RECORD TYPE: PRESIDENTIAL (TRP NOTES MAIL)

CREATOR: Pauline_Abernathy (Pauline_Abernathy@ed.gov (Pauline Abernathy) [UNKNOWN])

CREATION DATE/TIME: 6-MAR-1998 19:48:37.00

SUBJECT: Re: Interest rate

TO: Jake Siewert (CN=Jake Siewert/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: David_Frank (David_Frank@ed.gov (David Frank) [UNKNOWN])
READ:UNKNOWN

TEXT:
Julie Green is trying but it would be great if Jake could call from

the WH. Always helps.

______________________________ Reply Separator

____

Subject: Interest rate

Author: Robert_M._Shireman@opd.eop.gov at Internet

Date: 3/6/98 1:42 PM

We REALLY need the info on CBO's view to get into the mix.

21. American Banker

03/06/98Section: Washington; Page 2

Bankers See Disruption In Clinton Plan to Cut College Loan Interest Rate

By BILL McCONNELL

WASHINGTON ? The banking industry appears to be headed for a showdown with the Clinton administration over the interest rate lenders will be allowed to charge for student loans.

Neither side was willing to budge in testimony Thursday before a House Education subcommittee.

TD

Jon A. Veenis, president of Norwest Corp.'s student lending unit, blasted a plan unveiled Feb. 25 by Vice President Al Gore that would cut the rate to 7%, from 7.8%, on July 1.

If Congress approves the plan, most private lenders will not be able to earn adequate returns and will abandon the government's guaranteed-loan program, Mr. Veenis said. "The Gore proposal doesn't work," he said. "A train wreck will occur if this is enacted."

If banks pull out, students planning to enter college next fall would have trouble finding financing. Private lenders provide 70% of the $40 billion in guaranteed student loans. The rest is supplied by the government's direct lending program, which bankers say cannot handle a crush of additional

loan
applications.

But at the hearing, an administration official argued that enough private lenders would continue making the loans.

"We have been asked whether our interest rate proposals will encourage banks to leave the program en masse," said David A. Longanecker, assistant secretary for postsecondary education. "The answer is 'no.'"

Even if many banks flee the program, he said, the void would be filled by Sallie Mae Inc., the largest securitizer of student loans and a provider of direct loans.

"If called upon by the secretary of education, Sallie Mae is required by law to act as a lender of last resort," Mr. Longanecker said.

But Sallie Mae lobbyist J. Paul Carey said the burden should not be dumped on his company. "That is no way to ensure the health of this vital program," he testified.

The Clinton administration's plan is an attempt to settle industry complaints about a new interest rate formula adopted by Congress in 1993 and scheduled to take effect July 1. Under the formula, banks would have to peg interest rates on newly originated student loans to 10-year Treasury bonds instead of three-month notes, as they do now. Also, the maximum average interest rate banks could charge would drop to 7%.

Besides cutting their margins, banks argue, the change would force them to adopt expensive hedging strategies.

As a compromise, the administration offered to continue pegging rates to three-month Treasury bills but refused to increase the 7% cap.

Education Committee leaders said it is too early to predict how the dispute will be resolved.

"I don't believe any of us know what the rate should be," said Rep. Dale Kildee, D-Mich., the postsecondary education subcommittee's ranking Democrat.

But Rep. Paul Kanjorski, D-Pa., who has introduced legislation that would preserve the 7.8% interest rate, said the program should remain as it is today while Congress looks for ways to cut fees and other administrative costs.

26. Education Daily

March 6, 1998

Bankers Assail Plans To Lower Student Loan Interest Rates

by Eli J. Lake

Bankers yesterday told the House education committee that the Clinton administration's proposal to fix student loan interest rates would drive the majority of lenders out of the student loan business.

But even Federal Reserve Chairman Alan Greenspan confirmed in a letter to committee members a point that most lawmakers have acknowledged: There's no way to predict a loan rate threshold that would keep lending profitable for banks while keeping the rate as low as possible for students.

"It is difficult to know how large a spread is required to ensure that lenders provide sufficient credit but do not earn higher than necessary profits," he wrote.

The Education and the Workforce Committee heard from bankers and even students about how ?and where ?to establish interest rates for the nation's student loan programs, in light of a looming July 1 requirement to tie these rates to long-term treasury notes, effectively lowering bank profits (ED, Feb. 26).

In light of that deadline, postsecondary subcommittee Chairman Buck McKeon, R-Ca., vowed yesterday to present a proposal for setting the interest rate for the loans by March 19, when the full education committee marks up H.R. 6, its bill to reauthorize the Higher Education Act (HEA).

Current HEA law pegs the interest rates to long-term 20-year Treasury bills if Congress does not intervene.

32. CongressDaily/A.M.

03/06/98Section: EDUCATION;

Greenspan Issues Warning On New Student Loan Rate

Federal Reserve Chairman Greenspan, in a letter presented Thursday to the House Education and the Workforce Postsecondary Education Subcommittee, expressed "significant concern" that the scheduled July 1 interest rate change for federally guaranteed student loans could destabilize the program.

The 1993 Student Loan Reform Act calls for lending rates after July 1, 1998 to be based on the 10-year Treasury bill rate plus 1 percent, instead of the current three-month rate plus 3.1 percent.

"As a result, the supply of student loans could be curtailed in periods when their expected profitability is low," Greenspan wrote in the letter, dated this past Monday.

The letter was in response to questions by Rep. Paul Kanjorski, D-Pa., who appeared Thursday before the Education and the Workforce subcommittee. Kanjorski is sponsoring a bill that would head off the rate change.

Based on lessons learned by the Banking Committee, of which he is a member, Kanjorski said, "It is dangerous to have a mismatch between the interest rate and the maturity of loans and the interest rate and maturity of the funding sources used to finance those loans."

Consensus appears to be building that the subcommittee must act within several weeks to prevent the change from taking place, but it is unclear how the new rate would be calculated.

"How much can we drive the cost down [for student borrowers] without driving the lenders out?" Subcommittee Chairman Howard (Buck) McKeon, R-Calif., asked rhetorically.

Rep. Bart Gordon, D-Tenn., a cosponsor of the Kanjorski bill and who also testified before the subcommittee, said an interest rate fix should be based on the information already gathered through hearings. "I think you just come forward and do it," Gordon said.

McKeon and House Education and the Workforce Chairman Goodling are expected to announce their own student loan rate proposal in the coming weeks as part of reauthorizing the Higher Education Act.

Assistant Education Secretary David Longanecker reiterated the administration's recent proposal to switch back to the 91-day T-bill rate, but to reduce the current 3.1 percent add-on to 1.7 percent during school, and 2.3 percent during repayment.

Longanecker said both students and lenders would benefit from that plan.

Jon Veenis, president of Norwest Banks' Student Loan Center, testified on behalf of the American Bankers Association and the Consumer Bankers Association.

He said Congress should look at reference-setting interest rates other than T-bills, including one- or three-month commercial paper rates, a type of short-term corporate borrowing.

RECORD TYPE: PRESIDENTIAL (TRP NOTES MAIL)

CREATOR: Pauline_Abernathy (Pauline_Abernathy@ed.gov (Pauline Abernathy) [UNKNOWN])

CREATION DATE/TIME:11-MAR-1998 19:37:43.00

SUBJECT: CBO on interest rates

TO: Charlotte_Fraas (Charlotte_Fraas@ed.gov (Charlotte Fraas) [UNKNOWN])
READ:UNKNOWN

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Daniel_Bernal (Daniel_Bernal@ed.gov (Daniel Bernal) [UNKNOWN])
READ:UNKNOWN

TO: David_Frank (David_Frank@ed.gov (David Frank) [UNKNOWN])
READ:UNKNOWN

TO: James_Kvaal (James_Kvaal@ed.gov (James Kvaal) [UNKNOWN])
READ:UNKNOWN

TO: Jane_Glickman (Jane_Glickman@ed.gov (Jane Glickman) [UNKNOWN])
READ:UNKNOWN

TO: Julie_Green (Julie_Green@ed.gov (Julie Green) [UNKNOWN])
READ:UNKNOWN

TO: Kristi_Kimball (Kristi_Kimball@ed.gov (Kristi Kimball) [UNKNOWN])
READ:UNKNOWN

TO: mary_jane_gallagher (mary_jane_gallagher@ed.gov (Mary Jane Gallagher) [UNKNOWN])
READ:UNKNOWN

TO: Mike_Smith (Mike_Smith@ed.gov (Mike Smith) [UNKNOWN])
READ:UNKNOWN

TO: Scott_Fleming (Scott_Fleming@ed.gov (Scott Fleming) [UNKNOWN])
READ:UNKNOWN

TO: Stephanie_Babyak (Stephanie_Babyak@ed.gov (Stephanie Babyak) [UNKNOWN])
READ:UNKNOWN

TO: Susan_Frost (Susan_Frost@ed.gov (Susan Frost) [UNKNOWN])
READ:UNKNOWN

TO: William_Graham (William_Graham@ed.gov (William Graham) [UNKNOWN])
READ:UNKNOWN

CC: Barbara Chow (CN=Barbara Chow/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

CC: G. E. DeSeve (CN=G. E. DeSeve/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

CC: Kathryn B. Stack (CN=Kathryn B. Stack/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

CC: Peter R. Orszag (CN=Peter R. Orszag/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

CC: Wayne Upshaw (CN=Wayne Upshaw/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

CC: David_Longanecker (David_Longanecker@ed.gov (David Longanecker) [UNKNOWN])
READ:UNKNOWN

CC: Don_Feuerstein (Don_Feuerstein@ed.gov (Don Feuerstein) [UNKNOWN])
READ:UNKNOWN

CC: Jon_Oberg (Jon_Oberg@ed.gov (Jon Oberg) [UNKNOWN])
READ:UNKNOWN

CC: JONATHAN.GRUBER (jonathan.gruber@ms01.do.treas.sprint.com [UNKNOWN])
READ:UNKNOWN

CC: Maureen_McLaughlin (Maureen_McLaughlin@ed.gov (Maureen McLaughlin) [UNKNOWN])
READ:UNKNOWN

CC: Thomas_Skelly (Thomas_Skelly@ed.gov (Thomas Skelly) [UNKNOWN])
READ:UNKNOWN

TEXT:
Specifically, today's CongressDaily says:

"Meanwhile, the CBO has concluded the Clinton administration's plan for changing the guaranteed student loan interest rate by July 1 is a viable proposal that would not drive banks from the system. Republicans, bankers and other lenders have said the administration's plan would cut interest rates too low, causing banks to leave the guaranteed student loan program. But a CBO official who briefed congressional and administration staff last week said of the adminstration plan, according to participants who took notes, "Overall, it's a sound report." Contacted by CongressDaily, the CBO official declined to confirm or deny comments he made at staff briefings about the interest rate.

"A provision in the 1993 budget deal would cut the interest rate banks can charge for new student loans on July 1, 1998 from the current rate of a 91-day Treasury bill plus 3.1 percent to a 10-year Treasury bill plus 1.0 percent. The adminstration proposed two weeks ago to change the rate to a 91-day T-bill plus 2.3 percent. That would incorporate a profit margin for banks of 0.15 [sic] to 0.8 percent, the administration argued. The CBO found, according to sources, that a profit margin in that range would keep banks in the system."

______________________________ Reply Separator

____

Subject: Re: News from the Hill

Author: Robert_M._Shireman@opd.eop.gov at Internet

Date: 3/11/98 2:05 PM

Congress Daily today apparently quotes CBO indirectly endorsing the Treasury report (page 9).

RECORD TYPE: PRESIDENTIAL (TRP NOTES MAIL)

CREATOR: Don_Feuerstein (Don_Feuerstein@ed.gov (Don Feuerstein) [UNKNOWN])

CREATION DATE/TIME:28-APR-1998 20:19:44.00

SUBJECT: Re: Education Daily

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Jon_Oberg (Jon_Oberg@ed.gov (Jon Oberg) [UNKNOWN])
READ:UNKNOWN

CC: gruberj ("gruberj%dom13.dopo7" <jonathan.gruber@ms01.do.treas.sprint.com> [UNKNOWN])
READ:UNKNOWN

CC: LEPPERS ("leppers%dom13.dopo7" <susan.lepper@ms01.do.treas.sprint.com> [UNKNOWN])
READ:UNKNOWN

CC: LIZARRAGAJ ("lizarragaj%dom3.dopo5" <jaime.lizarraga@ms01.do.treas.sprint.com> [UNKNOWN])
READ:UNKNOWN

CC: Barbara Chow (CN=Barbara Chow/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

CC: Barry White (CN=Barry White/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

CC: Kathryn B. Stack (CN=Kathryn B. Stack/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

CC: David_Longanecker (David_Longanecker@ed.gov (David Longanecker) [UNKNOWN])
READ:UNKNOWN

CC: Maureen_McLaughlin (Maureen_McLaughlin@ed.gov (Maureen McLaughlin) [UNKNOWN])
READ:UNKNOWN

CC: Pauline_Abernathy (Pauline_Abernathy@ed.gov (Pauline Abernathy) [UNKNOWN])
READ:UNKNOWN

CC: Scott_Fleming (Scott_Fleming@ed.gov (Scott Fleming) [UNKNOWN])
READ:UNKNOWN

CC: William_Graham (William_Graham@ed.gov (William Graham) [UNKNOWN])
READ:UNKNOWN

TEXT:
By allowing lenders to hold the loans for an extra 90 days, it would

also

increase lender returns over those estimated under

McKeon-Kildee-Jeffords

by increasing average loan lives without any substantial increase in

marginal expenses. (During the extra 90 days the loans are in the

hands of

the GAs, which are trying to earn their new default aversion fee.)

William

is attempting to quantify the amount of extra income that would be

received

by lenders and its effect on their returns.

______________________________ Reply Separator

____

Subject: Education Daily

Author: Robert_M._Shireman@opd.eop.gov at Internet

Date: 04/28/98 12:56 PM

I'm on the record as an expert on the 180-270 days issue. . .

House Reaches Accord On Offsetting HEA

Interest Costs

by Eli J. Lake

House lawmakers have tentatively agreed to pay for

lower student loan interest rates partly by

extending the

period from 180 to 270 days before which a student's loan is in default, and partly through unspecified, non-education cuts.

According to House sources in these negotiations, the accord between the education and the budget committees would not cut funds for any Education Department programs. The agreement should pave the way for a vote this week on the House plan to reauthorize the Higher Education Act (HEA).

For weeks, leaders of the Budget Committee and the Education and the Workforce Committee could not agree on how to offset a key expense in legislation to reauthorize HEA. The bill passed by the education committee, H.R. 6, would pay lenders the difference?at a cost of $1.02 billion over five years?of lowering the interest rate for students, according to the latest Congressional Budget Office estimates.

The plan would lower the borrower rate for students by 0.8 percentage points, while only decreasing the interest rate for lenders by 0.3 percentage points (ED, March 16).

After getting burned by a transportation bill that increased spending by $30 billion without accompanying offsets, Budget Committee chairman John Kasich, R-Ohio, threatened to hold up a floor vote on HEA if the bill reached the floor without education offsets.

Jean Frohlicher, executive vice president for the National Counsel of Higher Education Loan Programs, said the extended default period proposal would reduce the cost of the proposal in two ways: It hides the cost for the Treasury Department's repayment of student loans in some cases by deferring the time of payment

from one fiscal year to the next; and it in many
cases the
extra 90 days would save some students from
actually
defaulting.

But White House Senior Education Policy Advisor
Bob
Shireman says the default extension "appears to
save
money, but in reality it would not."

By delaying the repayment of defaulted student
loans, he
said, the proposal would indirectly increase the
interest
cost the government pays on those loans by an
additional 90 days.

RECORD TYPE: PRESIDENTIAL (TRP NOTES MAIL)

CREATOR: David R Thomas (CN=David R Thomas/O=OVP [OVP])

CREATION DATE/TIME:21-MAY-1998 11:48:48.00

SUBJECT: Senate schedule in June

TO: Audrey Choi (CN=Audrey Choi/O=OVP [OVP])
READ:UNKNOWN

TO: Beth A. Viola (CN=Beth A. Viola/OU=CEQ/O=EOP [CEQ])
READ:UNKNOWN

TO: Dan J. Taylor (CN=Dan J. Taylor/O=OVP [OVP])
READ:UNKNOWN

TO: Doug Babcock (CN=Doug Babcock/O=OVP @ OVP [OVP])
READ:UNKNOWN

TO: Jim Kohlenberger (CN=Jim Kohlenberger/O=OVP @ OVP [OVP])
READ:UNKNOWN

TO: Jonathan H. Schnur (CN=Jonathan H. Schnur/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Kay Casstevens (CN=Kay Casstevens/O=OVP [OVP])
READ:UNKNOWN

TO: Matthew J. Bianco (CN=Matthew J. Bianco/O=OVP [OVP])
READ:UNKNOWN

TO: Monica M. Dixon (CN=Monica M. Dixon/O=OVP [OVP])
READ:UNKNOWN

TO: Ricardo M. Gonzales (CN=Ricardo M. Gonzales/O=OVP [OVP])
READ:UNKNOWN

TO: Satish Narayanan (CN=Satish Narayanan/O=OVP [OVP])
READ:UNKNOWN

TO: Trooper Sanders (CN=Trooper Sanders/O=OVP @ OVP [OVP])
READ:UNKNOWN

TEXT:
The following is a list from the Majority Leader of legislation expected

prior to the July 4th recess. The list

is not exclusive and is not in any particular order:

* DOD Authorization

* Higher Education Reauthorization

* Any available appropriation bills

* Budget Resolution Conference Report (10 hr. time limit)

* Private Property Rights

* Workforce Development Conference Report

* IRS Reform Conference Report

* ISTEA Conference Report

* Education IRA Conference Report

* Nuclear Waste

* Juvenile Justice

* Drug Czar Reauthorization

* Internet bills (gambling, decency, and filtering)

RECORD TYPE: PRESIDENTIAL (TRP NOTES MAIL)

CREATOR: Maureen_McLaughlin (Maureen_McLaughlin@ed.gov (Maureen McLaughlin) [UNKNOWN])

CREATION DATE/TIME: 1-JUL-1998 13:20:08.00

SUBJECT: Re: Lifetime Learning

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Dan_Madzelan (Dan_Madzelan@ed.gov (Dan Madzelan) [UNKNOWN])
READ:UNKNOWN

TO: David_Bergeron (David_Bergeron@ed.gov (David Bergeron) [UNKNOWN])
READ:UNKNOWN

TO: David_Longanecker (David_Longanecker@ed.gov (David Longanecker) [UNKNOWN])
READ:UNKNOWN

TO: Jon_Weintraub (Jon_Weintraub@ed.gov (Jon Weintraub) [UNKNOWN])
READ:UNKNOWN

TO: kamela-william (kamela-william@dol.gov [UNKNOWN])
READ:UNKNOWN

TO: Lynn_Mahaffie (Lynn_Mahaffie@ed.gov (Lynn Mahaffie) [UNKNOWN])
READ:UNKNOWN

TO: Patricia_McNeil (Patricia_McNeil@ed.gov (Patricia McNeil) [UNKNOWN])
READ:UNKNOWN

TO: Sally_Kirkgasler (Sally_Kirkgasler@ed.gov (Sally Kirkgasler) [UNKNOWN])
READ:UNKNOWN

TO: uhalde-raymond (uhalde-raymond@dol.gov [UNKNOWN])
READ:UNKNOWN

CC: Barry White (CN=Barry White/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

CC: Cecilia E. Rouse (CN=Cecilia E. Rouse/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

CC: Jonathan H. Schnur (CN=Jonathan H. Schnur/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

CC: Thomas A. Kalil (CN=Thomas A. Kalil/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

CC: Dan J. Taylor (Dan J. Taylor@OVP [UNKNOWN])
READ:UNKNOWN

TEXT:
Bob,

Maureen is on leave today. Let me know what you need from our (PPI) office today.

On the longer term, I'll let Maureen know you need a status paper on HEA.

LYNN: Please take note of this assignment.

Francine Picoult - 205-2987

________________________________ Reply Separator

____

Subject: Lifetime Learning

Author: Robert_M._Shireman@opd.eop.gov at Internet

Date: 6/30/98 7:32 PM

A week from Thursday, the VP will be in Dubuque, Iowa and plans to talk about lifetime learning. We may be able to put out a new state-by-state on the benefits of the Lifetime Learning tax credit which goes into effect tomorrow. It might also be an appropriate time to say something about the job training legislation and/or the Higher Education Act as it relates to lifelong learning.

I have three questions on which we need quick responses (COB Wed.) from ED and DOL:

--Are there any particular institutions (e.g. community colleges) or programs in Dubuque that you would recommend highlighting? Of particular interest would be those with strong partners in the business community.

--Who are the key people in the education and training community there locally who should be consulted?

--Are there any messages that you recommend be pursued?

Longer term -- early next week, we'll need background memos on where we stand on G.I. Bill (DOL) and the HEA (ED).

My fax number if you need it is 456-2223.

Thanks for your help.

RECORD TYPE: PRESIDENTIAL (TRP NOTES MAIL)

CREATOR: "(RIA) Pekel, Kent S" <K.Pekel@state.gov> ("(RIA) Pekel, Kent S" <K.Pekel@state.gov> [UNKNOWN])

CREATION DATE/TIME:13-JUL-1998 13:01:22.00

SUBJECT: FW: 1998-07-09 VP Touts Initiative to Promote Skills for 21st Cen tury Jobs

TO: Tanya E. Martin (CN=Tanya E. Martin/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TEXT:
Gee....wonder why they're starting giving these things is Iowa....

> -----Original Message-----

> From: The White House

[SMTP:Publications-Admin@Pub.Pub.WhiteHouse.Gov]

> Sent: Thursday, July 09, 1998 4:33 PM

> To: Public-Distribution@pub.pub.whitehouse.gov

> Subject: 1998-07-09 VP Touts Initiative to Promote Skills for 21st

> Century Jobs

>

> THE WHITE HOUSE

>

> Office of the Vice President

> ____

> For Immediate Release July 9, 1998

>

>

>

> VICE PRESIDENT GORE TOUTS INITIATIVE TO PROMOTE

> 21ST CENTURY SKILLS FOR 21ST CENTURY JOBS

>
> Announces that 82,000 Iowa Adults
> Can Now Get College Tax Credits
>
>
> Washington, DC -- Vice President Gore announced today that up to
> 82,000 Iowa adults can get $46.7 million in Lifetime Learning Tax
> Credits. The Vice President has previously announced that 67,000 Iowa
> students can get $61.7 million in Hope Scholarships next year to attend
> college or take post-college courses to improve their skills.
>
> President Clinton proposed both of these measures and signed them
> into law last year as part of the balanced budget legislation. The
> Lifetime Learning Tax Credit went into effect last week, meaning that,
> for the first time, millions of Americans can use these tax credits.
> The Hope Scholarship went into effect in January 1998. Together, these
> initiatives represent the largest increase in federal support for
> access to higher education since the GI bill.
>
> "These new investments in the education and training of college
> students and adults will give them the 21st century skills they need to
> get and hold good jobs in an increasingly competitive new economy,"
> Vice President Gore said. "The more educational tools our students and
> adults have at their disposal, the more we can hope to increase what
> they can earn."
>
> The Lifetime Learning tax credit is targeted to adults going back

> to school to improve their skills or take more courses, and to college
> juniors, seniors, graduate and professional students. A family will
> receive a 20% tax credit for the first $5,000 of tuition and fees paid
> each year through 2002, and the first $10,000 thereafter.
>
> The Hope Scholarship gives students a tax credit of up to $1,500
> for tuition and fees for the first two years of college. Both are
> targeted to help especially working and middle-income families and
> students.
>
> Nationally, 7.2 million adults could receive Lifetime Learning Tax
> Credits and 5.9 million students could get Hope Scholarships.
>
> The President and Vice President are working to build on these
> investments by further expanding access to lifetime learning for all
> Americans. They have called on Congress to enact the President's
> education agenda, including: reducing class size in the early grades
> to a national average of 18; hiring another 100,000 well-prepared
> teachers nation-wide; constructing and modernizing buildings in over
> 5,000 schools; expanding access to quality after-school care to another
> 500,000 children a year; linking every school and classroom to the
> Internet by the year 2000; and supporting college-school partnerships
> that will give students and their families mentoring and information
> about attending college.
>
> "We have worked hard to make college more affordable and accessible
> for all Americans," U.S. Education Secretary Richard W. Riley said.

> "These tax credits and increased investments in education will continue
> to make college and additional training possible for many students of
> all ages who want and need it."
>
> Today, students over 24 make up 40 percent of all recipients of
> Pell grant college scholarships and nearly 30 percent of all recipients
> of federal student loans.
>
> ###

RECORD TYPE: PRESIDENTIAL (TRP NOTES MAIL)

CREATOR: Kristi_Kimball (Kristi_Kimball@ed.gov (Kristi Kimball) [UNKNOWN])

CREATION DATE/TIME:28-SEP-1998 21:25:48.00

SUBJECT: Re: Oct 1 issue

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Pauline_Abernathy (Pauline_Abernathy@ed.gov (Pauline Abernathy) [UNKNOWN])
READ:UNKNOWN

TEXT:
FYI

This is the final, OGC- and SFA-cleared quote that we sent to Student Lending Update this afternoon regarding student loan interest rates after October 1, if the bill hasn't been signed yet.

"Given that the House is expected to vote on the HEA reauthorization bill today and the Senate shortly thereafter, the Department plans to implement the student loan interest rates specified in this legislation as of October 1, provided Congress sends the bill promptly and in its current form, as expected, to the White House for signature."

RECORD TYPE: PRESIDENTIAL (TRP NOTES MAIL)

CREATOR: Tom Butts (Tom Butts <tombutts@umich.edu> [UNKNOWN])

CREATION DATE/TIME:28-SEP-1998 15:39:28.00

SUBJECT: HEA - H.R.6 Conference Report

TO: dirloan2 (dirloan2@lists.uoregon.edu [UNKNOWN])
READ:UNKNOWN

TO: dlwg (dlwg@umich.edu [UNKNOWN])
READ:UNKNOWN

TO: pdls (PDLS@umich.edu [UNKNOWN])
READ:UNKNOWN

Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TEXT:
The Conference Report on H.R. 6, the HEA reauthorization, is scheduled for floor action in the House today and in the Senate later this week. The President is expected to sign the bill. A press conference was held last Friday by the Education and Work Force Committee. In the spirt of providing you with original material, three items follow: 1) the Mckeon press release, 2) Secretary Riley's statement, and 3) AASCU's comments. Attached is an Administration summary of the bill. The report itself is not in hand at this time. - Tom

----

Congress of the United States

House of Representatives

Washington, DC

FOR IMMEDIATE RELEASE CONTACT: David Foy

September 24, 1998

805/254-2111

CONFEREES AGREE ON McKEON HIGHER EDUCATION BILL

H.R.6 Will Cut Student Loan Interest Rates to Lowest Level in 17 Years

WASHINGTON - A House-Senate panel has agreed on a conference report on Rep. Howard P. "Buck" McKeon's Higher Education Act Amendments of 1998, which will cut student loan interest rates to their lowest level in 17 years and institute bipartisan reforms making it easier for Americans to attend college.

"My bill is a major part of the Republican education agenda, "McKeon, chairman of the House Subcommittee on Postsecondary Education, Training and Life-Long Learning, said. "We are committed to making it easier for everyone to gain the benefits of a college education by streamlining federal bureaucracy and lowering costs."

McKeon's bill, H.R.6, is expected to be considered by the House within the next few days, and by the Senate some time next week.

McKeon, R-Santa Clarita, said he expects bipartisan approval in both houses of Congress; an earlier House version passed 414-4, and an earlier Senate version was approved 96-1. The President has indicated he will sign it.

"With Washington divided on partisan lines on so many issues, it is remarkable to bring together congressional Republicans, Democrats, student groups, educators and the financial community to gain consensus on this important higher education bill," McKeon said.

H.R.6 would reauthorize the Higher Education Act of 1965.

HIGHLIGHTS OF THE LEGISLATION INCLUDE:

A new, low interest rate for student loans. The legislation continues the 7.43 percent student loan interest rate that had been enacted into law as an emergency measure earlier this year. This is the lowest rate in 17 years. The previous rate was 8.23 percent.

Increased assistance to disadvantaged students. The legislation expands the Pell Grant program, which provides higher education vouchers for needy students. It raises the maximum Pell Grant authorization to $4,500 for academic year 1999-2000; $4,800 for academic year 2000-2001; $5,800 for academic year 2003-2004. The committee also made much-needed reforms to the TRIO program, which helps disadvantaged children prepare for college, and increased its authorization for $650 million for fiscal year 1999 to $700 million.

Modernization of the student financial aid delivery system. The legislation will create a Performance Based Organization (PBO) within the Department of Education focused on providing quality service to students and parents. For the first time, the day-to-day management of the student aid programs will be in the hands of someone with real-world experience in financial services. The department's student financial aid system will be run like a business, adopting the best practices of the private sector and focusing on bottom-line results.

College cost-cutting measures. The bill contains a McKeon amendment that includes recommendations of the Commission on the Cost of Higher Education, which was created by a McKeon bill passed by the Republican Congress last year. The legislation will create measures to provide students and parents with better information to keep colleges accountable and higher education affordable and lower colleges' costs by reducing overly burdensome federal regulations. "If we are truly interested in making sure that all Americans can afford a postsecondary education and if we really want to reduce the debt burden placed on our students, then the most important thing we can do is get colleges to lower their prices," McKeon said.

Campus crime reports. The bill contains key provisions that will allow educational agencies and colleges to open the disciplinary records of students who have admitted guilt to committing violent acts or who have been found to have committed such acts. The records must be directly related to such misconduct.

A new, quality teacher initiative. A recent report found that 36 percent of teachers teaching core subjects, such as math and science, neither major nor minored in those subjects. This initiative replaces current teacher preparation programs with a competitive block grant. The grants will allow states maximum flexibility to improve teacher quality. Governors can use these funds to strengthen teacher certification requirements, to create or expand state programs for alternative education or for initiatives to remove unqualified teachers from the classroom.

Student loan forgiveness to teachers working in high poverty areas. The bill contains provisions that would provide limited forgiveness of student loans of teachers who are working in communities where the poverty level is high.

Elimination of student aid eligibility for convicted drug felons. The bill will deny eligibility for student aid programs to students who have been convicted of felony drug offenses. McKeon said it will help eliminate drug dealers from college campuses. Students would lose eligibility for two years for a second offense and indefinitely for a third.

Support for free speech. The bill expresses the sense of the Congress that institutions of higher education should not take actions that prevent students from expressing freedom of speech or associations.

"This conference agreement looks to the future," McKeon said. "H.R.6 expands the use of new technology in our higher education system by authorizing distance education demonstration projects. It encourages increased use of electronic and automated systems, such as an electronic student signature or income verification with the IRS."

U.S. DEPARTMENT OF EDUCATION

FOR RELEASE: September 25, 1998 Contact: Julie Green (202) 401-3026

STATEMENT BY U.S. SECRETARY OF EDUCATION RICHARD W. RILEY

On the Conference Report of the Higher Education Reauthorization Act

The bipartisan conference agreement on the Higher Education Reauthorization Act includes a number of President Clinton's key initiatives to lower the student loan interest rate, prepare more students for college, recruit and train well-qualified teachers and modernize student aid delivery. This bill will go a long way toward strengthening higher education for the next century. I am pleased to support it.

This bill lowers the student loan interest rate which will save college students hundreds and thousands of dollars over their loan repayment period; launches a national effort to help disadvantaged students prepare for college early by providing middle school students with mentoring opportunities and information about financial aid and course preparation; improves teacher quality, training and recruitment at a time when our nation is faced with the need to hire more than 2 million teachers over the next ten years; promotes high quality distance learning opportunities to provide students with increased educational opportunities as society becomes more dependent on technology; and revolutionizes student aid delivery by creating the first federal performance based organization.

I remain disappointed that this legislation includes an unnecessary new lender subsidy and the fact that the low student loan consolidation rate does not extend for a longer period of time, and will work with Congress to revisit these concerns in the future. On balance, however, I believe that this bill is a positive step forward for students, teachers and the future of higher education.

From: "Elmendorf, Edward" <elmendorfe@aascu.org>

To: "Elmendorf, Edward" <elmendorfe@aascu.org>

Cc: PC <PC@aascu.nche.edu>

Subject: Update on the Status of HEA Reauthorization

Date: Fri, 25 Sep 1998 14:23:23 -0400

MIME-Version: 1.0

Status:

Reauthorization Update

You may be aware that this past Wednesday congressional staff held a briefing for the higher education community. The staff's description of what the final bill would probably include provided the community with our first comprehensive account of the magnitude of the loan industry and trade schools' gains in the final days of the process. The conference report is expected to be filed today, and we have not seen the actual language. Based on what we heard, however, we quite disappointed in several aspects of the bill:

1- Loan Consolidation. We are disappointed that the bill would actually cause a 80+ basis point increase in the Direct Consolidation program in four months. Direct Consolidation is allowed to offer the lower T+2.3 rate for four months, while the FFELP consolidation rate would be set at the weighted average rate of the underlying loans round up to the nearest 1/8th of point. After the four-month period, the rate in both FFELP and FDSLP will be set at the weighted-average rate described above. During the four month period, lenders are provided with a reduction in the 105 basis point rebate fee.

2- Program Integrity. The conference agreement as described to us provides trade schools with massive loopholes in program integrity provisions that will, as they did in the 1980s, come back to haunt public support for (and funding of) student aid in short order. The new "Mitigating Circumstances" provision will effectively waive the negative consequences of high cohort default rates for trade schools, while changes made to cohort default rate appeals will provide an extraordinary incentive for those schools that do get kicked out of the program to prolong their appeals while they continue bilking the taxpayers and students.

3- Bankruptcy Discharge. There continues to be talk of partially paying for the bill through further tightening of non-dischargeability of student loans. While the status of this possible "offset" is unclear, we believe it is inappropriate to squeeze borrowers to pay for the federal costs of the bill.

4- Finally, it is our perception that the final bill does not appear to go far enough to produce sufficient benefits for the intended beneficiaries of student aid (students), while it manages to accommodate much of the loan industry and trade schools' preferences.

We are very aware of the many good things that the bill does contain. In fairness to the two committees, it is also important for us to note the leadership's genuine and serious-minded effort to reach out to all segments of the community as each chamber was putting its bill together. The problems we face today are largely attributable to the efficacy of the lobbying campaign that the loan industry and trade schools conducted, which swayed not only the majority, but also the committee Democrats.

Ed Elmendorf

Vice President for Government Relations and Policy Analysis

AASCU

Phone: 202 293 7070

Email: elmendorfe@aascu.org

- heasc931.doc (Word6)

=================== ATTACHMENT 1 ===================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D35]ARMSZZ000T154.000 to ASCII,
The following is a HEX DUMP:

================== END ATTACHMENT I ==================

FOIA Number: 2017-1075-F

Clinton Presidential Records Automated Records Management System [EMAIL]

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

Hex Dump file is not in a recognizable format, has been incorrectly decoded or is damaged.

File Name: p_451t000z_opd_html_1.xls

Attachment Number: [ATTACH.D35]ARMSZZ000T154.000

RECORD TYPE: PRESIDENTIAL (TRP NOTES MAIL)

CREATOR: Kristi_Kimball (Kristi_Kimball@ed.gov (Kristi Kimball) [UNKNOWN])

CREATION DATE/TIME: 7-OCT-1998 19:39:18.00

SUBJECT: Re: Lowest Rate in 17 years

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Pauline_Abernathy (Pauline_Abernathy@ed.gov (Pauline Abernathy) [UNKNOWN])
READ:UNKNOWN

TEXT:
Bob,

See analysis below by Dan Madzelan. I will fax the attached chart to

you as well, to avoid translation problems.

Kristi

______________________________ Forward Header

____

Subject: Re: Lowest Rate in 17 years

Author: Dan Madzelan at WDCA07

Date: 9/16/98 12:09 PM

Kristi...

You can't get close to a "lowest in 17 years" statement.

Between 7/1/94 and 6/30/95 the interest rate on the vast majority of student loans was 7.43%. I say vast majority because loans made before 1/1/81 carried a fixed 7% interest rate. If any such loan was subsequently converted to a variable rate after the 1992 Amendments (and is still in repayment), it is still capped at 7%.

Between 7/1/93 and 6/30/94 the interest rate on the vast majority of student loans was 6.22%. Interest rates have not been that low since the days of the fixed 6% student loan that was last available on August 2, 1968.

So, if the bill provides for a student loan interest rate between 6.01% and 6.21%, inclusive, then the bill provides for the "lowest interest rate in 30 years."

An historical summary of interest rates for student loans is attached.

DanM

______________________________ Reply Separator

____

Subject: Lowest Rate in 17 years

Author: Kristi Kimball at WDCB01

Date: 9/15/98 7:24 PM

Dan,

Today in the HEA conference mtg a number of Members said that this bill will provide "the lowest interest rate on student loans in 17 years."

I know we looked at historical interest rate numbers earlier this year and determined that this is only the lowest rate in 3 years. Can you help me reconcile these stats? (We would love to use the 17 year number if it is actually accurate!)

Thanks,

Kristi

- chart1.wpd

=================== ATTACHMENT 1 ===================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D51]ARMSZZ000U8PN.000 to ASCII,
The following is a HEX DUMP:

================= END ATTACHMENT 1 =================

Fixed Interest Rates

Loans made between 11-8-65 and 8-2-68 (inclusive)	6%
Loans made after 8-2-68 for enrollment beginning prior to 1-1-81	7%
Loans for enrollment between 1-1-81 and 9-12-83 (inclusive)	9%
Loans for enrollment between 9-13-83 and 6-30-88 (inclusive)	8%
Loans for enrollment between 7-1-88 and 9-30-92 (inclusive)	8/10%

	Year Ending June 30,					
Variable Interest Rates	1993	1994	1995	1996	1997	1998
	%	%	%	%	%	%
Fixed-rate 7% loans subject to "windfall profits" provisions that have been converted to variable rate (capped at 7%)	n/a	6.22	7.00	7.00	7.00	7.00
Fixed-rate 9% loans subject to "windfall profits" provisions that have been converted to variable rate (capped at 9%)	n/a	6.22	7.43	8.92	8.26	8.26
Fixed-rate 8% loans subject to "windfall profits" provisions that have been converted to variable rate (capped at 8%)	n/a	6.22	7.43	8.00	8.00	8.00
Fixed-rate 8/10% loans subject to "windfall profits" provisions that have been converted to variable rate (capped at 10%)	n/a	6.22	7.43	8.92	8.26	8.26
Loans for enrollment between 10-1-92 and 6-30-94 (inclusive, capped at 9%)	6.94	6.22	7.43	8.92	8.26	8.26
Loans for enrollment beginning 7-1-94 (out of school, capped at 8.25%)	n/a	n/a	7.43	8.25	8.25	8.25

RECORD TYPE: PRESIDENTIAL (TRP NOTES MAIL)

CREATOR: Pauline_Abernathy (Pauline_Abernathy@ed.gov (Pauline Abernathy) [UNKNOWN])

CREATION DATE/TIME: 9-OCT-1998 14:50:29.00

SUBJECT: Sallie Mae back in the consolidation business FYI

TO: Brian_Siegel (Brian_Siegel@ed.gov (Brian Siegel) [UNKNOWN])
READ:UNKNOWN

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Sandra Yamin (CN=Sandra Yamin/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

TO: Wayne Upshaw (CN=Wayne Upshaw/OU=OMB/O=EOP [OMB])
READ:UNKNOWN

TO: Daniel_Bernal (Daniel_Bernal@ed.gov (Daniel Bernal) [UNKNOWN])
READ:UNKNOWN

TO: David_Frank (David_Frank@ed.gov (David Frank) [UNKNOWN])
READ:UNKNOWN

TO: David_Longanecker (David_Longanecker@ed.gov (David Longanecker) [UNKNOWN])
READ:UNKNOWN

TO: Diane_Rogers (Diane_Rogers@ed.gov (Diane Rogers) [UNKNOWN])
READ:UNKNOWN

TO: Don_Feuerstein (Don_Feuerstein@ed.gov (Don Feuerstein) [UNKNOWN])
READ:UNKNOWN

TO: James_Kvaal (James_Kvaal@ed.gov (James Kvaal) [UNKNOWN])
READ:UNKNOWN

TO: James_Zook (James_Zook@ed.gov (James Zook) [UNKNOWN])
READ:UNKNOWN

TO: Jane_Glickman (Jane_Glickman@ed.gov (Jane Glickman) [UNKNOWN])
READ:UNKNOWN

TO: Jean_Veta (Jean_Veta@ed.gov (Jean Veta) [UNKNOWN])
READ:UNKNOWN

TO: Jon_Oberg (Jon_Oberg@ed.gov (Jon Oberg) [UNKNOWN])
READ:UNKNOWN

TO: Julie_Green (Julie_Green@ed.gov (Julie Green) [UNKNOWN])
READ:UNKNOWN

TO: Kristi_Kimball (Kristi_Kimball@ed.gov (Kristi Kimball) [UNKNOWN])
READ:UNKNOWN

TO: Maureen_McLaughlin (Maureen_McLaughlin@ed.gov (Maureen McLaughlin) [UNKNOWN])
READ:UNKNOWN

TO: Mike_Smith (Mike_Smith@ed.gov (Mike Smith) [UNKNOWN])
READ:UNKNOWN

TO: Scott_Fleming (Scott_Fleming@ed.gov (Scott Fleming) [UNKNOWN])
READ:UNKNOWN

TO: stack_k (stack_k@a1.eop.gov [UNKNOWN])
READ:UNKNOWN

TO: Stephanie_Babyak (Stephanie_Babyak@ed.gov (Stephanie Babyak) [UNKNOWN])
READ:UNKNOWN

TO: Susan_Frost (Susan_Frost@ed.gov (Susan Frost) [UNKNOWN])
READ:UNKNOWN

TO: Thomas_Kelley (Thomas_Kelley@ed.gov (Thomas Kelley) [UNKNOWN])
READ:UNKNOWN

TO: Thomas_Skelly (Thomas_Skelly@ed.gov (Thomas Skelly) [UNKNOWN])
READ:UNKNOWN

TO: William_Graham (William_Graham@ed.gov (William Graham) [UNKNOWN])
READ:UNKNOWN

TEXT:
(BW)(SALLIE-MAE)(SLM) Sallie Mae Pleased with Completion of Higher

Education Act; Announces Plans to Re-enter Student Loan Consolidation

Program

Business Editors

RESTON, Va.--(BUSINESS WIRE)--Oct. 7, 1998--Sallie Mae said it is

pleased that the Higher Education Act, signed by the President today,

has been reauthorized for another five-years.

As a result of the new law, the company will begin offering

borrowers the option to consolidate their loans through the SMART

LOAN(R) Account.

"Students, college graduates and their families are very well-served by this bill," said Albert Lord, Vice Chairman and CEO, Sallie Mae. "Student loan interest rates are reduced significantly by the new legislation, and private lenders, though facing reduced returns, can still have an active role in the federal student loan program."

In addition, Sallie Mae will resume its participation in loan consolidation and has begun accepting requests for applications. "This legislation allows Sallie Mae to resume offering loan consolidation with the best customer service and lowest cost loan repayment options available in today's marketplace."

Another one of the legislation's important features is a long-term approach to building market-driven efficiencies into the student loan program. "We are encouraged that Congress is pointing us toward the use of commercial interest rates and a market-based approach to student lending," Lord continued.

Sallie Mae, a stockholder owned corporation, is the nation's leading provider of financial services for postsecondary education needs. The corporation is the largest source of funding and servicing support for education loans for students and their parents.

--30--KMK/ph*

CONTACT: Sallie Mae

Marianna O'Brien

703/810-5193

or

Denise Rossitto

703/810-7156

RECORD TYPE: PRESIDENTIAL (TRP NOTES MAIL)

CREATOR: Maureen_McLaughlin (Maureen_McLaughlin@ed.gov (Maureen McLaughlin) [UNKNOWN])

CREATION DATE/TIME: 5-NOV-1998 22:42:18.00

SUBJECT: Re: Dear President, HOPE-n-CSS/Profile

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Dan_Madzelan (Dan_Madzelan@ed.gov (Dan Madzelan) [UNKNOWN])
READ:UNKNOWN

TO: joberg (JOberg@aol.com [UNKNOWN])
READ:UNKNOWN

TO: Jon_Oberg (Jon_Oberg@ed.gov (Jon Oberg) [UNKNOWN])
READ:UNKNOWN

TO: Pauline_Abernathy (Pauline_Abernathy@ed.gov (Pauline Abernathy) [UNKNOWN])
READ:UNKNOWN

TO: Scott_Fleming (Scott_Fleming@ed.gov (Scott Fleming) [UNKNOWN])
READ:UNKNOWN

TO: Susan_Frost (Susan_Frost@ed.gov (Susan Frost) [UNKNOWN])
READ:UNKNOWN

TO: Thomas_Kelley (Thomas_Kelley@ed.gov (Thomas Kelley) [UNKNOWN])
READ:UNKNOWN

TEXT:
Quick update on my conversation today with Don Stewart and Hal

Higginbotthom.

Don and Hal liked the approach of a letter to College Presidents and a

press

release (they particularly liked that we were not mentioning CSS!!) urging

schools and legislators to act appropriately. Hal urged that the letter

come

out asap--before Thanksgiving if at all possible -so that it reaches

Presidents

before the financial folk have developed budgets and policies and before early admission decisions.

Bob--have you talked with USSA?

We need to clear the letter asap and then draft the press release. We also need to brief the Secretary. Pauline--is it possible to do this before the Sec goes to Spain?

PS
The base program for determing a family's efc is, as Danny and I thought, before the adjustment for Hope and LLC. Hal will get back to me with data on the number of schools that use their software.

______________________________ Reply Separator

____

Subject: Dear President, HOPE-n-CSS/Profile

Author: Dan Madzelan at WDCA07

Date: 11/5/98 2:03 PM

Attached, and pasted below, is a draft of the RWR Dear President letter on the tax credit/need analysis interaction (in WORD).

Comments welcome.

DanM

Dear President:

On August 5, 1997, President Clinton signed both the "Balanced Budget Act of 1997" and the "Taxpayer Relief Act of 1997." These historic legislative accomplishments put the Nation's financial house in order while providing needed, targeted tax relief for America's working families struggling to pay for college.

The President's HOPE Scholarship and Lifetime Learning tax credits, worth up to $1,500 for each student and $1,000 per family, respectively, will help taxpayers pay college expenses for themselves and their children. Furthermore, the President's plan is fully paid for within the balanced budget agreement.

In developing these tax credits, we wanted to ensure that they would provide additional help for families to pay for college and not simply substitute for existing sources of financial assistance. In other words, we did not want to force any student to trade a Pell Grant for a tax credit. To do this we proposed, and the Congress enacted last year, a change to the eligibility formulas to ensure that the HOPE and Lifetime Learning tax credits would not reduce any student's eligibility for Federal student financial aid. Some have also been concerned that colleges and universities would attempt to shift the tax benefits from families to themselves by increasing their tuition charges.

We are hopeful that colleges, universities and State legislatures will follow our lead in ensuring that the new tax credits truly reduce families' college expenses, and we see encouraging signs that this will happen.

First, the recent College Board report indicates that this year's tuition increases will average about four percent, continuing the recent trend of smaller annual tuition increases even though the new tax credits are now in place. Second, a number of institutions have announced that they will not reduce institutional financial aid awards to students whose families benefit from the tax credits. Third, a number of States are developing, and in the case of Massachusetts have developed, a comprehensive plan of reduced tuition charges, increased grant aid and Federal tax credits to make community college free, or nearly free, for most students.

I am optimistic that more colleges, universities and State legislatures will take similar steps and am counting on you to help ensure that America's families receive the benefits intended for them from the HOPE Scholarship and Lifetime Learning tax credits.

RECORD TYPE: PRESIDENTIAL (TRP NOTES MAIL)

CREATOR: joberg (JOberg@aol.com [UNKNOWN])

CREATION DATE/TIME: 6-NOV-1998 14:18:10.00

SUBJECT: Re: Re: Re[2]: Dear President, HOPE-n-CSS/Profile

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Pauline_Abernathy (Pauline_Abernathy@ed.gov [UNKNOWN])
READ:UNKNOWN

CC: Dan_Madzelan (dan_madzelan@ed.gov [UNKNOWN])
READ:UNKNOWN

CC: joberg (JOberg@aol.com [UNKNOWN])
READ:UNKNOWN

CC: Jon_Oberg (jon_oberg@ed.gov [UNKNOWN])
READ:UNKNOWN

CC: Maureen_mclaughlin (maureen_mclaughlin@ed.gov [UNKNOWN])
READ:UNKNOWN

CC: scott_fleming (scott_fleming@ed.gov [UNKNOWN])
READ:UNKNOWN

CC: susan_frost (susan_frost@ed.gov [UNKNOWN])
READ:UNKNOWN

CC: thomas_kelley (thomas_kelley@ed.gov [UNKNOWN])
READ:UNKNOWN

TEXT:
Whether an institution must take action affirmatively to override the CSS

software, in order for students and families to get the tax credit, is a

very

important question. If so, I think we should strengthen the letter

somewhat

to advise presidents that they may have to take action to direct their

financial aid offices to protect the intent of the tax credits.

I think I would favor making this clearer in the letter anyway, because

CSS is

not the only software provider, and institutions can easily figure out how

to

do this on their own without software.

Bob, I would certainly second-guess USPIRG as a consumer protection

watchdog

if they think the institutional motivation for collecting this information

is

to retarget the Hope aid downward toward needier students. Such

institutions

are few and far between.

I am attaching (in MS Word) an excerpt from a long, ugly, first draft of a

paper I'm writing that addresses this subject directly. The paper's main

purpose is an empirical confirmation of S. Turner's theory of institutional

untargeting of Pell grants. This excerpt does not appear until about

thirty

pages into the paper, but it is relevant to this discussion. Let me know

if

you can't open it and I'll get it to you by other means. It distinguishes

between what institutions say they are doing and what they are actually

doing,

in their own words.

- Oberg.wrd================== ATTACHMENT 1 ==================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
7#$,7+2 2 2 2 2 2.J4>4>4>4>
4H
4R4RD4x2x5 5.7Y*7O2 7Y5D7Y7Y7$7Y7Y7Y7Y7Y7Y.....

Much more research is needed o
n the use of family financial information and how it affects the shaping of stu
dent-aid packages. Doubtless its use is big business. Software providers market
 products that conform student-aid packages to the priorities of individual ins
titutions. Here is what the College Scholarship Service offers:

Because some
institutions would prefer to use different standards of need analysis to award
their own funds or private funds under their jurisdiction, CSS Software Service
s delivers the Institutional Methodology (IM) computations.... The software inc
ludes parameters enabling the user...to select alternative institutional calcul
ations to accommodate local policies. ( )

Institutional Methodology applies t
o an institution's own funds or private funds. But how "IM" controls the whole
student-aid package is clear in the CSS's Packaging Aid Resources System (PARS)
:

Based on information in the student's record and parameters provided by the
 financial aid administrator for each fund, PARS identifies students who meet t
he criteria for each award, calculates the student's financial need, calculates
 an estimated Pell Grant, and assigns funds from various sources as stipulated
by the financial aid administrator. ( )

In other words, the criteria attached
 to individual awards are subsumed in the parameters set by the institution. Fo
r all practical purposes, an institution can set its own standards for student
income, parental assets, and many other variables for the whole package. When C
ongress changes its need-analysis standards and appropriations for Pell grants,
 it churns the mix of the other resources in the package; it may have no effect
 on students whatsoever. It is no wonder that it is difficult to find a relatio
nship between Pell grants and access.

By federal law, a student's Pell grant
cannot not be reduced under federal need-analysis methodology because the stude
nt or his family has received a Hope or Lifetime Learning tax credit. However,
an institution could reduce the student's financial aid package by the same amo
unt through the use of its institutional methodology. Although one procedure is
 illegal and the other is legal, the student could be out the same amount of mo
ney in either case.

The College Scholarship Service's supplementary financial
 aid form, called "Profile" and used by several hundred institutions, is collec
ting student and family information on Hope Scholarships and Lifetime Learning
tax credits for the 1999-2000 academic year. Students and families are being re
quired to disclose if they receive these tax credits so that institutions can c
onsider them as resources in the awarding of institutional aid. Institutions ma
y consider them as scholarships and reduce their own aid in the same amount, es
sentially capturing the full federal tax credit for the institution instead of

allowing it to be passed on for the benefit of students and families. Or, institutions may consider the tax credits as income, and "tax" the income as they would other income for purposes of awarding institutional aid.

Because of predictions in congressional hearings that institutions would capture all or part of these tax credits for themselves, some institutions have announced that they will not reduce institutional aid if students and families receive the tax credits. A CSS official told this author that he expected about fifty percent of the institutions that use Profile to use the information to reduce institutional aid. He acknowledged, however, that institutions could adjust other parts of their institutional methodology standards (using either the information they collect or information collected for them on the long federal form) to achieve the same effect, even while not using the tax credit information specifically.

Indeed, since the 1997 creation of Hope Scholarship tax credits, there has been more interest in revising institutional need-analysis methodologies that at any time in recent memory. Never before have institutions had better reasons to review how they should react to approximately $10 billion annually in new federal resources that may be at their disposal, while developing a safe public relations position to explain how they intend to use the tax credit information they are collecting.

One private four-year college has decided to increase every family's income protection allowance in academic year 1999-2000 by $1500, so as to be able to say truthfully that it does not use the tax credit information to displace institutional aid. The college is paying for part of the cost of the increase by "taxing" the income of those who claim the tax credit and, because it is a college that already meets full need for the low-income, by capturing Pell grant increases. In terms of vertical equity, the ultimate beneficiaries of these changes likely would be students from higher income families who are not eligible for either Pell or Hope. The college's financial aid director suggests to this author, however, that additional adjustments will be made in order to conform to the overall institutional approach to vertical equity.

What the federal government does in terms of its need-analysis for both Hope and Pell, he continues, is becoming increasing irrelevant to the institution's decisions, for his college sees congressional actions on need-analysis as political and inequitable. He is convinced that the college can make better decisions, and that Washington should accept it. He points out that the adjustments in his college's institutional methodology will actually result in an increase in institutional student-aid spending in total, which should meet with approval from both the Clinton administration, which proposed the tax credits and the Pell increases, and Congress.

Conversely, a major, private four-year university has decided to treat Hope tax credits just as any other income, according to its financial aid director, and will reduce its institutional grants. "A dollar is a dollar and represents family ability to pay, whether it is from earned income or from the Hope tax credit," he explains. "The problem is public relations and a negative reaction if Congress finds out." His way around the public relations problem will be to disregard the tax credit information in setting expected family contri bution for institutional grants, but make up for it with other adjustments of an equivalent amount, perhaps by expecting students to earn more summer income.

CSS does not keep track of how institutions use the information collected by Profile; much of it is closely held by institutions for competitive reasons. Students have no right to know such information. It is up to each institution how much of its institutional need-analysis methodology to disclose. Some colleges (including the first one described above) are recommending to CSS that it adopt a position on the use of the tax credit information that would conform to the general legislative intent of the Hope Scholarship and Lifetime Learning programs.

The issue is not limited to the 824 scholarship programs and institutions that subscribe to CSS Profile, of course. Based on information available on the long federal FAFSA form, institutions could impute the amount of Hope Scholarship and Lifetime Learning tax credits students and families may be eligible for and assume their greater ability to pay. But the financial aid director at a large public university told this author that his institution would essentially ignore the tax credits. He believes most public institutions will disregard them because of their high visibility. There is no easy way to explain their being taken into account in setting institutional aid levels, he said.

It is not as if his institution does not have ample institutional aid available for displacement; it has a $5 million budget for institutional need-based aid and a $9 million budget for institutional merit-based aid. Pell grants, he said, are a more likely source of federal funds to displace institutional aid than are Hope Scholarships. (The director is quick to add that in years past institutional aid has made up for Pell stag nation.)

Institutions' public policy positions on student-aid sometimes conflict with their actual behaviors. An institution-based membership organization, The College Board, publicly opposed the creation of Hope Scholarships and Lifetime Learning tax credits in 1997 out of concern that the

> ...benefits will interact with financial aid policies at the campus (and possibly state) level....For example, institutions that award substantial amounts of need-based aid from their own funds are likely to take the tax benefits into account, either prospectively or retrospectively, when they evaluate family ability to pay. Thus many students and families that might receive the proposed tuition tax relief could see the benefit offset....(1997)

CSS, the organization now collecting information to make certain that subscribing institutions can deny students and families the tuition tax relief, is a subsidiary of The College Board. One can say that The College Board knew whereof it spoke.

In 1997 The College Board, because of the offset issue, also favored increasing Pell grants rather than creating Hope Scholarships. But sotto voce grumbling from some institutions at the hearings on Hope Scholarships suggested that many institutions' real concern was the higher visibility of Hope Scholarships. They prefe

rred Pell grants because Pell grants are less visible in the packaging process
and perhaps are actually more fungible than Hope Scholarships.

Each of the th
ree financial aid directors cited above mentioned the high visibility of Hope S
cholarships as a problem in aid packaging; despite three different reactions to
Hope, each is packaging Pell grants to capture the increases for use by the in
stitution. The College Board and many other institutional organizations likewis
e opposed creation of the tax credits because they were not targeted to low-inc
ome students and families. When institutions award their own funds, however, th
ey do not favor the low-income, as illustrated above in Figures 4 and 5. When i
nstitutional awards are packaged with Pell grants, it is the middle-income who
benefit more often than the low-income. This is possibly explained by other aid
being available to the low-income, such as campus-based or state student aid.
But if the argument is that there is insufficient aid for the low-income, the a
dmonition such groups give to the federal government could appropriately be dir
ected to themselves as well.

It is clear that many of the income, asset, and
tax credit data collected from students and families are not for purposes of ei
ther vertical or horizontal equity. Many are actually used to countervail those
ideals. Complexity serves institutional more than student needs. Simplificatio
n of the student-aid delivery system is a more promising route toward both equi
ty and effectiveness, the protests of the Advisory Committee and many instituti
ons, purportedly on behalf of needy students, notwithstanding.
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T*Script MT Bold*Old English Text MT*New Berolina MT*Bodoni MT Ultra Bold*Arial
MT Condensed Light/Georgia9OCR-A:Gill Sans Condensed Bold
VT100TTYFont E2L
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================= END ATTACHMENT 1 =================

RECORD TYPE: PRESIDENTIAL (TRP NOTES MAIL)

CREATOR: Dan_Madzelan (Dan_Madzelan@ed.gov (Dan Madzelan) [UNKNOWN])

CREATION DATE/TIME: 6-NOV-1998 22:02:25.00

SUBJECT: Re[3]: Dear President, HOPE-n-CSS/Profile

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: joberg (JOberg@aol.com [UNKNOWN])
READ:UNKNOWN

TO: Jon_Oberg (Jon_Oberg@ed.gov (Jon Oberg) [UNKNOWN])
READ:UNKNOWN

TO: Maureen_McLaughlin (Maureen_McLaughlin@ed.gov (Maureen McLaughlin) [UNKNOWN])
READ:UNKNOWN

TO: Pauline_Abernathy (Pauline_Abernathy@ed.gov (Pauline Abernathy) [UNKNOWN])
READ:UNKNOWN

TO: Scott_Fleming (Scott_Fleming@ed.gov (Scott Fleming) [UNKNOWN])
READ:UNKNOWN

TO: Shelley_Amdur (Shelley_Amdur@ed.gov (Shelley Amdur) [UNKNOWN])
READ:UNKNOWN

TO: Susan_Frost (Susan_Frost@ed.gov (Susan Frost) [UNKNOWN])
READ:UNKNOWN

TO: Thomas_Kelley (Thomas_Kelley@ed.gov (Thomas Kelley) [UNKNOWN])
READ:UNKNOWN

TEXT:

They are doing the WRONG thing first. It's up to the school to do the

RIGHT thing.

DanM

______________________________ Reply Separator

____

Subject: Re[2]: Dear President, HOPE-n-CSS/Profile

Author: Pauline Abernathy at WDCB01

Date: 11/5/98 7:00 PM

Does your PS mean they ARE doing the right thing or that they are not?

______________________________ Reply Separator

____

Subject: Re: Dear President, HOPE-n-CSS/Profile

Author: Maureen McLaughlin at WDCA01

Date: 11/5/98 5:42 PM

Quick update on my conversation today with Don Stewart and Hal Higginbotthom.

Don and Hal liked the approach of a letter to College Presidents and a press release (they particularly liked that we were not mentioning CSS!!) urging schools and legislators to act appropriately. Hal urged that the letter come out asap--before Thanksgiving if at all possible -so that it reaches Presidents before the financial folk have developed budgets and policies and before early admission decisions.

Bob--have you talked with USSA?

We need to clear the letter asap and then draft the press release. We
also need
to brief the Secretary. Pauline--is it possible to do this before the Sec
goes
to Spain?

PS
The base program for determing a family's efc is, as Danny and I thought,
before
the adjustment for Hope and LLC. Hal will get back to me with data on the
number of schools that use their software.

______________________________ Reply Separator
____

Subject: Dear President, HOPE-n-CSS/Profile
Author: Dan Madzelan at WDCA07
Date: 11/5/98 2:03 PM

Attached, and pasted below, is a draft of the RWR Dear President
letter on the tax credit/need analysis interaction (in WORD).

Comments welcome.

DanM

Dear President:

On August 5, 1997, President Clinton signed both the "Balanced Budget Act of 1997" and the "Taxpayer Relief Act of 1997." These historic legislative accomplishments put the Nation's financial house in order while providing needed, targeted tax relief for America's working families struggling to pay for college.

The President's HOPE Scholarship and Lifetime Learning tax credits, worth up to $1,500 for each student and $1,000 per family, respectively, will help taxpayers pay college expenses for themselves and their children. Furthermore, the President's plan is fully paid for within the balanced budget agreement.

In developing these tax credits, we wanted to ensure that they would provide additional help for families to pay for college and not simply substitute for existing sources of financial assistance. In other words, we did not want to force any student to trade a Pell Grant for a tax credit. To do this we proposed, and the Congress enacted last year, a change to the eligibility formulas to ensure that the HOPE and Lifetime Learning tax credits would not reduce any student's eligibility for Federal student financial aid. Some have also been concerned that colleges and universities would attempt to shift the tax benefits from families to themselves by increasing their tuition charges.

We are hopeful that colleges, universities and State legislatures will follow our lead in ensuring that the new tax credits truly reduce families' college expenses, and we see encouraging signs that this will happen.

First, the recent College Board report indicates that this year's tuition increases will average about four percent, continuing the recent trend of smaller annual tuition increases even though the new tax credits are now in place. Second, a number of institutions have announced that they will not reduce institutional financial aid awards to students whose families benefit from the tax credits. Third, a number of States are developing, and in the case of Massachusetts have developed, a comprehensive plan of reduced tuition charges, increased grant aid and Federal tax credits to make community college free, or nearly free, for most students.

I am optimistic that more colleges, universities and State legislatures will take similar steps and am counting on you to help ensure that America's families receive the benefits intended for them from the HOPE Scholarship and Lifetime Learning tax credits.

RECORD TYPE: PRESIDENTIAL (TRP NOTES MAIL)

CREATOR: joberg (JOberg@aol.com [UNKNOWN])

CREATION DATE/TIME: 9-NOV-1998 03:04:14.00

SUBJECT: Re: Re[5]: Dear President, HOPE-n-CSS/Profile

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Dan_Madzelan (Dan_Madzelan@ed.gov [UNKNOWN])
READ:UNKNOWN

TO: joberg (JOberg@aol.com [UNKNOWN])
READ:UNKNOWN

TO: Pauline_Abernathy (Pauline_Abernathy@ed.gov [UNKNOWN])
READ:UNKNOWN

CC: Jon_Oberg (Jon_Oberg@ed.gov [UNKNOWN])
READ:UNKNOWN

CC: Maureen_mclaughlin (Maureen_McLaughlin@ed.gov [UNKNOWN])
READ:UNKNOWN

CC: scott_fleming (Scott_Fleming@ed.gov [UNKNOWN])
READ:UNKNOWN

CC: Shelley_Amdur (Shelley_Amdur@ed.gov [UNKNOWN])
READ:UNKNOWN

CC: susan_frost (Susan_Frost@ed.gov [UNKNOWN])
READ:UNKNOWN

CC: thomas_kelley (Thomas_Kelley@ed.gov [UNKNOWN])
READ:UNKNOWN

TEXT:
In view of the

fact that CSS is doing it "wrong" and that they have a weak justification

for

it, I think the letter needs to be a little more attention-getting. Here

(attached and in the e-mail text as well) are some minor changes for your

consideration...

--Addition of an introductory sentence to make it clear what this letter is
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--Deletion of the line about a balanced federal budget (not what this
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is about)
--Parallel construction (we mention financial aid first, then tuition in
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paragraph; we should keep the same order in a following paragraph)
--other changes such as "losing" rather than "trading" a Pell grant; saying
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it. (The fact we mention it second to aid displacement gives it its lower
place.)

The more I think about this, the more outrageous it seems. Did anyone at
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or CSS ever contact us about how they were automatically going to consider
the
tax credits as income for their hundreds of institutional subscribers? Do
all
their subscribers even know?

By the way, does this letter have to be cleared with Treasury since it
deals
with tax credits?

Dear President:

I am writing about how you can help successfully implement HOPE Scholarship and Lifetime Learning tax credits on behalf of your students and their families.

On August 5, 1997, President Clinton signed both the Balanced Budget Act of 1997 and the Taxpayer Relief Act of 1997. These historic legislative accomplishments put the Nation's financial house in order while providing needed, targeted tax relief for America's working families struggling to pay for college.

The President's HOPE Scholarship and Lifetime Learning tax credits, worth up to $1,500 for each student and $1,000 per family, respectively, will help taxpayers pay college expenses for themselves and their children.

In developing these tax credits, we wanted to ensure that they would provide additional help for families to pay for college and not simply substitute for existing sources of financial assistance. At the Federal level, we did not want to force any student lose a Pell Grant, for example, as the price for a tax credit. To ensure this we proposed, and the Congress enacted last year, a change in the eligibility formulas to ensure that the HOPE and Lifetime Learning tax credits would not reduce any student's eligibility for Federal student financial aid. We have also been concerned that some colleges and universities might attempt to shift the tax benefits from families to themselves by increasing their tuition charges.

We are hopeful that colleges, universities and State legislatures will follow our lead in ensuring that the new tax credits truly reduce families' college expenses, and we see encouraging signs that this will happen.

First, a number of institutions have announced that they will not reduce institutional financial aid awards to students whose families benefit from the tax credits. Second, the recent College Board report indicates that this year's tuition increases will average about four percent, continuing the recent trend of smaller annual tuition increases even though the new tax credits are now in place. Third, a number of States are developing, and in the case of Massachusetts have developed, a comprehensive plan of reduced tuition charges, increased grant aid and Federal tax credits to make community college free, or nearly free, for most students.

I am optimistic that more colleges, universities, and State legislatures will

take similar steps and am counting on you to help ensure that America's

families receive the benefits intended for them from the HOPE Scholarship

and

Lifetime Learning tax credits.

- HOPEltr.doc
==================== ATTACHMENT 1 ====================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D57]ARMSZZ000W0AS.000 to ASCII,
The following is a HEX DUMP:

================== END ATTACHMENT 1 ==================

Clinton Presidential Records Automated Records Management System [EMAIL]

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

Hex Dump file is not in a recognizable format, has been incorrectly decoded or is damaged.

File Name: p_sa0w000z_opd_html_1.hex

Attachment Number: [ATTACH.D57]ARMSZZ000W0AS.000

RECORD TYPE: PRESIDENTIAL (TRP NOTES MAIL)

CREATOR: Pauline_Abernathy (Pauline_Abernathy@ed.gov (Pauline Abernathy) [UNKNOWN])

CREATION DATE/TIME:10-NOV-1998 13:49:30.00

SUBJECT: Re[7]: Dear President, HOPE-n-CSS/Profile

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Dan_Madzelan (Dan_Madzelan@ed.gov (Dan Madzelan) [UNKNOWN])
READ:UNKNOWN

TO: joberg (JOberg@aol.com [UNKNOWN])
READ:UNKNOWN

CC: Jon_Oberg (Jon_Oberg@ed.gov (Jon Oberg) [UNKNOWN])
READ:UNKNOWN

CC: Maureen_McLaughlin (Maureen_McLaughlin@ed.gov (Maureen McLaughlin) [UNKNOWN])
READ:UNKNOWN

CC: Scott_Fleming (Scott_Fleming@ed.gov (Scott Fleming) [UNKNOWN])
READ:UNKNOWN

CC: Shelley_Amdur (Shelley_Amdur@ed.gov (Shelley Amdur) [UNKNOWN])
READ:UNKNOWN

CC: Susan_Frost (Susan_Frost@ed.gov (Susan Frost) [UNKNOWN])
READ:UNKNOWN

CC: Thomas_Kelley (Thomas_Kelley@ed.gov (Thomas Kelley) [UNKNOWN])
READ:UNKNOWN

TEXT:

Looks good to me -- my only suggestion is to say in the 5th para that

we urge colleges to... rather than that we are hopeful that colleges

will... Do people think that is too strong?

______________________________ Reply Separator

____

Subject: Re: Re[5]: Dear President, HOPE-n-CSS/Profile

Author: JOberg@aol.com at Internet

Date: 11/8/98 10:04 PM

In view of the

fact that CSS is doing it "wrong" and that they have a weak justification

for

it, I think the letter needs to be a little more attention-getting. Here

(attached and in the e-mail text as well) are some minor changes for your

consideration...

--Addition of an introductory sentence to make it clear what this letter is

about

--Deletion of the line about a balanced federal budget (not what this

letter

is about)

--Parallel construction (we mention financial aid first, then tuition in

one

paragraph; we should keep the same order in a following paragraph)

--other changes such as "losing" rather than "trading" a Pell grant; saying

"we" were also concerned about tuition, instead of "some" were concerned

about

it. (The fact we mention it second to aid displacement gives it its lower

place.)

The more I think about this, the more outrageous it seems. Did anyone at

CB

or CSS ever contact us about how they were automatically going to consider

the
tax credits as income for their hundreds of institutional subscribers? Do all
their subscribers even know?

By the way, does this letter have to be cleared with Treasury since it deals
with tax credits?

Dear President:

I am writing about how you can help successfully implement HOPE Scholarship and Lifetime Learning tax credits on behalf of your students and their families.

On August 5, 1997, President Clinton signed both the Balanced Budget Act of 1997 and the Taxpayer Relief Act of 1997. These historic legislative accomplishments put the Nation's financial house in order while providing needed, targeted tax relief for America's working families struggling to pay
for college.

The President's HOPE Scholarship and Lifetime Learning tax credits, worth up to $1,500 for each student and $1,000 per family, respectively, will help taxpayers pay college expenses for themselves and their children.

In developing these tax credits, we wanted to ensure that they would provide
additional help for families to pay for college and not simply substitute for
existing sources of financial assistance. At the Federal level, we did not want to force any student lose a Pell Grant, for example, as the price for a
tax credit. To ensure this we proposed, and the Congress enacted last year, a
change in the eligibility formulas to ensure that the HOPE and Lifetime Learning tax credits would not reduce any student's eligibility for Federal student financial aid. We have also been concerned that some colleges and universities might attempt to shift the tax benefits from families to themselves by increasing their tuition charges.

We are hopeful that colleges, universities and State legislatures will follow
our lead in ensuring that the new tax credits truly reduce families' college
expenses, and we see encouraging signs that this will happen.

First, a number of institutions have announced that they will not reduce institutional financial aid awards to students whose families benefit from the tax credits. Second, the recent College Board report indicates that this year's tuition increases will average about four percent, continuing the recent trend of smaller annual tuition increases even though the new tax credits are now in place. Third, a number of States are developing, and in the case of Massachusetts have developed, a comprehensive plan of reduced tuition charges, increased grant aid and Federal tax credits to make community college free, or nearly free, for most students.

I am optimistic that more colleges, universities, and State legislatures will take similar steps and am counting on you to help ensure that America's families receive the benefits intended for them from the HOPE Scholarship and Lifetime Learning tax credits.

- HOPEltr.doc

=================== ATTACHMENT 1 ===================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D85]ARMSZZ000VOUM.000 to ASCII,
The following is a HEX DUMP:

================= END ATTACHMENT 1 =================

FOIA Number: 2017-1075-F

Clinton Presidential Records Automated Records Management System [EMAIL]

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

Hex Dump file is not in a recognizable format, has been incorrectly decoded or is damaged.

File Name: p_muov000z_opd_html_1.hex

Attachment Number: [ATTACH.D85]ARMSZZ000VOUM.000

RECORD TYPE: PRESIDENTIAL (TRP NOTES MAIL)

CREATOR: Maureen_McLaughlin (Maureen_McLaughlin@ed.gov (Maureen McLaughlin) [UNKNOWN])

CREATION DATE/TIME:12-NOV-1998 14:45:05.00

SUBJECT: Re[9]: Dear President, HOPE-n-CSS/Profile

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Dan_Madzelan (Dan_Madzelan@ed.gov (Dan Madzelan) [UNKNOWN])
READ:UNKNOWN

TO: joberg (JOberg@aol.com [UNKNOWN])
READ:UNKNOWN

TO: Pauline_Abernathy (Pauline_Abernathy@ed.gov (Pauline Abernathy) [UNKNOWN])
READ:UNKNOWN

TO: Scott_Fleming (Scott_Fleming@ed.gov (Scott Fleming) [UNKNOWN])
READ:UNKNOWN

CC: Jon_Oberg (Jon_Oberg@ed.gov (Jon Oberg) [UNKNOWN])
READ:UNKNOWN

CC: Shelley_Amdur (Shelley_Amdur@ed.gov (Shelley Amdur) [UNKNOWN])
READ:UNKNOWN

CC: Susan_Frost (Susan_Frost@ed.gov (Susan Frost) [UNKNOWN])
READ:UNKNOWN

CC: Thomas_Kelley (Thomas_Kelley@ed.gov (Thomas Kelley) [UNKNOWN])
READ:UNKNOWN

TEXT:
Jon--do you want us to handle this or do you want to take care of it? I

do not

have Scott's comments.

______________________________ Reply Separator

____

Subject: Re[8]: Dear President, HOPE-n-CSS/Profile

Author: Scott Fleming at WDCB01

Date: 11/12/98 7:44 AM

I have made some changes and given them to Jon -- who needs to get them?

______________________________ Reply Separator

____

Subject: Re[7]: Dear President, HOPE-n-CSS/Profile

Author: Pauline Abernathy at WDCB01

Date: 11/10/98 08:49 AM

Looks good to me -- my only suggestion is to say in the 5th para that we urge colleges to... rather than that we are hopeful that colleges will... Do people think that is too strong?

______________________________ Reply Separator

____

Subject: Re: Re[5]: Dear President, HOPE-n-CSS/Profile

Author: JOberg@aol.com at Internet

Date: 11/8/98 10:04 PM

In view of the

fact that CSS is doing it "wrong" and that they have a weak justification
for
it, I think the letter needs to be a little more attention-getting. Here
(attached and in the e-mail text as well) are some minor changes for your
consideration...

--Addition of an introductory sentence to make it clear what this letter is
about
--Deletion of the line about a balanced federal budget (not what this
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is about)
--Parallel construction (we mention financial aid first, then tuition in
one
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--other changes such as "losing" rather than "trading" a Pell grant; saying
"we" were also concerned about tuition, instead of "some" were concerned
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The more I think about this, the more outrageous it seems. Did anyone at
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We are hopeful that colleges, universities and State legislatures will follow our lead in ensuring that the new tax credits truly reduce families' college expenses, and we see encouraging signs that this will happen.

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increased grant aid and Federal tax credits to make community college free, or
nearly free, for most students.

I am optimistic that more colleges, universities, and State legislatures will
take similar steps and am counting on you to help ensure that America's families receive the benefits intended for them from the HOPE Scholarship and
Lifetime Learning tax credits.

RECORD TYPE: PRESIDENTIAL (TRP NOTES MAIL)

CREATOR: Pauline_Abernathy (Pauline_Abernathy@ed.gov (Pauline Abernathy) [UNKNOWN])

CREATION DATE/TIME:12-NOV-1998 02:43:32.00

SUBJECT: HOPE tax credit

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Dan_Madzelan (Dan_Madzelan@ed.gov (Dan Madzelan) [UNKNOWN])
READ:UNKNOWN

TO: Daniel_Bernal (Daniel_Bernal@ed.gov (Daniel Bernal) [UNKNOWN])
READ:UNKNOWN

TO: David_Frank (David_Frank@ed.gov (David Frank) [UNKNOWN])
READ:UNKNOWN

TO: Jane_Glickman (Jane_Glickman@ed.gov (Jane Glickman) [UNKNOWN])
READ:UNKNOWN

TO: joberg (JOberg@aol.com [UNKNOWN])
READ:UNKNOWN

TO: Julie_Green (Julie_Green@ed.gov (Julie Green) [UNKNOWN])
READ:UNKNOWN

TO: Pauline_Abernathy (Pauline_Abernathy@ed.gov (Pauline Abernathy) [UNKNOWN])
READ:UNKNOWN

TO: Stephanie_Babyak (Stephanie_Babyak@ed.gov (Stephanie Babyak) [UNKNOWN])
READ:UNKNOWN

CC: Jon_Oberg (Jon_Oberg@ed.gov (Jon Oberg) [UNKNOWN])
READ:UNKNOWN

CC: Maureen_McLaughlin (Maureen_McLaughlin@ed.gov (Maureen McLaughlin) [UNKNOWN])
READ:UNKNOWN

CC: Scott_Fleming (Scott_Fleming@ed.gov (Scott Fleming) [UNKNOWN])
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CC: Shelley_Amdur (Shelley_Amdur@ed.gov (Shelley Amdur) [UNKNOWN])
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CC: Susan_Frost (Susan_Frost@ed.gov (Susan Frost) [UNKNOWN])
READ:UNKNOWN

CC: Thomas_Kelley (Thomas_Kelley@ed.gov (Thomas Kelley) [UNKNOWN])
READ:UNKNOWN

TEXT:

Dan and Maureen -- where do we stand on this? I would love to avoid another meeting if it is possible to handle this over email.

Seems like we need to finalize the letter (Dan), get a press release written (OPA), pick a day to release it -- ideally in connection with a higher ed event and meeting at which the Administration is involved (Susan, OPA), and brief the hill (OLCA). OLCA, how do you want to handle the hill briefings?

Bob -- do you need to call Jamie again? Ideally they would release their press release announcing the watch on the same day, no? Do you think Jon should call Ivan on the institutional discretion issue?

Thanks all.

______________________________ Reply Separator
____

Subject: Re: Re[5]: Dear President, HOPE-n-CSS/Profile

Author: JOberg@aol.com at Internet

Date: 11/8/98 10:04 PM

In view of the

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--other changes such as "losing" rather than "trading" a Pell grant; saying
"we" were also concerned about tuition, instead of "some" were concerned
about
it. (The fact we mention it second to aid displacement gives it its lower
place.)

The more I think about this, the more outrageous it seems. Did anyone at
CB
or CSS ever contact us about how they were automatically going to consider
the
tax credits as income for their hundreds of institutional subscribers? Do
all
their subscribers even know?

By the way, does this letter have to be cleared with Treasury since it
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with tax credits?

Dear President:

I am writing about how you can help successfully implement HOPE Scholarship and Lifetime Learning tax credits on behalf of your students and their families.

On August 5, 1997, President Clinton signed both the Balanced Budget Act of 1997 and the Taxpayer Relief Act of 1997. These historic legislative accomplishments put the Nation's financial house in order while providing needed, targeted tax relief for America's working families struggling to pay for college.

The President's HOPE Scholarship and Lifetime Learning tax credits, worth up to $1,500 for each student and $1,000 per family, respectively, will help taxpayers pay college expenses for themselves and their children.

In developing these tax credits, we wanted to ensure that they would provide additional help for families to pay for college and not simply substitute for existing sources of financial assistance. At the Federal level, we did not want to force any student lose a Pell Grant, for example, as the price for a

tax credit. To ensure this we proposed, and the Congress enacted last year, a change in the eligibility formulas to ensure that the HOPE and Lifetime Learning tax credits would not reduce any student's eligibility for Federal student financial aid. We have also been concerned that some colleges and universities might attempt to shift the tax benefits from families to themselves by increasing their tuition charges.

We are hopeful that colleges, universities and State legislatures will follow our lead in ensuring that the new tax credits truly reduce families' college expenses, and we see encouraging signs that this will happen.

First, a number of institutions have announced that they will not reduce institutional financial aid awards to students whose families benefit from the tax credits. Second, the recent College Board report indicates that this year's tuition increases will average about four percent, continuing the recent trend of smaller annual tuition increases even though the new tax credits are now in place. Third, a number of States are developing, and in the case of Massachusetts have developed, a comprehensive plan of reduced tuition charges, increased grant aid and Federal tax credits to make community college free, or

nearly free, for most students.

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take similar steps and am counting on you to help ensure that America's

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and

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- HOPEltr.doc

==================== ATTACHMENT 1 ====================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Unable to convert ARMS_EXT:[ATTACH.D31]ARMSZZ000W3TQ.000 to ASCII,
The following is a HEX DUMP:

================= END ATTACHMENT 1 =================

FOIA Number: 2017-1075-F

Clinton Presidential Records Automated Records Management System [EMAIL]

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

Hex Dump file is not in a recognizable format, has been incorrectly decoded or is damaged.

File Name: p_qt3w000z_opd_html_1.hex

Attachment Number: [ATTACH.D31]ARMSZZ000W3TQ.00

RECORD TYPE: PRESIDENTIAL (TRP NOTES MAIL)

CREATOR: Scott_Fleming (Scott_Fleming@ed.gov (Scott Fleming) [UNKNOWN])

CREATION DATE/TIME:12-NOV-1998 12:44:21.00

SUBJECT: Re[8]: Dear President, HOPE-n-CSS/Profile

TO: Robert M. Shireman (CN=Robert M. Shireman/OU=OPD/O=EOP [OPD])
READ:UNKNOWN

TO: Dan_Madzelan (Dan_Madzelan@ed.gov (Dan Madzelan) [UNKNOWN])
READ:UNKNOWN

TO: joberg (JOberg@aol.com [UNKNOWN])
READ:UNKNOWN

TO: Pauline_Abernathy (Pauline_Abernathy@ed.gov (Pauline Abernathy) [UNKNOWN])
READ:UNKNOWN

CC: Jon_Oberg (Jon_Oberg@ed.gov (Jon Oberg) [UNKNOWN])
READ:UNKNOWN

CC: Maureen_McLaughlin (Maureen_McLaughlin@ed.gov (Maureen McLaughlin) [UNKNOWN])
READ:UNKNOWN

CC: Shelley_Amdur (Shelley_Amdur@ed.gov (Shelley Amdur) [UNKNOWN])
READ:UNKNOWN

CC: Susan_Frost (Susan_Frost@ed.gov (Susan Frost) [UNKNOWN])
READ:UNKNOWN

CC: Thomas_Kelley (Thomas_Kelley@ed.gov (Thomas Kelley) [UNKNOWN])
READ:UNKNOWN

TEXT:

I have made some changes and given them to Jon -- who needs to get

them?

______________________________ Reply Separator

____

Subject: Re[7]: Dear President, HOPE-n-CSS/Profile

Author: Pauline Abernathy at WDCB01

Date: 11/10/98 08:49 AM

Looks good to me -- my only suggestion is to say in the 5th para that we urge colleges to... rather than that we are hopeful that colleges will... Do people think that is too strong?

______________________________ Reply Separator

____

Subject: Re: Re[5]: Dear President, HOPE-n-CSS/Profile

Author: JOberg@aol.com at Internet

Date: 11/8/98 10:04 PM

In view of the

fact that CSS is doing it "wrong" and that they have a weak justification

for

it, I think the letter needs to be a little more attention-getting. Here

(attached and in the e-mail text as well) are some minor changes for your

consideration...

--Addition of an introductory sentence to make it clear what this letter is

about

--Deletion of the line about a balanced federal budget (not what this

letter

is about)

--Parallel construction (we mention financial aid first, then tuition in one

paragraph; we should keep the same order in a following paragraph)

--other changes such as "losing" rather than "trading" a Pell grant; saying

"we" were also concerned about tuition, instead of "some" were concerned

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