RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Kirk_Winters (Kirk_Winters@ed.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:28-AUG-1997 18:29:00.00

SUBJECT: draft ED Initiatives 72

TO: William R. Kincaid (William R. Kincaid@EOP [UNKNOWN])
READ:UNKNOWN

TEXT:
=

Can you please send me any edits/corrections by 1:00 =

tomorrow (Friday), so that we can get this out tomorrow =

afternoon? Thanks! Kirk

=

****

ED Initiatives...

****

A biweekly look at progress on the Secretary's priorities =

****

August 29, 1997

HIGH STANDARDS FOR ALL STUDENTS

------------------------------ Secretary Riley announced on

Sunday that the Administration will send Congress legislation

that would authorize a bipartisan, independent board, the

National Assessment Governing Board (NAGB), to set policy for the voluntary national tests in 4th-grade reading and 8th-grade mathematics. NAGB was established by Congress in 1989 to formulate policy guidelines for the National Assessment of Educational Progress (NAEP), a series of assessments in key subjects that measure a representative sampling of U.S. students' performance in grades 4, 8, and 12. The voluntary national tests, unlike NAEP, will tell how well *individual* 4th graders read & how well *individual* 8th graders understand math. They will serve as tools for parents, teachers, schools & communities to use as part of their efforts to improve their children's learning. Six states, 15 cities & Department of Defense schools -- together serving nearly 20% of the nation's 4th and 8th grade public school students -- have signed on to participate in the voluntary tests, which are part of a national effort to improve reading & math performance. =

Last week a contract to develop the voluntary national tests was awarded to an alliance led by the American Institutes for Research (AIR) & comprised of 5 test publishers & a bipartisan council. Test items & scoring criteria will be developed this fall, and a field test will be administered during spring 1998. =

Sample tests will be posted on the Internet in fall 1998. For more information, please see: =

http://www.ed.gov/nationaltests/whatsnew.html

-- =

HELPING ALL CHILDREN READ WELL BY END OF 3rd GRADE

-- This week

Secretary Riley announced a 5-year grant to the University of Michigan's National Research Center on Early Reading Achievement. =

The Center will examine successful reading practices that link homes & schools, provide community resources for family reading, and establish solid ties to effective preschool practices. =

Researchers will also study & disseminate examples of "best practices" in teaching reading in the early primary grades. For more information, please see: =

http://www.ed.gov/PressReleases/08-1997/earlyrea.html

-- =

TWO YEARS OF COLLEGE & LIFELONG LEARNING FOR ALL STUDENTS =

With students across America going back to school, the President is encouraging families to think about how to take advantage of the new Hope Scholarship authorized in the Balanced Budget Act passed into law earlier this month. This Hope Scholarship aims to make the first 2 years of college universally available, providing students with a tax credit of up to $1,500 -- about the same as the average tuition at a local community college. =

College juniors & seniors, graduate & professional students, and adults who want to go back to school will be eligible for a "lifetime learning tax credit" worth 20% of the first $5,000 of tuition & fees through the year 2002 (and 20% of the first $10,000 beginning in 2003). The new law also allows parents & grandparents to make penalty-free withdrawals from their IRAs to pay for higher education expenses, and enables them to open new Education IRAs where they can invest $500 per child every year to build up money, tax free, for college. The balanced budget agreement also provides the largest Pell Grant increase in 2 decades, as sought by the President; Congress must fulfill this promise next month.

The President is also calling on students to begin preparing for college early by taking tough courses in middle school & high school. Students who take algebra & geometry by the end of 8th and 9th grades are much more likely to go to college than students who don't, as indicated in a national study showing that only 26% of low-income students who did *not* take geometry went on to college, compared with 71% of those who did. (Among the benefits of going to college: College graduates earn, on average, over $500,000 more, during their lives, than high school graduates.) =

A new handbook, "Getting Ready for College Early," can help parents & students in middle school & junior high learn what courses to take, how much college costs, where to find out about financial aid & more. The full text is at:

http://www.ed.gov/pubs/GettingReadyCollegeEarly/

AMERICA GOES BACK TO SCHOOL

--------------------------- Back-to-school activities are being planned for the next few weeks in communities across the country as a way to strengthen year-long efforts to involve more family & community members in children's education. The Bishop of the African Methodist Episcopal Church (Georgia) is traveling to 5 cities across that state, participating in parent workshops, parades, tours of community centers & other events involving thousands of parents & children. The superintendent of schools in Flint, Michigan, is hosting the 3rd annual back-to-school rally & parade attended by more than 10,000 people last year. =

The Chicago Goes Back to School steering committee, created by the Chicago Academy of Sciences, will hold events each month throughout the school year to strengthen family & community involvement in children's learning. America Goes Back to School, now in its 3rd year, is an initiative of the Partnership for

Family Involvement in Education -- a coalition of more than 3000 business, community, religious & education organizations. For more information, including a "partners' activity kit," please see:

http://www.ed.gov/Family/agbts/

RECORD ENROLLMENTS CONTINUE

--------------------------- America's schools continue to bulge at the seams, enrolling 52.2 million students this fall, an all-time high that surpasses last fall's record of 51 million students. Enrollments will continue to increase over the next decade, peaking at 54.3 million in 2007.

"Portable classrooms & short-term solutions just don't cut it," Secretary Riley said when releasing "A Back-to-School Special Report on the Baby Boom Echo: Here Come the Teenagers," a report by the Department's National Center for Education Statistics (available on our web site next week). The largest increases will be among teenagers & in western states, according to the report. During the next 10 years (fall 1997-2007)...

> U.S. schools can expect a 13% increase in grades 9-12, a 5% increase in grades 6-8, and a 1% decrease in grades 1-5. =

> In the west, California anticipates an increase of nearly 16%, while Idaho, Arizona, Wyoming, Colorado, New Mexico, Texas, in Georgia foresee increases of more than 10%. =

For more information, please see:

http://www.ed.gov/PressReleases/08-1997/echo2.html

ALL CLASSROOMS CONNECTED TO THE INTERNET;

ALL STUDENTS TECHNOLOGICALLY LITERATE

-- "Nobody believes that technology is the quick fix for what ails education," Linda Roberts said in a recent interview dispelling the notion that there is a delusion about the capacity of technology to improve education. "What we [in the Administration] believe," said Roberts, Director of the Department's Office of Educational Technology, "is that putting computers in our classrooms, linking our classrooms to electronic resources, other classrooms & experts around the globe can be a very important component of improving the quality of education for our students." The full interview is available at: =

http://www.4teachers.org/keynotes/

TELECONFERENCE ON MENTORING =

-------------------------- On September 18, a live teleconference -- "Mentoring for Youth in Schools & Communities" -- will air from 1:30 to 3:30 p.m. (EDT). Designed as a follow-up to the "President's Summit for America's Future" in April, the teleconference will offer information on how community-based organizations & others can build successful mentoring programs. It's the latest in a series of live national satellite teleconferences sponsored by the Office of Juvenile Justice & Delinquency Prevention & the Juvenile Justice Telecommunications Assistance Project of Eastern Kentucky University. For satellite coordinates & other information, please contact Becky Ritchey (JJTAP) by email or phone: beckytrc@iclub.org or (606) 622-6671. =

For a copy of a 7-page bulletin, "Mentoring -- A Proven Delinquency Prevention Strategy," call 800-638-8736 or see:

http://www.ncjrs.org/ojjhome.htm

PARENT EDUCATION RESOURCE CENTERS ANNOUNCED

-- Secretary Riley announced this month that 12 states will receive awards to establish "parent information resource centers" that will expand opportunities for parents to be involved in children's learning. =

The 12 centers will: increase parents knowledge of (& confidence in) effective child rearing activities, strengthen partnerships between parents & school professionals, and improve the development of children who participate in the program. The centers will offer parents training, hot lines & workshops, and they will provide resources & guidance based on the Parents as

Teachers (PAT) program & the Home Instruction Program for Preschool Youngsters (HIPPY). The Department will continue to fund the 28 existing parent centers, now in their 3rd year of operation. For more information, please see:

http://www.ed.gov/PressReleases/08-1997/parent.html

=

NETDAY TELECONFERENCE =

--------------------- On Saturday, September 6, a NetDay satellite workshop aimed to help educators, parents & citizens make good education technology decisions will be broadcast from 1:00 to 4:00 p.m. (EDT). The workshop will offer advice on how to organize a NetDay event (the national NetDay is scheduled for October 25), and expert panels will talk about options for getting connected, developing & updating technology plans, and tapping resources that can help fund these efforts, including the E-Rate, the Commerce Department's "Telecommunications and Information Infrastructure Assistance Program" (TIIAP), and the Technology Literacy Challenge Fund, as well corporate & foundation sources. Panelists include organizers of state & national NetDay initiatives, corporate & foundation representatives, and staff from the U.S. Department of Education & the Federal Communication Commission (FCC). Pre-produced training & promotion segments will be aired that local organizers may tape & re-use in their own community activities. The workshop, underwritten by the Kellogg Foundation & produced with Convergence Service, Inc., may be downlinked & will also be broadcast over the Internet by NASA's Learning Technology Channel (in both full-motion video & streamed audio formats). For viewing sites & other information, please visit the NetDay website:

http://www.netday.org/info_usa/workshop.html

CONFERENCE ON ASSESSMENT

------------------------ More than 45 speakers representing many well-known names in K-12 educational testing research will discuss their ideas on September 4-5 at the National Center for Research on Evaluation, Standards & Student Testing's 1997 conference, "Student Achievement: Search for Validity and Balance." For registration, the agenda & other information on the conference, held at UCLA, please see:

http://cresst96.cse.ucla.edu/Conference.html

SCHWARZ NAMED PRINCIPAL IN RESIDENCE

------------------------------------ This week Secretary Riley named New York City school principal Paul Schwarz as the "Patrick Daly Principal in Residence" at the U.S. Department of Education. =

Schwarz will provide a practitioner's viewpoint within the Department & serve as a contact for principals around the country (paul_schwarz@ed.gov). He has been principal of the Jackie Robinson Complex & co-director of Central Park East Secondary School, a nationally renowned school in East Harlem that sends 90% of its students to college (more than half qualify for free or reduced lunch). Patrick Daly was the Brooklyn New York City school principal killed by gun fire during a drug dispute at a housing complex in 1992, as he searched for a student who had been missing from school. =

NEW ONLINE

The Department's waiver guidance has been updated to include deadlines for submitting waiver requests for the spring 1998 semester & the 1998-1999 school year: =

http://www.ed.gov/flexibility/g2k_waivers/

Spanish versions of the Ready*Set*Read! "Activity Guides for Families & Caregivers," which provide ideas & activities for helping young children learn about language, are available:
EL RETO: -A LEER, AM=C9RICA! En Sus Marcas*Listos*-A Leer! para Las Familias and EL RETO: -A LEER, AM=C9RICA! En Sus Marcas*Listos*-A Leer! para los Cuidadores de Ni=A4os Peque=A4os:

http://www.ed.gov/Family/Familias/

http://www.ed.gov/Family/Cuidadores/

Secretary Riley's letter to FCC Chairman Hundt & the Report to the Federal Communications Commission (FCC) by the E-Rate Implementation Working Group responding to the FCC's request for the E-rate application process & alternative measures for the required approval of technology plans:

http://www.ed.gov/Technology/erate.html

http://www.ed.gov/Technology/eraterpt.html

Home page links of schools recognized by the Department as New American High Schools for their commitment to helping all students meet challenging academic standards & prepare for college & careers: =

http://www.ed.gov/offices/OVAE/nahs =

=

The distribution for Title I grants to school districts for 1997-98 are at:

http://www.ed.gov/offices/OUS/title1.html

The new Field-Initiated Studies Educational Research Grants homepage: http://www.ed.gov/offices/OERI/FIS/index.html =

ED Initiatives is made possible by many contributors, including =

Cheryll Bissell, Heather Clopton, Traci Collins, Jennifer Davis, Norris Dickard, Shannon Harton, Peter Kickbush, Missy Kincaid, Bill Kincaid, Melinda Kitchell Malico, Collette Roney, Sarah Staley, Keith Stubbs, David Thomas, Susan Thompson-Hoffman, Josefina Velasco & others. Please send any comments to Kirk Winters in the Office of the Under Secretary, U.S. Department of Education.

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

TEXT:
RFC-822-headers:
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id <01IN04T01R2O00A94X@PMDF.EOP.GOV> for "William R. Kincaid"@oa.eop.gov; Fri,

29 Aug 1997 07:11:43 -0400 (EDT)
Received: from storm.eop.gov (storm.eop.gov)
by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IN04SX0OKG008Y80@PMDF.EOP.GOV> for
William_R._Kincaid@oa.eop.gov; Fri, 29 Aug 1997 07:11:39 -0400 (EDT)
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by vader.ed.gov (8.8.5/8.8.4) with SMTP id HAA20730; Fri,
29 Aug 1997 07:08:39 -0400 (EDT)
Received: from ccMail by smtpgwy1.ed.gov
(IMA Internet Exchange 2.11 Enterprise) id 0001AE66; Fri,
29 Aug 1997 07:10:57 -0400
================== END ATTACHMENT 1 ==================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Nancy.Coolidge (Nancy.Coolidge@ucop.edu@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 8-SEP-1997 01:03:00.00

SUBJECT: Reporting on HOPE Credits and Pleading for DL Consolidation REL

TO: Daniel J. Chenok (Daniel J. Chenok@EOP [UNKNOWN])
READ:UNKNOWN

TO: Patricia A. Smith (Patricia A. Smith@eop [UNKNOWN])
READ:UNKNOWN

TO: Robert M. Shireman (Robert M. Shireman@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
Dear Jerry:

I'm glad to hear that you'll have the ear of some of the NASULGC presidents, Jerry. I did let NACUBO, ACE, AAU, and AASCU know of the concern I voiced to NASFAA with regard to the fact that the new tax law does not appear to require schools to provide data on the HOPE and LIFETIME LEARNING credits and student loan interest directly to the IRS, only to the taxpayer. I also copied Jerry Roschwalb on my note to NASFAA, so the cautionary note about institutional advocacy on this point shouldn't be unexpected to those at NASULGC.

As to your idea about enrollment data -- since we have the Clearinghouse, we should be able to refer the IRS to them to corroborate a limited range of enrollment claims that the student/family makes on a tax return -- still, whether the information comes from the campus directly or we use an agent like the Clearinghouse, we can provide only the dates of enrollment and the "more than half-time status", etc., not the critical information the IRS will need to know about whether a student is enrolled during their

first or second year of postsecondary education and not whether they have a felony drug conviction, and not whether they might have been enrolled, either concurrently or sequentially during the same tax year (since it crosses academic years, this will happen even more frequently...) full time at another institution AT SOME POINT during the tax year, etc. It is hard to imagine how what additional information we will have at the campus level will really be enough to "document" what the IRS may feel it needs. In any
case, I hope you'll be cautious about what you suggest that schools will or can provide. It is helpful to keep reminding one's self that the IRS will need this information, whatever it finally agreed upon, with regard to students who are not all in the care and keeping of financial aid offices.

Tom Butts put a message on the NASULGC Council of Government Affairs list that promised that there would be news of relief on the Direct Loan Consolidation issue "next week" -- which is Sept. 8 - 12, 1997. This cannot come too soon. He specifically stated that "students would be held harmless." When you are on the panel, I hope you will emphasize to the NASULGC folks that, to date, borrowers who are not able to handle their installment repayment obligations who are at the tender mercies of the Direct Loan servicer (under the Dept.'s contract with AFSA) have NOT routinely -- and some have been refused when they asked and pressed the point -- been offered installment obligations the equivalent of what they would have been asked to pay under a consolidation (and the Secretary has the discretion to provide such... an "alternative" repayment arrangement is legal -- and should be offered until the consolidation mechanism is working on a regular and efficient basis.) No one here is eager to pilory the Department for Direct Lending difficulties with respect to ANYTHING; nevertheless, this loan consolidation interim relief is really critical... as these borrowers are going south fast, and a few weeks or (God Forbid) months is too long to wait. Please see if you can enlist NASULGC support for INTERIM RELIEF for borrowers until the consolidation problems are sorted out.

Can you imagine how the NASULGC presidents would react if they had been offered a home mortgage for a 15-yr. term, AND at the time they accepted the obligation, they had been assured that if they got into financial difficulties that they could get a 30-yr. term, instead. Even though everyone knows that a 30-yr. term costs more, a borrower with problems might choose it if circumstances warranted it -- particularly if default were the likely alternative. (OR if default of one loan had already occurred, and the borrower were attempting to stave off further defaults or to rehabilitate his/her credit rating.) But I digress... When these NASULGC presidents apply to convert (refinance) their 15-yr. notes to 30-yr. notes, they are informed that the lender is too busy with high volume (totally unexpected !!??) and is not accepting applications -- or, if they happened to have applied earlier, that the lender cannot process the previously-submitted applications for several MORE months... and they must continue to pay at the 15-yr. level each month for as long as it takes

-- until the lender gets things sorted out. Wouldn't you imagine that these presidents would press for relief -- that they would believe that the terms and conditions of the original loan were not now being met by the lender?

If you could get the Dept. to instruct the servicer to provide relief BOTH to borrowers waiting in the consolidation queue and also those who are having financial problems, but who cannot at this point get into the queue for consolidation, it would put the Department in the position of being competent and caring. The current "official" advice to borrowers says nothing to those with Direct Loans and assumes that applicants can obtain sufficient relief by consolidating their FFEL paper. This is simply not so.

As you know, I work with the collections side of the house, not just the financial aid side. Believe me, this "freezing" of Direct Loan applications for consolidation affects the Perkins and HPSL (we have very few NSL these days) collection environments, too. We are extending "partial payment arrangements," economic hardship deferments, and other types of forbearances (temporary payment arrangements) to those borrowers being harmed by this freeze. The collection unit of one of our six directing lending campuses that I spoke with late last week estimates that they have about 80 - 100 students in the queue and that they have about "10 - 20 new calls per week" that are potential users of consolidation loans of one sort or another. And it is well to keep in mind that ours is a generally a "rich" bunch of borrowers, with relatively few borrowers with extremely high debt and nearly everyone who leaves here, whether they graduate (and more than 75% DO) or not, actually get decent jobs in our recovering economy. And even given these very positive circumstances, we still have MORE than a few people affected by this -- we represent eight

NASULGC campuses, of which six are in Direct Lending, Jerry.

I know that you are a trusted Direct Lending soldier and that you still have lots of solid relationships with Betsy and others inside the Department. I am heartsick that those of us pleading for borrower relief are being cast as enemies of direct lending. I don't accept the argument that providing borrower relief will further erode political support for direct lending: quite the contrary. Doing the right thing for borrowers will demonstrate that the single largest student loan lender in the country
is not going to let students and schools (whose default rates are already climbing...) pay the price for an administrative clitch.

HERE'S WHAT WE NEED for BOTH those in the queue and those who call with problems who cannot get into the queue for consolidation: provide automatic administrative forbearances (temporary partial pay arrangements -- whatever it takes to meet the borrower's needs) and suspend all defaults for those who cooperate or (retroactively) for those who have been denied relief by the Direct Loan servicer since the delays in consolidation began. It may sound simple, but to implement this will be very labor intensive. I would recommend that the DL servicer be allowed by the Dept. to provide relief with a MINIMUM of documentation (borrow-signed attestation that he/she NEEDS this temporary payment level, for example...), especially if they don't anticipate this problem persisting for very long.

Anyway, Jerry. I'm hoping that I've got you pumped to do the Lord's work, which you've always been so good at. An audience with a bunch of NASULGC presidents is an opportunity NOT to be missed, and if you can work in institutional workload rélief on the tax credit, perhaps this DL consolidation borrower relief issue will appeal to your well-known sense of fairness and your well-deserved reputation for political savvy.

Please let me know how all this goes. Best wishes! Love, n.

At 05:32 PM 9/7/97 +0000, you wrote:

>Good message to NASFAA Nancy. I'm wondering how we convey the same
>message to all of the heads of the Dupont 1 crowd. I think I will
>work it into a panal presentation that I am doing for a group NASULGC
>presidents next week. I agree with you that the most we should be
>expected to do would be some type of certificate to our students that
>tells them what we have reason to know about thier attendance at our
>school including aid awarded. They in turn would need to keep that
>with thier tax records or file it with thier tax submission. It
>would be nice if the ED would form a group of schools to learn of our
>opinions in this matter.
>

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

TEXT:
RFC-822-headers:
Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
id <01INDQGDZ51C00BE8K@PMDF.EOP.GOV>; Mon, 08 Sep 1997 00:51:47 -0400 (EDT)
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08 Sep 1997 00:51:43 -0400 (EDT)
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08 Sep 1997 00:51:30 -0400 (EDT)

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by ernie.ucop.edu (AIX4.2/UCB 8.7/8.7) with SMTP id VAA06102; Sun,
07 Sep 1997 21:48:14 -0700 (PDT)
X-Sender: ncoolidg@popserv.ucop.edu
X-Mailer: Windows Eudora Pro Version 3.0 (32)
================= END ATTACHMENT 1 =================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Pauline_Abernathy (Pauline_Abernathy@ed.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:12-SEP-1997 16:09:00.00

SUBJECT: House Action on Goodling, Gorton, and Gordon

TO: Robert M. Shireman (Robert M. Shireman@EOP [UNKNOWN])
READ:UNKNOWN

TEXT:

FYI. Something in here that may be of interest to each of you.

The House will continue work on our bill on Tuesday afternoon.

They expect to have a long floor discussion and vote on the Goodling

testing amendment.

Committee staff now expect Hoekstra to offer the Gorton amendment,

but

a final decision on whether he will offer the amendment will not be

known until late Monday. (Gorton is sending out a letter saying his

amendment's addition of 50 % of Vocational Rehabilitation money in

the

K-12 block grant was a mistake.)

Committee staff said there had been no decision about offering the

Bart Gordon amendment on student loan interest changes. He has not

filed the amendment. They will check again with him. The amendment

Gordon has discussed with them does not include the Pell Grant need analysis change. The CBO costing of the amendment (without the

independent student change) is a net saver of a couple hundred

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

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12 Sep 1997 16:16:48 -0400 (EDT)
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by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01INK7WJ1IZK00E3EI@PMDF.EOP.GOV> for
Robert_M._Shireman@oa.eop.gov; Fri, 12 Sep 1997 16:16:41 -0400 (EDT)
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Robert_M._Shireman@oa.eop.gov; Fri, 12 Sep 1997 16:16:05 -0400 (EDT)
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<Robert_M._Shireman@oa.eop.gov>; Fri, 12 Sep 1997 16:13:38 -0400 (EDT)
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(IMA Internet Exchange 2.11 Enterprise) id 0002B387; Fri,
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================= END ATTACHMENT 1 =================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: William_Graham (William_Graham@ed.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:12-SEP-1997 10:32:00.00

SUBJECT: Re: Interest rate change

TO: Robert M. Shireman (Robert M. Shireman@EOP [UNKNOWN])
READ:UNKNOWN

TO: Wayne Upshaw (Wayne Upshaw@EOP [UNKNOWN])
READ:UNKNOWN

TEXT:
We are still working on the numbers and expanding the analysis. Thinking

it

over last night we may need to reevaluate the Pell proposal up

substantially.

We will fill in all the points that Bob mentions.

William

Message Creation Date was at 12-SEP-1997 09:47:00

I'm not sure this actually got sent last night.

---------------------- Forwarded by Robert M. Shireman/OPD/EOP on 09/12/97

09:48 AM ---------------------------

Robert M. Shireman

09/12/97 12:36:19 AM

Record Type: Record

To: Pauline_Abernathy @ ed.gov @ INET @ LNGTWY

cc: Wayne Upshaw/OMB/EOP

Subject: Interest rate change

The numbers from budget service are helpful, but they don't quantify the aggregate hit on students. There are also some other numbers that would be

helpful. I did some draft talking point, below, so you can see what needs to

be filled in.

THERE THEY GO AGAIN:

CUTTING STUDENT LOAN BENEFITS

House Republicans are preparing to introduce legislation that would repeal a

scheduled reduction in the interest rate charged to student loan borrowers.

The lower rate will take effect next July 1 -- unless the bankers succeed in

getting Congress to protect their excess profits.

The new rate will save students [$5.4 billion] over the next five years (on an NPV basis). This interest rate change was a part of the Student Loan Reform Act of 1993. It changed the formula for determining the interest rate on student loans from the 91-day T-bill plus 3.1 percentage points (or 2.5 during the in-school and deferment periods), to an average of 10- and 20-year Treasury bonds plus one percentage point. On a cash basis, students who borrow over the next five years will pay [$X billion] less.

All estimates point to significant savings for students. This is not an issue of one expert !,s estimates versus another !,s. Interest rate projections from CBO, OMB, and the private sector !,s Blue Chip projection all show that students will benefit from a reduction of [X to Y] percentage points. [Perhaps give detail].

The Republican bill would cost students [$3.6 billion] over five years. The draft legislation purports to !&reduce !8 interest rates and origination fees.

But unfortunately, it increases [three] times as much as it reduces, forcing students to dig deeper into their pockets to keep bank profits high. The bankers want students to accept a recurring interest rate charge that is one percent higher, in exchange for a one-time fee reduction of one percent. But those same bankers, when they are at the other end of the equation (charging points on a mortgage), insist that a one percentage point fee is equivalent to only a X percentage point reduction in interest.

They are holding low-income students hostage to extort bank profits. The banker protection provisions are included in a bill that also makes important changes to ensure that all deserving low-income students have access to Pell Grants. Supporters are cynically holding those students hostage in order to increase student loan interest rates at the behest of banks.

(What about PLUS?)

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

TEXT:

RFC-822-headers:
Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
 id <01INJVWUSLJ400CZTG@PMDF.EOP.GOV>; Fri, 12 Sep 1997 10:33:21 -0400 (EDT)
Received: from storm.eop.gov (storm.eop.gov)
 by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01INJVWT950000F1T2@PMDF.EOP.GOV>; Fri,

 12 Sep 1997 10:33:19 -0400 (EDT)
Received: from vader.ed.gov ([165.224.216.253])
 by STORM.EOP.GOV (PMDF V5.1-7 #6879)
 with ESMTP id <01INJVW4WICU004CO4@STORM.EOP.GOV>; Fri,
 12 Sep 1997 10:32:47 -0400 (EDT)
Received: from smtpgwy1.ed.gov (smtpgwy1.ed.gov [165.224.216.37])
 by vader.ed.gov (8.8.5/8.8.4) with SMTP id KAA04277; Fri,
 12 Sep 1997 10:30:22 -0400 (EDT)
Received: from ccMail by smtpgwy1.ed.gov
 (IMA Internet Exchange 2.11 Enterprise) id 0002A7C3; Fri,
 12 Sep 1997 10:31:33 -0400
================= END ATTACHMENT 1 =================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Don_Feuerstein (Don_Feuerstein@ed.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:12-SEP-1997 10:46:00.00

SUBJECT: Re: Interest rate change

TO: Robert M. Shireman (Robert M. Shireman@EOP [UNKNOWN])
READ:UNKNOWN

TEXT:
We should also make the point that, when the interest rate change was adopted in 1993, it would have increased interest rates. The bankers want to change the rate formula whenever it is in their favor to do so. I assume that William has the 1993 rate comparisons.

______________________________ Reply Separator
____

Subject: Interest rate change

Author: Pauline Abernathy at WDCB01

Date: 09/12/97 10:15 AM

Tom, can you ask your staff for the blanks here? Thank you all.

______________________________ Forward Header
____

Subject: Interest rate change

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

Date: 9/12/97 12:36 AM

Message Creation Date was at 12-SEP-1997 00:36:00

The numbers from budget service are helpful, but they don't quantify the

aggregate hit on students. There are also some other numbers that would

be

helpful. I did some draft talking point, below, so you can see what needs

to

be filled in.

THERE THEY GO AGAIN:

CUTTING STUDENT LOAN BENEFITS

House Republicans are preparing to introduce legislation that would

repeal a

scheduled reduction in the interest rate charged to student loan

borrowers.

The lower rate will take effect next July 1 -- unless the bankers succeed

in

getting Congress to protect their excess profits.

The new rate will save students [$5.4 billion] over the next five years

(on an

NPV basis). This interest rate change was a part of the Student Loan

Reform

Act of 1993. It changed the formula for determining the interest rate on student loans from the 91-day T-bill plus 3.1 percentage points (or 2.5 during
the in-school and deferment periods), to an average of 10- and 20-year Treasury
bonds plus one percentage point. On a cash basis, students who borrow over the
next five years will pay [$X billion] less.

All estimates point to significant savings for students. This is not an issue
of one expert !,s estimates versus another !,s. Interest rate projections from
CBO, OMB, and the private sector !,s Blue Chip projection all show that students
will benefit from a reduction of [X to Y] percentage points. [Perhaps give
detail].

The Republican bill would cost students [$3.6 billion] over five years. The
draft legislation purports to !&reduce !8 interest rates and origination fees.
But unfortunately, it increases [three] times as much as it reduces, forcing
students to dig deeper into their pockets to keep bank profits high. The
bankers want students to accept a recurring interest rate charge that is

one

percent higher, in exchange for a one-time fee reduction of one percent.

But

those same bankers, when they are at the other end of the equation

(charging

points on a mortgage), insist that a one percentage point fee is

equivalent to

only a X percentage point reduction in interest.

They are holding low-income students hostage to extort bank profits. The

banker protection provisions are included in a bill that also makes

important

changes to ensure that all deserving low-income students have access to

Pell

Grants. Supporters are cynically holding those students hostage in order

to

increase student loan interest rates at the behest of banks.

(What about PLUS==================== ATTACHMENT 1 ===================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
RFC-822-headers:
Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
id <01INJWF696W000DGBO@PMDF.EOP.GOV> for "Robert M. Shireman"@oa.eop.gov; Fri,

12 Sep 1997 10:47:22 -0400 (EDT)
Received: from storm.eop.gov (storm.eop.gov)
by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01INJWF182TS004GPI@PMDF.EOP.GOV> for
Robert_M._Shireman@oa.eop.gov; Fri, 12 Sep 1997 10:47:14 -0400 (EDT)
Received: from vader.ed.gov ([165.224.216.253])
by STORM.EOP.GOV (PMDF V5.1-7 #6879)
with ESMTP id <01INJWEF9VOI004CO4@STORM.EOP.GOV> for
Robert_M._Shireman@oa.eop.gov; Fri, 12 Sep 1997 10:46:44 -0400 (EDT)
Received: from smtpgwy1.ed.gov (smtpgwy1.ed.gov [165.224.216.37])

by vader.ed.gov (8.8.5/8.8.4) with SMTP id KAA04608 for
<Robert_M._Shireman@oa.eop.gov>; Fri, 12 Sep 1997 10:44:20 -0400 (EDT)
Received: from ccMail by smtpgwy1.ed.gov
(IMA Internet Exchange 2.11 Enterprise) id 0002A856; Fri,
12 Sep 1997 10:45:00 -0400
================== END ATTACHMENT 1 ==================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Pauline_Abernathy (Pauline_Abernathy@ed.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:13-SEP-1997 18:33:00.00

SUBJECT: Re: House Action on Goodling, Gorton, and Gordon

TO: Robert M. Shireman (Robert M. Shireman@EOP [UNKNOWN])
READ:UNKNOWN

TEXT:
Is the Gorton amdt the same amdt that William has been analyzing?

If

so, people should be aware that it would allow DL borrowers to consolidate

into

the FFEL program, among other things.

William, your estimates seem to put no budgetary cost to allowing

consolidation from DL into FFEL -- why is that? Am I misreading this?

Thanks.

______________________________ Reply Separator

____

Subject: House Action on Goodling, Gorton, and Gordon

Author: Thomas Skelly at WDCT02

Date: 9/12/97 2:29 PM

The House will continue work on our bill on Tuesday afternoon.

They expect to have a long floor discussion and vote on the Goodling testing amendment.

Committee staff now expect Hoekstra to offer the Gorton amendment,

but

a final decision on whether he will offer the amendment will not be

known until late Monday. (Gorton is sending out a letter saying his

amendment's addition of 50 % of Vocational Rehabilitation money in

the

K-12 block grant was a mistake.)

Committee staff said there had been no decision about offering the

Bart Gordon amendment on student loan interest changes. He has not

filed the amendment. They will check again with him. The amendment

Gordon has discussed with them does not include the Pell Grant need

analysis change. The CBO costing of the amendment (without the

independent student change) is a net saver of a couple hundred

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

TEXT:
RFC-822-headers:
Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
 id <01INMTBBAK0000EF6N@PMDF.EOP.GOV> for "Robert M. Shireman"@oa.eop.gov; Sun,

 14 Sep 1997 12:51:06 -0400 (EDT)
Received: from storm.eop.gov (storm.eop.gov)
 by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01INMTB8CQ7400EGIR@PMDF.EOP.GOV> for
 Robert_M._Shireman@oa.eop.gov; Sun, 14 Sep 1997 12:51:02 -0400 (EDT)
Received: from vader.ed.gov ([165.224.216.253])
 by STORM.EOP.GOV (PMDF V5.1-7 #6879)
 with ESMTP id <01INMTAMENVI004SF1@STORM.EOP.GOV> for
 Robert_M._Shireman@oa.eop.gov; Sun, 14 Sep 1997 12:50:32 -0400 (EDT)
Received: from smtpgwy1.ed.gov (smtpgwy1.ed.gov [165.224.216.37])
 by vader.ed.gov (8.8.5/8.8.4) with SMTP id MAA03124 for
 <Robert_M._Shireman@oa.eop.gov>; Sun, 14 Sep 1997 12:48:08 -0400 (EDT)
Received: from ccMail by smtpgwy1.ed.gov
 (IMA Internet Exchange 2.11 Enterprise) id 0002BD2F; Sun,

14 Sep 1997 12:50:09 -0400
================= END ATTACHMENT 1 =================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Nancy.Coolidge (Nancy.Coolidge@ucop.edu@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:16-SEP-1997 13:19:00.00

SUBJECT: Student Borrower Take-away

TO: Robert M. Shireman (Robert M. Shireman@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
The Washington-based U.S. Public Interest Reseach Group, PIRG, has posted the following warning that Congress is under pressure from private lenders in the FFELP to change the current law, which would reduce the student loan interest rates beginning in July 1998. If Congress changes the law the way the lenders are advocating, PIRG estimates that students would pay up to $9 Billion MORE than they would if the current law moves forward and is implemented as written.

I have edited the PIRG announcement by deleting their call to action.

n.

Forwarding:

>CONGRESS IS POISED TO CONSIDER A PROPOSAL TO INCREASE BORROWER INTEREST

>COSTS BY $9 BILLION

>

>Lenders Stand to Gain $7 Billion Windfall.

>

>Students Under Attack In The U.S. House Of Representatives

>

>Some members of the House Education and the Workforce Committee and/or
>Rep. Bart Gordon (D-TN) are apparently considering offering an amendment
>to the Labor-HHS-Education appropriations bill that would either repeal
>or delay the scheduled reduction in the interest rates on student loans.
>
>The loan industry has been lobbying Congress to derail the reduction in
>student interest rates that is currently scheduled to go into effect on
>July 1, 1998. It now appears that some members of the House Education
>and the Workforce Committee are poised to offer an amendment to either
>repeal or postpone the upcoming reduction in interest rates.
>
>Under Congressional Budget Office projections, repealing the rate
>reduction would cost student loan borrowers $10.9 BILLION in additional
>interest payments for loans made from July 1, 1998 through Fiscal Year
>2002.
>
>To render the proposal more palatable, this nearly $11 billion rate hike
>has sometimes been packaged with a 1% reduction in upfront
>fees. Such a reduction would SAVE borrowers $1.523 BILLION over the
>same 5 year period.
>
>Some versions of the proposal also reduce in-school and grace period
>rates by a total of $361 MILLION over five years. This is apparently
>an effort to soften the blow to students. Regardless, the total cost to
>students is staggering.
>
>The net cost to borrowers of packaging the three proposals (a rate hike

>in the amount of $10.9 BILLION and a fee reduction in the amount of $1.5

>BILLION, and a $361 MILLION reduction for in-school/grace period) would

>be a staggering $9.04 BILLION in additional cost to students. Of this

>amount, roughly $2 billion would go to the federal government (in the

>direct loan program), and about $7 billion would go to lenders in the

>form of increased profits.

>###

>Ivan Frishberg, | Internet: ivan@PIRG.org

>PIRG's Higher Education Project | Phone: (202)

546-9707

>U.S.Public Interest Research Group | Fax: (202) 546-2461

>218 D St., SE, Washington, DC 20003 | WWW: www.pirg.org

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

TEXT:
RFC-822-headers:
Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
 id <01INPNFUR3HC008VXO@PMDF.EOP.GOV> for shireman_r@a1.eop.gov; Tue,
 16 Sep 1997 13:35:20 -0400 (EDT)
Received: from storm.eop.gov (storm.eop.gov)
 by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01INPNFTGH8W009SM2@PMDF.EOP.GOV> for
 shireman_r@a1.eop.gov; Tue, 16 Sep 1997 13:35:18 -0400 (EDT)
Received: from ernie.ucop.edu ([128.48.141.1])
 by STORM.EOP.GOV (PMDF V5.1-7 #6879)
 with ESMTP id <01INPNF4NTTO0057H4@STORM.EOP.GOV> for shireman_r@a1.eop.gov;
 Tue, 16 Sep 1997 13:34:46 -0400 (EDT)
Received: from mokuna.UCOP.EDu (mokuna.ucop.edu [128.48.117.83])
 by ernie.ucop.edu (AIX4.2/UCB 8.7/8.7) with SMTP id KAA28726; Tue,

16 Sep 1997 10:28:28 -0700 (PDT)
X-Sender: ncoolidg@popserv.ucop.edu
X-Mailer: Windows Eudora Pro Version 3.0 (32)
X-Priority: 1 (Highest)
================= END ATTACHMENT 1 =================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Nancy.Coolidge (Nancy.Coolidge@ucop.edu@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:16-SEP-1997 14:33:00.00

SUBJECT: DATA DESPERATELY NEEDED!!!

TO: Daniel I. Werfel (Daniel I. Werfel@eop [UNKNOWN])
READ:UNKNOWN

TO: Daniel J. Chenok (Daniel J. Chenok@EOP [UNKNOWN])
READ:UNKNOWN

TO: Robert M. Shireman (Robert M. Shireman@eop [UNKNOWN])
READ:UNKNOWN

TO: S. A. Noe (S. A. Noe@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
An important exchange with a professional colleague regarding the

recently-posted PIRG objections to bill to change student loan interest

rates:

At 12:46 PM 9/16/97 -0500, you wrote:

NANCY...I AM UNDER THE IMPRESSION THAT THIS BILL (ed., see note below)

SOLVES THE INDEPENDENT STUDENT PROBLEM, LOWERS THE ORIGINATION FEE AND

WOULD ALLOW THE CONSOLIDATION TO FLOW BOTH WAYS....PEOPLE MAY WANT TO STUDY

THIS BILL

BEFORE SAYING IT IS UNREASONABLE....THOUGHTS

My response:

I am under the impression that the dollar value of the COST of solving the

problems of 1) the independent students' Pell eligibility, the differential

origination fees, and the sale of consolidation loans from the direct loan program to FFELP holders IS NOT NEARLY as GREAT as the LOSS that this failure to reduce interest rates would represent to students. If my infomation is correct, this proposal is NOT A GOOD TRADE FOR STUDENTS...

Some comparative cost projections would be useful -- is anyone in Washington willing to share with the community the data on what these trade-offs are estimated to COST -- to the taxpayers and to students?

I completely agree with you that we should study a bill before declaring it unreasonable. But just having a bill language before us is not sufficient: I THINK THAT WE NEED BETTER COST ANALYSIS before we decide what is reasonable. Please, can the Department of Education and our Washington-based associations provide cost estimates of what we're talking about trading here? n.

Previously forwarded:

>>----------

>>From: Nancy Coolidge[SMTP:Nancy.Coolidge@ucop.edu]

>>Sent: Tuesday, September 16, 1997 12:19 PM

>>To: casfaa@scuacc.scu.edu; wasfaa@scuacc.scu.edu

>>Cc: Nancy.Coolidge@ucop.edu

>>Subject: Student Borrower Take-away

>>

>>The Washington-based U.S. Public Interest Reseach Group, PIRG, has posted

>>the following warning that Congress is under pressure from private

lenders

>>in the FFELP to change the current law, which would reduce the student

loan

>>interest rates beginning in July 1998. If Congress changes the law the

>>way the lenders are advocating, PIRG estimates that students would pay up

>>to $9 Billion MORE than they would if the current law moves forward and

is

>>implemented as written.

>>

>>I have edited the PIRG announcement by deleting their call to action.

>>

>> n.

>>

>>Forwarding:

>>--

>>>CONGRESS IS POISED TO CONSIDER A PROPOSAL TO INCREASE BORROWER INTEREST

>>>COSTS BY $9 BILLION

>>>

>>>Lenders Stand to Gain $7 Billion Windfall.

>>>

>>>Students Under Attack In The U.S. House Of Representatives

>>>

>>>Some members of the House Education and the Workforce Committee and/or

>>>Rep. Bart Gordon (D-TN) are apparently considering offering an amendment

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>>>or delay the scheduled reduction in the interest rates on student loans.

>>>

>>>The loan industry has been lobbying Congress to derail the reduction in

>>>student interest rates that is currently scheduled to go into effect on

>>>July 1, 1998. It now appears that some members of the House Education
>>>and the Workforce Committee are poised to offer an amendment to either
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>>>
>>>Under Congressional Budget Office projections, repealing the rate
>>>reduction would cost student loan borrowers $10.9 BILLION in additional
>>>interest payments for loans made from July 1, 1998 through Fiscal Year
>>>2002.
>>>
>>>To render the proposal more palatable, this nearly $11 billion rate hike
>>>has sometimes been packaged with a 1% reduction in upfront
>>>fees. Such a reduction would SAVE borrowers $1.523 BILLION over the
>>>same 5 year period.
>>>
>>>Some versions of the proposal also reduce in-school and grace period
>>>rates by a total of $361 MILLION over five years. This is apparently
>>>an effort to soften the blow to students. Regardless, the total cost to
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>>>
>>>The net cost to borrowers of packaging the three proposals (a rate hike
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>>>amount, roughly $2 billion would go to the federal government (in the
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>>

>>>###

>>>Ivan Frishberg, | Internet: ivan@PIRG.org

>>>PIRG's Higher Education Project | Phone: (202)

546-9707

>>>U.S.Public Interest Research Group | Fax: (202) 546-2461

>>>218 D St., SE, Washington, DC 20003 | WWW: www.pirg.org

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

TEXT:
RFC-822-headers:
Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
 id <01INPPT72LUO00DD44@PMDF.EOP.GOV>; Tue, 16 Sep 1997 14:43:22 -0400 (EDT)
Received: from storm.eop.gov (storm.eop.gov)
 by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01INPPT2UFGG00F9RQ@PMDF.EOP.GOV>; Tue,

 16 Sep 1997 14:43:18 -0400 (EDT)
Received: from ernie.ucop.edu ([128.48.141.1])
 by STORM.EOP.GOV (PMDF V5.1-7 #6879)
 with ESMTP id <01INPPSDEPLO00557L@STORM.EOP.GOV>; Tue,
 16 Sep 1997 14:42:43 -0400 (EDT)
Received: from mokuna.UCOP.EDu (mokuna.ucop.edu [128.48.117.83])
 by ernie.ucop.edu (AIX4.2/UCB 8.7/8.7) with SMTP id LAA40426; Tue,
 16 Sep 1997 11:41:53 -0700 (PDT)
X-Sender: ncoolidg@popserv.ucop.edu
X-Mailer: Windows Eudora Pro Version 3.0 (32)
X-Priority: 2 (High)
================== END ATTACHMENT 1 ==================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: tombutts (tombutts@umich.edu@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:17-SEP-1997 14:38:00.00

SUBJECT: Student Loan Interest amendment

TO: Robert M. Shireman (Robert M. Shireman@EOP [UNKNOWN])
READ:UNKNOWN

TEXT:
Are they working with the right numbers? Last I heard it was $3 billion.

Whatever, it's huge. Looks like your did good work.

>Date: Wed, 17 Sep 1997 14:26:52 -0400

>To: dirloan2@OREGON.UOREGON.EDU

>From: Tom Butts <tombutts@umich.edu>

>Subject: Student Loan Interest amendment

>Cc:

>Bcc: ivan@PIRG.org

>X-Attachments:

>

>Good work again by students. As you know, this is a very important issue

>and one you will want to follow and take action on as appropriate. - tom

>

>>From: can-er@pencil.math.missouri.edu

>>Date: Wed, 17 Sep 97 12:25:16 CDT

>>Reply-To: can-er@pencil.math.missouri.edu

>>Originator: can-er@pencil.math.missouri.edu

>>Sender: can-er@pencil.math.missouri.edu

>>Precedence: none

>>To: Multiple recipients of list <can-er@pencil.math.missouri.edu>

>>Subject: CAN-ER digest 511

>>

>> CAN-ER Digest 511

>>

>>Topics covered in this issue include:

>>

>> 1) Action Alert On Student Loans (Brief)

>> by Ivan Frishberg <ivan@PIRG.org>

>> 2) Correction from Ivan

>> by Sachin Chheda <skchheda@csd.uwm.edu>

>> 3) Student Aid Update: Loan attacks & SSIG

>> by Ivan Frishberg <ivan@PIRG.org>

>>

>>--

>>

>>Topic No. 1

>>

>>Date: Tue, 16 Sep 1997 11:36:59 -0400 (EDT)

>>From: Ivan Frishberg <ivan@PIRG.org>

>>To: list server can-er <can-er@pencil.math.missouri.edu>,

>>Subject: Action Alert On Student Loans (Brief)

>>Message-ID:

>><Pine.SUN.3.95.970916113114.21794D-100000@essential.essential.org>

>>

>>

>>CONGRESS IS POISED TO CONSIDER A PROPOSAL TO INCREASE BORROWER INTEREST

>>COSTS BY $7 BILLION

>>

>>Students Under Attack In The U.S. House Of Representatives

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rates

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>>

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>>BILLION, and a $361 MILLION reduction for in-school/grace period) would

>>be a staggering $9.04 BILLION in additional cost to students.

>>

>>Urgent Action Required

>>

>>Call your member of Congress ASAP, and let them know that keeping low

>>interest rates on student loans is of critical importance to students.

>>Let them know that student debt is crushing, and that Congress should be

>>acting to reduce the cost of student loans, not the opposite.

>>

>>Congressional switchboard: (202) 225-3121

>>

>>

>>##

>>Sign the student aid petition at www.pirg.org/student/aid/petition

>>##

>>Ivan Frishberg, | Internet: ivan@PIRG.org

>>PIRG's Higher Education Project | Phone: (202)

546-9707

>>U.S.Public Interest Research Group | Fax: (202) 546-2461

>>218 D St., SE, Washington, DC 20003 | WWW: www.pirg.org

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>>

>>Topic No. 2

>>

>>Date: Wed, 17 Sep 1997 11:25:16 -0500 (CDT)

>>From: Sachin Chheda <skchheda@csd.uwm.edu>

>>To: Can-ER <can-er@pencil.math.missouri.edu>

>>Subject: Correction from Ivan

>>Message-ID: <Pine.OSF.3.96.970917112346.10759A-100000@alpha2.csd.uwm.edu>

>>

>>>From ivan@PIRG.org Tue Sep 16 11:22:01 1997

>>

>>In my haste to get out my earlier message, I jumbled the headline. The

>>headline should be:

>>

>>------

>>CONGRESS IS POISED TO CONSIDER A PROPOSAL TO INCREASE BORROWER INTEREST

>>COSTS BY $9 BILLION.

>>

>>Lenders stand to gain $7 billion windfall.

>>

>>Students Under Attack In The U.S. House Of Representatives

>>-----

>>

>>To further clarify, borrowers would pay $9.04 BILLION in additional

>>interest on student loans made from July 1, 1998 through Fiscal Year

>>2002. Of this amount, roughly $2 billion would go to the federal

>>government (in the direct loan program) and about $7 billion would go to

>>lenders in the form of increased profits.

>>

>>Sorry for any confusion, but you will notice the basic point: It's bad,

>>and getting worse.

>>

>>

>>

>>NOTE: CANET went down temporarily yesterday, but should be running now.

>>We apologize for the lateness of this alert. Please read this one and

the

>>following before taking action.

>>

>>Thanks, Sachin Chheda, list facilitator

>>

>>

>>------------------------------

>>

>>Topic No. 3

>>

>>Date: Wed, 17 Sep 1997 11:30:33 -0400 (EDT)

>>From: Ivan Frishberg <ivan@PIRG.org>

>>To: list server can-er <can-er@pencil.math.missouri.edu>,

>>Cc: USSA Erica Adelsheimer <ussaleg@Essential.ORG>

>>Subject: Student Aid Update: Loan attacks & SSIG

>>Message-ID:

>><Pine.SUN.3.95.970917110119.12900B-100000@essential.essential.org>

>>

>>

>>1) GOODLING AND GORDON WITHDRAW AMENDMENT ON STUDENT LOANS

>>

>>Thanks to the good work of students and administrators, Chairman

Goodling,

>>and Rep. Gordon have both said that they will not offer amendments to the

>>Labor, HHS, and Education Approriations bill that will alter or repeal

the

>>scheduled reduction in student loan interest rates.

>>

>>As a recap, amendments had been drafted and circulated, that would repeal

>>a scheduled interest rate reduction for student loans. This reduction

was

>>a part of the 1993 Reconciliation bill affecting student loans, and has

>>recently been under attack from the lending industry. Students stand to

>>reap significant savings once the changes go into effect July of 1998.

>>The Congressional Budget Office has calculated that repealing the

>>reduction would cost students $9 billion on loans originated over the

next

>>5 years.

>>

>>It is assumed that, if this issue is really off the table for now, it

will

>>certainly be back during the next few weeks or months. Certainly it will

>>be a part of the Reauthorization process that is underway.

>>

>>2) State Student Incentive Grants: Letter gaining support in the House

>>

>>After the Senate voted 84 to 4, to restore $35 million in funding to the

>>SSIG program, and keep it alive for Reauthorization, action has turned to

>>the House. Congressmen Ehlers (R-MI), Kildee (D-M), Pomeroy (D-ND) and

>>Upton (R-MI) are gathering signatures from members of Congress on a

letter

>>urging Chairman Porter (R-IL) and Ranking Member Obey (D-WI) to support

>>the $35 million funding level in conference with the Senate. That letter

>>has a total of 36 signers on it, and is still building.

>>

>>Students and our allies in the education community should continue to

urge

>>all members of Congress to sign the Ehlers/Kildee Dear Colleague on SSIG.

>>There is not much more time to gather support for this issue. House

>>Switchboard: (202) 225-3121

>>

>>Also, Students should thank those Senators who voted in favor of the

>>Reed/Collins amendment. Senate Switchboard: (202) 224-3121

>>

>>

>>Current Signers on the Ehlers/Kildee SSIG Letter are:

>>

>>Maurice Hinchey

>>Elijah Cummings

>>Robert Andrews

>>Marion Berry

>>Sander Levin

>>Bill Barrett

>>Gary Ackerman

>>Glenn Poshard

>>Ellen Tauscher

>>Eni Falecomavaega

>>Joe Kennedy

>>Elizabeth Furse

>>Darlene Hooley

>>Bobby Rush

>>George Miller

>>John Conyers

>>James Oberstar

>>Bernard Sanders

>>Adam Smith

>>Neil Abercrombie

>>Earl Blumenauer

>>Patsy Mink

>>Nick Rahall

>>Chet Edwards

>>Lynn Rivers

>>Debbie Stabenow

>>Charles Rangel

>>Edolphus Towns

>>Matthew Martinez

>>Virgil Goode

>>Donald Payne

>>Robert Weygand

>>(36)

>>

>>Keep calling!

>>

>>

>>##

>>Sign the student aid petition at www.pirg.org/student/aid/petition

>>##

>>Ivan Frishberg, | Internet: ivan@PIRG.org

>>PIRG's Higher Education Project | Phone: (202)

546-9707

>>U.S.Public Interest Research Group | Fax: (202) 546-2461

>>218 D St., SE, Washington, DC 20003 | WWW: www.pirg.org

>>##

>>

>>

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

TEXT:
RFC-822-headers:
Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)

id <01INR413A5CW00DLMV@PMDF.EOP.GOV> for "Robert M. Shireman"@oa.eop.gov; Wed,

17 Sep 1997 14:40:38 -0400 (EDT)
Received: from storm.eop.gov (storm.eop.gov)
by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01INR40XQJSG00HB3Q@PMDF.EOP.GOV> for
Robert_M._Shireman@oa.eop.gov; Wed, 17 Sep 1997 14:40:30 -0400 (EDT)
Received: from mothra.rs.itd.umich.edu ([141.211.83.20])
by STORM.EOP.GOV (PMDF V5.1-7 #6879)
with ESMTP id <01INR409DXVC002NN2@STORM.EOP.GOV> for
Robert_M._Shireman@oa.eop.gov; Wed, 17 Sep 1997 14:39:57 -0400 (EDT)
Received: from [141.211.178.146] by mothra.rs.itd.umich.edu (8.8.5/2.2)
id OAA00433; Wed, 17 Sep 1997 14:40:10 -0400 (EDT)
X-Sender: tombutts@t.imap.itd.umich.edu
================== END ATTACHMENT 1 ==================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Pauline_Abernathy (Pauline_Abernathy@ed.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:21-SEP-1997 20:36:00.00

SUBJECT: [final] Families' Guide to Tax Cuts for Education

TO: Robert M. Shireman (Robert M. Shireman@EOP [UNKNOWN])
READ:UNKNOWN

TO: William R. Kincaid (William R. Kincaid@EOP [UNKNOWN])
READ:UNKNOWN

TEXT:
=

FYI. Final Families Guide attached. I have also put it in the t=

ext =

below.

________________________________ Forward Header ______________________________=

____

Subject: [final] Families' Guide to Tax Cuts for Education

Author: Jill Riemer at WDCB01

Date: 9/17/97 3:55 PM

Last night, after a lot of back and forth, DoED and Treasury reached=

a =

final agreement on the two-page Families' Guide. A lot of effort on=

=

all sides was put into making this document something that both =

agencies can live with comfortably.

=

Kirk Winters will soon be placing this guide on our web page and =

mentioning it in ED INFO and ED INITIATIVES. Kevin and others will =

be putting some thought towards creating a brochure-like piece for =

the guide in the new fiscal year.

=

Please notify the appropriate parties that this is the official =

version to be used from this point forward. Thank you -- Jill

=

=

FAMILIES' GUIDE TO THE 1997 TAX CUTS FOR EDUCATION

=

Many new tax benefits for adults who want to return to school and =

for parents who are sending or planning to send their children to = college will be available due to the balanced budget signed into = law in August, 1997. These tax cuts effectively make the first = two years of college universally available, and they will give = many more working Americans the financial means to go back to = school if they want to choose a new career or upgrade their = skills. When fully phased in, 12.9 million students are expected = to benefit -- 5.8 million under the "HOPE Scholarship" tax credit, = and 7.1 million under the Lifetime Learning tax credit.

=

=B7 Up to a $1,500 "HOPE Scholarship" tax credit for students = starting college

=

The "HOPE Scholarship" tax credit helps make the first two years =

of college or vocational school universally available. Students =

will receive a 100% tax credit for the first $1,000 of tuition and =

required fees and a 50% credit on the second $1,000. This credit =

is available for tuition and required fees less grants, =

scholarships, and other tax-free educational assistance and will =

be available for payments made after December 31, 1997 for college =

enrollment after that date. A high school senior going into his =

or her freshman year of college in September, 1998, for example, =

could be eligible for as much as a $1,500 HOPE tax credit. =

=

This credit is phased out for joint filers who have between =

$80,000 and $100,000 of adjusted gross income, and for single =

filers who have between $40,000 and $50,000 of adjusted gross =

income. The credit can be claimed in two years for students who =

are in their first two years of college or vocational school and =

who are enrolled on at least a half-time basis in a degree or =

certificate program for any portion of the year. The taxpayer can =

claim a credit for his own tuition expense or for the expenses of =

his or her spouse or dependent children.

=

A married couple with an adjusted gross income of $60,000 has two =

children in college at least half-time, one at a community college =

with a tuition of $2,000 and the other a sophomore at a private =

college with tuition of $11,000. Using the HOPE Scholarship tax =

credit, this couple would have their taxes cut by as much as =

$3,000.

=

=B7 The Lifetime Learning tax credit

=

This tax credit is targeted to adults who want to go back to = school, change careers, or take a course or two to upgrade their = skills and to college juniors, seniors, graduate and professional = degree students. A family will receive a 20% tax credit for the = first $5,000 of tuition and required fees paid each year through = 2002, and for the first $10,000 thereafter. Just like the "HOPE = Scholarship" tax credit, the Lifetime Learning tax credit is = available for tuition and required fees less grants, scholarships, = and other tax-free educational assistance; families may claim the = credit for amounts paid on or after July 1, 1998 for college or = vocational school enrollment beginning on or after July 1, 1998. = The maximum credit is determined on a per-taxpayer (family) basis, = regardless of the number of post-secondary students in the family, =

and is phased out at the same income levels as the "HOPE = Scholarship" tax credit. Families will be able to claim the = Lifetime Learning tax credit for some members of their family and = the "HOPE Scholarship" tax credit for others who qualify in the = same year.

=

A homemaker, whose family has an adjusted gross income of $70,000, = wants to attend a graduate teacher training program at a public = university ($3,500 tuition) after being out of college for 20 = years. Using the Lifetime Learning credit, her family's income = taxes would be cut by as much as $700.

=

A married couple has an adjusted gross income of $32,000. The = husband who is working as an automobile mechanic decides to go = back to a local technical college to take some computer classes in =

the hope of getting a better job. He will pay a tuition of =

$1,200. Using the Lifetime Learning credit, this family would =

have their taxes cut by as much as $240.

=

=B7 Parents and grandparents can create education IRAs and make =

penalty-free withdrawals from other IRAs

=

Beginning January 1, 1998, taxpayers may withdraw funds from an =

IRA, without penalty, for their own higher education expenses or =

those of their spouse, child, or even grandchild. In addition, for =

each child under age 18, families may deposit $500 per year into =

an Education IRA in the child's name. Earnings in the Education =

IRA will accumulate tax-free and no taxes will be due upon =

withdrawal if the money is used to pay for post-secondary tuition =

and required fees (less grants, scholarships, and other tax-free = educational assistance), books, equipment, and eligible room and = board expenses. Once the child reaches age 30, his or her = Education IRA must be closed or transferred to a younger member of = the family.

=

=

A taxpayer's ability to contribute to an Education IRA is phased = out when the taxpayer is a joint filer with an adjusted gross = income between $150,000 and $160,000, or a single filer with an = adjusted gross income between $95,000 and $110,000. There are a = few restrictions. A student, for example, who receives the = tax-free distributions from an Education IRA may not, in the same = year, benefit from the "HOPE Scholarship" or Lifetime Learning tax =

credits.

=

=B7 Greater flexibility for families saving in qualified State =

tuition plans =

=

When a family uses a qualified State-sponsored tuition plan to = save for college, no tax is due in connection with the plan until = the time of withdrawal as a result of a law passed last year. = This year's change in law allows families to use these plans to = save not only for tuition but also for certain room and board = expenses for students who attend on at least a half-time basis. = Tuition and required fees paid with withdrawals from a qualified = State tuition plan are eligible for the "HOPE Scholarship" tax = credit and Lifetime Learning tax credit. These benefits are =

available on January 1, 1998.

=

=B7 Paying back student loans at a lower cost

=

For many college graduates, one of their first financial =

obligations is to repay their student loans, which average about =

$13,500 per student. The new student loan interest deduction will =

reduce the burden of the repayment obligation by allowing students =

or their families to take a tax deduction for interest paid in the =

first 60 months of repayment on student loans. The deduction is =

available even if an individual does not itemize other deductions.

=

The maximum deduction is $1,000 in 1998, $1,500 in 1999, $2,000 in =

2000, and $2,500 in 2001 and beyond. It is phased out for joint =

filers with adjusted gross income between $60,000 and $75,000, and =

single filers with adjusted gross income between $40,000 and =
$55,000. The deduction is available for all educational loans, =
including loans made to students, parents, guaranteed student =
loans, and loans from private lenders, made before August of 1997 =
when the new student loan interest deduction became law but only =
to the extent that the loan is within the first 60 months of =
repayment. =

=

A senior graduates from college and finds a job paying $25,000 a =
year (and has no other income). The student has a total student =
debt of $12,000 and is in the 15% federal income tax bracket. The =
monthly payment for this student's loans is $148. The total =
amounts of payments for the first year is $1,776, over half of =
which is interest ($960) which can be deducted under the new law. =

The student's maximum tax benefit can be calculated by multiplying =

$960 by 15%: for a tax savings of $144.

=

=B7 Going to school while you work

=

The new tax law extends Section 127 of the tax code for three =

years. Section 127 allows workers to exclude up to $5,250 of =

employer-provided education benefits from their income. The =

assistance must be for undergraduate courses beginning prior to =

June 1, 2000. This provision will enable many Americans to pursue =

their goals of lifelong learning. =

=B7 Community service loan forgiveness =

=

This provision excludes from income student loan amounts forgiven =

by non-profit, tax-exempt charitable or educational institutions =
for borrowers who take community-service jobs that address unmet =
community needs. For example, a recent graduate who takes a =
low-paying job in a rural school will not owe any additional =
income tax if in recognition of this service her college or =
another charity forgives a loan it made to her to help pay her =
college costs. This provision applies to loans forgiven after =
August 5, 1997.
=

The balanced budget bills signed by President Clinton include many =
other provisions that will help all of the young people in America =
grow and learn and help families navigate through these changing =
times. The new tax law includes a provision to encourage computer =
donations to schools. The balanced budget agreement protects and =

advances President Clinton's top domestic priorities, such as =

expansion of Head Start, and an increase in the maximum Pell =

grant for college to $3,000. All of these benefits and tax cuts =

have one goal: to give parents the support they need to give their =

children a first class education and hope for the future.

=

For information on additional student aid programs that will help =

meet the costs of college and lifelong learning for you, your =

children and grandchildren, please call 1-800-4FED-AID. For =

information on the importance of getting ready for college early, =

especially middle school students, call 1-800-USA-LEARN.

=

(This is an informational guide produced by the Department of =

Education; for detailed tax information and instruction please =

consult your IRS tax forms and publications to see if you =

qualify.)

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MT`8(``$"A`.L)H0#K"8"(!\`T(S="0L``P````L`W<S2`1(`!@(`BP%V`+D$
M```2`-+2`!(`!@(`BP%V`*L$```2`-+2`0X`!P(`[`"+`0X`TM(`#@`"@#L
M`(L!#@#25&AE@/`@!/(3U!%@%-C:&]L87)S:&EP\!\$\(!T87B`8W)E9&ET
M@&&AE;'!S@&&UA:V6`=&AE@&&9I<G-T@'1W;X!Y96%R<X!O9H!C;VQL96=E@)QO
M<H!V;V-A=&EO;F%L@'-C:&]O;(!U;FEV97)S86QL>9N`879A:6QA8FQE+H!3
M='5D96YT<\]W:6QL@')E8V5I=F6`88`Q+#`E@'1A>(!C<F5D:72`9F]R@'1H
M98!F:7)S=(`D,2PP,#"`;V:`='5I=&EO;F%L@&5X<&5N<V5S@&%N9(!A
M;F2`88`U,"6`8W)E9&ET@&&]N@'1H98!S96-O;F2`)#$L,#`P+H!4:&ES@&-R
M<F5D:73/:7.`879A:6QA8FQE@&&9O<H!T=6ET:6]N@&%N9(!R97%U:7)E9(!F
M965S@&&QE<W.`9W)A;G1S+(!S8VAO;&%R<VAI<',L@&%N9(!O=&AE<H!T87@M
M9G)E98!E9'5C871I;VYA;(!A<W-I<W1A;F-E@&%N9(#4&R,`A@$"``@`6`).
MJP``6`(!``"8"`@`F`@`5`@`````",`U-0;'P``0'```F`@``F`@`5`6`(`("
M`%@"3JL?`-1W:6QL@&&)E@&%V86EL86)L98`!%0``"P`)`0``@`)`*!`(`!(!4`
MT&9O<H!P87EM96YT<X!M861E@&%F=&5R@$1E8V5M8F5R@#$E8V5M8F5R@#,Q+#$Y.3DW@&9O
M<H!C;VQL96=E@&&5N<F]L;&UE;G2`869T97*`1&971E+H"`@$$&`:&EG
M:(!S8VAO;VR`9W)A9'5A=&5S@&&]R@&&=E;F5R86P`@&5Q=6EV86QE;F-Y@&1E
```

M;H!Y96%R@&]F@&-O;&QE9V6`:6Z`4V5P=&5M8F5R+(`Q.3DX+(!F;W*`97AA
M;7!L92R`8V]U;&2`8F6`96QI9VEB;&6`9F]R@&%S@&UU8VB`87.`88`D,2PU
M,#"`2$]018!T87B`8W)E9&ET+H#,S)SR"/+R#/+S#//S"/.;G%1H:7.;@&-R
M961I=(!I<X!P:&%S962`;W5T@&9O<H!J;VEN=(!F:6QE<G.`=VAO@&AA=F6`
M8F5T=V5E;H`D.#`L,#`P@&%N9(`D,3`P+#`P,(!O9H!A9&IU<W1E9(!G<F]S
M<X!I;F-O;64L@&%N9(!F;W*`<VEN9VQE@&9I;&5R<]`!%0``"P`)``$K#Z`-
M$``!(!4`T'=H;X!H879E@&)E='=E96Z`)#0P+#`P,(!A;F2`)#4P+#`P,(!O
M9H!A9&IU<W1E9(!G<F]S<X!I;F-O;64N@(!4:&6`8W)E9&ET@&-A;H!B98!C
M;&%I;65D@&EN@'1W;X"<>65A<G.;@&9O<H!S='5D96YT<X!W:&^`87)E@&EN
MSW1H96ER@&9I<G-T@'1W;X!Y96%R<X!O9H!C;VQL96=E@&]R@'9O8V%T:6]N
M86R`<V-H;V]L@&%N9(!W:&^`87)E@&5N<F]L;&5D@&]N@&%T@&QE87-T@&&`
M:&%L9BUT:6UE@&)A<VES@&EN@&&`9&5G<F5E@&]R@&-E<G1I9FEC871ESW!R
M;V=R86V`9F]R@&%N>8!P;W)T:6]N@&]F@'1H98!Y96%R+H"`5&AE@'1A>'!A
M>65R@&-A;H!C;&%I;8!A@&-R961I=(!F;W*`:&ES@&]W;H!T=6ET:6]N@&5X
M<&5N<V6`;W*`9F]R@'1H98!E>'!E;G-E<X!O9H!H:7.`;W*`:&5RSW-P;W5S
M98!O<H!D97!E;F1E;G2`8VAI;&1R96XNS-(`$@`&`@"+`>P`Z`4``!(`TM(!
M$@`&`@"+`>P`V@4``!(`TM(`#@`"@!V`(L!#@#2T@$.``<"`'8`BP$.`-*<
MS/((\O(,\D&`;6%R<FEE9(!C;W5P;&6`=VET:(!A;H!A9&IU<W1E9(!G<F]S
M<X!I;F-O;66`;V:`)#8P+#`P,(!H87.`='=O@&-H:6QD<F5N@&EN@&-O;&QE
M9V6`872`;&5A<W2`:&%L9BUT:6UE\PSS+(!O;F6`872`88!C;VUM=6YI='G0
M M`14```L`"0`!1Q2\$A8``2`5`-!C;VQL96=E@'=I=&B`88!T=6ET:6]N@&]F
M@"0R+#`P,(!A;F2`=&AE@&]T:&5R@&&`<V]P:&]M;W)E@&%T@&&`<')I=F%T
M98!C;VQL96=E@'=I=&B`='5I=&EO;H!O9H`D,3$L,#`P+H"`57-I;F>`=&AE
M@$A/4$7/4V-H;VQA<G-H:7"`=&%X@&-R961I="R`=&AI<X!C;W5P;&6`=V]U
M;&2`:&%V98!T:&5I<H!T87AE<X!C=72`8GF`87.`;75C:(!A<X`D,RPP,#`N
M\PCSU!LC`(8!`@`(`%@"3JL``%@"`0`F`@(`)@(&E9L"``C`-34&Q\`AP$"
M``@`)@(&E0$`)@(``%@"`@!8`DZK'P#4T`05```+``D``?L5<!08``$@%0#0

```
MF\S=!!``@@%1``,`WV+_$`#=W04+``,````+`-W=!A,`@@%1``(`WV+D#@``
M$P#=\``$\.`P#`````"$`PP`X-T'"P`#`````"P#=\@SR5&AE@$QI9F5T:6UE
M@$QE87)N:6YG@'1A>(!C<F5D:73S#//="!<`@P%1``(`WV+D#@``_PX``!<`
MW8S0!!\``!4`$P`!KQ<D%AH``0*$`ZPFA`.L)@(@'P#0C-T)"P`#`````"P#=
MS-(!$@`&`@"+`78`WPP``!(`TM(`$@`&`@"+`78`T0P``!(`TM(!#@`"@#L
M`(L!#@#2T@`.``<"`.P`BP$.`-)4:&ES@'1A>(!C<F5D:72`:7.`=&%R9V5T
M962`=&^`861U;'1S@'=H;X!W86YT@'1O@&=O@&)A8VN`=&^`G'-C:&]O;"R`
M8VAA;F=E@&-A<F5E<G,L\0!_`O'Q`GX"\8#Q`WX"\9N`\0%_`O'Q`H`"\8#Q
M`X`"\6]RFX!T86ME@&&&`8V]U<G-E@&&]R@'1W;X!T;X!U<&=R861E@'1H96ER
M@'-K:6QL<\]A;F2`=&^`8V]L;&5G98!J=6YI;W)S+(!S96YI;W)S+(!G<F%D
M=6%T98!A;F2`<')O9F5S<VEO;F%L@&1E9W)E98"<<W1U9&5N='=',NFX"`08!F
M86UI;'F`=VEL;(!R96-E:79E@&&&`,C`E@'1A>(!C<F5D:72`9F]R@'1H98!F
M:7)S=,\D-2PP,#"`;V:`@'1U:71I;VZ`86YD@')E<751<F5D@&9E97.`<&%I
M9(!E86-H@'EE87*`=&AR;W5G:(`R,#`R+(!R+(!A;F2`9F]R@'1H98!F:7)S=(`D
M,3`L,#`P@'1H97)E869T97(N@(!*=7-T:7-E@&&QI:V6`=&AE@&/`@!/!(3U!%SU-C
M:&]L87)S:&EP\!\$\(!T87B`8W)E9&ET+(!T:&6`3&EF971I;66`3&5A<FYI;F<`
M:&5L<'.`9FEN86YC92!C;W-T<VES=&5N=*`;&F%W:6YG@'1H97)E869T97(N
M9F]R@(!I;F1I=FED=6%L@&=I=F5N@%1A>"!C<F5D:71S(&9O<B!S=&%T97,`
M;6%K961U8V%T:6]N@&UO<F6`869F;W)D86)L98!F;W*`86-T:79E@&-I=&EZ
M96YS9&]N)W2`8F%C:V)O;F5S+(!I;F-L=61I;F>`;&EF96QO;F>`;&5A<FYE
M<G.`86YD@&-U<G)E;G2`9W)A9'5A=&5S+B`@5&AE@&=R861U871E@&1E9W)E
M9"`;VZ`@'1H92!C;W-T@&EN8W5R<F5D@&)Y@&%L;(!S='5D96YT<R!O9B!T:&4`
M97-@&]R@'1H98!P<F5F97)R960@'1A>"!T<F5A=&UE;G0@;V8@:6YV97-T;65N
M969F;W)T<R!A;F0@;6%N>2!O=&AE<B!T:&EN9W,@=&AA="!C86X@8F4@9&]N
M:6YG@&9R;VV`9FEN86YC:6%L@&%I9"!P86-K86=E<R!A;F0@9W)A;G1S+B`@
M:6YC;'5D92!T:&4@=V%N="!T;R!H96QP@&-O;G1I;G5E@&5D=6-A=&EO;BP`
```

M@'1A>(!C<F5D:70N@("`1F%M:6QI97.`=VEL;(!B98!A8FQE@'1O@&-L86EM

M@'1H98!,:69E=&EM98!,96%R;FEN9X!T87B`8W)E9&ET@&9O<H!S;VUE@&UE

M;6)E<G.`;V:`@'1H96ERSV9A;6EL>8!A;F2`=&AE@/`@!/!(3U!%@%-C:&]L

M87)S:&EP\!\$\(!T87B`8W)E9&ET@&9O<H!O=&AE<G.`=VAO@'%U86QI9GF`

M:6Z`=&AE@'-A;66`>65A<B[,S/(,\O((\D&`:&]M96UA:V5R\PSS+(!W:&]S

M98!F86UI;'F`:&%S@&%N@&%D:G5S=&5D@&=R;W-S@&EN8V]M98!O9H`D-S`L

M,#`P+(!W86YT<X!T;X!A='1E;F2`88!G<F%D=6%T98!T96%C:&5R@'1R86EN

M:6YG@'!R;V=R86V`872`8=`!%0``"P`)``'G(5P@)@`!(!4`T'!U8FQI8X!U

M;FEV97)S:71Y@"@D,RPU,#"`='5I=&EO;BF`869T97*`8F5I;F>`;W5T@&]F

M@&-O;&QE9V6`9F]R@#(P@'EE87)S+H"<57-I;F>`=&AE@$QI9F5T:6UE@$QE

M87)N:6YG@&-R96ED=")`:&5RFX!F86UI;'GP"3P<X!I;F-O;67/=&%X97.`

M=V]U;&2`8F6`8W5T@&)Y@&%S@&UU8VB`87.`)#<P,"[S"//0!!4```L`"0`!

MFR,0(B@``2`5`-#,\@CR08!M87)R:65D@&-O=7!L98!H87.`86Z`861J=7-T

M962`9W)O<W.`:6YC;VUE@&]F@"0S,BPP,#!L(!4:&6`8W)E9&ET@'1O@'1H

M:7.`=V]R:VEN9X!A<X!A;H#R#R/)A=71O;6]B:6QE@&UE8VAA;FEC@&1U

M8VED97.`=&_0`14```L`"0`!3R7$(RH``2`5`-!G;X!B86-K@'1O@&&`;&]C

M86R`=&5C:&YI8V%L@&-O;&QE9V6`=&^`=&%K98!S;VUE@&-O;7!U=&5R@&-L

M87-S97.`:6Z`=&AE@&AO<&6`;V:`9V5T=&EN9X!A@&)E='1E<H!J;V(N@(!(

M98!W:6QL@'!A>8!A@'1U:71I;VZ`;V;/)#$L,C P+H"`@%5S:6YG@'1H98!,

M:69E=&EM98!,96%R;FEN9X!C<F5D:70L@'1H:7.`9F%M:6QY@'=O=6QD@&AA

M=F6`=&AE:7*`=&%X97.`8W5T@&)Y@&%S@&UU8VB`87.`)#(T,"[S"//0!!4`

M``L`"0`!R=X)2P``2`5`-#2`!(`!@(`BP'L`,D/```2`-+2`1(`!@(`BP'L

M`+L/```2`-+2``X`!P(`=@"+0`X`TM(!#@@!@(`0!V`(L!#@@#2S-T$$`""`5$`

M`P#?8O\0`-W=!0L``P````L`W=T&$P""`5$``@#?8N<7```3`-WP``3PX#`,

M`````(0##`#@W0<+``,````+`-WR#/)087)E;G1S@&%N9(!G<F%N9'!A<F5N

M=',`8V%N@&-R96%T98!E9'5C871I;VZ`25)!<X!A;F2`;6%K9?,,\X#R#/)P

M96YA;'1Y+69R966`=VET:&1R87=A;'.`9G)O;3!O=&AE<H!)4D%S\PSSW0@7

M`(,!40`"`-]BYQ<```(8```7`-V,T`0?```5`!,``;<H+"<N``$"A`.L)H0#
MK"8"(!\`T(S="0L``P````L`W<S2`1(`!@(`BP%V`-@7```2`-+2`!(`!@(`
MBP%V`,H7```2`-+2`0X`!P(`[`"+`0X`TM(`#@`"`@#L`(L!#@#20F5G:6YN
M:6YG@$1A;G5A<GF`,2R`,3DY."R`=&%X<&%Y97)S@&UA>8!W:71H9')A=X!F
M=6YD<X!F<F]M@&%N@$E202R`=VET:&]U=(!P96YA;'1Y+(!F;W*`=&AE:7*`
M;W=N@&AI9VAE<H!E9'5C871I;V[/97AP96YS97.`;W*`=&AO<V6`;V:`=&AE
M:7*`<W!O=7-E+(!C:&EL9"R`;W*`979E;H!G<F%N9&-H:6QD+H!);H!A9&1I
M=&EO;BR`9F]R@&5A8VB`8VAI;&2`=6YD97*`86=E@#$X+(!F86UI;&EE<X!M
M87F`9&5P;W-I=(`D-3`PSW!E<H!Y96%R@&EN=&^`86Z`161U8V%T:6]N@$E2
M08!I;H!T:&6`8VAI;&3P"`3P<X!N86UE+H!%87)N:6YG<X!I;H!T:&6`161U
M8V%T:6]N@$E208!W:6QL@&%C8W5M=6QA=&6`=&%X+69R966`86YD@&YO@'1A
M>&5S@'=I;&R`8F7/9'5E@'5P;VZ`=VET:&1R87=A;(!I9H!T:&6`;6]N97F`
M:7.`=7-E9(!T;X!P87F`9F]R@'!O<W0M<V5C;VYD87)Y@'1U:71I;VZ`86YD
M@(!R97%U:7)E9(!F965S@"AL97-S@&=R86YT<RR`<V-H;VQA<G-H:7!S+(!A
M;F2`;W1H97+/=&%X+69R966`961U8V%T:6]N86R`87-S:7-T86YC92DL@(!B
M;V]K<RR`97%U:7!M96YT+(!A;F2`96Q19VEB;&6`<F]O;8!A;F2`8F]A<F2`
M97AP96YS97,N@(!/;F-E@'1H98!C:&EL9(!R96%C:&5S@&%G98`S,"R`:&ES
M@&]RSVAE<H!%9'5C871I;VZ`25)!@&UU<W2`8F6`8VQO<V5D@&]R@'1R86YS
M9F5R<F5D@'1O@&&`>6]U;F=E<H!M96UB97*`;V:`=&AE@&9A;6EL>2[,G/$"
MB`+QS/$#B`+QF]`&%0``"P`)``%A,-8N-P`!(!4`T$&`=&%X<&%Y97+P"`3P
M<X!A8FEL:71Y@'1O@&-O;G1R:6)U=&6`=&^`86Z`161U8V%T:6]N@$E208!I
M<X!P:&%S962`;W5T@'=H96Z`=&AE@'1A>'!A>65R@&ES@&&`:F]I;G2`9FEL
M97*`=VET:(!A;H!A9&IU<W1E9(!G<F]S<\]I;F-O;66`8F5T=V5E;H`D,34P
M+#`P,(!A;F2`)#$V,"PP,#`L@&]R@&&`<VEN9VQE@&9I;&5R@'=I=&B`86Z`
M861J=7-T962`9W)O<W.`:6YC;VUE@&)E='=E96Z`)#DU+#`P,(!A;F2`)#$Q
M,"PP,#`N@(!4:&5R9<]A<F6`88!F97>`<F5S=')I8W1I;VYS+H"`08!S='5D
M96YT+(!F;W*`97AA;7!L92R`=VAO@')E8V5I=F5S@'1H98!T87@M9G)E98!D

M:7-T<FEB=71I;VYS@&9R;VV`86Z`161U8V%T:6]N@$E208!M87F`;F]T+(!I
M;H!T:&7/<V%M98!Y96%R+(!B96YE9FET@&9R;VV`=&AE@/`@!/!(3U!%@%-C
M:&]L87)S:&EP\!\$\(!O<H!,:69E=&EM98!,96%R;FEN9X!T87B`8W)E9&ET
M<R[,T@`2``8"`(L![``6&0``$@#2T@$2``8"`(L![``(&0``$@#2T@`.``<"
M`'8`BP$.`-+2`0X`!P(`=@"+`0X`TLS=!!``@@%1``,`WV+_$`#=W04+``,`
M```+`-W=!A,`@@%1``(`WV(M'@``$P#=\``$\.`P#`````"$`PP`X-T`"P`#
M````"P#=\@SR1W)E871E<H!F;&5X:6)I;&ET>8!F;W*`9F%M:6QI97.`<V%V
M:6YG@&EN@'%U86QI9FEE9(!3=&%T98!T=6ET:6]N@'!L86YS@(#S#//="!<`
M@P%1``(`WV(M'@``2!X``!<`W8S0!!\``!4`$P`!S05"!`4``0*$`ZPFA`.L
M)@(@'P#0C-T)"P`#`````"P#=S-(!$@`&`@"+`78''AX``!(`TM(`$@`&`@"+
M`78`$!X``!(`TM(!#@`"`@#L`(L!#@#2T@`.``<"`-$`BP$.`-)7:&5N@&&`
M9F%M:6QY@'5S97.`88!Q=6%L:69I962`4W1A=&4M<W!O;G-O<F5D@'1U:7II
M;VZ`<&QA;H!T;X!S879E@&9O<H!C;VQL96=E+("<;F^`=&%X@&ES@&1U98#Q
M`H$"\6EN@&-O;FYE8W1I;VZ`=VET:(!T:&6`<&QA;H#Q`X$"\75N=&ELFX!T
M:&7/=&EM98!O9H!W:71H9')A=V%L@&%S@&&`<F5S=6QT@&]F@&&`;&%W@'!A
M<W-E9(!L87-T@'EE87(N@(!4:&ES@'EE87+P'`3P<X"<8VAA;F=E@&EN@&QA
M=YN`86QL;W=S@&9A;6EL:65S@'1O@'5S98!T:&5S98!P;&%N<X!T;X!S879E
M@&YO=,]O;FQY@&9O<H!T=6ET:6]N@&)U=(!A;'-O@&9O<H!C97)T86EN@')O
M;VV`86YD@&)O87)D@&5X<&5N<V5S@&9O<H!S='5D96YT<X!W:&^`871T96YD
M@&]N@&%T@&QE87-T@&&&`:&%L9BUT:6UE@&)A<VES+H"`5'5I=&EO;H!A;F3/
M<F5Q=6ER962`9F5E<X!P86ED@'=I=&B`=VET:&1R87=A;'.`9G)O;8"<88!Q
M=6%L:69I962`4W1A=&6`='5I=&EO;H!P;&%N@&%R99N`96QI9VEB;&6`9F]R
M@'1H98#P(`3P2$]018!38VAO;&%R<VAI</`?!/"`=&%X@&-R9611=(!A;F3/
M3&EF9711;66`3&5A<FYI;F>`=&%X@&-R9611="Z`@%1H97-E@&)E;F5F:71S
M@&%R98!A=F%I;&%B;&6`;VZ`2F%N=6%R>8`Q+(`Q.3DX+LS2`!(`!@(`BP'1
M`#P?```2`-+2`1(`!@(`BP'L`"X?```2``X`!P(`[`"+`0X`TM(!#@"
M`@!V`(L!#@#2S-T$$`""`5$``P#?8O\0`-W=!0L``P````L`W=T&$P""`5$`

```
M`@#?8OXA```3`-WP``3PX#`,````(0##`#@W0<+``,````+`-WR#/)087EI
M;F>`8F%C:X!S='5D96YT@&QO86YS@&%T@&&`;&]W97*`8V]S=/,,\]T(%P"#
M`5$``@#?8OXA```9(@``%P#=C-`$'P``%0`3``&=#!(+#0`!`H0#K":$`ZPF
M`B`?`-",W0D+``,````+`-W,T@$2``8"`(L!=@#O(0``$@#2T@`2``8"`(L!
M[`#A(0``$@#2T@$.``<"'8`BP$.`-+2``X`!P(`[`"+`0X`TD9O<H!M86YY
M@&-O;&QE9V6`9W)A9'5A=&5S+(!O;F6`;V:`=&AE:7*`9FER<W2`9FEN86YC
M:6%L@&]B;&EG871I;VYS@&ES@'1O@')E<&%Y@'1H96ER@'-T=61E;G2`;&]A
M;G,L@'=H:6-H@&%V97)A9V6`86)O=72`)#$S+#4P,,]P97*`<W1U9&5N="Z`
M@%1H98!N97>`<W1U9&5N=(!L;V%N@&EN=&5R97-T@&1E9'5C=&EO;H!W:6QL
M@')E9'5C98!T:&6`8G5R9&5N@&]F@'1H98!R97!A>6UE;G2`;V)L:6=A=&EO
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M86ME@&&`=&%X@&1E9'5C=&EO;H!F;W*`:6YT97)E<W2`<&%I9(!I;H!T:&6`
M9FER<W2`-C"`;6]N=&AS@&]F@')E<&%Y;65N=(!O;H!S='5D96YT@)QL;V%N
M<RZ`@%1H98!D961U8W1I;VZ`:6VZ`://879A:6QA8FQE@&5V96Z`:6:`86Z`:6YD
M:7919'5A;(!D;V5S@&YO=(!I=&5M:7IE@&]T:&5R@&1E9'5C=&EO;G,NF\R<
M\0"#`O',\0&#`O'Q`(@"\9OQ`8@"\?((\O$$`@@+Q08!S96YI;W*`9W)A9'5A
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M;V9E:61>(!B<F%C:V5T+B`@5&AE(&]R:6=I;F%L('-T=61E;G0@;&]A;B!W
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M:6%L@&EN=&5R97-T@&1E9'5C=&EO;G,N(!4:&4@<W1U9&5N=(!L;V%N
M9&5N=/`<!/!S@&UA>&EM=6V`=&%X@'-A=FEN9W-@&)E(&-A;&-U;&%T960@87,
M962`8GF`;75L=&EP;'EI;F>`)#DV,"`Q-24@;V8@=&AE(&EN=&5R97-T(&%M;W5N
```

```
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M=6V`9&5D=6-T:6]N@&ES@"0Q+#`P,(!I;H`Q.3DX+(`D,2PU,#"`:6Z`,3DY
M.2R`)#(L,#`P@&EN@#(P,#`L@&%N9(`D,BPU,#"`:6Z`,C`P,8!A;F2`8F5Y
M;VYD+H"`272`:7.`<&AA<V5D@&]U=(!F;W+/:F]I;G2`9FEL97)S@'=I=&B`
M861J=7-T962`9W)O<W.`:6YC;VUE@&)E='=E96Z`)#8P+#`P,(!A;F2`)#<U
M+#`P,"R`86YD@'-I;F=L98!F:6QE<G.`=VET:(!A9&IU<W1E9(!G<F]S<X!I
M;F-O;66`8F5T=V5E;L\D-#`L,#`P@&%N9(`D-34L,#`P+H!4:&6`9&5D=6-T
M:6]N@&ES@&%V86EL86)L98!F;W*`86QL@&5D=6-A=&EO;F%L@&&QO86YS+(!I
M;F-L=61I;F>`;&]A;G.`;6%D98!T;X!S='5D96YT<RR`<&%R96YT<RR`9W5A
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M@&&YE=X!S='5D96YT@&&QO86Z`:6YT97)E<W2`9&5D=6-T:6]N@&)E8V%M9<]L
M87>`8G5T@&&]N;'F`=&^`=&AE@&5X=&5N=(!T:&%T@'1H98!L;V%N@&&ES@'=I
M=&AI;H!T:&6`9FER<W2`-C"`;6]N=&AS@&]F@&EN=&5R97-T@&1U90``$@`&
M`@"+`>P`["("``!(`TM(!$@`&`@"+`78`WB(``!(`TM(`#@``@#L`(L!#@#2
MT@$.``<""8`BP$.`-*<\0*%`O',\0.%`O'Q`(@"\9OQ`8@"\?$"A@+Q\@CR
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M8V]]M92D@:6Z`,C`P,(!A;F2`,C`P,2R`86YD@'-O@&AE<H!H:7-T;W)Y@&%N9
M&@`!(!4`T'T-T=61E;G2`;&]A;G.`:6Z`,C`P,"R`-'<`)#8P,"R`,C`P,(!I
M,34E@&&]F@&%N9&5R<&%Y;65N=+(`)#4P,"R`86YD@&9O<H!T:&6`,'@.H!'
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M;&%W+H"`5&AE@'-T=61E;G0]@&&QO86Z`:6YT97)E<W2`9&5D=6-T:6]N@&-A
M;H!B98!C;&%I;65D@&)Y)Y@&EU;;'1I<&QE@&EN9&EV:61U86QS@"0Y+"`8GF`,34E.H!F
```

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M`((!40`#`-]B_Q``W=T%"P`#`````"P#=W083`((!40`"`-]B(RP``!,`W?``
M!/#@,`P`````A`,,`.#=!PL``P````L`W?(,\D=O:6YG@'1O@'-C:&]O;(!W
M:&EL98!Y;W6`=V]R:_,,\]T(%P"#`5$``@#?8B,L```^+```%P#=C-`$'P``
M%0`3``Q&V8:'P`!`H0#K":$`ZPF`B`?`-",W0D+``,````+`-W,T@$2``8"
M`(L!=@"#*0``$@#2T@`2``8"(L![`!U*0``$@#2T@$.``<"`8`BP$.`-+2
M``X`!P(`[`"+`0X`TE1H98!N97>`=&%X@&QA=X!E>'1E;F1S@%-E8W1I;VZ`
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M@#$$R-X!A;&QO=W.`=V]R:V5R<X!T;X!E>&-L=61E@'5P@'1O@"0U+#(U,(!O
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M:&5I<H"<:6YC;VUE+H"`U!LC`(8!`@`(`%@"3JL``%@"`0`F`@(`)@)&E=XK
M```C`-34&Q\`AP$"`@`)@#)@(&E0$`)@(``%@"`@!8`DZK'P#45&AEFX!A<W-I
M<W1A;F-E@&UU<W.`8F6`9F]R@'5N9&5R9W)A9'5A=&6`=V]R:RX`<VEN8V6`
M;FYI;F>`<)I;W*`=&_@0`14```L`"0`!?Q[T"(``2`5`-!*=6YE@#$$L@#(P
M,#`@.`;W*`;&EF96QO;F>`;&5A<FYI;F<N
M@("`@("`@("`@("`@("`@("`@("`@("`@(#,+LS2`!(`!@(`BP'L
M``8M```2`-+2`1(`!@(`BP%V`/@L```2`-+=!!``@@%1``,`WV+_$`#=W04+
M``,````+`-W2``X`!P(`[`"+`0X`TM(!#@`'`@`"@!V`(L!#@#2W083`((!40`"
M`-]B$"\``!,`W?``!/#@,`P`````A`,,`.#=!PL``P````L`W?(,\D-O;6UU
M;FET>8!S97)V:6-E@&QO86Z`9F]R9VEV96YE<W.`@/,,\]T(%P"#`5$``@#?
M8A`O``!'+P``%P#=C-`$'P``%0`3``$-(8(?)0`!H0#K":$`ZPF`B`?`-",
MW0D+``,````+`-W,T@$2``8"(L!=@`Y+P``$@#2T@`2``8"(L![`!U*P``
M$@#2T@$.``<"`8`BP$.`-+2``X`!P(`[`"+`0X`TE1H:7.`=&%X@&-R961I=`
M@&5X8VQU9&5S@&9R;VV`=&%X86)L96Z`:6YC;VUE@'1H98!A;6]U;G1S@&9O
```

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M=&%K98!C;VUM=6YI='DM<V5R=FEC98!J;V)S@'1H872`861D<F5S<X!U;FUE
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M;W9I<VEO;H!A<'!L:65S@'1O@&QO86YS@&%O<F=I=F5NSV%F=&5R@$%U9W5S
M=(`U+("Q.3DW+KG2`!(`!@(`BP'L`!4P```2`-+2`I(`!@(`BP%V``<P```2
M`-+2``X`!P(`[`"+`0X`TM(!#@#@"2S-(!$@`&`@"+`78`73(
M`!(`TM($@`&`@"+`>P`3S(``!(`TM(!#@#@"@!H`(L!#@#@"2T@`.``<""`8`
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M@&%L;&]W:6YG@'1H92!D961U8W1I;VZ`;V:`=&AE<V6`96YT87)T>7!E@&%P<&QI8V%T:6]N<S`
M:6YT97)E<W2`;VZ`<W1U9&5N=*!L;V%N<X!W:&EC:(!W87.`97AP:7)E9(!I
M;B`Q.3DV+`!W:&EC:(!W87.`<F5S=&]R960@;VX@=&AE@&=R861U871E@&QE
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M:$%L=&AO=6=H@&ET@&ES@&9A:7)L>8!U<V5F=6R`<V]]M96`=&AE<F6`;6%Y
M9V]]T@;V*`8F5E;H!P<F5V96YT:6]N@&]F@'1H:7.`<V5R=FEC98!T:&%T@'1H
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```

M@&%N9,]H;W!E@&9O<H!T:&6`9G5T=7)E+LS,1F]R@&EN9F]R;6%T:6]N@&]N

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M;VQL96=E@&5A<FQY+,]E<W!E8VEA;&QY@&UI9&1L98!S8VAO;VR`<W1U9&5N

M=',L@&-A;&R`,80X,#"$55-!A$Q%05).+LS0!A4```L`"0`!83#6+C<``2`5

M`-#2`1(`!@(`BP%H`)`R```2`-+2`!(`!@(`BP%V`)XR```2`-+4&R,`A@$"

M``@`6`).JP``6`(!`"8"`@`F`@:5[2T``",`U/((\M0;'P"'`0(`"#T`9\Q

M!P#T`0``6`(("%@"3JL?`-3R#/(H5&AI<X!I<X!A;H!I;F9O<FUA=&EO;F%L

M@&=U:61E@'!R;V1U8V5D@&)Y@'1H98!$97!A<G1M96YT@&]F@$5D=6-A=&EO

M;CN`9F]R@&1E=&%I;&5D@'1A>(!I;F9O<FUA=&EO;H!A;F2`:6YS=')U8W1I

M;VZ`<&QE87-E@&-A;&R`,80X,#"!BP$``````2`5`-!Y;W5R@$E2

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MG'%U86QI9GGQ`H<"\2[Q`X<"\2GS#//4&R,`A@$"``@`6`).JP``6`("/0!

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

TEXT:
RFC-822-headers:
Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
id <01INXOALP00000FF5B@PMDF.EOP.GOV>; Mon, 22 Sep 1997 07:25:42 -0400 (EDT)
Received: from storm.eop.gov (storm.eop.gov)
by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01INXOAETPLS00FOQ0@PMDF.EOP.GOV>; Mon,

22 Sep 1997 07:25:35 -0400 (EDT)
Received: from vader.ed.gov ([165.224.216.253])
by STORM.EOP.GOV (PMDF V5.1-7 #6879)
with ESMTP id <01INXO9TMS36005PAR@STORM.EOP.GOV>; Mon,
22 Sep 1997 07:25:04 -0400 (EDT)
Received: from smtpgwy1.ed.gov (smtpgwy1.ed.gov [165.224.216.37])
by vader.ed.gov (8.8.5/8.8.4) with SMTP id HAA04857; Mon,
22 Sep 1997 07:22:32 -0400 (EDT)

Received: from ccMail by smtpgwy1.ed.gov
(IMA Internet Exchange 2.11 Enterprise) id 00035022; Mon,
22 Sep 1997 07:24:48 -0400
================= END ATTACHMENT 1 =================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Pauline_Abernathy (Pauline_Abernathy@ed.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:24-SEP-1997 21:09:00.00

SUBJECT: Re: TX impact sheet

TO: William R. Kincaid (William R. Kincaid@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
I cannot join the conference call so here are a few comments.

TEXAS COMMUNITY COLLEGE STUDENTS TO RECEIVE TUITION [DISCOUNTS]

OF UP TO 100 PERCENT UNDER PRESIDENT'S NEW HOPE SCHOLARSHIP

Possible alt: "to see their tuition cut up to 100%..."

Discounts sound to me like it is the college, not us, doing it.

"We must make the 13th and 14th years of education _ at least two

years of college _ just as universal in America by the 21st century

as

a high school education is today, and we must open the doors of

college to Americans."

_ President Clinton

State of the Union Address, 1997

The HOPE Scholarship signed into law by President Clinton as part of

the balanced budget [established by the Taxpayers Relief Act],

together with the President's proposed Pell Grant increases, ensures

that the first two years of a [community?] college education will be

well within reach of any Texas student willing to work for it. And

with the new Lifetime Learning Tax Credit, students can continue their

education or return to school later in life to increase their knowledge and skills for the 21st century economy.

In 1998-99, an estimated 387,000 Texas students will be eligible to? receive a HOPE scholarship tax credit to help pay for the first two years of college. Specifically, for a Texas community college student,

the average tuition and fees is estimated to equal $840, making the HOPE scholarship amount worth up to a 100% discount for families with a joint income between $80,000 and $100,000. [reword -- this last sentence is hard to follow. Also, should we explain how HOPE works? 100% of first 1000 and 50% on next 1000]

An additional 473,000 Texas students are expected to take advantage of

the 20% tax credit for lifetime learning up to the first $5,000 in tuition through the year 2002 and up to $10,000 after 2002. Altogether, some 860,000 Texas students from working and middle class families are expected to take advantage of these two new provisions, saving them $607 million for postsecondary education in FY 1999. Do the dollars and numbers of people match up? Are they for the same year? Dan?

In addition to the tax benefits, approximately 270,000 Texas students with limited means will receive an estimated $510 million in Pell Grants in 1998-99. What about independent student expansion???

860,000 Texas Students to Benefit from President's Education Tax Credits [Cuts] for College

______________________________ Reply Separator
____

Subject: TX impact sheet

Author: Jill Riemer at WDCB01

Date: 9/24/97 8:35 PM

This is what we have come up with at this point. Take a look at it and we can talk about it in tomorrow's conference call.

Bill, Terry and I felt that the Pell numbers at the end of your first draft -- ("Of those, 117,900 Texas cc students will receive awards equaling $1,780 on average") -- could possbily send a mix message to folks saying that the average Pell is $1,780 even though the avg. cc tuition is $840 -- looks like a windfall. Maybe there is another way to approach using this number, but that was our initial sense.

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

TEXT:
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Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
id <01IO19VT8H680094F4@PMDF.EOP.GOV> for kincaid_w@a1.eop.gov; Wed,
24 Sep 1997 21:16:50 -0400 (EDT)
Received: from storm.eop.gov (storm.eop.gov)
by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IO19VSD4OW00HVP6@PMDF.EOP.GOV> for
kincaid_w@a1.eop.gov; Wed, 24 Sep 1997 21:16:49 -0400 (EDT)
Received: from vader.ed.gov ([165.224.216.253])
by STORM.EOP.GOV (PMDF V5.1-7 #6879)
with ESMTP id <01IO19V3WTOM005UTL@STORM.EOP.GOV> for kincaid_w@a1.eop.gov;
Wed, 24 Sep 1997 21:16:17 -0400 (EDT)
Received: from smtpgwy1.ed.gov (smtpgwy1.ed.gov [165.224.216.37])
by vader.ed.gov (8.8.5/8.8.4) with SMTP id VAA19994 for
<kincaid_w@a1.eop.gov>; Wed, 24 Sep 1997 21:13:33 -0400 (EDT)
Received: from ccMail by smtpgwy1.ed.gov
(IMA Internet Exchange 2.11 Enterprise) id 0003A57C; Wed,
24 Sep 1997 21:16:16 -0400
================== END ATTACHMENT 1 ==================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: ElmendorfE (ElmendorfE@aascu.nche.edu@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:25-SEP-1997 13:21:00.00

SUBJECT: Re: Washington Post Article

TO: Robert M. Shireman (Robert M. Shireman@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
> ----------

> From: Mark Kantrowitz[SMTP:MKANT@FINAID.ORG]

> Sent: Thursday, September 25, 1997 1:21:48 PM

> To: FINAID-L@lists.psu.edu

> Subject: Re: Washington Post Article

> Auto forwarded by a Rule

>

I don't know what date the Washington Post the article appeared on. I saw it through a news wire on Sunday September 21, 1997. The reporter was Albert B. Crenshaw. A very well-written article. Try looking in the Post on 9/21 and a few days before, and you should find it. I'd offer to fax you a copy, except I'm about to leave for the Access Group conference.

Mark

At 10:09 AM 9/25/97 -0500, Keith Greiner wrote:

>Hi Mark

>I saw your posting of information on the Washington Post article about hiden problems with the Taxpayer Relief Act. Do you know the date and page? I'd like to locate the article asap.

>

>thanks

>

>keith Greiner

>Iowa College Student Aid Commission

>kgreine@max.state.ia.us

>

>

Mark Kantrowitz, Publisher FinAid Page, Inc.

The Financial Aid Information Page PO Box 81620, Pittsburgh, PA 15217

http://www.finaid.org 1-412-422-6189 (fax)

mailto:mkant@finaid.org 1-412-422-6190 (voice)

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

TEXT:
RFC-822-headers:
Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
 id <01IO296J8U2O00DTQP@PMDF.EOP.GOV> for shireman_r@a1.eop.gov; Thu,
 25 Sep 1997 14:07:17 -0400 (EDT)
Received: from storm.eop.gov (storm.eop.gov)
 by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IO296H6ME800JZNN@PMDF.EOP.GOV> for
 shireman_r@a1.eop.gov; Thu, 25 Sep 1997 14:07:13 -0400 (EDT)
Received: from ptah.aascu.nche.edu ([205.128.140.10])
 by STORM.EOP.GOV (PMDF V5.1-7 #6879)
 with ESMTP id <01IO2964LO7S00602J@STORM.EOP.GOV> for shireman_r@a1.eop.gov;

Thu, 25 Sep 1997 14:06:56 -0400 (EDT)
Received: by aascu.nche.edu with Internet Mail Service (5.0.1458.49)
id <TGFSR8KX>; Thu, 25 Sep 1997 14:06:33 -0400
Received: from psuvm.psu.edu by ptah.aascu.nche.edu with SMTP
(Microsoft Exchange Internet Mail Service Version 5.0.1458.49)
id TGFSR8K4; Thu, 25 Sep 1997 14:06:24 -0400
Received: from PSUVM.PSU.EDU by lists.psu.edu (IBM VM SMTP V2R2)
with BSMTP id 8356; Thu, 25 Sep 1997 13:27:51 -0400 (EDT)
Received: from LISTS.PSU.EDU (NJE origin LISTSERV@PSUVM)
by PSUVM.PSU.EDU (LMail V1.2c/1.8c) with BSMTP id 8740; Thu,
25 Sep 1997 13:27:50 -0400
Comments: To: Keith Greiner <kgreine@max.state.ia.us>
================= END ATTACHMENT 1 =================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Elizabeth R. Newman (Elizabeth R. Newman@EOP@LNGTWY@LNGTWY [UNKNOWN])

CREATION DATE/TIME:26-SEP-1997 14:18:00.00

SUBJECT: Community College Fact Sheet

TO: Christa T. Robinson (Christa T. Robinson@eop [UNKNOWN])
READ:UNKNOWN

TO: Michael J. Sullivan (Michael J. Sullivan@EOP [UNKNOWN])
READ:UNKNOWN

TO: Steven J. Naplan (Steven J. Naplan@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
Message Creation Date was at 26-SEP-1997 14:18:00

MAKING TWO YEARS OF COLLEGE UNIVERSALLY AVAILABLE, AND PROMOTING A

LIFETIME OF

LEARNING

September 26, 1997

Community Colleges are Dynamic Institutions that Provide a High Quality,

Affordable Education.

Today the President travels to San Jacinto College, near Houston, to

release a

new report on community colleges by the U.S. Department of Education.

Fifty

years after the Truman Commission Report called for a nationwide network

of

public community colleges, this report highlights the critical role being

played by community colleges in preparing the workforce of the 21st

Century.

The report describes how these institutions provide a high quality education to a diverse array of Americans at various stages in their lives and careers, and underscores that community colleges are remarkably affordable, with average tuition and fees expected to run just over $1,300 next fall.

The HOPE Scholarship Cuts Tuition and Fee Costs at Community Colleges by 88%.
New projections by the Department of Education indicate that in the 1998-99 school year, the HOPE Scholarship will cover up to 88 percent of the national average full-time tuition and fees at community colleges. In seven States, including Texas, HOPE covers up to 100 percent of community college tuition and fees. In 35 States, the HOPE Scholarship covers up to 75 percent or more of tuition and fees. 5.8 million students are expected to benefit from the HOPE Scholarship at all types of higher education institutions.

Pell Grants Will Benefit 1.4 Million Community College Students. The Department of Education estimates that 1.4 million community college students

will receive an average Pell Grant in 1998-99 of $1,810. Pell Grants are

available on a sliding scale based on income and can be used to cover

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and fees as well as living expenses associated with college. The

Bipartisan

Balanced Budget Agreement includes the President !,s proposal for the

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increase in the grant in two decades, to a maximum of $3,000. Some

students

will qualify for both a Pell Grant and a tax credit (HOPE or Lifetime).

7.1 Million Will Benefit from Lifetime Learning Tax Credit. For students

beyond their first two years of college, including those who are returning

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school (full or part time) to upgrade their skills or change careers, the

Taxpayer Relief Act offers a 20 percent tax credit for the first $5,000 of

tuition and fees paid by a student. It is expected that 7.1 million

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will take advantage of the credit to help pay for postsecondary education.

Many Adults Who Return to School Will be Shortchanged if Congress Does Not

Finish the Job. Unless Congress follows through on the President !,s Pell

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proposals --as required by the Bipartisan Balanced Budget Agreement --more

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half a million adult students will find that their income is too low for them

to benefit from HOPE (because they do not have sufficient tax liability),

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they are not considered poor enough for a sufficient Pell Grant (223,000

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not be eligible for a grant at all). Those affected are students over 24

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veterans, and are either single or married without dependent children. A

House-Senate conference committee is currently considering this issue. If

they

do not act to address this problem, college may be out of reach for

students

like a 22-year-old veteran making only $10,000 a year, a married

35-year-old

with joint income of only $14,000, or a 30-year-old with income of only

$11,000.

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: tombutts (tombutts@umich.edu@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:26-SEP-1997 15:43:00.00

SUBJECT: The President's Community College Visit Today

TO: Robert M. Shireman (Robert M. Shireman@EOP [UNKNOWN])
READ:UNKNOWN

TEXT:
FYI - The conference on the Labor, HHS, Education appropriation bill is

expected next week. The independent student issue will be resolved then.

It impacts students in all sectors of higher education.

>From: Robert_M._Shireman@oa.eop.gov

>Mr-Received: by mta EOPMRX; Relayed; Fri, 26 Sep 1997 13:06:30 -0400

>Alternate-Recipient: prohibited

>Disclose-Recipients: prohibited

>Date: Fri, 26 Sep 1997 13:01:00 -0400 (EDT)

>Message Creation Date was at 26-SEP-1997 13:01:00

>

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>President Clinton fought for a Bipartisan Balanced Budget that included a

>$1,500 HOPE Scholarship and a Lifetime Learning Tax Credit for middle

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>

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

TEXT:
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id <01IO3R2006V400CUGA@PMDF.EOP.GOV> for "Robert M. Shireman"@oa.eop.gov; Fri,

26 Sep 1997 15:49:47 -0400 (EDT)
Received: from storm.eop.gov (storm.eop.gov)
by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IO3R1YKHDC00BFF2@PMDF.EOP.GOV> for
Robert_M._Shireman@oa.eop.gov; Fri, 26 Sep 1997 15:49:45 -0400 (EDT)
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by STORM.EOP.GOV (PMDF V5.1-7 #6879)
with ESMTP id <01IO3R19O2OU005YS7@STORM.EOP.GOV> for
Robert_M._Shireman@oa.eop.gov; Fri, 26 Sep 1997 15:49:13 -0400 (EDT)
Received: from [141.211.178.146] by mothra.rs.itd.umich.edu (8.8.5/2.2)
id PAA23792; Fri, 26 Sep 1997 15:49:27 -0400 (EDT)
X-Sender: tombutts@t.imap.itd.umich.edu
================== END ATTACHMENT 1 ==================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Pauline_Abernathy (Pauline_Abernathy@ed.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:28-SEP-1997 14:52:00.00

SUBJECT: Re: The President's Community College Visit Today

TO: Robert M. Shireman (Robert M. Shireman@EOP [UNKNOWN])
READ:UNKNOWN

TEXT:

Well done!

______________________________ Reply Separator

____

Subject: The President's Community College Visit Today

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

Date: 9/26/97 1:01 PM

Message Creation Date was at 26-SEP-1997 13:01:00

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ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
RFC-822-headers:
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 28 Sep 1997 16:29:05 -0400 (EDT)
Received: from storm.eop.gov (storm.eop.gov)
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 by STORM.EOP.GOV (PMDF V5.1-7 #6879)
 with ESMTP id <01IO6KZZNBVA006CAQ@STORM.EOP.GOV> for
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 by vader.ed.gov (8.8.7/8.8.4) with SMTP id QAA03452 for
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Received: from ccMail by smtpgwy1.ed.gov
 (IMA Internet Exchange 2.11 Enterprise) id 0003DC5D; Sun,
 28 Sep 1997 16:28:37 -0400
================== END ATTACHMENT 1 ==================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Dan_Madzelan (Dan_Madzelan@ed.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:29-SEP-1997 16:02:00.00

SUBJECT: Re[4]: Taxpayer Relief Act Gotcha

TO: Robert M. Shireman (Robert M. Shireman@EOP [UNKNOWN])
READ:UNKNOWN

TEXT:
I asked Treasury if they had a public estimate for the number of

non-rich and/or HOPE eligibiles who get stung by AMT (the 2%

figure).

They've gotten many similar inquiries about AMT effect on $500 child

tax credit as well as HOPE/LLC.

Treasury will get a response for us that we can use, assuming that

one

is available. However, we should be aware that Treasury might choose

to combine the AMT effects for both the $500 child and HOPE tax

credits and report a single number for public consumption.

DanM

______________________________ Reply Separator

____

Subject: Re[3]: Taxpayer Relief Act Gotcha

Author: Susan Frost at WDCB01

Date: 9/29/97 9:13 AM

Can we confirm the 2 percent estimate with Treasury.... it would be very

helpful

if we could calm down the concern in the community with that number.

susan

______________________________ Reply Separator

____

Subject: Re[2]: Taxpayer Relief Act Gotcha

Author: Dan Madzelan at WDCA09

Date: 9/29/97 08:53 AM

Here's what I know about this.

Months ago we (ED) met with Mark Zuckerman as Clay was developing his bill (HR 1435). Mark brought John Buckley from Ways 'n' Means minority staff because, obviously, of the Administration's tax pieces.

Buckley advised that Amd be careful describing HOPE as 'middle-income' assistance because some HOPE-eligible could get caught in the AMT.

At that time I asked Cathy L. about this and she acknowledged that it was an issue but they felt it was separate from HOPE. In fact, Treasury estimated that at most 2% of HOPE-eligibiles in the first year would be affected by AMT.

After the Post article, I called Cathy again and she reiterated their
position that it's a technical rather than policy issue (the AMT
reaches further down the income scale each year because the
thresholds
are not indexed) but indicated that they might propose fixing it in
the technical amendments package.

DanM

______________________________ Reply Separator
____

Subject: Re: Taxpayer Relief Act Gotcha
Author: Pauline Abernathy at WDCB01
Date: 9/28/97 1:57 PM

Bob, have you gotten a fact sheet out of Treasury on the true impact
of
the AMT on HOPE and the other tax cuts? We keep getting asked about
it
in response to the newspaper reports and Treasury will scream if we
try
to write a fact sheet to get the facts out. The Big 6 presidents

raised the AMT issue in the meeting with the Secy last week.

Let us know if we can be helpful. Thanks.

From: MKANT / UNIX, 01 (mkant@FINAID.ORG)

To: FINAID-L / UNIX, 01 (FINAID-L@lists.psu.edu)

Subject: Taxpayer Relief Act Gotcha

Date: Wednesday, September 24, 1997 5:43PM

Recipient Type: BCC

<<File Attachment: TAXPAYER.TXT>>

The Washington Post had a recent article about another hidden problem with the Taxpayer Relief Act of 1997. Since I didn't see any discussion of this on this list, here's a quick summary.

Most taxpayers assume that the Alternative Minimum Tax is just for the rich. But the tax credits and deductions of the TRA are large enough that middle income families might be subject to the AMT. This has two implications:

1. The TRA financial aid provisions are less generous than they seem. In fact, despite their being advertised as helping middle income families, they don't do as good a job of this as claimed. Curiously,

Congress was aware of this when they passed the legislation.

2. Many families are going to overlook the AMT, file their tax returns, and then get a nasty letter from the IRS indicating that they should have paid tax based on the AMT, and including a bill for the extra tax obligation.

There is apparently a meeting tomorrow in DC with the IRS to discuss the TRA's implementation. Perhaps this will be addressed at that meeting.

In any event, FAAs should be prepared to warn families about the AMT if the

TRA regulations do not eliminate this gotcha.

Mark

Mark Kantrowitz, Publisher FinAid Page, Inc.

The Financial Aid Information Page PO Box 81620, Pittsburgh, PA 15217

http://www.finaid.org 1-412-422-6189 (fax)

mailto:mkant@finaid.org 1-412-422-6190 (voice)

----

mailing list | backup (Pete Weiss) -> FINAID-L-REQUEST@lists.psu.edu

-------------| send 1-line text INFO FINAID-L -> LISTSERV@LISTSERV.NET

This message | Submissions -> FINAID-L@lists.psu.edu

was sent via | Subscribe/unsubscribe -> LISTSERV@lists.psu.edu

the FINAID-L | List owner (Bob Quinn) -> REQ1@psu.edu

mailing list | backup (Pete Weiss) -> FINAID-L-REQUEST@lists.psu.edu

-------------| send 1-line text INFO FINAID-L -> LISTSERV@LISTSERV.NET===================
ATTACHMENT 1 ===================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
RFC-822-headers:
Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
id <01IO7YPFFC1C00G7D8@PMDF.EOP.GOV> for "Robert M. Shireman"@oa.eop.gov; Mon,

29 Sep 1997 16:11:54 -0400 (EDT)
Received: from storm.eop.gov (storm.eop.gov)
by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IO7YPD4X8000C7AY@PMDF.EOP.GOV> for
Robert_M._Shireman@oa.eop.gov; Mon, 29 Sep 1997 16:11:50 -0400 (EDT)
Received: from vader.ed.gov ([165.224.216.253])
by STORM.EOP.GOV (PMDF V5.1-7 #6879)
with ESMTP id <01IO7YOMZ8OW006850@STORM.EOP.GOV> for
Robert_M._Shireman@oa.eop.gov; Mon, 29 Sep 1997 16:11:17 -0400 (EDT)
Received: from smtpgwy1.ed.gov (smtpgwy1.ed.gov [165.224.216.37])
by vader.ed.gov (8.8.7/8.8.4) with SMTP id QAA16309 for
<Robert_M._Shireman@oa.eop.gov>; Mon, 29 Sep 1997 16:08:40 -0400 (EDT)
Received: from ccMail by smtpgwy1.ed.gov
(IMA Internet Exchange 2.11 Enterprise) id 0003F253; Mon,
29 Sep 1997 16:11:15 -0400
================= END ATTACHMENT 1 =================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Susan_Frost (Susan_Frost@ed.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:29-SEP-1997 09:13:00.00

SUBJECT: Re[3]: Taxpayer Relief Act Gotcha

TO: Robert M. Shireman (Robert M. Shireman@EOP [UNKNOWN])
READ:UNKNOWN

TEXT:

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____

Subject: Re: Taxpayer Relief Act Gotcha

Author: Pauline Abernathy at WDCB01

Date: 9/28/97 1:57 PM

Bob, have you gotten a fact sheet out of Treasury on the true impact of the AMT on HOPE and the other tax cuts? We keep getting asked about

it

in response to the newspaper reports and Treasury will scream if we

try

to write a fact sheet to get the facts out. The Big 6 presidents

raised the AMT issue in the meeting with the Secy last week.

Let us know if we can be helpful. Thanks.

From: MKANT / UNIX, 01 (mkant@FINAID.ORG)

To: FINAID-L / UNIX, 01 (FINAID-L@lists.psu.edu)

Subject: Taxpayer Relief Act Gotcha

Date: Wednesday, September 24, 1997 5:43PM

Recipient Type: BCC

<<File Attachment: TAXPAYER.TXT>>

The Washington Post had a recent article about another hidden problem with the Taxpayer Relief Act of 1997. Since I didn't see any discussion of this on this list, here's a quick summary.

Most taxpayers assume that the Alternative Minimum Tax is just for the rich. But the tax credits and deductions of the TRA are large enough that middle income families might be subject to the AMT. This has two implications:

1. The TRA financial aid provisions are less generous than they seem. In fact, despite their being advertised as helping middle income families, they don't do as good a job of this as claimed. Curiously, Congress was aware of this when they passed the legislation.

2. Many families are going to overlook the AMT, file their tax returns, and then get a nasty letter from the IRS indicating that they should have paid tax based on the AMT, and including a bill for the extra tax obligation.

There is apparently a meeting tomorrow in DC with the IRS to discuss the TRA's implementation. Perhaps this will be addressed at that meeting.

In any event, FAAs should be prepared to warn families about the AMT if

the

TRA regulations do not eliminate this gotcha.

Mark

Mark Kantrowitz, Publisher FinAid Page, Inc.

The Financial Aid Information Page PO Box 81620, Pittsburgh, PA 15217

http://www.finaid.org 1-412-422-6189 (fax)

mailto:mkant@finaid.org 1-412-422-6190 (voice)

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29 Sep 1997 09:16:56 -0400 (EDT)
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by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IO7K7WM6Z400L70J@PMDF.EOP.GOV> for
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RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: ElmendorfE (ElmendorfE@aascu.nche.edu@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:30-SEP-1997 15:32:00.00

SUBJECT: TRA97--Hope and Lifetime Learning Tax Credits

TO: Robert M. Shireman (Robert M. Shireman@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
> ----------

> From: Dawn McCoy Nash[SMTP:DMCCOY@NACUBO.ORG]

> Sent: Tuesday, September 30, 1997 3:32:53 PM

> To: FINAID-L@LISTS.PSU.EDU

> Subject: TRA97--Hope and Lifetime Learning Tax Credits

> Auto forwarded by a Rule

>

To respond to the question from Agnes Canedo at Central Washington University about the Taxpayer Relief Act (TRA '97) of 1997--including the Hope scholarship and tax credits-- check out the lastest NACUBO Advisory Report 97-3, Balanced Budget Plans Includes Multiple Provisions Affecting Higher Education, on the NACUBO Web site at:

http://www.nacubo.org/website/members/issues/advisory/ar97_3.html

This comprehensive report provides analysis of the recently enacted TRA and Balanced Budget Act. Both pieces of legislation should be assessed for their impact on campus business officer operations and the changes they may require in current information systems.

While visiting the NACUBO Web site, check the latest up-to-date bulletin on TRA implementation and regulatory action at the following address:

http://www.nacubo.org/website/members/issues/bulletins/index.html#092997

Today's bulletin reports on Dept. of Treasury plans to release simplified guidance on 1998 TRA97 reporting as follows:

Last week Treasury Department and IRS officials sat down with members of the higher education community to discuss preliminary guidance to be issued this fall to assist colleges and universities in complying with the reporting requirements of the TRA97. The news was positive.

Treasury is planning to release guidance that will allow for simplified reporting requirements for the 1998 tax year. Although details are not currently available, it appears that the only financial information to be reported on 1998 information returns, may be gross tuition less tuition remission. No reporting of student aid is contemplated for 1998. To the surprise of many, Treasury officials indicated that the section of the law referring to reporting of refunds or Treasury and IRS officials also emphasized that colleges and universities should keep in mind that for 1998, no penalties will be assessed against institutions who make a good faith effort to comply with the new rules.

A series of regional meetings/hearings are currently being scheduled on TRA97 reporting issues. Please continue to check the NACUBO website for up-to-date bulletins as additional information comes available.

Dawn

******PLEASE NOTE NEW ADDRESS/E-MAIL***************

Dawn McCoy Nash

NACUBO

Public Policy and Management Programs

2501 M Street NW, Suite 400

Washington, DC 20037

tel. 202-861-2540

fax 202-861-2583

WWW home page: http://www.nacubo.org

e-mail: dmccoy@nacubo.org

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30 Sep 1997 15:38:25 -0400
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RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: owner-edinfo (owner-edinfo@inet.ed.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 3-OCT-1997 16:13:00.00

SUBJECT: Update -- ED Initiatives 74 (October 3, 1997)

TO: William R. Kincaid (WILLIAM R. KINCAID@EOP [UNKNOWN])
READ:UNKNOWN

TEXT:
****

ED Initiatives...

****

A biweekly look at progress on the Secretary's priorities

****

October 3, 1997

> Helping All Children Read Well by the End of 3rd Grade

> A Talented, Dedicated, Well-Prepared Teacher in

Every Classroom

> Charter Schools -- Making Every School Strong, Safe,

Drug-Free & Disciplined

> New American Consensus About How to Improve Education

> Satellite Teleconferences

> Star Schools Awards

> Budget

> U.S. Nonprofit Gateway Announced

> New Online

HELPING ALL CHILDREN READ WELL BY THE END OF 3rd GRADE

Nearly 100 organizations have joined the President's Coalition for the America Reads Challenge, and each is deciding how it can help ensure that every child reads well & independently by the end of 3rd grade. The American Booksellers Assoc. has partnered with Scholastic & the Assoc. of Booksellers for Children to provide 100,000 free copies of Rosemary Wells' new book, "Read to Your Bunny." These copies will be distributed by participating bookstores to parents & guardians of young children as part of "Prescription for Reading Partnership" promotion, beginning in November. Phi Theta Kappa, the International honor society of 2-year colleges, will provide members with background materials on the America Reads Challenge, ideas for implementing programs at the chapter level, a Q&A sheet about why the America Reads Challenge is needed, and a list of national organizations & programs with whom they can partner. For more information on the America Reads Challenge, please see:

http://www.ed.gov/inits/americareads

A TALENTED, DEDICATED, WELL-PREPARED TEACHER IN EVERY CLASSROOM

----------------------------------- More than 100 State Teachers of the Year & other award-winning teachers will be asked *5 questions* during focus group sessions next week in the Nation's Capitol at the 5th annual National Teacher Forum, "Making Teaching a True Profession." Teachers & other education-minded Americans are invited to respond to those 5 questions -- & read others' responses, as well as a background paper -- at:

http://www.ed.gov/comments/nationalforum97/

CHARTER SCHOOLS -- MAKING EVERY SCHOOL STRONG, SAFE, DRUG-FREE & DISCIPLINED

------------------------------------- Last month the President announced $40.4 million in grants to help meet the growing demand for starting public charter schools. "These funds will continue our plan to help America create 3,000 charter schools by the next century," the President said. Two states, Pennsylvania & South Carolina -- and 2 schools in Hawaii -- are receiving 1st-year grants (under the 3-year grant program) to support start-up & development of additional charter schools. Nine states are receiving 2nd-year grants (AK, CT, DE, FL, IL, KS, NJ, NC & WI, plus DC, Puerto Rico & a school in NM) while 10 states are receiving their 3rd & final year of support under the program (AZ, CA, CO, GA, LA, MA, MI, MN, OR & TX).

Under the Public Charter Schools Program, passed in 1994 as part of the Improving America's Schools Act, states conduct competitions & award subgrants to provide start-up funds for new or recently established charter schools. These funds help pay for planning, design & start-up costs. Secretary Riley noted that more than 420 charter schools receive support from the program.

For more information, including state contacts, please see:
http://www.ed.gov/PressReleases/09-1997/chart97.html
For general information about charter schools, please see:
http://www.uscharterschools.org/

NEW AMERICAN CONSENSUS ABOUT HOW TO IMPROVE EDUCATION

Secretary Riley described "a new American consensus about how to improve education" in a speech last month at the National Press Club. He also released "What Really Matters in American Education," a report that discusses vouchers & their impact on schooling, the effect of private & public school choice programs on student achievement, the impact of course-taking & standards on student achievement, improvements needed in public schools, trends in education gains, exemplary efforts at comprehensive school reforms in urban school districts & more. The report & speech are at:
http://www.ed.gov/Speeches/09-1997/index.html
http://www.ed.gov/Speeches/09-1997/970923.html

FATHERS & FAMILY INVOLVEMENT

---------------------------- Children do better in school when their dads are involved in their schools, and this holds true regardless of family income or race, parents' level of education, whether their fathers live with them, or whether their mothers are also involved in their schools, according to a report released by the National Center for Education Statistics & highlighted Vice President Gore & Secretary Riley on October 2. Among the findings, which are based on parent interviews: children in 2-parent families where both parents are highly involved get better grades, enjoy school more & are less likely to repeat a grade, compared with those where only mothers are highly involved. The report, "Fathers' Involvement in Their Children's Schools," is available at:

http://www.ed.gov/NCES/pubs98/fathers/index.html

SATELLITE TELECONFERENCES

------------------------- The Department is offering 4 live, interactive teleconferences via satellite in the next 2 months on:

* the E-rate & how schools & communities can integrate technology into learning (Oct. 21, 8:00-9:00 p.m. ET).
* preparing teachers to involve families in children's learning, with special guest Vice President Gore (Nov. 5 at 2:00-4:00 p.m. ET).
* financial aid -- practical information about everything

students & families need to know about federal student financial assistance. Registered sites will receive materials & financial aid applications (Nov. 10 at 8:00 -8:45 p.m. ET).

* Teacher recruitment & making sure there is a talented, dedicated & well-prepared teacher in every classroom (Nov. 18 at 8:00 -9:00 p.m. ET).

For information, please call 1-800-USA-LEARN or e-mail Satellite_Town_Meeting@ed.gov All events are free, but registration is required in order to receive materials.

WHAT IS THE KEY to establishing quality before- & after-school enrichment programs? *Strong partnerships* with organizations & government agencies that can help provide resources & people to make the programs work, panelists told Secretary Riley during last month's Satellite Town Meeting. Panelists described various approaches. In Washington Heights (NYC), Intermediate School 218 partnered with the Children's Aid Society & others to keep the school open from 7 a.m. until late evening, offering academic tutorials, enrichment courses, arts & sports activities. The Children's Aid Society supplies resources & staff for many services & courses offered at the school. In the small town of Murfreesboro, Tennessee, every elementary school is open from 6 a.m. to 7 p.m. year round. Through flex-time scheduling & partnerships with local colleges, parents &

state government, Murfreesboro has been able to offer education programs after school taught by certified teachers, without significantly increasing costs or demands on staff. For a videotape of the September Satellite Town Meeting, send an e-mail to: Satellite_Town_Meeting@ed.gov

----

STAR SCHOOLS AWARDS

------------------- Last month, Secretary Riley announced 9 Star Schools grants to help improve teaching & learning through the use of satellite, cable, fiber optics, and multimedia technologies. Eight 5-year grants (totaling $15 million) went to education organizations in 8 states (CA, FL, HI, IL, MA, SC, WA, WY) to help them acquire, develop & produce programs to teach students & train teachers, as well as pay for facilities & purchase equipment. One *dissemination* grant (to WestEd in CA) will help state departments of education & school districts plan & implement technology-based distance learning systems. For more information, please see:
http://www.ed.gov/PressReleases/09-1997/starsc97.html
For information about other Star Schools projects, see:
http://www.ed.gov/EdRes/EdFed/Star.html

BUDGET

------ This week the President signed a "continuing resolution" (CR) that had been passed by the House & Senate allowing the Department to operate at current 1997 spending levels while the House & Senate work in conference committee to resolve differences in their respective appropriations bills. The CR will no longer affect the Department of Education when that law expires on October 23, or when a 1998 Labor-HHS-Education appropriations bill has been agreed to by both chambers & signed by the President. Conferees on the Department appropriations bill are not expected to meet until October 7. As previously reported, the Senate passed last month as part of its appropriations bill an amendment that would fold most elementary & secondary education funding administered by the Department into block grants to be distributed to local education agencies (school districts). The House education appropriations bill includes no such amendment; however, it would halt funding for the development of voluntary national tests. The President said on September 16 that he would veto any legislation that includes the Senate block grant provision or the House bill effort to stop voluntary national testing (http://www.ed.gov/PressReleases/WhiteHouse.html).

U.S. NONPROFIT GATEWAY ANNOUNCED

-------------------------------- Last month, Vice President Gore unveiled a one-stop website developed by 15 federal agencies for non-profit groups. The U.S. NonProfit Gateway serves as a directory to more than 300,000 government webpages on grants, budgets, volunteer opportunities & agency partnerships. At the announcement, the Vice President mentioned the Department's Partnership for Family Involvement for Education & other efforts, including...

* The Environmental Protection Agency's "EnviroFacts," which offers maps displaying air pollution levels & Superfund clean-up decisions.
* The Department of Health & Human Services' "HealthFinder," which provides consumer health information.
* The Department of Labor's "America's Job Bank" -- a service for job seekers & employers that was created in conjunction with the 50 state employment services.

The U.S. NonProfit Gateway is at: http://www.nonprofit.gov/
The Department of Education's NonProfit Gateway is at: http://www.ed.gov/NPAdvisor

----

NEW ONLINE

"Topics A to Z" -- an alphabetical list of links to the best starting points for major topics addressed at the U.S. Department of Education's website & at other Department-sponsored websites.

http://www.ed.gov/topicsaz/

"Families' Guide to the 1997 Tax Cuts for Education" -- describes the HOPE Scholarship tax credit, the Lifetime Learning tax credit & other benefits provided by the August (1997) balanced budget law for adults returning to school & families sending children to college.

http://www.ed.gov/budget/97918tax.html

September 18 testimony by Acting Deputy Secretary Marshall Smith on the William D. Ford Direct Loan Consolidation Program before the House Subcommittee on Postsecondary Education, Training & Life-Long Learning.

http://www.ed.gov/offices/OLCA/msmith.html

An "interactive budgeting worksheet & calculator" where students can key in their expenses & income -- education (tuition, books, fees), housing, transportation, financial aid, employment & more -- and estimate their budgets for the academic year.

http://www.ed.gov/DirectLoan/calc.html

ED Initiatives is made possible by many contributors, including Cindy Balmuth, Dan Bernal, Mary Beth Blegen, Carla DeWitt, Terry Dozier, Terri Ferinde Dunham, Marty Jacobs, Diane B. Jones, Peter Kickbush, Melinda Kitchell Malico,

John McGrath, Tony Orr, Joyce Rice, Narric Rome, Keith

Stubbs, David Thomas, Donna Timm, Nancy Weaver, Susan Wiener

& others. Please send any comments to Kirk Winters in the

Office of the Under Secretary, U.S. Department of Education

(kirk_winters@ed.gov).

==

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RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: ElmendorfE (ElmendorfE@aascu.nche.edu@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:10-OCT-1997 15:38:00.00

SUBJECT: Re: Change in Student Loan Rates

TO: Robert M. Shireman (Robert M. Shireman@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
> ----------

> From: Timmons, Becky[SMTP:BECKY_TIMMONS@ACE.NCHE.EDU]

> Sent: Friday, October 10, 1997 3:38:53 PM

> To: FINAID-L@lists.psu.edu

> Subject: Re: Change in Student Loan Rates

> Auto forwarded by a Rule

>

To Steve McCullough:

I read your posting to the Finaid-L list-serve with a fair amount of curiousity. It is customary for users of the list to use institutional or association identifiers. For example, I am Director of Congressional Relations at the American Council on Education. We all know who NAGPS is. I wonder if you would do us the courtesy of revealing your affiliation so that subscribers might better judge whether it influences your own persective. As one who has dealt with CBO cost estimating in the context of the federal budget for many years, I can assure you that a willingness to believe their reliability has nothing to do with it.

> ----------

> From: Steve Mccullough

> Reply To: isllc@IX.NETCOM.COM

> Sent: Friday, October 10, 1997 8:18 PM

> To: FINAID-L@LISTS.PSU.EDU

> Subject: Change in Student Loan Rates

>

> On September 16th, NAGPS released an e-mail warning of a possible

> $10.9

> billion increase in student loan interest rate payments should

> Congress

> agree to maintain the current interest rate formula rather than change

> to a new formula scheduled to be effective for new loans originated on

> or after July 1, 1998. NAGPS attributed this number to Congressional

> Budget Office (CBO) projections. However, this number was actually

> produced by the U.S. Department of Education (DOE). DOE apparently

> arrived at this figure by taking projections made by CBO, which were

> highly questionable, and assuming they would still be valid 15 years

> into the future. Earlier DOE had quoted a $4 billion projected cost

> increase. This $4 billion number was based on CBO projections for a

> shorter time frame.

>

> In its projections, CBO assumed that the unprecedented, low interest

> rate environment we have enjoyed during the current economic expansion

> would not change for the next five years. Consider that it will be a

> rare exception if CBO does not end up revising its economic

> projections. That's the nature of projections.

>

> Not to be outdone, DOE projected current rates would be unchanged for

> the next fifteen years in estimating the $10.9 billion cost figure.

> While it is hard to project what future rates will be, what can be
> predicted with certainty is that they will not stay the same for the
> next fifteen years. By their very nature, they go up and down.
>
> The analysis of the two interest rate formulas is a lot like looking
> at
> variable rate mortgages. You have to ask yourself some important
> questions. Is the rate I am being offered artificially low, a "teaser
> rate", that will skyrocket the first time it adjusts? Do I trust the
> salesperson who thinks that rates will always be low? Do I trust the
> economic predictions he or she is showing me? How often have they
> been
> right? To be safe, you would want to ask what would have happened to
> the variable interest rate if you had taken out the mortgage several
> years ago. In the case of the student loan interest rate formulas,
> students would have been better off over the past six years under the
> old T- bill based formula. Historically speaking, any situation
> wherein
> the new 10-year Treasury based formula has been better for students
> was
> an aberration. Only three times over the past 25 years (the most
> recent
> three years) was this the case. During the remaining time, the T-bill
> based rate would have been better, or both formulas would have
> produced
> a rate at the 8.25% cap. If you believe rates will return to their
> historical levels, then the 10- year Treasury based rate is like a

> teaser rate on a mortgage; it will cost students more in the future.
>
> Do you believe that rates will not change for the next five years?
> What about the next fifteen years? There are now interest rate
> futures
> you could purchase as investments that would allow you to make a lot
> of
> money on these projections if you really trusted them. Sound too
> risky? Then why are people so willing to gamble with the economic
> future of students?
>
> I do not want to speculate on the motivation of the DOE or NAGPS in
> disseminating a $10.9 billion cost number with such shaky assumptions.
> Suffice to say a similar number can be calculated in favor of the old
> T
> bill based rate. Over the past six years, students would have been
> better off under the old rate by 0.27%. Assuming this is the case
> over
> a fifteen year period and using other assumptions similar to DOE's,
> borrowers would save $2.7 billion if the old, T-bill based formula is
> retained.
>
> --
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by STORM.EOP.GOV (PMDF V5.1-7 #6879)
with ESMTP id <01IONBNEBTLG0004RT@STORM.EOP.GOV> for shireman_r@a1.eop.gov;
Fri, 10 Oct 1997 16:04:49 -0400 (EDT)
Received: by aascu.nche.edu with Internet Mail Service (5.0.1458.49)
id <4TD8KY1X>; Fri, 10 Oct 1997 16:04:15 -0400
Received: from psuvm.psu.edu by ptah.aascu.nche.edu with SMTP
(Microsoft Exchange Internet Mail Service Version 5.0.1458.49)
id 4TD8KY1W; Fri, 10 Oct 1997 16:04:09 -0400
Received: from PSUVM.PSU.EDU by lists.psu.edu (IBM VM SMTP V2R2)
with BSMTP id 2008; Fri, 10 Oct 1997 15:30:51 -0400 (EDT)
Received: from LISTS.PSU.EDU (NJE origin LISTSERV@PSUVM)
by PSUVM.PSU.EDU (LMail V1.2c/1.8c) with BSMTP id 8314; Fri,
10 Oct 1997 15:30:49 -0400
Comments: To: "isllc@IX.NETCOM.COM" <isllc@IX.NETCOM.COM>
================= END ATTACHMENT 1 =================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: ElmendorfE (ElmendorfE@aascu.nche.edu@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:10-OCT-1997 16:18:00.00

SUBJECT: Change in Student Loan Rates

TO: Robert M. Shireman (Robert M. Shireman@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
> ----------

> From: Steve Mccullough[SMTP:ISLLC@IX.NETCOM.COM]

> Sent: Friday, October 10, 1997 4:18:46 PM

> To: FINAID-L@LISTS.PSU.EDU

> Subject: Change in Student Loan Rates

> Auto forwarded by a Rule

>

On September 16th, NAGPS released an e-mail warning of a possible $10.9 billion increase in student loan interest rate payments should Congress agree to maintain the current interest rate formula rather than change to a new formula scheduled to be effective for new loans originated on or after July 1, 1998. NAGPS attributed this number to Congressional Budget Office (CBO) projections. However, this number was actually produced by the U.S. Department of Education (DOE). DOE apparently arrived at this figure by taking projections made by CBO, which were highly questionable, and assuming they would still be valid 15 years into the future. Earlier DOE had quoted a $4 billion projected cost increase. This $4 billion number was based on CBO projections for a shorter time frame.

In its projections, CBO assumed that the unprecedented, low interest rate environment we have enjoyed during the current economic expansion would not change for the next five years. Consider that it will be a rare exception if CBO does not end up revising its economic projections. That's the nature of projections.

Not to be outdone, DOE projected current rates would be unchanged for the next fifteen years in estimating the $10.9 billion cost figure. While it is hard to project what future rates will be, what can be predicted with certainty is that they will not stay the same for the next fifteen years. By their very nature, they go up and down.

The analysis of the two interest rate formulas is a lot like looking at variable rate mortgages. You have to ask yourself some important questions. Is the rate I am being offered artificially low, a "teaser rate", that will skyrocket the first time it adjusts? Do I trust the salesperson who thinks that rates will always be low? Do I trust the economic predictions he or she is showing me? How often have they been right? To be safe, you would want to ask what would have happened to the variable interest rate if you had taken out the mortgage several years ago. In the case of the student loan interest rate formulas, students would have been better off over the past six years under the old T- bill based formula. Historically speaking, any situation wherein the new 10-year Treasury based formula has been better for students was an aberration. Only three times over the past 25 years (the most recent three years) was this the case. During the remaining time, the T-bill based rate would have been better, or both formulas would have produced a rate at the 8.25% cap. If you believe rates will return to their historical levels, then the 10- year Treasury based rate is like a teaser rate on a mortgage; it will cost students more in the future.

Do you believe that rates will not change for the next five years? What about the next fifteen years? There are now interest rate futures you could purchase as investments that would allow you to make a lot of money on these projections if you really trusted them. Sound too risky? Then why are people so willing to gamble with the economic future of students?

I do not want to speculate on the motivation of the DOE or NAGPS in disseminating a $10.9 billion cost number with such shaky assumptions. Suffice to say a similar number can be calculated in favor of the old T bill based rate. Over the past six years, students would have been better off under the old rate by 0.27%. Assuming this is the case over a fifteen year period and using other assumptions similar to DOE's, borrowers would save $2.7 billion if the old, T-bill based formula is retained.

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

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RFC-822-headers:
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id <01ION82UDGNK00KYTC@PMDF.EOP.GOV> for shireman_r@a1.eop.gov; Fri,
10 Oct 1997 14:21:55 -0400 (EDT)
Received: from storm.eop.gov (storm.eop.gov)
by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01ION82G4ECW00M6AS@PMDF.EOP.GOV> for
shireman_r@a1.eop.gov; Fri, 10 Oct 1997 14:21:50 -0400 (EDT)
Received: from ptah.aascu.nche.edu ([205.128.140.10])
by STORM.EOP.GOV (PMDF V5.1-7 #6879)
with ESMTP id <01ION82BDC4I0004KG@STORM.EOP.GOV> for shireman_r@a1.eop.gov;
Fri, 10 Oct 1997 14:21:28 -0400 (EDT)
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id <4TD8KYBG>; Fri, 10 Oct 1997 14:20:57 -0400
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(Microsoft Exchange Internet Mail Service Version 5.0.1458.49)
id 4TD8KYB1; Fri, 10 Oct 1997 14:20:49 -0400
Received: from PSUVM.PSU.EDU by LISTS.PSU.EDU (IBM VM SMTP V2R2)
with BSMTP id 0096; Fri, 10 Oct 1997 14:16:11 -0400 (EDT)
Received: from LISTS.PSU.EDU (NJE origin LISTSERV@PSUVM)
by PSUVM.PSU.EDU (LMail V1.2c/1.8c) with BSMTP id 7881; Fri,
10 Oct 1997 14:16:08 -0400
================= END ATTACHMENT 1 =================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: tombutts (tombutts@umich.edu@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:11-OCT-1997 08:57:00.00

SUBJECT: Interest Rate

TO: Robert M. Shireman (Robert M. Shireman@EOP [UNKNOWN])
READ:UNKNOWN

TEXT:
This was on FINAID-L. Response should get out there. - tom

Date: Fri, 10 Oct 1997 13:18:46 -0700

From: Steve Mccullough <isllc@IX.NETCOM.COM>

Subject: Change in Student Loan Rates

On September 16th, NAGPS released an e-mail warning of a possible $10.9 billion increase in student loan interest rate payments should Congress agree to maintain the current interest rate formula rather than change to a new formula scheduled to be effective for new loans originated on or after July 1, 1998. NAGPS attributed this number to Congressional Budget Office (CBO) projections. However, this number was actually produced by the U.S. Department of Education (DOE). DOE apparently arrived at this figure by taking projections made by CBO, which were highly questionable, and assuming they would still be valid 15 years into the future. Earlier DOE had quoted a $4 billion projected cost increase. This $4 billion number was based on CBO projections for a shorter time frame.

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I do not want to speculate on the motivation of the DOE or NAGPS in disseminating a $10.9 billion cost number with such shaky assumptions. Suffice to say a similar number can be calculated in favor of the old T bill based rate. Over the past six years, students would have been better off under the old rate by 0.27%. Assuming this is the case over a fifteen year period and using other assumptions similar to DOE's, borrowers would save $2.7 billion if the old, T-bill based formula is retained.

Date: Fri, 10 Oct 1997 15:38:53 -0400

From: "Timmons, Becky" <becky_timmons@ACE.NCHE.EDU>

Subject: Re: Change in Student Loan Rates

To Steve McCullough:

I read your posting to the Finaid-L list-serve with a fair amount of curiousity. It is customary for users of the list to use institutional

or association identifiers. For example, I am Director of Congressional

Relations at the American Council on Education. We all know who NAGPS

is. I wonder if you would do us the courtesy of revealing your

affiliation so that subscribers might better judge whether it influences

your own persective. As one who has dealt with CBO cost estimating in

the context of the federal budget for many years, I can assure you that

a willingness to believe their reliability has nothing to do with it.

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

TEXT:
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id <01IOOB2195OG00PQWJ@PMDF.EOP.GOV> for "Robert M. Shireman"@oa.eop.gov; Sat,

11 Oct 1997 08:58:19 -0400 (EDT)
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by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IOOB1ZR1DC00LOTU@PMDF.EOP.GOV> for
Robert_M._Shireman@oa.eop.gov; Sat, 11 Oct 1997 08:58:17 -0400 (EDT)
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by STORM.EOP.GOV (PMDF V5.1-7 #6879)
with ESMTP id <01IOOB1AY9A40007TC@STORM.EOP.GOV> for
Robert_M._Shireman@oa.eop.gov; Sat, 11 Oct 1997 08:57:45 -0400 (EDT)
Received: from [198.108.57.31] by mothra.rs.itd.umich.edu (8.8.5/2.2)
id IAA10920; Sat, 11 Oct 1997 08:57:58 -0400 (EDT)
X-Sender: tombutts@t.imap.itd.umich.edu
================== END ATTACHMENT 1 ==================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: ElmendorfE (ElmendorfE@aascu.nche.edu@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:12-OCT-1997 14:19:00.00

SUBJECT: Re: Change in Student Loan Rates

TO: Robert M. Shireman (Robert M. Shireman@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
> ----------

> From: Ivan Frishberg[SMTP:IVAN@PIRG.ORG]

> Sent: Sunday, October 12, 1997 2:19:52 PM

> To: FINAID-L@lists.psu.edu

> Subject: Re: Change in Student Loan Rates

> Auto forwarded by a Rule

>

I would like to respond to Mr. Mccullough's effort to raise some questions about the mechanisms used to calculate student loan interest rates. For disclosure here, I will state that I do not know Mr. Mccullough, but I have been presented with this exact analysis by several representatives from the loan industry.

Basically, their argument goes like this: We shouldn't stick with the current law that will reduce interest rates because it might only reduce them for a little while and then who knows waht will happen. They challenge the projections of the Congressional Budget Office, The Office of Management and Budget, and the Blue Chip prognosticators as being purely speculative, while at the same time being quite confident about the almost imediate collapse of the FFEL program if we stick with current law.

WHat is clear to students, and has been pointed out by U.S.PIRG, NAGPS and USSA, is that students are about to get a reduction in the interest rate on student loans. This is an agreed upon fact by almost all parties. To the loan industry's credit, they are right that many of the figures are based on predictions. That is correct. It is also true that their projections serve their own purposes in terms of yield, and are based largely on the notion that what is past is the only prologue.

Let's be very clear about what the student perspective is on this issue, regardless of what numbers any particular interest decides to bandy about.

1) Student debt is increasing and will continue to increase faster than the COL or the cost of tuition. Wages for college graduates are falling. The amount and cost of education that is required to compete in the new economy is also growing.

2) One of the only way to respond to this rising debt is to reduce the cost of borrowing. (To all those who squeal about how troublesome it is to restrict students to the current federal loan limits, I would expect extreme sympathy to the case for reducing costs of borrowing as the principle tool for restraining debt).

3) Students have been promised, deserve and need to see the interest rates on student loans reduced.

4) Students don't give a darn about which mechansim is used to calculate

the rate. If the 91 day is better than the 10 year because it saves on hedging costs then fine. The more the lenders can play the market to lower their costs the better. Students have little imediate interest in the mechansim of their choice.

5) And this is the biggy.... The Federal government has established a system for providing low cost loans to all students who need them. If the Federal government needs to spend a little money to keep the corporate folk at the table then that is an appropriate Federal obligation.
Students and institutions may surely benefit from that federal effort.
Let the Congress decide after considerable and open debate how much of what we refer to as "yield" is legitimate and how much is excess. But, we should not hide the transfer of Federal money to these lenders or make students bear the responsibility for keeping these folk at the table by maintaining costs of borrowing that run counter to the purpose of having a Federal loan program.

Our bottom line is that if the lenders have a legitimate problem, then the Federal government should probably take a look at it and help them out as is appropriate. This should be done after lenders and the federal government has met its first obligation, namely providing low cost loans to students.

Thus far, what has happened is that the lending industry has unleased an army of well connected doom sayers on Capitol Hill to convince Congress that the only solution is to make students pay (a plea that was considered by some but ulitimately rejected).

After meeting with the some members of the Congress and members of the lending industry, I am convinced that a more thoughtfull analysis of the "problem" will prevail, and that the "solution" will maintain what current law is: a reduction in the interest rate on student loans.

Kudos to NAGPS for using the numbers from the Department of Education to make this point, and kudos to the Department of Education for producing the numbers.

Ivan Frishberg, | Internet: ivan@PIRG.org

PIRG's Higher Education Project | Phone: (202) 546-9707

U.S.Public Interest Research Group | Fax: (202) 546-2461

218 D St., SE, Washington, DC 20003 | WWW: www.pirg.org

##

This message | Submissions   -> FINAID-L@lists.psu.edu

was sent via | Subscribe/unsubscribe -> LISTSERV@lists.psu.edu

the FINAID-L | List owner (Bob Quinn) -> REQ1@psu.edu

mailing list | backup   (Pete Weiss) -> FINAID-L-REQUEST@lists.psu.edu

-------------| send 1-line text INFO FINAID-L -> LISTSERV@LISTSERV.NET===================
ATTACHMENT   1 ==================
ATT CREATION TIME/DATE: 0 00:00:00.00

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 13 Oct 1997 08:23:22 -0400 (EDT)

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by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IOR2FBR6GW00IXIP@PMDF.EOP.GOV> for
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by STORM.EOP.GOV (PMDF V5.1-7 #6879)
with ESMTP id <01IOR2F87HYS000B4K@STORM.EOP.GOV> for shireman_r@a1.eop.gov;
Mon, 13 Oct 1997 08:23:15 -0400 (EDT)
Received: by aascu.nche.edu with Internet Mail Service (5.0.1458.49)
id <4TD8K653>; Mon, 13 Oct 1997 08:22:43 -0400
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(Microsoft Exchange Internet Mail Service Version 5.0.1458.49)
id 4TD8K65M; Mon, 13 Oct 1997 08:22:39 -0400
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with BSMTP id 5011; Mon, 13 Oct 1997 08:09:48 -0400 (EDT)
Received: from LISTS.PSU.EDU (NJE origin LISTSERV@PSUVM)
by PSUVM.PSU.EDU (LMail V1.2c/1.8c) with BSMTP id 6780; Mon,
13 Oct 1997 08:09:46 -0400
Comments: To: Steve Mccullough <isllc@IX.NETCOM.COM>
================= END ATTACHMENT 1 =================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: ElmendorfE (ElmendorfE@aascu.nche.edu@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:13-OCT-1997 14:22:00.00

SUBJECT: Student Loan Interest Rate Rhetoric

TO: Robert M. Shireman (Robert M. Shireman@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
> ----------

> From: Tony Rosati[SMTP:ROSATI@GUSUN.GEORGETOWN.EDU]

> Sent: Monday, October 13, 1997 2:22:11 PM

> To: FINAID-L@lists.psu.edu

> Subject: Student Loan Interest Rate Rhetoric

> Auto forwarded by a Rule

>

Steve McCullough,

>

>I do not want to speculate on the motivation of the DOE or NAGPS in

>disseminating a $10.9 billion cost number with such shaky assumptions.

>Suffice to say a similar number can be calculated in favor of the old T

>bill based rate. Over the past six years, students would have been

>better off under the old rate by 0.27%. Assuming this is the case over

>a fifteen year period and using other assumptions similar to DOE's,

>borrowers would save $2.7 billion if the old, T-bill based formula is

>retained.

>

Dear Steve,

If I wasn't a polite human being I would say you were being a disingenuous little ****. Needless to say, you ARE trying (and damn hard too) to question the motives of both the ED & NAGPS in your little comment above.

As for your points, both ED & NAGPS disseminated information based on CBO numbers. It doesn't matter who analyzed them, the facts came from CBO. Are the CBO numbers unrealistic? Who knows, but a wise old pessimist once told me "Be prepared for the worst, and you'll never be unpleasantly surprised." Consequently, it makes great sense to prepare and warn about the worst case scenario. As for your "sample calculation," yes, it would SEEM that students MIGHT save $2.7 billion, but, by your own admission, the assumptions of any of these scenarios, including yours, are suspect, at best. In point of fact, anybody can calculate any kind of number to support their argument. What NAGPS & ED have done is to accept the CBO as a common authority on budget-based projections, and work within that framework, rather than dilute the discussion with differing claims of "authoritative accuracy."

But there is a more crucial issue here - a moral one. Suffice it to say that both conservatives & liberals alike agree that basing a change of the interest rate on federally subsidized student loans that forces students to shoulder the increase in cost and provides benefit to the loan guarantors or the banks is WRONG. Does it matter if the cost is $4 billion or $10 billion? ABSOLUTELY NOT, because students should not have to bear the burden of this cost - NOT EVEN AN EXTRA CENT!

Am I so crazed to think that this country is OBSESSED with greed to the point that this kind of feeding frenzy occurs at every step? I think not.

THERE ARE THINGS THAT ARE INTRINSICALLY RIGHT AND WRONG, and to burden the backs of students, the majority of which seeking student loans are poor and who will be indebting themselves well into their adult age to begin with, is clearly wrong if it is simply to ensure that the banks and the guarantors are "well fed" and their profit motive held secure.

Capitalism is good only inasmuch as it is tempered by morality and humanity.

Steve, get over it. Your attempt at discrediting NAGPS and ED is lame and clearly transparent. To coin an old hacker phrase - "Mess with the best, die like the rest..."

Tony Rosati

NAGPS Board of Directors

NAGPS Webmaster

NAGPS Rotweiller

This message | Submissions -> FINAID-L@lists.psu.edu

was sent via | Subscribe/unsubscribe -> LISTSERV@lists.psu.edu

the FINAID-L | List owner (Bob Quinn) -> REQ1@psu.edu

mailing list | backup (Pete Weiss) -> FINAID-L-REQUEST@lists.psu.edu

-------------| send 1-line text INFO FINAID-L -> LISTSERV@LISTSERV.NET====================

ATTACHMENT 1 ==================

ATT CREATION TIME/DATE: 0 00:00:00.00

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13 Oct 1997 14:40:37 -0400 (EDT)
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by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IORFL1UELC00BAJA@PMDF.EOP.GOV> for
shireman_r@a1.eop.gov; Mon, 13 Oct 1997 14:40:33 -0400 (EDT)
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by STORM.EOP.GOV (PMDF V5.1-7 #6879)
with ESMTP id <01IORFKARXWK000CZP@STORM.EOP.GOV> for shireman_r@a1.eop.gov;
Mon, 13 Oct 1997 14:39:57 -0400 (EDT)
Received: by aascu.nche.edu with Internet Mail Service (5.0.1458.49)
id <4TD8K60C>; Mon, 13 Oct 1997 14:39:26 -0400
Received: from psuvm.psu.edu by ptah.aascu.nche.edu with SMTP
(Microsoft Exchange Internet Mail Service Version 5.0.1458.49)
id 4TD8K60B; Mon, 13 Oct 1997 14:39:22 -0400
Received: from PSUVM.PSU.EDU by lists.psu.edu (IBM VM SMTP V2R2)
with BSMTP id 4590; Mon, 13 Oct 1997 14:19:54 -0400 (EDT)
Received: from LISTS.PSU.EDU (NJE origin LISTSERV@PSUVM)
by PSUVM.PSU.EDU (LMail V1.2c/1.8c) with BSMTP id 6108; Mon,
13 Oct 1997 14:19:33 -0400
Comments: To: finaid-l@listserv.cac.psu.edu

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