Required Fees
Public 2-Year Institutions
1996-97 (Estimates)

State	Average Tuition	Total Number Enrolled Full-Time/Full-Year	Percent with Tuition Under $1,500	Percent with Tuition Under $2,500	Percent with Tuition Under $4,000
AK	$1,483	2,787	100%	100%	100%
AL	$697	264,763	96%	100%	100%
AR	$972	47,013	100%	100%	100%
AZ	$817	268,146	100%	100%	100%
CA	$407	1,339,929	100%	100%	100%
CO	$1,379	154,432	63%	100%	100%
CT	$1,708	64,479	0%	100%	100%
DE	$1,422	15,829	100%	100%	100%
FL	$1,196	669,914	91%	100%	100%
GA	$1,145	140,718	92%	98%	100%
HI	$560	35,921	100%	100%	100%
IA	$1,906	88,337	0%	100%	100%
ID	$1,112	11,991	100%	100%	100%
IL	$1,335	686,963	81%	100%	100%
IN	$2,019	75,020	0%	100%	100%
KS	$1,140	163,410	100%	100%	100%
KY	$1,134	75,531	91%	100%	100%
LA	$864	66,787	100%	100%	100%
MA	$2,736	124,832	0%	20%	100%
MD	$2,086	171,581	6%	83%	100%
ME	$2,458	13,927	0%	55%	100%
MI	$1,586	361,633	41%	100%	100%
MN	$2,207	170,998	0%	91%	98%
MO	$1,379	126,718	97%	99%	99%
MS	$1,049	75,612	100%	100%	100%
MT	$1,589	10,919	44%	100%	100%
NC	$652	275,444	100%	100%	100%
ND	$1,872	12,233	12%	100%	100%
NE	$1,216	80,525	99%	100%	100%
NH	$2,601	12,634	0%	0%	100%
NJ	$1,980	197,869	0%	100%	100%
NM	$675	76,464	99%	100%	100%
NV	$938	60,714	100%	100%	100%
NY	$2,407	359,129	0%	82%	100%
OH	$2,365	240,259	0%	62%	100%
OK	$1,261	129,664	85%	100%	100%
OR	$1,493	178,005	36%	100%	100%
PA	$1,967	175,574	9%	99%	99%
RI	$1,894	24,579	0%	100%	100%
SC	$1,148	116,786	90%	100%	100%
SD	$2,873	5,130	0%	45%	100%
TN	$1,020	121,655	100%	100%	100%
TX	$755	707,275	98%	100%	100%
UT	$1,526	43,695	27%	100%	100%
VA	$1,553	213,838	0%	100%	100%
VT	$2,467	7,998	0%	100%	100%
WA	$1,499	311,496	75%	100%	100%
WI	$1,934	235,516	8%	93%	100%
WV	$1,542	11,547	44%	96%	100%
WY	$1,004	31,204	100%	100%	100%
TOTAL	$1,200	8,857,423	67%	96%	100%

Source: IPEDS Institutional Characteristics File, 1994-95

Tuition and Required Fees
All Public Institutions
1996-97 (Estimates)

State	Average Tuition	Total Number Enrolled Full-Time/Full-Year	Percent with Tuition Under $1,500	Percent with Tuition Under $2,500	Percent with Tuition Under $4,000
AK	$2,223	57,134	5%	75%	100%
AL	$1,251	394,581	65%	85%	100%
AR	$1,667	119,794	39%	86%	97%
AZ	$1.139	355,430	75%	100%	100%
CA	$761	1,643,613	82%	100%	100%
CO	$1,885	278,634	36%	76%	99%
CT	$2,692	119,114	1%	55%	86%
DC	$1,174	23,517	100%	100%	100%
DE	$3,202	41,934	38%	47%	47%
FL	$1,341	870,436	70%	98%	98%
GA	$1,695	302,846	43%	87%	100%
HI	$1,007	59,664	62%	100%	100%
IA	$2,250	147,195	0%	60%	100%
ID	$1,645	56,996	21%	100%	100%
IL	$1,768	857,988	65%	82%	94%
IN	$2,856	275,412	0%	27%	100%
KS	$1,540	253,599	64%	97%	100%
KY	$1,812	178,838	38%	78%	100%
LA	$2,000	220,218	30%	77%	100%
MA	$3,576	228,442	0%	11%	74%
MD	$2,703	280,731	5%	52%	89%
ME	$3,303	51,369	0%	15%	77%
MI	$2,552	585,784	25%	62%	89%
MN	$2,660	302,813	0%	51%	97%
MO	$2,244	248,637	49%	61%	98%
MS	$1,784	133,847	56%	57%	100%
MT	$2,167	42,423	11%	100%	100%
NC	$1,021	427,742	68%	100%	100%
ND	$2,310	44,001	3%	56%	100%
NE	$1,651	134,609	59%	83%	100%
NH	$3,873	39,342	0%	0%	63%
NJ	$2,677	318,022	0%	62%	82%
NM	$1,204	123,270	61%	100%	100%
NV	$1,261	94,979	64%	100%	100%
NY	$2,808	702,359	1%	43%	99%
OH	$2,956	433,033	0%	34%	99%
OK	$1,429	223,396	53%	96%	96%
OR	$1,974	236,594	27%	75%	100%
PA	$3,581	368,348	4%	47%	49%
RI	$2,961	47,033	0%	52%	72%
SC	$2,029	193,041	54%	60%	98%
SD	$2,791	37,858	0%	14%	97%
TN	$1,558	235,717	52%	100%	100%
TX	$1,126	1,111,384	67%	98%	100%
UT	$1,962	131,914	9%	80%	100%
VA	$2,629	358,163	0%	60%	73%
VT	$5,230	25,597	0%	31%	31%
WA	$1,820	404,138	58%	77%	99%
WI	$2,742	381,139	5%	61%	99%
WV	$2,081	78,000	13%	99%	100%
WY	$1,297	41,989	74%	100%	100%
TOTAL	$1,900	14,322,657	42%	76%	95%

Source: IPEDS Institutional Characteristics File, 1994-95

America's HOPE Scholarships

A Tax Cut to Make 14 Years Of Education The Standard For All

June 4, 1996

AMERICA'S HOPE SCHOLARSHIPS
A TAX CUT TO MAKE 14 YEARS OF EDUCATION THE STANDARD FOR ALL
June 4, 1996

PRESIDENT CLINTON ANNOUNCES THE HOPE SCHOLARSHIP PLAN TO MAKE 14 YEARS OF EDUCATION -- AT LEAST TWO YEARS OF COLLEGE -- THE STANDARD FOR ALL AMERICANS. President Clinton's HOPE Scholarship Tax Cut makes clear that 2 years of college should be as universal as high school and builds on his comprehensive program to guarantee that a college education is both accessible and affordable to all Americans at any time in their life. To further this guarantee, the President announced the following proposals:

- **NEW AMERICA'S HOPE SCHOLARSHIP TAX CUT -- Guarantees 2 Years of Tuition at the Average Community College for Any Student Who Earns a B Average.** Modeled on the successful Georgia HOPE Scholarship program, this new proposal provides all students with a $1,500 refundable tax credit for full-time tuition in their first year ($750 for half-time), and another $1,500 in their second year if they work hard, stay off drugs, and earn at least a B average in their first year. This $1,500 tax credit will pay for more than the full cost of tuition at the national average-priced community colleges -- and a downpayment at more expensive four-year schools.

- **$10,000 Tax Deduction for All Education and Training.** The President maintains his $10,000 tax deduction for tuition for college, graduate school, community college, certified training and technical programs. This encourages lifetime investment in higher education.

- **Scholarship Increases (Pell Grants) for Lower-Income Students:** The President announced that his balanced budget plan increases Pell Grants each year. Indeed, the maximum Pell Grant award will increase by 33% from fiscal 1995 to fiscal 2002. The proposed increase in fiscal 1997 is the largest in the program's 25-year history.

BUILDS ON PRESIDENT'S PLAN FOR GUARANTEED ACCESS TO COLLEGE. The above initiatives build on the President's plan to guarantee that college is both accessible and affordable to every person -- through loans with pay-as-you-can repayment, grants, scholarships, and work study.

- **With the increased Pell Grant program support,** students have access to up to $5,100 in Pell Grants and student loans for their first year in college, and much more in future years.

- **The new Direct Student Loan program** enacted as part of the President's 1993 Economic Plan is allowing millions of students to borrow in a simpler, less bureaucratic way, and to pay back their loans as a share of their income, and part of the savings from Direct Lending will be returned to students in the form of lower interest payments on their loans.

  - **New Direct Loans With Pay-As-You-Can Option:** Will account for 50% of loans
  - **National Service -- AmeriCorps:** 30,000 students earning up to $4,725 for service
  - **Pell Grants:** Provides for 7-year expansion, increasing maximum award to $3,128 in 2002
  - **$10,000 Education Deduction:** 16.5 million students get deduction for their tuition
  - **Work Study Expansion:** Proposes expansion to 1 million participants by FY2002
  - **Honors Scholarships:** Proposes $1,000 scholarship for top 5% of every high school class
  - **IRAs for Education:** Proposal allows penalty-free withdrawals for education
  - **Skill Grants:** Proposed $2,600 Skill Grants to enable dislocated workers to get needed skills

America's HOPE Scholarship Tax Cut

BACKGROUND ON HOPE SCHOLARSHIPS

Overview. Currently, millions of Americans have access to college through Pell Grants and the federal student loan program, including the President's Direct Student Loan program, but the average student with loans now graduates $10,000 in debt and many more may not go on to college because they are reluctant to borrow so much money. The annual cost of a public college increased from 9% of the typical family's income in 1979 to 14% in 1994. [Education Department, 1996] *The President's HOPE Scholarship Plan makes it clear that two years of college should be as universal as high school, and builds on his comprehensive program to guarantee that a college education is both accessible and affordable to all Americans at any time in their life.*

- **Guaranteed Average Tuition For Two Years of Community College:** The HOPE Scholarship Plan will ensure that students can get up to a $1,500 refundable tax credit, a Pell Grant, or a combination for tuition in their first year after high school, and another $1,500 in their second year if they work hard, stay off drugs, and earn at least a "B" average. This $1,500 credit is $300 above the national average community college tuition and would make tuition free for 67% of all community college students. It would enable states that set tuition within $300 of the national average *to make community college tuition free for every student.* The credit would be indexed to inflation each year to protect its value.

- **$1,500 For The First Two Years At Any College For Students Who Earn At Least a B Average:** While the HOPE Scholarship tax credit is priced to pay for the full cost of two years of community college tuition for students who earn at least a "B" average in their freshman year, the $1,500 credit can be applied to tuition at any college, from a two-year public community college to a four-year private college. This $1500 tax credit will be a substantial downpayment for parents sending their children to colleges with higher tuition.

- **$750 for Half-Time Students:** The HOPE Scholarship Tax Cut is designed to assist parents and current workers who want to further their education. Those who can only go to school half-time because of their job or parenting obligations, are eligible for a $750 refundable credit per year until they have completed two full years of college. The "B" average requirement also applies to half-time students.

- **Includes 1-Year Certificate Programs:** Students at training and technical programs eligible for Pell Grants under Title IV of the HEA are also eligible HOPE Scholarships.

- **Interaction with the $10,000 Education Tax Deduction:** Students would receive either the HOPE scholarship or the $10,000 tax deduction in any year. Eligible students in their first two years or their parents can choose between either the Hope Scholarship or the deduction. The deduction is up to $10,000 a year per family. The credit is $1,500 per student.

- **Costs:** The HOPE Scholarship Plan is fully paid for within the President's balanced budget plan. The President's initial proposal for a $10,000 deduction cost $35 billion over six years. The new proposal, with the $1,500 tax credit, costs $42.9 billion over 6 years. To offset this increase, the Administration proposes to reduce sales source rule benefits, apply an international departure fee, and auction radio DARS spectrum.

  In addition, the $10,000 deduction is also more targeted by conforming the income limits to match the income limits for the proposed expanded IRAs. The deduction had been phased out for joint filers with income between $100,000 and $120,000, and for single filers with income between $70,000 and $90,000. It will now be phased out for joint filers with income between $80,000 and $100,000, and for single filers with incomes between $50,000 and $70,000.

- **"B" Average:** To remain eligible for the credit, students must earn at least a "B" average or a 2.75 grade point average in their first year of college or post-secondary school. Based on the National Post-Secondary Student Aid study, more than half of students earn a 2.75 average or better.

- **Students Must Stay Drug-Free:** A student is ineligible if, in accordance with the Drug-Free Post-Secondary Education Act of 1990, he or she has been convicted of committing certain felony offenses involving marijuana, controlled substances, or dangerous drugs.

- **Administration:** Administrative issues such as the timing and delivery of the tax credit will require consultation with states and schools to ensure that the plan provides maximum flexibility and efficiency and local control rather than top-down administration. The Treasury Department and Department of Education will work with Members of Congress, Governors, school superintendents, and college financial aid administrators to design the most flexible and efficient system, and to ensure against excessive and abusive tuition increases.

- **Challenge to States.** The President is challenging states to build on the HOPE Scholarship Plan by following Georgia's lead and making scholarships available for four years of college for students who maintain a "B" average. The President is also challenging the 17 States that set tuition above $1,500 to reduce costs so that with the HOPE Scholarship tax cut, community college will be free for every student.

Paying For America's HOPE Scholarship Tax Cut

Balanced Budget Framework. The President's new America's HOPE Scholarship Tax Cut proposal is completely paid for with specific budget savings so that the President's overall plan continues to reach balance in fiscal year 2002.

Current Education Tax Deduction: $35 Billion FY 1997-2002. The President's current education tax cut -- $10,000 deduction -- costs $35 billion over 6 years (FY 1997-2002) and is paid for within the balanced budget plan that has been certified as reaching balance in 2002 by the Congressional Budget Office.

New Proposal: $42.9 Billion FY 1997-2002. The new combined proposals would be $42.9 billion. The breakout of these costs are as follows:

	FY 1997-2002 Cost
America's HOPE Scholarship Tax Cut	$25.1 Billion
$10,000 Education Tax Deduction	$17.8 Billion
TOTAL COST	**$42.9 Billion**

The additional $7.9 billion in net new costs are paid for with specific savings listed below:

	FY1997-2002 Savings
Reduction of Sales Source Rule Benefits	$3.5 Billion
International Departure Fee	$2.3 Billion
Auction Radio DARS Spectrum	$2.1 Billion
TOTAL SAVINGS	**$7.9 Billion**

NOTE: While the President's new America's HOPE Scholarship Tax Cut has gross costs of $25.1 billion over FY 1997 to 2002, the net increase in the President's overall education tax cut is only $7.9 billion because of savings that take place in the President's $10,000 education tax deduction.

- Most of those savings ($10.7 billion) come from families choosing the HOPE tax credit over the $10,000 education tax deduction.

- The remaining savings ($6.5 billion) come from lowering the phase out income limits for joint filers from $120,000 to $100,000 to conform to the Administration's expanded IRA proposal.

BACKGROUND ON NEW SAVINGS MEASURES

REDUCTION OF SALES SOURCE RULE BENEFITS

(FY 1997 - 2002)

SAVINGS
$3.5 Billion

Description: The proposal would limit the ability of multinational corporations to decrease their U.S. tax liability inappropriately, by reducing the amount of export sales income that they may treat as derived from foreign sources. Under current law, the sales source rule generally permits multinational corporations that also exports U.S. products to treat half of their export profits as income from sales activities, and therefore as foreign source income, even though the economic activity that produced the export profits may have occurred entirely within the United States. The source of income is relevant to the determination of a U.S. taxpayer's foreign tax credit. By increasing the amount of income treated as foreign source, a taxpayer with "excess" foreign tax credits can increase its utilization of foreign tax credits and therefore pay less U.S. tax on the same income. The sales source rule of present law provides generous tax benefits to U.S. exports that also conduct foreign manufacturing or other high-taxed foreign operations, but provides no benefit at all to U.S. exporters that conduct all their business activities within the United States. The proposal would reduce the percentage of export profits that generally is treated as sales (and thus foreign) income from 50 percent to 25 percent.

The provision would be effective for taxable years beginning after the date of enactment.

AUCTION RADIO DARS SPECTRUM

(FY 1997 - 2002)

SAVINGS
$2.1 Billion

Description: This savings proposal would auction 25Mhz of spectrum currently reserved for digital audio radio services (DARS) for subscription based wireless services. The FCC had originally allocated 50 Mhz for DARS, which would provide 4 channels of a national, subscription-based radio service. Due to interference problems with Canada, DARS would be allocated 2 channels instead of 4, freeing up 25 Mhz for auction. The revenues of auctioning 25 Mhz of spectrum are estimated at $2.1B by CBO and OMB. These auctions could be done in any year.

INTERNATIONAL DEPARTURE FEE

(FY 1997 - 2002)

SAVINGS
$2.3 Billion

Description: The President's FY '97 Budget assumes that the currently expired aviation excise taxes, including the $6 per passenger international departure fee, will be reinstated in August, 1996. This offset proposal would increase the per passenger tax form $6 to $16.

BACKGROUND ON PELL GRANT INCREASE

Overview. The Pell Grant is the main federal grant that allows millions of low-income and middle class families to have access to college. Despite the fact that the President's budget contains well over $200 billion in discretionary cuts over 7 years, the President's balanced budget builds in a 33% increase in the maximum Pell Grant award from FY1995 to FY2002.

- **$2 Billion Program Deficit Eliminated.** The projected $2 billion Pell Grant program deficit was eliminated within the first two years of the Clinton Administration.

- **Record Increase in FY1997:** The President's fiscal year 1997 budget calls for funding to support a $2,700 maximum Pell Grant -- nearly a 10% increase over the current level -- which would provide more than 3.7 million students with Pell Grants averaging $1,706 in 1997. This proposed increase in the maximum Pell Grant Award would be the largest increase in the program's 25-year history.

- **President Announces Yearly Pell Grant Increases:** The President's balanced budget contains the following seven-year increase in the maximum Pell Grant awards.

Fiscal Year	Maximum Award
1995	$2,340
1996	$2,470
1997	$2,700
1998	$2,780
1999	$2,863
2000	$2,949
2001	$3,037
2002	$3,128

- **President's 7-Year Pell Grant Increase Could Provide 2.7 Million More Grants Than Republican Budget Resolutions:** Both the House and Senate FY1997 Budget Resolutions freeze the budget authority for the Pell Grant program from FY1997 -FY2002. This means that Republicans would provide 2.7 million fewer Pell grants over 6 years, and deny 191,000 students Pell grants in FY1997 alone compared to the President's balanced budget plan. Under the funding freeze assumed in the Republican resolutions, the maximum Pell grant award would decrease 17%, from $2,470 in FY1996 to $2,055 in FY2002.

  Last year, House Republicans tried to cut the Pell Grant program by $450 million, denying Pell Grants to 380,000 students in 1996 alone.

$10,000 EDUCATION DEDUCTION

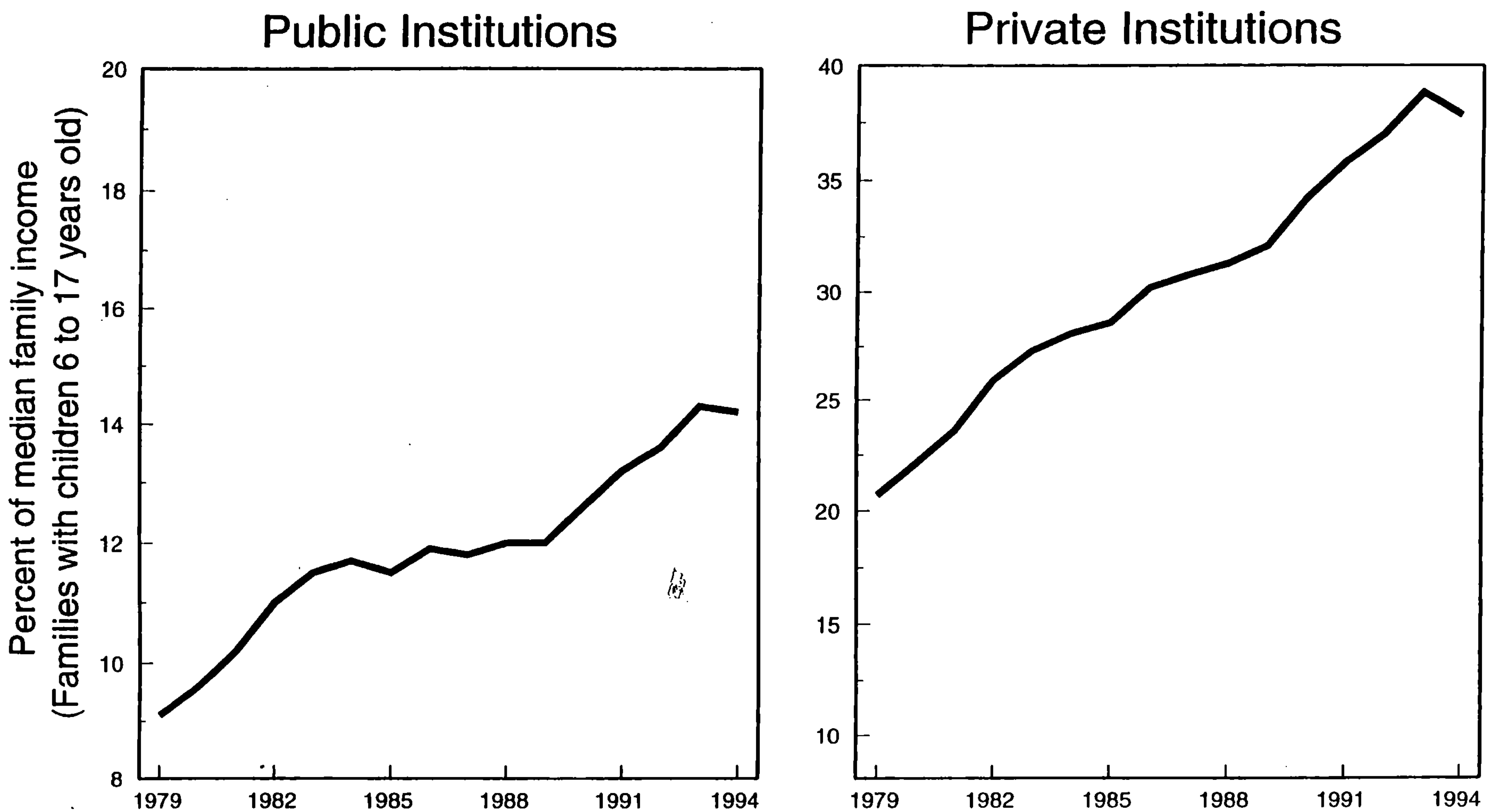
- **Breadth of Application**: The $10,000 Education Deduction would be for every taxpayer for the tuition at any education or training program that is at least half-time or related to a worker's career.

- **Supplements Hope Scholarship Tax Cut**: In any year, students in the 13th and 14th grades would receive either the HOPE Scholarship or the $10,000 tax deduction. Eligible students in their first two years or their parents can choose between either the HOPE Scholarship or the deduction. Students that relied on the $1,500 tax credit in the first two years of college would still be eligible for the $10,000 deduction in the remaining years of college or graduate school or for qualified lifelong learning. Students not eligible for the tax credit would still be eligible for the $10,000 deduction. The deduction is up to $10,000 a year per family. The credit is $1,500 per student.

- **Income Limits**: For joint filers, the deduction would be phased out at incomes between $80,000 and $100,000. For single filers, the deduction would be phased out between $50,000 and $70,000.

- **Unlimited Number of Years**: While the HOPE Scholarship is for the first two years of college, the $10,000 tax deduction is available any year a family had education expenses. For example, a family of four with an income of $40,000 and five years of tuition expenses totaling $10,000 would receive a $7,500 tax cut over that five-year period.

Cost of College As Percent of Typical Family Income



Source: Department of Education, *The Condition of Education 1996*, p 76.

* Includes Calculation of Tuition, Room and Board

Tuition and Fees at Public Two-Year Institutions

State	Average (1994-95) Tuition	Share of Average Tuition Covered By $1,500 Credit
AK	$1,320	100%
AL	$621	100%
AR	$865	100%
AZ	$727	100%
CA	$363	100%
CO	$1,227	100%
CT	$1,520	99%
DE	$1,266	100%
FL	$1,064	100%
GA	$1,019	100%
HI	$499	100%
IA	$1,696	88%
ID	$990	100%
IL	$1,188	100%
IN	$1,797	83%
KS	$1,014	100%
KY	$1,009	100%
LA	$769	100%
MA	$2,435	62%
MD	$1,857	81%
ME	$2,188	69%
MI	$1,411	100%
MN	$1,965	76%
MO	$1,227	100%
MS	$934	100%
MT	$1,414	100%
NC	$581	100%
ND	$1,666	90%
NE	$1,083	100%
NH	$2,315	65%
NJ	$1,762	85%
NM	$601	100%
NV	$835	100%
NY	$2,142	70%
OH	$2,105	71%
OK	$1,123	100%
OR	$1,328	100%
PA	$1,751	86%
RI	$1,686	89%
SC	$1,022	100%
SD	$2,379	63%
TN	$907	100%
TX	$672	100%
UT	$1,358	100%
VA	$1,382	100%
VT	$2,196	68%
WA	$1,334	100%
WI	$1,721	87%
WV	$1,372	100%
WY	$894	100%

Source: U.S. Department of Education. Estimate of share of tuition and fees covered by the HOPE Scholarship if it has been available in 1994-1995.

America's HOPE Scholarship Tax Cut
Background Materials

GEORGIA HOPE SCHOLARSHIPS

> *"The most far-reaching scholarship program in the nation"*
> -- *Los Angeles Times*, April 5, 1994

PROGRAM DESCRIPTION: The Georgia HOPE program, established by Governor Zell Miller in April 1993, provides full tuition, fees, and books at any in-state public college to any Georgia student who graduates from high school and maintains a B average or better in college.

A TRULY UNIQUE PROGRAM THAT PROVIDES HOPE FOR GEORGIA STUDENTS:

- **Governor Zell Miller**. "Of all the things that I've ever been involved with, It's the one thing that I'm most proud of. We are making college accessible in a way it never has been before in Georgia." [February 12, 1995]

- ***Atlanta Journal Constitution.*** "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. ...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." [Atlanta Journal Constitution, September 7, 1994]

- **Barry Fullerton, Vice Chancellor, University of Georgia.** "It's an ingenious program. It's a great public policy, and it has benefited thousands of students." [The Courier-Journal, April 9, 1995]

- ***Orlando Sentinel.*** "Imagine a state where every student with a B average gets a full college scholarship. ...Don't have that fanciful an imagination? You don't need one. You just need to look north, to Georgia." [Orlando Sentinel, April 8, 1996]

- ***Atlanta Journal Constitution.*** "It is, quite simply, an effort to help Georgia's young people become well-educated, productive citizens." [Atlanta Journal Constitution, December 16, 1994]

ELIGIBILITY REQUIREMENTS: Students must meet the following requirements:

2-Year and 4-Year Public Colleges/Universities

- For a HOPE Scholarship to a 4-year public college, graduating high school students must have a 3.0 cumulative grade point average on a 4.0 scale or an 80 numeric average and obtain a diploma with a State of Georgia College Preparatory Seal. (In order to obtain the college preparatory seal, students must meet and graduate from the required core college preparatory curriculum.)

- For a HOPE Scholarship to a public college, graduating high school students who do not meet the 3.0 grade in the core curriculum, must have a 3.2 cumulative grade average on a 4.0 scale or an 85 numeric average in other curriculum tracks.

- Students who maintain a B average in a 4-year public college and stay off drugs can continue to receive the same level of support for up to four years.

- Students whose college grades fall below 3.0 can requalify a year later if they bring their grades back up above 3.0.

- Students who are not eligible for HOPE scholarships upon graduation of high school, or who enter college later in life, can obtain HOPE scholarships after their sophomore year if they obtain a cumulative 3.0 grade average.

2-Year and 4-Year Private Colleges/Universities

- Students receive $3,000 a year in HOPE money, but only if they have and maintain a B grade average.

Technical Schools and Adult Education Institutes

- All students in a diploma or certificate program at a Georgia technical institute are eligible for HOPE.

Universal Requirements

- All students must stay drug free. A Student is ineligible if, in accordance with the Drug-Free Postsecondary Education Act of 1990, he/she has been convicted for committing certain felony offenses involving marijuana, controlled substances, or dangerous drugs.

KEY FACTS:

- During the first 3 years of the program (1993-1995), nearly 200,000 Georgia students qualified for and received some form of HOPE scholarship.

	HOPE Scholarship Students 1993-1996
University System	60,682
Technical Institutes	74,830
Private Colleges	45,423
GED Recipients	9,066
TOTAL	190,001

- In the 1995-1996 school year, 70 percent of University of Georgia freshman students received a Georgia HOPE scholarship.

- The racial composition of those receiving HOPE scholarships mirrors that of the overall university system (75% white, 20% black).

- 84% of HOPE students who enrolled in public colleges in Fall 1994 were still in college in Fall 1995, versus 74% of all students.

- A 1995 poll by Georgia State University found that 77 percent of Georgia residents who were aware of the program thought it would lead parents to take a more active interest in their children's education.

- Since the start of the program, enrollment in Georgia's technical and adult education institutions has increased 24 percent. Enrollment increased 8 percent in 1995, alone.

ARKANSAS ACADEMIC CHALLENGE SCHOLARSHIPS

> *"We need more of our young people going to college and we need them to succeed and stay in college. This program will help them accomplish that goal."*
>
> -- Governor Bill Clinton, July 12, 1991

PROGRAM DESCRIPTION: Governor Bill Clinton signed the Arkansas Academic Challenge Scholarships into law on May 5, 1991, creating a guaranteed scholarship plan to promote academic achievement and encourage academically prepared Arkansas high school graduates to enroll in the state's colleges and universities. Through the 1993-1994 school year, the scholarship provided the lesser of $1000 or the annual tuition. For the 1994-1995 school year, the scholarship was increased to provide annually the lesser of $1500 or the annual tuition. The scholarship is renewable for up to 3 more years, provided the student meets the continuing eligibility standards established by the Arkansas Department of Higher Education.

REQUIREMENTS:

- **Income Requirement.** For families with one dependent child, income cannot exceed $30,000 per year. An extra $5,000 of family income is allowed per child.

- **Grade-Based Awards.** Awards are based on the applicant's meeting minimum standards with regard to the ACT composite score, grade point average (GPA) in the pre-collegiate core curriculum.

    * Applicants must have a composite ACT score of 19 and a grade point average of 2.50 on a 4.00 scale, in the precollegiate core curriculum.

    * Applicants not meeting either the grade point average or ACT requirements may still qualify for the Academic Challenge Scholarship if their combined ACT score and grade point average meet satisfactory levels when applied to a selection index (i.e. a student with a 15 ACT would have to achieve a minimum 3.25 GPA; a student with a 26 ACT would only have to have a 2.0 GPA.)

- **All students must stay drug free.** A student is ineligible if, in accordance with the Drug-Free Postsecondary Education Act of 1990, he/she has been convicted for committing certain felony offenses involving marijuana, controlled substances, or dangerous drugs.

- **Students must maintain their grades once in college.** In order to retain their scholarship for an additional year, students keep their grades above state-specified levels.

KEY FACTS:

- In 1987, 32 percent of Arkansas students who took the ACT had completed high school pre-college core curriculum. By 1992, the first year of the Academic Scholarships Program, that percentage rose to 48.

- The number of high school students qualifying for and receiving the Arkansas Achievement Scholarship has increased dramatically each year. In the 1991-1992 school year, there were 1,024 recipients. In the 1994-1995 school year, 5,383 students received awards.

- While Bill Clinton was governor of Arkansas, the percentage of high school students going on to college increased by 50% (from 38.2% in 1982 to 57.3% in 1992). The Arkansas "going rate" has remained steady since 1992.

Bureau of the Census Statistical Brief

More Education Means Higher Career Earnings

Is it worth it to stay in school and earn a higher degree? As data from the Census Bureau's Current Population Survey show, the answer is a resounding yes!

This Brief examines the relationship between education and earnings during the 1992 calendar year; it also demonstrates how the relationship has changed over the last two decades. Additionally, it provides estimates (by level of education) of the total earnings adults are likely to accumulate over the course of their working life.

You'll see that more education means greater earnings over a year's time; over the length of one's working life, these differences become enormous. Moreover, this relationship between earnings and education is now even stronger than it was back in the 1970's.

We're more educated than ever.

In 1993, about four-fifths of American adults aged 25 and over had at least completed high school; over one in five had a Bachelor's degree or higher. Both figures are all-time highs.

SB/94-17
Issued August 1994

U.S. Department of Commerce
Economics and Statistics Administration
BUREAU OF THE CENSUS

Professional degree holders have the highest earnings.

Adults aged 18 and over who worked sometime during 1992 earned an average of $23,227 that year. But this average masked the fact that the more education they received, the more money they made. (See graph below.) Earnings ranged from $12,809 for high school dropouts to $74,560 for those with professional degrees (such as M.D.'s and J.D's).

Earnings differences compound over one's lifetime.

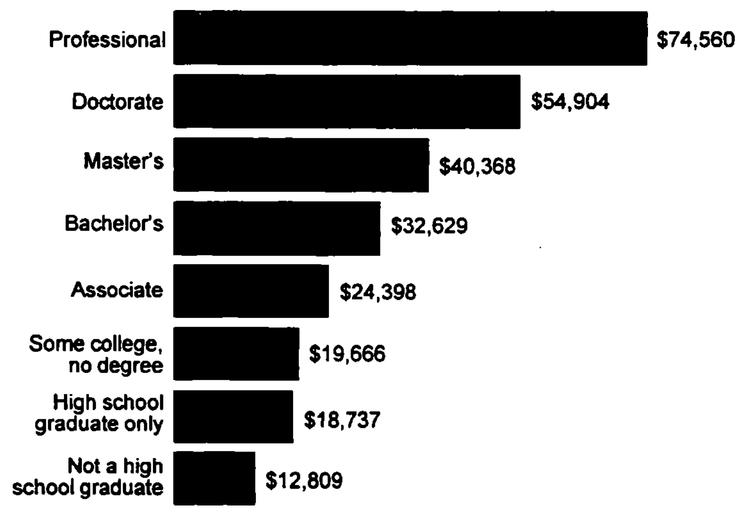
Using 1992 data, we estimated the earnings a person would accrue over a typical "worklife." Here's how we did it. First, we defined a worklife as lasting from ages 25 to 64 — a 40-year period. Then we began our calculations.

We started with high school dropouts. We took the 1992 mean earnings figure for persons of this group who were aged 25 to 34 and multiplied it by 10. The same thing was done for those aged 35-44, 45-54, and 55-64. Then, the four 10-year totals were added up. The result was an estimated lifetime earnings total for high school dropouts. This process was then repeated for each of the other seven educational levels.

These estimates dramatically illustrate the large earnings differences

Education Continues to be the Ticket to Higher Earnings

Mean annual earnings for persons aged 18 and over, by level of education: 1992



that develop between educational levels over the long term. As the graph below shows —

- High school dropouts would make (in 1992 dollars) around $600,000 during their lifetime.

- Completing high school would mean about another $200,000.

- Persons who attended some college (but did not earn a degree) might expect lifetime earnings in the $1 million range.

- You could tack on nearly another one-half million dollars for holders of a Bachelor's degree.

- Doctorate and professional degree holders would do even better, at just over $2 million and $3 million, respectively.

Lifetime differences may become even more striking in the future.

These estimates of lifetime earnings assume that 1992 earnings levels will stay in effect throughout one's worklife. But the reality is that the value of the dollar continually changes. And recent history shows that the value of higher levels of education has risen faster than that of lower levels. When we compare 1975 and 1992 figures, we see that average earnings —

- Doubled for high school dropouts (from $6,014 to $12,809).

- Rose 2.5 times for those who were high school graduates only (from $7,536 to $18,737).

- Nearly tripled for holders of Bachelor's degrees (from $11,574 to $32,629).

- Tripled for those who held advanced degrees (from $15,619 to $48,653).

Keep in mind that in 1992 the consumer price index (which measures yearly changes in the value of the dollar) was 140, 2.5 times what it was in 1975. This means that the earnings of high school dropouts did not even keep up with inflation, and high school graduates just barely managed to keep pace. Real wages rose only for persons with education beyond the high school level. If these patterns continue, lifetime earnings differences between low and high levels of education will become even more dramatic than current levels indicate.

More information:

Several Census Bureau reports have information on the relationship between earnings and education. These include —

- *Educational Attainment in the United States: March 1993 and 1992,* Current Population Reports, Series P20-476. Stock No. 803-005-00077-0. $8.50.

- *What's It Worth? Educational Background and Economic Status: Spring 1990,* Current Population Reports, Series P70-32. Stock No. 803-044-00020-1. $3.50.

- *Money Income of Households, Families, and Persons in the United States: 1992,* Current Population Reports, Series P60-184. Stock No. 803-005-30031-5. $19.

- *Education in the United States,* Series 1990, CP-3-4. Stock No. 003-024-08742-1. $41.

To order any of these publications, call the U.S. Government Printing Office (202-512-1800).

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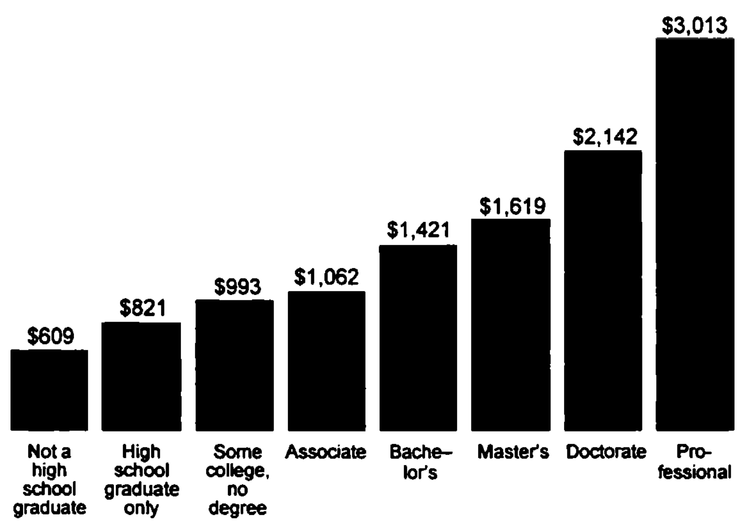
301-763-1584

This Brief is one of a series that presents information of current policy interest. It may include data from businesses, households, or other sources. All statistics are subject to sampling variability, as well as survey design flaws, respondent classification errors, and data processing mistakes. The Census Bureau has taken steps to minimize errors, and analytical statements have been tested and meet statistical standards. However, because of methodological differences, use caution when comparing these data with data from other sources.

Go to College, Make a $Million

Estimates of worklife earnings, by level of education: 1992
(In thousands of dollars)



ECONOMIC RETURNS TO INVESTMENTS IN EDUCATION AND TRAINING

- Empirical studies indicate that each additional year of formal schooling is associated with a 6 to 12 percent increase in annual earnings later in life. [Kane and Rouse, 1995; Ashenfelter and Krueger 1994; Angrist and Krueger, 1991]

- This earnings benefit is not limited to education at four-year colleges; it also accrues from attendance at community colleges. [Thomas Kane and Cecilia Rouse, Labor Market Returns to Two and Four-Year College: Is a Credit a Credit and Do Degrees Matter American Economic Review, Vol. 85, No. 3, 1995.]

- The wage premium for better-educated workers has expanded dramatically over the past fifteen years. In 1979, full-time male workers aged 25 and over with at least a bachelors degree earned on average 49 percent more per year than comparable workers with only a high school degree. By 1993, the difference had nearly doubled, to 89 percent. [Economic Report of the President 1996, page 191.]

- Economists have long argued over whether education causes higher earnings, or whether those with better earnings prospects -- for example, because of greater innate ability -- simply consume more education. Recent analyses of compulsory schooling laws (which force students to consume more education regardless of their innate ability) and wage differentials between twins (who should have similar levels of innate ability) strongly suggest that schooling actually leads to higher earnings. [Joshua Angrist and Alan Krueger, Does Compulsory School Attendance Affect Schooling and Earnings; Quarterly Journal of Economics, November 1991; Orley Ashenfelter and Alan Krueger, Estimates of the Economic Returns to Schooling from a New Sample of Twins, American Economic Review, December 1994.]

- A college graduate is 43 percent more likely to be working in a job with a pension plan than a high school graduate and a college graduate is 27 percent more likely to have a job with health care coverage than a high school graduate. [Based on data from the Bureau of Labor Statistics, various years, Current Population Survey.]

- Since the early 1980s, high skill jobs are growing the fastest. Jobs requiring high skill levels grew by 32% over the period 1984-1994 while jobs requiring low skill levels grew by only 7%. [Based on data from the Bureau of Labor Statistics, various years, Current Population Survey.]

- Job displacement studies show that better-educated workers are less likely to lose their jobs than less-educated workers, although this advantage has declined over time. If better-educated workers do lose their jobs, they are more likely to find new jobs (which are more likely to be full-time), and they tend to suffer smaller proportional earnings losses than less-educated workers. [Henry S. Farber, The Changing Face of Job Loss in the United States, 1981-1993, Department of Economics, Princeton University, March 12, 1996.]

- Training workers also has significant payoffs. According to academic research conducted by Lisa Lynch before she became Chief Economist at the Labor Department, a year of either on-the-job training or formal training for workers raises wages by about as much as a year of college education. [Lisa Lynch, Private Sector Training and the Earnings of Young Workers, American Economic Review, Vol. 82, No. 1, 1992.]

- Other studies conclude that firm-provided training seems most effective when combined with other innovative workplace practices. [U.S. Department of Labor, High Performance Work Practices and Firm Performance, 1993; David Levine, Reinventing the Workplace: How Business and Employees Can Both Win (Washington: Brookings, 1993).]

- Education and training boost economic growth. Data from the Bureau of Labor Statistics suggest that the rise in the average educational attainment of the workforce accounted for one-fifth of the annual growth in productivity between 1963 and 1992. [Economic Report of the President 1996, pages 191-2.]

- International evidence reveals that, all else equal, those nations with the highest school enrollment rates in the early 1960s tended to enjoy the most robust growth in subsequent decades. [N. Gregory Mankiw, David Romer, and David Weil, A Contribution to the Empirics of Economic Growth, Quarterly Journal of Economics, Volume 107, May 1992.]

QUESTIONS AND ANSWERS
AMERICA'S HOPE SCHOLARSHIPS
For Internal Use

1. Why are you making a new proposal now? What was wrong with your original one?

The President has worked throughout his career and his administration to expand access to college. He put in place two new programs to make it easier to go to college (National Service and Direct Lending), increased Pell Grants, and proposed a $10,000 deduction, honors scholarships for the top 5% of every high school class, and expanding work study to 1 million students over the next five years. Today, he is taking another important step that will help make two years of college as universal as four years of high school. The President is so determined to expand college opportunity that he is putting forward $8 billion in new budget savings to pay for this new proposal.

2. Aren't you just trying to pre-empt Senator Dole?

We have no idea what Senator Dole plans to propose, if anything. The President is only interested in setting forth his vision for the country -- and giving more Americans the chance to go to college is central to that vision. He also believes that any tax cut must be targeted and paid for. We can't go back to the days of something for nothing.

3. Isn't this just an election-year gimmick?

The President is giving a series of commencement addresses on the challenges we face as we move into the next century: restoring the social fabric; keeping America the strongest force for freedom and democracy; promoting economic growth; strengthening the family. He came to Princeton today to give a serious, thoughtful speech that laid out his vision of how to promote economic growth and raise incomes.

4. How are you going to pay for this?

The Hope Scholarship Tax Credit costs $25.1 billion over six years; the $10,000 deduction now costs $17.8 billion -- for a total of $42.9 billion, an increase of $7.9 billion over the proposal in the President's balanced budget plan. To offset those new costs, the Administration is proposing new budget savings: Auctioning radio spectrum ($2.1b); increasing international departure tax ($2.3b); reduction of sales source rule benefits ($3.5b). The cost of the deduction is reduced largely because more people make use of the credit, and also by lowering the income limits to conform to the income limits on the Administration's expanded IRA proposal (i.e. from $120,000 to $100,000).

5. Doesn't this trigger off in 2001?

The President is committed to a permanent proposal to offer the America's Hope Scholarship tax cut. This new proposal is completely paid for with new offsets. Under OMB scoring, this new tax credit would be extended indefinitely. If Congressional Budget Office economic assumptions come into effect and there are less revenues to offset the tax cut, the Administration will put forward additional spending cuts for FY2001 and FY2002 to ensure both that the tax credit continues and that the budget stays in balance.

6. Can you take both the credit and the deduction at the same time?

The credit is $1,500 per student. The deduction is $10,000 per family. A family could use the deduction for one or more children and the credit for others. No single individual or family member, however, could use both the credit and the deduction for the same student.

7. Isn't it strange that under your proposal a family in the 28% bracket with $10,000 in tuition would get over $2000 in tax cuts even without attaining a B average?

The vast majority of families will choose the Hope Scholarship tax credit and find it far to their financial advantage. (The credit is estimated to cost $25.1 billion; the deduction $17.8 billion.) For example, for a family that makes $45,000 and has tuition of $2000, the credit would be worth $1200 a year more than the deduction.

All families in the 28% bracket with tuition under $5300 will find the credit to their advantage. And families with two or more children who are near the maximum will often find it to their advantage -- because they can take the credit for one child and the deduction for another.

8. Why did you not apply the B average to the deduction?

The President's $10,000 deduction was designed to make a major statement for all education: investment in human capital should be given a tax deduction just as investment in physical capital is. The $10,000 deduction is for families and it is for any type of education that contributes to one's career advancement -- college, graduate school, career training. The Hope Credit is a special tax credit designed to specifically encourage all Americans to see that two years of college must be a national norm, and it is designed to say to every state: if you offer tuition within $300 of the national norm, you can now provide free community college tuition for all of your residents.

9. Will this plan lead to grade inflation?

So far, in Georgia, there is little if any evidence of that. In fact, many students have dropped off after the first years.

10. This plan is supposed to be based on the Georgia plan, yet unlike Georgia, it does not require a B average in High School.
Isn't this a different model?

The core of Georgia's plan is to expand access to college and challenge students to make the most of it. Like our plan, it requires students to maintain a B average in college in order to remain eligible.

Because they have made the bold decision to provide free tuition for four years of public college, they ask for a B average before making a student eligible for these extensive benefits.

The President's plan, gives everyone a chance for a start, and then like Georgia, requires a B average to maintain benefits. With this new federal partnership, the President's plan will make it more possible for more and more states to follow Georgia's move and provide four years of college tuition for those who perform at a B average.

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