RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: ussaleg (ussaleg@essential.org@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 5-MAR-1998 21:38:00.00

SUBJECT: ALERT and USSA Testimony on Interest Rate Change

TO: Jason S. Goldberg (Jason S. Goldberg@EOP [UNKNOWN])
READ:UNKNOWN

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

TEXT:
USSA testified at a hearing held today on the scheduled rate change for

student loan interest rates. While the members of the House Subcommittee

on

Post-Secondary education which held the hearing listened carefully to

USSA's presentation on student concerns and expressed their interest in

lowering the cost of loans, USSA and student friendly witnesses were far

outnumbered by representatives of the banking industry and others trying

to repeal the scheduled change and rob students of the $11 BILLION dollars

in savings they have been anticipating. As the bakning industry

continues their full court lobbying press (they have a PAC

devoted to the issue, they send bankers to DC to meet with

legislators, and they are even contacting university presidents,

trying to persuade them to lobby on their behalf), students, graduates,

and those

wanting to make access to education a reality MUST call members of the

House Education and the Workforce Committee and express their need to see

a significantly reduced interest rate on student loans. The Committee

will make a decision on this issue in the next week!

CALL 1-202-225-3121 TO BE CONNECTED WITH THE FOLLOWING OFFICES. TELL THEM YOUR STORY OF THE IMPACT OF OVERWHELMING DEBT ON STUDENTS LIVES AND URGE THESE MEMBERS TO LOWER THE COST OF STUDENT LOANS!

Majority Party

Goodling (PA)-chair Petri (WI) Roukema (NJ)

Fawell (IL) Ballenger (NC) Barrett (NE)

Hoekstra (MI) McKeon (CA)-sub.cmte chair

Castle (DE)

Johnson (TX) Talent (MO0 Greenwood (PA)

Knollenberg (MI) Riggs (CA) Graham (SC)

Souder (IN) McIntosh (IN) Norwood (GA)

Paul (TX) Schaffer (CO) Peterson (PA)

Upton (MI) Deal (GA) Hilleary (TN)

Scarborough (FL)

Minority Party

Clay (MO) -ranking member Kildee (MI) --subcmte ranking member

Miller (CA) Martinez(CA)

Owens (NY) Payne (NJ) Mink (HI)

Andrews (NJ) Roemer (IN) Scott (VA)

Woolsey (CA) Romero-Barcel (PR) Fattah (PA)

Blumenauer (OR) Hinojosa (TX) McCarthy (NY)

Tierney (MA) Kind (WI) Sanchez (CA)

Ford (TN)

Testimony of Erica Adelsheimer

Legislative Director, U.S. Student Association

before the U.S. House of Representatives

Subcommittee on Post-Secondary Education, Training

and Life-Long Learning

Thursday, March 5, 1998

My name is Erica Adelsheimer, and I am the Legislative Director of the United States Student Association (USSA). USSA is the nation's oldest and largest student organization, representing over 3 million students at more than 350 public universities, private universities, and community colleges across the country. USSA is an entirely student run organization. Our Board of Directors are all current students and our national staff and officers are either recent graduates or students on leave from their studies. On behalf of our millions of student members, I thank you for the opportunity to testify before the Subcommittee on the important topic of student loan interest rates. I offer our testimony also on behalf of U.S. PIRG's Higher Education Project and the National Association of Graduate and Professional Students (NAGPS).

Mr. Chairman, as advocates for educational access, USSA members prioritized lowering the cost of student loans at our 1996 and 1997 National Student Congresses. Our membership felt this was important, not because they were aware at that time of any arguments to repeal the scheduled rate change, but because they felt overwhelmed by their amassing debts. To put it most directly, for millions of students throughout the country the college dream has turned into a nightmare of debt. Community college students, public and private baccalaureate students, and graduate students are all suffering under the tremendous burden of ever-increasing loan debt. It is within the broader context of student debt that USSA believes the issue of interest rates must be analyzed.

Significant increases in student loan borrowing are well documented. The General Accounting Office recently released a report on the topic to Senator Carol Moseley-Braun. The report, entitled Higher Education: Students Have Increased Borrowing and Are Working to Help Pay Higher Tuitions, provides an overview of what today's students confront as they contemplate their options for financing college costs. This important GAO report indicates that both the percentage of those who borrowed and the average amount of borrowing have increased significantly in recent years.

For example, the percentage of bachelor's students who had borrowed by the time they finished their degree rose from 46 percent in 1992-92 to 60 percent in 1995-96. In just three years, and including adjustments for inflation, the average amount borrowed for these students increased by more than $3000 from approximately $10,100 to nearly $13,300 in constant 1995-96 dollars. Furthermore, the percentage of graduating seniors who had borrowed $20,000 or more rose from less than 10 percent in 1992-93 to nearly 20 percent in 1995-96. For professional students, average loan debt rose by nearly $15,000, jumping from approximately $45,000 in 1992-93 to nearly $60,000 in 1995-96. Moreover, sixty percent of these students completed their programs with loan debt of $50,000 or more.

In assessing the GAO's findings, it is important to note that these figures are now almost two years old, that loan debt has continued to climb since 1995-96, and that the figures only reflect federal student loan borrowing. The figures do not account for debt students may have on credit cards or in private loans. It is also important to note that students are borrowing more at the same time as more of them are taking on jobs while enrolled full-time. In 1995-96 more than two-thirds of all full-time undergraduate students worked over 20 hours per week.

Mr. Chairman, we at USSA are intimately familiar with the full meaning of these statistics in students' lives. Every day in our office we receive calls from students who are anxiety-ridden about the amount of loan debt they have taken on and literally terrified as to how they will make the necessary loan payments after graduation. For instance, Aisha Anderson, President of the Black Action Society at the University of Pittsburgh and field organizer for the Pennsylvania State Student Association, will graduate from her low cost public institution with approximately $20,000 in debt. In addition to the hours spent at the two jobs she has held every semester since her sophomore year, Aisha has lost time she would have preferred to devote toward studying worrying about how she will cope upon graduation. Her decisions with regard to attending graduate school will be made largely by calculations of existing debt and the inevitability of even greater dependence on student loans in the future.

For Grace Wun, the situation is even worse. She is graduating this semester from New York University with over $40,000 in loans. She has taken on this debt even while receiving available need-based grants and numerous academic scholarships. Her monthly loan payments after graduation will be in excess of $400 per month and her total debt on a 15 year repayment plan will double. She has already turned down her top choice for employment, a public service position, because she is concerned that she would be unable to meet the staggering monthly repayments.

The situation for Liz and Ian See is equally disturbing. Liz graduated from the University of North Carolina School of Medicine in 1997. Ian received a Master's degree in engineering from University of California at Berkeley in 1995 and is now pursuing a Master's in Business Administration at Northwestern University. Even though Liz's medical school tuition was only $2,000 per year and Ian has no loans from his undergraduate degree and the tuition for his engineering degree was fully funded by his employer, by the time Ian completes his business degree, together they will have amassed over $100,000 in loan debt. Their monthly payments will be approximately $1,000 per month, exceeding their monthly rent. Liz had hopes to practice family medicine in an urban underserved area or in rural North Carolina, but is now unsure that she will be able to do so. The couple can not afford to purchase a car, and can not even consider buying a house, putting any money into savings, or even having children in the near future. In fact, they often do not have enough money for visits with family over the holidays. For this couple, the benefits of education have cost them dearly, and they worry not only about how they will get themselves out of debt, but how they will ever be able to put away money for their own children's education.

The stories of these individual students are but a few examples. Together with the statistical data, they are evidence of a trend, which if not held in check, will result in even more borrowing with even more disabling consequences for an ever increasing number of students in the coming years. As these stories point out, the growing reliance on debt for the financing of college costs has public policy consequences at multiple levels for our nation. The crushing levels of post-graduation debt are significantly limiting career options for many college graduates, steering them away from public service professions simply because salaries in many such fields make repayment of student loans infeasible.

Even for those who are not engaged in especially low-paying occupations, increased monthly student loan payments are crowding out consumer purchases, such as cars, or even homes, that may have been taken for granted a mere decade ago. Furthermore, graduates with enough income to consider buying a home, soon find out that here too they will be disadvantaged because of their student loans: because student loans increase the graduate's debt-to-earnings ratio, they are confronted with higher interest rates on their mortgages, making this type of investment nearly impossible.

Finally, it is also important to keep in mind that for women, who comprise a large percentage of older, returning students but whose average annual earnings still lag significantly behind their male counterparts, the effects of overwhelming loan debt and high interest payments are even more crippling. In 1995 average income for females with bachelor's degrees was more than $20,000 less than that of males and average income for female graduates of professional schools was more than $50,000 less than that of males, making monthly loan payments for female graduates that much more burdensome.

As the anxiety about student debt continually occupies the minds of so many of our staff, officers, and student members, USSA has made efforts to analyze what can be done to alleviate this burden. USSA views the anxiety about college debt as a function of three separate factors, whose interplay has brought about the serious problems students now face. All three factors are within the jurisdiction of this Subcommittee, and we are confident that under your leadership, and with bipartisan support, all three aspects of the problem will be properly addressed.

First among these is the question of college costs and the high rate of inflation in college tuition. Mr. Chairman, we are especially thankful to you for your leadership on this important matter. While we do not believe legislation as such can directly mitigate price hikes, we do believe that the high level of attention brought to bear on the issue has begun to prove helpful. Leaders of many institutions have expressed a recognition of their obligation to control costs. Nevertheless, we must assume that even with diligent efforts by the education community, costs will continue to rise.

Second, the failure of federal student aid programs to keep up with costs, and the dilution of these programs in terms of targeting the neediest students, have resulted in more and more needy students having no other options but to borrow. We are confident that the legislation this Subcommittee will support during this reauthorization of the Higher Education Act will be a significant move in the right direction on this front. Specifically, we believe that important changes in need analysis will enable thousands of students with immense financial need to access Pell grants. We also look forward to changes to strengthen and support other critically needed grant programs, including a state matching grant, the Federal Supplemental Educational Opportunity Grant, and the graduate fellowships, each with their unique purpose. Additionally, we believe that by maintaining the current aggregate loan limits, the Congress will help keep the rate of borrowing in check. Increased aggregate loan limits, USSA believes, would only accentuate the federal grant/loan imbalance, force students into greater debt, and relax pressure on states and institutions to provide additional state and institutional aid.

Third, and most relevant to today's hearing, is the issue of cost of borrowing. To the extent that significant borrowing for college has now become the norm, it is crucial that improving the terms and conditions of educational loans be a top federal priority. Clearly, a reasonable interest rate on student loans is the single most important factor in making borrowing more affordable.

The new formula for determining the interest rate on student loans, scheduled to go into effect on July 1, 1998, would produce a significant drop in interest rates. To most students, an interest rate of 7.11 percent--which is what the rate would be on loans made after July 1 of this year if the new formula were to go into effect--looks similar to market rates on other familiar types of loans. As virtually all other types of consumers--such as those purchasing houses or cars---have experienced drops in their interest rates because of the nation's robust economy and shrinking federal deficits, students have intuitively expected a major decrease in their student loan rates.

The Subcommittee must answer the same question that students across the nation are asking themselves: what student loan interest rate is appropriate in a time where interest rates on most other loans are declining dramatically? To students, 7.11 percent has appeared as not unreasonable, while colleagues representing the student lending community have presented numbers in excess of 8 percent as their best offer. A decade ago, when borrowing was not as prevalent nor the amount of loan debt nearly so high, the difference between the two rates would not have been so crucially important. But today, given the increased number of those who borrow and the increased amounts in question, the difference in cost would be quite enormous for students who are already having a difficult time keeping up with their payments.

For a student with $15,000 in loan debt, a 1 percent drop in the interest rate would mean a savings of nearly $1000 under a ten-year repayment plan. For a student with $40,000 in loan debt, a 1 percent drop would mean a savings of $2,500 under a ten-year plan and more than $6,100 if the student needed 20 years to repay the loan. For the many graduate and professional students graduating with loan debt of $80,000 or more and who very often do need 20 years to pay back their loans, a single percent drop in the interest rate would mean savings of more than $12,200.

Students have patiently awaited the scheduled interest rate reduction for some five years. It is important to remember that as late as two years ago, the July 1, 1998 rate change was promised again to students as a scheduled reduction in rates, and its retention was cited as a major student benefit. It is only over the last year, as participating lenders in the Federal Family Education Loan (FFEL) Program have publicly argued for repealing the rate change, that students have become aware that the new formula is in danger of being eliminated. We first became aware of the lenders' concern with regard to the use of a long-term index last year. Our view on the question of short- versus long-term indexation was, and remains, one of accommodating the needs of private-sector lenders. To put it more directly, students generally do not focus on the underlying index used to set the rate. As the question of the new rate formula became more heated and more broadly discussed, the second and more difficult problem, that of lender yield, was finally articulated. On this question, which has to do with the actual numerical level at which the rate is set, students have rather strong sentiments, based on reasons I have attempted to describe.

As the debate has become more public, and to a large extent because of the consultative manner in which you have directed all participants to attempt to negotiate an acceptable solution, USSA and our student colleagues have been involved in extensive discussions with our colleagues from the student loan industry and other associations. Mr. Chairman, I very much appreciate the fair and even-handed manner in which the Subcommittee has approached this issue. You and Ranking Member Kildee have made every effort to ensure that students have input into the deliberations of this Subcommittee as it became aware of the extent of concern among student lenders about the July 1 scheduled rate change.

In the course of our collective effort with all affected parties, USSA has attempted to represent the interest of students in a responsible manner. USSA, and students in general, fully appreciate the importance of maintaining sufficient profitability in student lending so as to ensure the continued participation of for-profit entities in the FFELP. We fully understand that unreasonably low rates would be meaningless if no lender would be willing to offer them to students.

The issue, therefore, is a very complex one for USSA in that we have had to balance our desire to minimize the cost of borrowing with a realistic understanding of the absolute legitimacy of private lenders' requirement that student loans remain profitable for them. To this end, we made concessions that have included some higher costs for students. Regrettably, the distance between the two sides was too great for this approach to work. In addition, we attempted to accommodate the stated requirement of lenders for substantially higher maximum rates by allowing such rates in FFELP, but subjecting such rates to market pressures by retaining the scheduled rate for the direct loan program. This approach was, in our view, a promising way of ensuring continued lender participation at the best market rates. Unfortunately, lenders with whom we were negotiating rejected this framework.

The Subcommittee has thus been compelled to make decisions it may have preferred to have had negotiated. We believe the Subcommittee has listened carefully to the students throughout the past several months and shares our concerns. We urge the Subcommittee to guide Congress in providing low cost loans to students while ensuring adequate access to capital. We do not, however, believe that Congress should maintain a loan program that protects the profit margins of each and every lender who desire to be in the business of student lending.

The release of the report from the Treasury Department, and the subsequent Administration proposal on rates have been the most significant new events in the course of our long and drawn-out discussions within the higher education community. The Treasury report appears to support the view that for-profit lenders can continue to participate in FFELP at substantially lower rates than are currently in effect. At the same time, the report supports the lenders in their desire to use a shorter-term instrument as the underlying index for rates. We have no way of independently assessing the Treasury report, except to hope that the Subcommittee can factor its findings into its deliberations, and to give its findings the proper weight. The Administration proposal certainly does appear to provide anticipated benefits to students in reference to the July 1 baseline, and we certainly hope that the Subcommittee will strive for a similar outcome in any policies it may decide to pursue.

****

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TAKE ACTION ON CAPITOL HILL!

JOIN THE U.S. STUDENT ASSOCIATION IN THE

29TH ANNUAL GRASSROOTS LEGISLATIVE CONFERENCE

AND NATIONAL STUDENT LOBBY DAY!

MARCH 7-10,1998

GALLAUDET UNIVERSITY

WASHINGTON D.C.

****

****

Erica Adelsheimer — Phone: 202.347.USSA

Legislative Director — Fax: 202.393.5886

U.S. Student Association — E-mail:

ussaleg@essential.org

1413 K Street NW 9th Floor

http://www.essential.org/ussa

Washington, DC 20005

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

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RFC-822-headers:
Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.0-4 #6879)
id <01IUBK5J6HE800LP7V@PMDF.EOP.GOV>; Thu, 05 Mar 1998 20:49:17 -0500 (EST)
Received: from storm.eop.gov (storm.eop.gov)
by PMDF.EOP.GOV (PMDF V5.0-4 #6879) id <01IUBK5DBWDC00KNL2@PMDF.EOP.GOV>; Thu,

05 Mar 1998 20:49:08 -0500 (EST)
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Received: from essential.essential.org (essential.org [198.4.52.1])
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05 Mar 1998 20:38:32 -0500 (EST)
================== END ATTACHMENT 1 ==================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

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

CREATION DATE/TIME:12-MAR-1998 17:03:00.00

SUBJECT: FW: AASCU ADVISORY - UPDATES AND ACTION--STUDENT LOAN INTEREST

TO: Barry White (Barry White@EOP [UNKNOWN])
READ:UNKNOWN

TO: Franklin D. Raines (Franklin D. Raines@EOP [UNKNOWN])
READ:UNKNOWN

TO: Kathryn B. Stack (Kathryn B. Stack@eop [UNKNOWN])
READ:UNKNOWN

TO: Sally Katzen (Sally Katzen@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
> AASCU ADVISORY - UPDATES AND ACTION

>

> FROM: ED ELMENDORF

>

> TO: AASCU PRESIDENTS AND CHANCELLORS

>

> SUBJ: (1) STUDENT LOAN INTEREST RATE UPDATE

> (2) SENATE BILL S.1724 TO REPEAL TAXPAYER

> REPORTING BURDEN

>

> DATE: MARCH 11,1998

> --

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

> (1) STUDENT LOAN INTEREST RATE UPDATE

> AASCU sent you a brief update on the student interest rate and

> testimony by AASCU

> (http://www.aascu.nche.edu/services/gov_rel/ratetest.htm) on March 5,
> 1998. I wanted you to have an update that is being sent by ACE
> (http://www.aascu.nche.edu/news/bulletin/interestltr.htm) in
> conjunction with AASCU and other higher education associations. You
> may expect that the House Education and Workforce Committee will
> propose a student interest rate compromise on March 18th when they
> markup the Higher Education Act. AASCU will continue to advocate a
> rate that does not adversely impact students. You may expect to
> receive AASCU ACTION ALERTS
> (http://www.aascu.nche.edu/news/bulletin/bullhome.htm) from us to
> support or oppose the rate that is determined on March 18th.
>
> (2) SENATE BILL S.1724 TO REPEAL TAXPAYER REPORTING BURDEN
> (ftp://ftp.loc.gov/pub/thomas/c105/s1724.is.txt)
> Senator Collins (R-ME) has introduced legislation to repeal the
> taxpayer reporting burden mandated under the recently enacted Taxpayer
> Relief Act of 1997. Her bill mirrors the Manzullo bill introduced on
> the House side (H.R. 3127)
> (ftp://ftp.loc.gov/pub/thomas/c105/h3127.ih.txt). There are nine
> cosponsors on S. 1724. A Dear Colleague letter will be sent to other
> Senate members inviting them to co-sponsor the bill. Presidents of
> the three public higher education associations (AASCU, AACC and
> NASULGC) sent a joint letter
> (http://www.aascu.nche.edu/services/gov_rel/collins.htm) of
> unequivocal support for this legislation. The bill would eliminate
> the reporting requirements on institutions and clarifies the
> responsibility for individuals who claim benefits and are responsible

> for providing the information to the IRS.

>

> If you have NOT written or contacted your two U. S. Senate members,

> NOW is the time to do so! AASCU delivered more than 1500 letters from

> our members to Representaive Manzullo on H.R. 3127.

>

> If you have any questions or you need additional information, contact

> me at:

>

> Ed Elmendorf

> Vice President for Government Relations and Policy Analysis

> AASCU

> Phone: 202 293 7070

> Email: elmendorfe@aascu.nche.edu

>

>

> =================== 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 V5.1-9 #22921)
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X-Mailer: Internet Mail Service (5.5.1960.3)
================= END ATTACHMENT 1 =================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: devose (devose@gusun.georgetown.edu@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:13-MAR-1998 13:05:00.00

SUBJECT: morning edition piece

TO: Brian A. Barreto (Brian A. Barreto@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
Brian,

I've attached the piece you asked about yesterday. Hope it's helpful!

Erica

<Show: MORNING EDITION> <Date: MARCH 12, 1998> <Time: 10:00>

<Head: Student Loan Interest Rates>

<Sect: News; Domestic>

<Tran: 031205NP.210> <Type: PACKAGE> <Time: 11:35> Part 1 of 1

BOB EDWARDS, HOST: A congressional subcommittee is looking for a way out of a stalemate that threatens the nation's student loan program. The Clinton administration wants to follow through on a promise to reduce the interest rates students pay on the $40 billion of new student loans issued each year. Banks, however, say the rate is so low it would drive them out of the student loan business.

NPR's Larry Abramson reports.

LARRY ABRAMSON, NPR REPORTER: Five years ago, President Clinton said he had a great way to cut costs in the massive student loan program. He said: "let's cut out the middleman -- the banks -- and have the U.S. government issue loans directly to students."

David Longinecker (ph), assistant education secretary, says the administration's goals remain simple.

DAVID LONGINECKER, ASSISTANT SECRETARY, U.S. DEPARTMENT OF EDUCATION: Our priority is clearly the students. We want the students to have the lowest cost of loans possible. We made a commitment to them in 1993 to lower the interest rate this year and we believe we should honor that, if at all possible, and we believe that is possible.

ABRAMSON: The idea back then was to pass along cost savings to students in the form of lower interest rates, starting in 1998. But five years later, the Department of Education hasn't been up to the task of taking on more than 8.5 million new loans each year. So, the banks still handle 60 percent of student borrowing.

Fritz Elmandorf (ph) of the Consumer Bankers Association says the government has learned what banks already know: there's an awful lot of work involved with each little student loan.

FRITZ ELMANDORF, CONSUMER BANKERS ASSOCIATION: They get a $1,500 loan or a $4,000 loan. They don't have to pay interest on it while they're in school. The banks has to monitor their progress. Once they graduate, there's a six-month grace period. So, you have all of the administrative expense, but it's over a much smaller loan amount, and that means that it takes a larger margin for the banks to earn a profit.

ABRAMSON: Even though banks still handle much of the lending, the administration wants to go ahead with its plan to lower interest rates as promised by nearly a full percentage point, from around 8 percent to 7 percent over the life of a loan. That would save the average borrower $650. Students in professional fields would save $3,200 on average. That's a big savings and perhaps a big loss for banks.

Fritz Elmandorf says they might be forced to make a hard business decision.

ELMANDORF: They have stockholders to report to. There are certain earnings expectations for every banking line of business. And there's a lot of feeling that lenders will -- will exit the program if they can't earn a sufficient return.

ABRAMSON: If the banks dropped out, there'd be a terrific shortage of capital at a time when student borrowing is going up faster than tuition. The administration acknowledges that without the banks, some students would be turned away. So the White House has softened its proposal, but still not enough to please the banks.

It's hard to determine exactly where the break-even point is for banks. Terry Hartell (ph) of the American Council on Education points out that student loans may be a lot of work for banks, but they are also totally risk-free.

TERRY HARTELL, AMERICAN COUNCIL ON EDUCATION: Granted, the financial industry has to do a fair amount of servicing on these loans, but these loans are signed by Uncle Sam. They are very good loans.

ABRAMSON: The gap between the administration's numbers and the banks has been serious enough that the Subcommittee on Postsecondary Education has had to postpone a scheduled vote on the issue until next week. In the meantime, the subcommittee is in the middle of a poker game between banks and the administration, trying to come up with a low rate that won't scare banks away.

Larry Abramson, NPR News, Washington.

<Dateline: Larry Abramson, Washington, DC; Bob Edwards, Washington, DC>

<High: NPR's Larry Abramson reports that a government plan to lower student loan interest rates is meeting resistance from banks. They say rates are already low for the amount of work it takes to administer that kind of loan.>

<Spec: Education; Colleges and Universities; Banking; Law; Government>

<End-Story: Student Loan Interest Rates>

[end of text]

==================== ATTACHMENT 1 ====================
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Received: from localhost (devose@localhost)
 by gusun.georgetown.edu (8.8.5/8.8.5) with SMTP id MAA24854 for
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X-Sender: devose@gusun
================= END ATTACHMENT 1 =================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: ussaleg (ussaleg@essential.org@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:13-MAR-1998 17:06:00.00

SUBJECT: Support Bipartisan Interest Rate Proposal

TO: Jason S. Goldberg (Jason S. Goldberg@EOP [UNKNOWN])
READ:UNKNOWN

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

TEXT:
LEGISLATIVE ALERT

3/13/98

HELP SAVE STUDENTS BILLIONS OF DOLLARS! SUPPORT BIPARTISAN PROPOSAL ON STUDENT LOAN INTEREST RATE!

The student voice has been heard! After much hard work and deliberation, House Education Subcommittee Chairman "Buck" McKeon (R-CA) and Ranking Subcommittee Member Dale Kildee (D-MI) have put forth a bipartisan proposal that would significantly lower interest rates on all new student loans after July 1, 1998. The proposal will reduce interest rates for students by 0.8%, while ensuring lenders sufficient profit to maintain the viability of the guaranteed student loan program. Students will save billions of dollars under the proposal and will see significant reductions in their loan interest payments over the life of their loans.

The proposal will be debated by the full House Committee on Education and the Workforce at their hearing scheduled on Wednesday, March 18. The proposal, to be offered in the form of an amendment to Title IV of the

Higher Education Act, is expected to pass the full House Education and the Workforce Committee. However, because the proposal requires the federal government to contribute to the cost of lowering the interest rate, the proposal will need the support of the House and Senate Budget Committees in order to be enacted into law.

Students should call, fax, and email Chairman McKeon and Ranking Member Kildee, thanking them for their efforts to reduce student loan interest rates and keep the student loan program viable:

"Buck" McKeon (R-CA) 202-225-1956 tellbuck@mail.house.gov

Dale E. Kildee (D-MI) 202-225-3611 dkildee@mail.house.gov

STUDENTS SHOULD ALSO CONTACT MEMBERS OF THE HOUSE AND SENATE BUDGET COMMITTEES AND URGE THEM TO SUPPORT THE 0.8% REDUCTION IN STUDENT LOAN INTEREST RATES! (See USSA ACCESS 98 Manual for full list of Budget Committee members).

House Budget Committee

Chairman = John Kasich (R-OH) 202-226-7270(p)

202-226-7174(f) budget@hr.house.gov

Ranking Member = John Spratt (D-SC) 202-226-7200

202-226-7233(f) jspratt@hr.house.gov

Senate Budget Committee

Chairman = Pete Domenici (R-NM) 202-224-0462(p)

202-224-4835 (f)

senator_domenici@domenici.senate.gov

Ranking Member = Frank Lautenber (D-NJ) 202-224-0533 (p)

202-228-2007 (f)

frank_lautenberg@lautenberg.senate.gov

If you are in a state where there are no members of your House or Senate delegation
on the Committee on Education and the Workforce or the House or Senate Budget Committees call the House
Switchboard at 202-225-3121 and ask for your Member of Congress. Tell them to offer their support for the bipartisan proposal on student loan interest rates when it comes to the floor for a vote!

TALKING POINTS

Use the following talking points to encourage members to vote for the bipartisan proposal to reduce interest rates:

1. The proposed law would save students BILLIONS of dollars in reduced loan interest payments over the next five years.

2. Lower interest accumulation means lower overall student debt, allowing

students to pay off their loans quicker, and get started earlier on the purchase of new homes, investment, and savings for their childrens' education.

3. The McKeon/Kildee proposal preserves an interest rate that allows lenders to maintain profitability, preserving students access to loans in the guaranteed loan program.

4. The McKeon/KIldee proposal reduces student loan interest rates by an amount similar to reductions observed for many loan and mortgage rates in most every other ecomomic sector.

5. The Committee proposal allows lenders to use the 91-day T-Bill to set interest rates, which is consistent with lenders' desires to invest their funds in short-term investments to maximize profits.

USSA LETTER SENT TO MCKEON AND KILDEE

March 12, 1998

Dear Chairman McKeon and Ranking Member Kildee,

On behalf of the over 3 million students represented by the United States Student Association (USSA), we write to thank you for your tireless efforts on the issue of the student loan interest rate and to express our strong support for the bipartisan proposal put forth by the subcommittee.

We express our thanks and support also on behalf of U.S. PIRG's Higher Education Project and the National Association of Graduate and Professional Students (NAGPS).

As you well know, the issue of student loan interest rates is of great concern to students who are simply overwhelmed by student loan debt. Potential students often forego higher education for fear of the loan debt they would be forced to incur, current students are anxiety-ridden about how they will make payments upon graduation, and thousands of recent graduates are struggling to pay rent and grocery bills while keeping up with their loan repayments. By ensuring that students receive a 0.8% reduction on their loan interest rates, the subcommittee's proposal will significantly help to alleviate the burden students bear because of excessive college debt. At the same time, the proposal safeguards students access to loans through the guaranteed loan program.

Throughout the discussions and debate concerning this issue, we have expressed our appreciation for your willingness to listen to the student voice and to seriously consider our concerns. Your proposal reflects the high degree to which you have done so. While your proposed solution represents a slight increase for students as compared with current law, we believe you have crafted a realistic, fair, and even-handed compromise that protects students' need for lower borrower rates.

Over the next several years, your proposal will save students billions of dollars and, on a daily basis, will make the daunting task of making interest payments on student loans both during school and after graduation easier. Again, we thank you for your hard work and determination in delivering a solution that incorporates students needs and that will help expand access to higher education.

Sincerely,

Sarita Gupta Erica Adelsheimer

President Legislative

Director

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TAKE ACTION ON CAPITOL HILL!

JOIN THE U.S. STUDENT ASSOCIATION IN THE

29TH ANNUAL GRASSROOTS LEGISLATIVE CONFERENCE

AND NATIONAL STUDENT LOBBY DAY!

MARCH 7-10,1998

GALLAUDET UNIVERSITY

WASHINGTON D.C.

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Erica Adelsheimer Phone: 202.347.USSA

Legislative Director Fax: 202.393.5886

U.S. Student Association E-mail:

ussaleg@essential.org

1413 K Street NW 9th Floor

http://www.essential.org/ussa

Washington, DC 20005

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=================== ATTACHMENT 1 ===================
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RECORD TYPE: FEDERAL (TRP NOTES MAIL)

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

CREATION DATE/TIME:18-MAR-1998 17:45:00.00

SUBJECT: Re: Budget Committee Assumptions

TO: Kathryn B. Stack (Kathryn B. Stack@eop [UNKNOWN])
READ:UNKNOWN

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

TEXT:
FYI

I don't think the Committee's acceptance of probablistic scoring on student loans relates to how they would consider the interest rate change issue, but the staff is saying the Senate will assume probablistic. It's not in writing.

______________________________ Forward Header

____

Subject: Re: Budget Committee Assumptions

Author: Susan Wiener at WDCT02

Date: 3/18/98 4:30 PM

Tom:

The Senate Budget Committee staff says they are using the new method -- probablistic scoring.

The Committee will not start voting on amendments to the Chairman's Mark until at least 4:30 pm. There is only one amendment on education that has already passed -- passed by Unanimous Consent. It was a Bond amendment that was voted on early because he had to leave. It is a Sense-of-the-Senate amendment that would use the planned reductions in School-to-Work (for which the reductions are not taken into account in the Chairman's Mark) to be spent on early childhood development initiatives.

The two Murray amendments to be offered are:

a) An amendment that would fund the Chairman's level for IDEA and also fund the President's Initiatives by making an across-the-board reduction in Function 920 (Allowances) of less than 1 percent.

b) An amendment to establish a deficit-neutral reserve fund to reduce class size for students, especially in the early grades. It would use as an offset any available mandatory savings or revenues.

There will also be a Snowe Sense-of-the-Senate amendment that says the student loan interest rate issue should be resolved so that it does not harm the student.

It is possible, but not likely, that there will be a Boxer amendment re After School Education and Safety.

Susan

______________________________ Reply Separator ______________________________

Subject: Budget Committee Assumptions

Author: Thomas Skelly at WDCT02

Date: 3/18/98 12:32 PM

Can you find out if the Senate Budget Committee assumed that their baseline for student loans would be the CBO old method or the new method (called "probablistic" scoring)?

I didn't see anything in the materials to indicate that the Committee was directing CBO to use one method or the other.================== ATTACHMENT 1 ==================

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RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: ussaleg (ussaleg@essential.org@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:20-MAR-1998 20:46:00.00

SUBJECT: Legislative Report 13 3/20/98

TO: Jason S. Goldberg (Jason S. Goldberg@EOP [UNKNOWN])
READ:UNKNOWN

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

TEXT:
Legislative Report 13

Friday, March 20 1998

REAUTHORIZATION

After two days of discussion and debate, the House Education and the Workforce Committee completed its mark-up of H.R.6, "Higher Education Act Amendments of 1998," yesterday afternoon. During the mark-up, over 20 amendments were offered to the Chairman's bill. Because of pressure from USSA student members as well as other civil rights and education groups, NO AMENDMENTS TO ELIMINATE OR DISMANTLE AFFIRMATIVE ACTION PROGRAMS WERE OFFERED. (We do need to keep up the pressure, however, because Riggs (R-CA) is likely to offer his anti-affirmative action amendment on the floor).

USSA is in the process of collecting the legislative language on the amendments that were passed, as well as reviewing the more than 200 pages of the bill itself. The House bill will go to the floor next month. A number of additional amendments to the bill are likely to be offered on the floor, as Committee members attempt to modify amendments that did not pass and as non-committee members push to see other changes.

The Senate has scheduled their reauthorization mark-up for Wednesday, April 1.

BENEFITS AND PROBLEMS IN THE HOUSE BILL

The House bill passed by the committee contains a number of benefits for students, many of which USSA and our student members were instrumental in ensuring:

1) The bi-partisan proposal put forth by Subcommittee Chairman Buck McKeon and Ranking Member Dale Kildee to lower student loan interest rates by 0.8% passed unanimously as part of Chairman Goodling's bill. This reduction in the interest rate will mean BILLIONS of dollars in savings for students. (The average undergraduate student with a debt of $15,000 will save nearly $1000 under a standard 10-year repayment plan. A graduate student with $80,000 in debt will save $10,000 during the 20 years it often takes to repay this debt.) Details regarding interest rates students would pay if they consolidate their loans were not included as part of the bill passed out of committee. However, Reps. McKeon and Kildee, who called USSA Legislative Director, Erica Adelsheimer, into a brief meeting on the issue during the mark-up, both gave their verbal commitments to make sure that students consolidating their loans would not pay higher rates.

2) The bill expands access to the Pell grant program for both independent students and dependent students who work. The bill raises the income protection allowance, IPA, (the money NOT considered when calculating a student's expected contribution to her education costs) from $4200 to $5500 for independent students and from $2200 to $3000 for dependent working students. (USSA will press to see higher IPAs in the Senate bill, but believes the House bill is a good step in the right direction). The bill also aids students with children by raising the dependent care allowance from $750 to $1500, thus ensuring that these students also receive bigger Pell grants. This provision would aid students who have been critically impacted by the 1996 welfare changes.

2) An amendment offered by Rep. Fattah (D-PA) authorizes the creation of the new programs the President proposed as part of his High Hopes initiatives. These early intervention programs, including the College-School Partnership program and the Early Awareness Information program, would ensure support services and informational resources were available to low-income middle and high school students to help them on the path to college (See Leg. Report 11 for more information on the High Hopes initiatives.) The Fattah amendment passed by a vote of 24-18.

3) The bill includes language reauthorizing the State Student Incentive Grant (SSIG) program. Under the House bill, the program would be renamed the Special Leveraging Educational Assistance Partnership Program (SLEAP), would require states to match every federal dollar with $3 from the state, and would allow the state to use the money to 1) increase the dollar amounts of grants to currently eligible students, 2) carry out high school

to college transition programs, 3) provide grants to students wishing to enter teaching or computer-related careers who demonstrate financial need, 4) carry out early intervention programs, and 5) award merit scholarships to eligible students who demonstrate financial need.

4) An amendment offered by Rep. Roukema (R-NJ) authorizes $30 million for the creation of a competitive grant for schools to develop new campus child care programs. (This amendment is similar to S. 1151, the CAMPUS Act, sponsored by Senators Snowe, Dodd, and Kennedy, though the Senate bill would authorize $60 million and would allow the funds to go either to schools seeking to create child care programs or to those wishing to expand existing programs).

Unfortunately, the bill does include some downfalls:

1) The bill ELIMINATES the Harris and Javits graduate fellowships. The Harris fellowship offers grant aid to women and students of color. The Javits fellowship offers grant aid to graduate students in the humanities. Students will need to put pressure on the Senate Labor and Human Resources Committee (Chair= Jeffords (R-VT), Ranking Member=Kennedy (D-MA)) to ensure that these critical programs are preserved in the Senate bill.

2) The bill does make some changes in the campus safety reporting requirements, but not to the degree USSA feels is necessary. USSA will work with Rep. Schumer's office in drafting an amendment on campus crime reporting to be offered on the floor. USSA will also be working with Rep. Woolsey's office to strengthen her amendment to provide grants for the

prevention of violent crimes against women. Rep. Woolsey offered and withdrew this amendment during the mark-up after it received some criticism from Chairmen Goodling and McKeon. But both agreed to work with her in trying to redraft the amendment so that they could support it when the bill goes to the House floor.

USSA will continue to provide more details about the House reauthorization bill, about strategies for pressuring House legislators before the bill goes to the floor, and about strategies for targeting Senate Labor and Human Resources Committee members as we review the House bill and learn more details about the Senate bill.

FY99 APPROPRIATIONS

In the initial phase of the appropriations process, the Senate Budget Committee marked-up the Senate budget resolution on March 17th. The Senate Budget resolution DOES NOT PRIORITIZE EDUCATION. The resolution provides only a $600 million increase for all education, job training and social services. This amount is $1.6 billion below the President's request and $1 billion below current services levels. The resolution assumes large increases for special education, but because the overall numbers for education are so low, this would mean CUTS in other education programs, such as Pell grants. Moreover, the resolution explicitly assumes NO FUNDING for any of the President's education initiatives, including the High Hopes initiatives.

ALL SENATE MEMBERS NEED TO HEAR FROM STUDENTS BEFORE THE SENATE BUDGET RESOLUTION GOES TO THE SENATE FLOOR FOR A VOTE. TELL YOUR SENATORS EDUCATION MUST BE A FUNDING PRIORITY AND THAT THEY SHOULD SUPPORT AMENDMENTS TO INCREASE FUNDING FOR EDUCATION!

TO URGE YOUR CONGRESS MEMBERS TO SUPPORT INCREASED AID FOR STUDENTS USE THE ***FREE*** ALLIANCE TO SAVE STUDENT AID HOTLINE!

CALL 1-800-574-4AID

TO BE CONNECTED WITH YOUR SENATORS AND REPRESENTATIVE

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TAKE ACTION ON CAPITOL HILL!

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AND NATIONAL STUDENT LOBBY DAY!

MARCH 7-10,1998

GALLAUDET UNIVERSITY

WASHINGTON D.C.

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Erica Adelsheimer Phone: 202.347.USSA

Legislative Director Fax: 202.393.5886

U.S. Student Association E-mail:

ussaleg@essential.org

1413 K Street NW 9th Floor

http://www.essential.org/ussa

Washington, DC 20005

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CREATION DATE/TIME: 2-APR-1998 23:38:00.00

SUBJECT: CI Cap Hill Bulletin - 4/2/98

TO: Phillip Caplan (Phillip Caplan@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
The California Institute For Federal Policy Research

California Capitol Hill Bulletin

Volume 5, Bulletin 12 -- April 2, 1998

Website: http://www.calinst.org

To view online: http://www.calinst.org/bulletins/bull512w.htm

CONTENTS OF THIS ISSUE:

Anti-Dumping Duties on Taiwan Chips

REP. ESHOO ADDRESSES INSTITUTE'S ADVISORY BOARD

Rep. Anna Eshoo (Atherton) spoke Tuesday at the Institute's Advisory Board breakfast, co-hosted this month by GTE and the California Institute for Technology (CalTech). During the breakfast, Rep. Eshoo touched on a wide range of issues that affect the high-tech industry, as its Silicon Valley home lies within her 14th Congressional District. Ms. Eshoo praised the high-tech industry for being the engine of the state's economy and her district's contributions to bringing California out of its early 1990s recession.

Rep. Eshoo gave a brief history of the issue of securities litigation and current congressional consideration of a follow-up bill to the 1996 legislation. Ms. Eshoo also spoke of her work to increase research and development funding, specifically to double the budget of the National Institutes of Health (NIH) over the next five years, and she spent time describing the need to work beyond the concerns of the law enforcement community over encryption legislation. Finally, Rep. Eshoo discussed the impact of the global economy and recent trade agreements on the Democratic party.

BY NARROW MARGIN, HOUSE PASSES SUPPLEMENTAL FUNDING BILL

By a vote of 212-208, the House passed its $2.9 billion supplemental appropriations bill before heading home for the April recess. The bill contains $575 million to fund disaster assistance efforts as a result of El Ni¤o, and about $1.8 billion for military operations in the Persian Gulf and Bosnia. The House, however, did not add the $17.9 billion that the Senate bill contains for the International Monetary Fund (see Bulletin, Vol. 5, No. 11 (3/26/98)). Moreover, the House bill offset the increased funding by cutting an equal amount from other programs. The cuts come out of the Section 8 housing program ($2.2 billion), AmeriCorps ($250 million), airport grants ($366 million), and bilingual education programs ($75 million). These offsets have elicited a veto threat from the White House, and account for the tight vote, which could not withstand a veto.

The House also did not include $1.6 billion for the Federal Emergency Management Agency to respond to further expected damages from El Ni¤o this summer. The Senate did include the FEMA money in its bill, and House Appropriations Chairman Bill Livingston (LA) has indicated he will agree to include it in the conference agreement, but he wants it offset by further cuts in other programs.

California is expected to receive at least $200 million of the supplemental, once it is enacted.

FOUR CALIFORNIANS TO SERVE ON ISTEA CONFERENCE; BESTEA STEERED SMOOTHLY THROUGH THE HOUSE

Representatives Bob Filner (San Diego), Jay Kim (Diamond Bar), Steve Horn (Long Beach), and Senator Barbara Boxer were appointed on Wednesday night to represent the House and Senate respectively in negotiating a renewal of the nation's transportation laws (last fall's temporary extension will expire May 1st). California's representation on the conference committee, with four appointees out of the 36 appointed, will be proportionate to the state's share of the nation's population. Earlier this week, the California House Republican and Democratic delegations, respectively, sent letters to the House party and committee leadership to request that Californians serve on any and all conference committees formed to negotiate ISTEA reauthorization legislation. All of the state's 28 Democrat and 22 Republican House members, the largest state delegation in Congress, signed their respective party letters. Each letter noted California's large contribution to the highway trust fund (the largest in the nation at roughly 10% of all contributions) and the state's large and varied transportation needs as reasons for appointing Californians to the conference.

Earlier on Wednesday, after consideration of several amendments, the House passed its $218.3 billion highway and transit reauthorization measure, H.R. 2400 or BESTEA (Building Efficient Surface Transportation Equity Act), by a 337-80 vote. Thirty-nine of the 50 serving members (2 vacant seats) of the California congressional delegation voted for the measure.

California would receive about $19 billion over six years under BESTEA and, in addition, the state would receive a share of federal dollars distributed for other discretionary highway and transit projects and programs. California would get 9.19% of the $27 billion funds annually allocated for highways and high-priority projects. Under the old ISTEA law, California received about 9.13% of those same funds. Not counting the high-priority projects, California would receive about 9.18% of the highway funds; however, the state received 9.33% under the original ISTEA law. In comparison to the 1991 law, California would receive about 10.42% of the $9.3 billion in BESTEA for high-priority projects, under ISTEA the state had received almost 6% of the highway demonstration projects.

Key in negotiations between the two houses will be the overall level of funding for highways and transit, whether to take the highway trust fund off-budget, and whether to establish a nationwide .08 blood-alcohol level standard. The House bill would provide $181.6 billion for highways and $36.7 for transit; the Senate bill would give $173 billion for roads and $41.3 billion to transit. According to Rep. Kim's office, California would receive about $1 billion dollars more under the House bill than under the Senate measure. Under the House bill ($15.3 billion), there is about $1 billion more for allocation under the highway formula funds than in the Senate ($14.3 billion). A list of California project proposals is available at http://www.calinst.org/pubs/BESTEAprojects.htm.

Watch for conference committee action during the week of April 21st after Congress returns from its spring recess.

FEDS SPENT $161 BILLION IN CALIFORNIA DURING 1997, BUT STATE SHARE FELL

During the 1997 fiscal year, California's share of federal spending declined to 11.4% of the U.S. total from 11.6% the year before. Total federal spending in the state rose from $157.4 billion in FY1996 to $160.9 billion in FY1997. But federal spending in all states climbed more rapidly, from $1.36 trillion to $1.42 trillion over the same period, leaving California's 1997 share less than the year before.

The primary cause for the decline was a drop in procurement spending in the state which exceeded the rate of decline in national procurement spending. Nationwide, procurement (two-thirds of which is defense contracts) fell from $181 billion in 1996 to $173 billion last year. Of those amounts, California won $27.7 billion in 1996, but just $26.2 billion in 1997.

The decline in share of spending is an indicator that California may again have been even more of a donor state in 1997. State-level figures for federal tax burden will not be available for a few months, but California's recovering economy can be expected to generate significant income tax revenue for the federal treasury last year. If so, California taxpayers' balance of payments deficit the extent to which federal taxes paid exceed federal spending in the state could rise well above last year's $10 billion level.

The state-by-state report, entitled "Federal Expenditures by State for FY 1997" is available from the Census Bureau's website in Adobe Acrobat format (78 pages) at http://www.census.gov/ftp/pub/prod/3/98pubs/fes-97.pdf. Related county level spending information is available at http://www.census.gov/govs/www/cffr97.html.

HOUSE JUDICIARY MARKS UP BIOMATERIALS LIABILITY BILL

On Wednesday, the House Judiciary Committee favorably reported H.R. 872, The Biomaterials Access Assurance Act of 1998 by voice vote. The bill makes it easier for suppliers of materials used in the manufacture of medical devices to be dismissed from medical malpractice suits brought against manufacturers and others, if their materials met the manufacturer's specifications. Before reporting the bill, however, the Committee approved an amendment by voice vote that will ensure that negligent or intentionally tortious suppliers can be brought back into a case if subsequent evidence warrants it.

Proponents of the bill argue that many suppliers are getting out of the business of biomaterials because of the expense of defending against unfounded malpractice claims. H.R. 872, introduced by Rep. George Gekas (PA), has been co-sponsored by half the California congressional delegation.

The bill has also been referred to the House Commerce Committee for consideration.

SENATE COMMITTEE APPROVES HIGHER EDUCATION ACT RENEWAL PLAN

On Wednesday, the Senate Labor and Human Resources Committee considered legislation, S.1882, to extend the nation's laws governing higher education. Last month, the House finished committee work on its mesure, H.R. 6, which is awaiting consideration by the full House. S.1882 is also now ready to be considered on the Senate Floor.

Much of the debate surrounding reauthorization of the Higher Education Act of 1965 (HEA) has focused on the federally regulated interest rate charged for student loans. The HEA encompasses both the federal government's major student aid programs and various institutional aid programs. Under the HEA, the guaranteed loan program (FFELP) provides roughly 2/3 of the total student loan volume, while direct loans made by the federal government provide the remaining third. In 1993, under the Student Loan Reform Act, Congress changed the base used to set the formulas that determine student loan interest rates. The change is scheduled to take effect July 1, 1998.

However, commercial lenders who provide the guaranteed loans, say the new interest rate will make the market unprofitable for private lenders. In a bipartisan compromise adopted by both the Senate Committee and the House Education and Workforce Committee, Congress would reset the base for the student loan interest rate to 7.43 percent during repayment. The compromise also would provide between $1.2 to $3.8 billion in subsidies to return a 7.93 percent interest rate to private lenders in the hope of maintaining their participation in the lending market. Several lawmakers and private banks are still not satisfied with the rate reduction compromise. Some believe the commercial subsidies are unwarranted. Commercial lenders say the interest rates, even with the subsidy, are still too low to be profitable.

The Senate Labor and Human Resources Committee adopted the House Committee's plan for student rates, but also approved several additional amendments to the HEA. Among others, the Senate Committee approved a $25,000 penalty if an institution fails to provide required information on school costs, and expanded grants for schools with high enrollments of American Indians and Hispanics. While the House measure would create competitive state block grants for teacher training funds, S. 1882 would strengthen the teacher training requirements.

HOUSE JUDICIARY REPORTS OUT COPYRIGHT TREATY AND LIABILITY BILL

The House Judiciary Committee favorably reported by voice vote H.R. 2281, the WIPO (World Intellectual Property Organization) Copyright Treaties Implementation Act, after merging into it H.R. 3209, the On-Line Copyright Infringement Liability Limitation Act. H.R. 2281 will bring U.S. copyright law into compliance with the WIPO Copyright Treaty and WIPO Performances and Phonograms Treaty agreed to in Geneva, Switzerland on December 20, 1996. The bill bans the manufacture and sale of products intended to circumvent technological protection devices, such as encryption, intended to protect copyrighted materials. It also creates a cause of action against anyone who provides or distributes false copyright management information with the intent to induce or conceal infringement.

Before including H.R. 3209 in the WIPO bill, Rep. Robert Goodlatte (VA) stated that on-line service providers, copyright holders in the entertainment industry, and congressional negotiators had reached a compromise on the limited liability for providers contained in the bill. The language of the compromise had not yet been drafted, however, so the Chair stated that a Manager's Amendment to the bill containing the compromise language would be offered when the bill reached the House floor. With that assurance, several Committee members indicated they would support the bill.

SENATE JUDICIARY LIFTS CAP ON SKILLED WORKER VISAS

On Thursday, the Senate Judiciary Committee adopted S. 1723, by a vote of 12-6, which raises the cap on the number of H-1B visas that can be issued for the admission of skilled immigrant workers from 65,000 to 95,000. The bill also sets the length of the visas at six years, and will allow unused visas from other categories to be shifted to the H-1B program. The bill responds to the plight of high technology companies, many California-based, that argue they have thousands of unfilled jobs available because they cannot find trained employees in the United States.

Before reporting the bill, the Committee defeated an amendment, 8-10, offered by Sens. Dianne Feinstein and Edward Kennedy (MA) that also would have raised the cap to 90,000, but would have limited the visas to three years, and require U.S. companies to attest to the fact that they had not laid off an employee in order to hire the immigrant worker. The Abraham bill also establishes 20,000 scholarships for low-income U.S. students to study math, engineering and computer science.

In a related development, Rep. David Dreier (Covina) and eight other members, including Reps. Tom Campbell (Campbell) and Jim Rogan (Glendale), sent a letter to Vice President Gore last week asking him to join with them in drafting bipartisan consensus legislation to allow more H-1B workers into the United States.

MPAA'S JACK VALENTI ADDRESSES GOLDEN STATE ROUNDTABLE LUNCHEON

Motion Picture Association of America (MPAA) President Jack Valenti spoke on Tuesday to California delegation members, Washington representatives of companies and universities, and the California Institute at the Golden State Roundtable lunch. Mr. Valenti called on the state's congressional delegation to work in a bipartisan fashion to enhance and protect the significant role the entertainment industry plays in fueling California's economy. California is the world leader in the industry because of its well-developed infrastructure which attracts the world's talent to its borders.

Employment in the entertainment industry is outpacing the nation's employment rate three-to-one, said Mr. Valenti, stressing the importance of the California-based industry to the national economy. The demand for the industry's products is at an all time high, he said, noting that the average America spends as many as nine hours a day using the industry's various products. Movies alone account for a $4 billion trade surplus. According to the MPAA's web site, U.S. films are shown in more than 150 countries worldwide and American television programs are broadcast in over 125 international markets.

Mr. Valenti also discussed legislation concerning the entertainment industry. In particular, he suggested that the

U.S. should expand copyrights to match the extended copyrights of European nations; continue its fight against worldwide piracy; and, expand intellectual property right protection by enacting the WIPO copyright treaties agreed to in Geneva in 1996 (see article below). He also stressed the necessity of other countries enacting and enforcing similar penalties for copyright infringements.

Visit the Institute's website for updates on legislation regarding encryption, copyrights, and trade at http://www.calinst.org. For more information on the MPA, visit their web site is at http://www.mpaa.org.

48 CALIFORNIANS SIGN R&D TAX CREDIT LETTER

Continuing the bipartisan force exerted last year, 48 members of the California congressional delegation signed a letter to the leaders of the House Ways and Means Committee urging an extension of the R&D tax credit (formally known as the Research and Experimentation Tax Credit). The credit expires on June 30 of this year. The letter also expresses the delegation's support for making the credit permanent, rather than having to rely on sequential one-year extensions. The letter recognizes the importance of this credit to California's biotech and information technology companies, whose research spending has increased from $10.5 billion to $64.2 billion since the credit was first enacted in 1981. Last year's R&D letter was signed by 39 members of the delegation.

DELEGATION SENDS OUT LETTER SUPPORTING BAY-DELTA FUNDING

Forty-two members of the California congressional delegation signed a letter to Energy and Water Appropriations Chairman Joe McDade (PA) supporting full funding of this year's $143 million federal allocation for the restoration of the Bay-Delta estuary. The letter notes that to date over 70 Bay-Delta restoration related projects have been identified for combined state, local, and federal funding of over $85 million. Last year, Congress appropriated $85 million of the $143 million in authorized funding for the project.

A few members of the delegation, however, including Rep. Richard Pombo (Tracy), have expressed concerns with the proposed draft alternatives for restoring the estuary, especially the impact on agriculture. In a letter to House Budget Committee Chairman John Kasich, Rep. Pombo opposed providing any more funds for Bay-Delta because the alternatives propose converting 150,000 acres of farm land to environmental habitats, and do not adequately provide for water storage.

POWER DEREGULATION BEGINS IN CA, HOUSE PANEL EXAMINES EFFECTS ON R&D

On the same day that competition formally came to California's electricity industry, the House Science Subcommittee on Energy and the Environment held a hearing to discuss possible changes in research and development funding for energy and the role of the federal government in funding electricity research.

According to the Committee's background report, under a regulated electricity industry, most states allowed utilities to designate a portion of their rates for R&D on a variety of projects. According to the GAO, since 1993, there has been an overall drop in the level of R&D funding by utilities (about 30%), DOE (roughly 3%), and in most states (about 30% as reported). Victor Rezendes, from the GAO, said utilities are reducing R&D spending as part of overall cuts in order to prepare for deregulated electricity markets. In the same manner, Congress has reduced funds for DOE research to reduce the size of the federal budget. In addition, utilities are shifting R&D dollars toward applied research -- high-payoff, short-term, low-risk projects, and away from longer-term, high-risk, collaborative projects usually built on basic research. Overall, Mr. Rezendes said it is unclear what will be the economic consequences of funding changes.

David Rohy, Vice Chair of the California Energy Commission, said he is confident that deregulation will enhance private R&D spending, but at risk is long-term, pure research which will continue to need public funding. Mr. Rohy said he is cautiously optimistic, but believes federal and state governments should continue support of the research phases of R&D, but allow private companies to dominate development R&D phases.

On Tuesday, California became the first state to fully implement competition into electricity generation, said Subcommittee Chairman Ken Calvert (Corona). California is supporting R&D in its deregulated market, through a surcharge on consumer's bills to put an annual $62 million into a four year fund. The state has established the PIER program (Public Interest Energy Research) to advance science and technology not provided for by regulated and competitive markets. Mr. Rohy believes the federal government should be an active, collaborative partner with the private sector and other public agencies to reduce duplication, ensure adequate funding levels, and share the benefits of energy research. The Clinton Administration's national deregulation plan proposes a similar, but already controversial, approach to funding R&D by creating a $3 billion public benefit trust (PBF) for states to fund renewable energy and energy efficiency research.

Also testifying at the hearing were Dr. Robert Hirsch from Applied Power Technologies, Mr. Kurt Yeager from the Electric Power Research Institute, and Dr. Robert Shaw from Aret? Incorporated. Testimony is available on-line from the House Science Committee's website at http://www.house.gov/science/hearing.htm#Energy_and_Environment. California's Public Utility Commission also has a web site on California's electricity restructuring at http://www.cpuc.ca.gov/elec.shtml.

PENTAGON FORMALLY ASKS CONGRESS FOR MORE BASE CLOSURES

Despite disagreement from most Members of Congress, Defense Secretary William Cohen on Thursday presented a report to Congress arguing for two more base closure rounds on top of the four prior rounds. In "The Report of the Department of Defense on Base Realignment and Closure," the Pentagon claims that past closures will save billions but that more are still needed. California was particularly hard hit by the prior closures. Despite housing only 15% of the nation's military personnel before the closures began in 1988, California shouldered 60% of the nation's net personnel reductions from the first four closure rounds.

The Pentagon report claims that: "Annual recurring savings in the post implementation period for each round should approximate $1.7 billion in FY99 dollars." However, data presented in an appendix to the report indicates that it takes more than seven years before the savings associated with base closures begin to outweigh the costs of closing the bases. For example, the report estimates that the 1993 BRAC round will have cost $7.7 billion and saved $7.5 billion over the six years from FY94-99. Likewise, for the six years following the 1995 BRAC round, the closures will have cost $7.3 billion and saved $5.9 billion. DOD concludes, however, that prior BRAC rounds will produce annual recurring savings of $5.6 billion, and speculates that similar savings would be achieved through any future rounds.

While not singling out any facility for proposed closure, the Pentagon was required to include a list of its existing unclassified installations within the U.S. with more than 300 personnel. Of these facilities, 42 are in California.The list includes seven California Army facilities -- a Regional Support Command, the District Engineer Office in Sacramento, Fort Irwin, Oakland Army Base, the Presidio of Monterey, Sacramento Armory, and the Sierra Army Depot.

The list also includes fifteen Navy facilities in California, including five with San Diego in the title (an Engineering Field Division, a Fleet Industrial Supply Center, Fleet Technical Support, a Naval Medical Center, and the Naval Base-San Diego), as well as the Military Sealift Command Pacific, Naval Air Stations at Lemoore and North Island, the Naval Air Warfare Centers at China Lake and Point Mugu, the North Island Naval Aviation Station, Camp Pendleton Naval Hospital, and three facilities at Port Hueneme (Naval Civil Engineering Center, Naval Construction Battalion Center, and Naval Facilities Engineering Service Center).

Seven Air Force Bases were noted: Beale, Edwards, Los Angeles, March, McClellan, Travis and Vandenberg. Five Marine Corps installations were also mentioned, including the Air Ground Combat Center at Twentynine Palms, Marine Corps Air Stations at El Toro and Miramar, Marine Corps Logistics Base at Barstow, and the Camp Pendleton Marine Corps Base. Finally, the report listed eight Defense Agency and Field Activity installations, including Defense Distribution Depots at San Diego, McClellan, San Joaquin and Tracy, the El Dorado Defense Contract Management District, the San Bernardino Operating Location, and the San Diego Defense Finance and Accounting Operation Location.

A complete copy of the report is available at: http://www.defenselink.mil/pubs/brac040298.pdf. Be advised, however, that this 159-page document is more than 1 megabyte in length. A Pentagon press release is available at: http://www.defenselink.mil/news/Apr1998/b04021998_bt145-98.html.

ITC IMPOSES ANTI-DUMPING DUTIES ON TAIWANESE CHIPS

The International Trade Commission (ITC) announced on Thursday that Taiwan was dumping Static Random Access memory (SRAM) computer chips on the U.S. market and that the U.S. industry was being materially injured by it. As a result, anti-dumping duties, ranging from 7.59 percent to 113.85 percent, will be imposed on Taiwanese chips. At the same time, however, the ITC found that imports of South Korean chips at below market prices were not harming U.S. companies, and therefore no duties would be imposed on those chips.

To expand communications between Washington and California, the California Institute provides periodic faxed bulletins regarding current activity on Capitol Hill which directly impacts our state. Bulletins are published weekly during sessions of Congress, and occasionally during other periods. The e-mail edition is made possible in part by a computer server donation from Sun Microsystems.

Tim Ransdell, California Institute for Federal Policy Research

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Voice: 202-546-3700 -- Fax: 202-546-2390 -- Cell: 202-288-6598

-- CA Cell: 415-310-1989 -- Website: <http://www.calinst.org>

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ATTACHMENT 1 ===================
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RECORD TYPE: FEDERAL (TRP NOTES MAIL)

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

CREATION DATE/TIME:10-APR-1998 17:54:00.00

SUBJECT: call to Hawke re Sallie Mae

TO: G. E. DeSeve (G. E. DeSeve@eop [UNKNOWN])
READ:UNKNOWN

TO: Kathryn B. Stack (Kathryn B. Stack@eop [UNKNOWN])
READ:UNKNOWN

TO: Mary M. Chuckerel (Mary M. Chuckerel@eop [UNKNOWN])
READ:UNKNOWN

TEXT:

As we discussed, Mike will be calling Jerry Hawke to update him on

our

discussions with Sallie Mae and to ask for his help in ensuring that the Administration speaks with one voice to Sallie Mae. Based on preliminary discussions with Sallie Mae on our proposal, Sallie Mae may agree to do the volume of loans we are proposing, but argue that they should make them with federal capital, either through the GAs or the Treasury line of credit. If they decide to argue with us, they will try to enlist Treasury staff to argue on their behalf, so it would be very helpful if Barbara or Ed could call from OMB to reinforce the importance of the Administration's speaking with one voice.

Attached and below are some talking points Don prepared for such a call. They are similar to the ones we provided to Mike. Our next meeting with Sallie Mae is scheduled for Monday afternoon, and we

will

let you know how it goes. Thanks for all your help on this issue.

Pauline

TALKING POINTS FOR CALL TO JERRY HAWKE ON SALLIE MAE

April 10, 1998

1. OMB, Economic Policy, NEC and Education have worked very closely on the resolution of the student loan interest rate issue.

2. On July 1 the rate is statutorily scheduled to change from 91-day T-bill plus 3.1 or 2.5 percent to a 10-20 year index plus 1 percent. This would be a substantial savings for students, but lenders claim that it makes the business uneconomic for them.

3. Jon Gruber of Economic Policy did a very thoughtful economic study that found that lenders could earn an acceptable
return
if the rate was restructured to retain 91-day T-bills as the
reference
but the increment was reduced to give students the scheduled reduction.

4. Both the House and Senate authorizing committees have proposed a different structure that would give this rate to students but would add a new Government subsidy that would increase the return to lenders. The Congressional leadership has not yet provided

funding

for the Congressional solution, and the Administration opposes it. Even if the Majority manages to enact its proposed solution, it is unclear whether it will be done in time for the beginning of the next lending cycle.

5. Accordingly, the Education Department and OMB have been working together to put a safety net in place in case some lenders follow through on their threats to stop providing government-guaranteed loans to some students.

6. The first element of this safety net is Sallie Mae's unlimited statutory obligation as a GSE to make loans out of its own capital at our request as lender of last resort .

7. We have attempted to balance this broad authority against the Government's desire to see a successful privatization of Sallie Mae. Accordingly, Education is asking Sallie Mae to commit to originate $1 billion of LOLR loans in the next academic year in the highly unlikely event that support of that magnitude becomes necessary. There is no question about Sallie Mae's operational or funding capacity to originate this amount. Obviously, these loans will at the very least be below Sallie Mae's extraordinarily high level of profitability, but there would be no need for an LOLR if that were not the case. Although we could debate endlessly the rate of return on these particular loans, by no stretch of the imagination could even the worst case scenario have a materially dilutive effect

on Sallie Mae's unprecedented bottom line.

8. Our request to Sallie Mae is to provide only about 25 percent of the ultimate safety net, which is less than its share of the existing market. The other 75 per cent will be made up of guaranty agencies, which also have statutory obligations to act as LOLRs. Since all of their GA capital is in the reserve funds for their guaranties, which the Government reinsures, we plan to use our authority to advance Federal funds to them for the LOLR loans.

9. Sallie Mae would also like to be funded by the Government to improve the return on its LOLR obligations. The Education Department has no direct authority to fund its activities, and believes that its statutory obligation is to use its own capital for LOLR loans. Sallie Mae has also requested to use its line from you, so they are turning to your Market Finance people on that matter.

10. Economic Policy, Education, NEC and we have all become convinced that we should find a way to use market mechanisms to set the interest rates rather than governmental determination. The Administration supports a specific procedure to reach that result, and even the Congressional majority supports a study of the matter. We will undoubtedly be working very closely to combine your great expertise in financial auctions with our knowledge about student loans.

11. This matter is very important to the Administration, and

it

is important that we speak with one voice.

=================== ATTACHMENT 1 ===================
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================= END ATTACHMENT 2 =================

TALKING POINTS FOR CALL TO JERRY HAWKE ON SALLIE MAE
April 10, 1998

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11. *This matter is very important to the Administration, and it is important that we speak with one voice.*

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: ussaleg (ussaleg@essential.org@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:16-APR-1998 13:48:00.00

SUBJECT: Legislative Report 14 4/16/98

TO: Jason S. Goldberg (Jason S. Goldberg@EOP [UNKNOWN])
READ:UNKNOWN

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

TEXT:
Legislative Report 14

April 16, 1998

This report contains an update on Reauthorization of the Higher Education Act (including campus safety and campus child care), FY99 Appropriations, and Affirmative Action. Those of you at USSA member schools will receive the Reauthorization update in the form of a side-by-side comparison chart as part of our April mailing. For more information on any of the issues highlighted in this report, please contact the USSA office at 202-347-8772.

REAUTHORIZATION

Both the House Education and the Workforce Committee and the Senate Labor and Human Resources Committee have completed action on their proposals for reauthorization of the Higher Education Act. The House Education and the Workforce Committee asked that the full House consider their bill (H.R. 6) on April 22, but the date may be pushed back. The Senate bill (S. 1882) is expected to go to the Senate floor in late April or May. Both

Committees indicated that various controversial issues would be resolved on the floor, so we can expect to see a number of amendments and some lively debate when the bills are brought before the full House and Senate. Students need to play an active role in influencing that debate, in guaranteeing that student benefits included in the bills are preserved, and in promoting additional necessary changes to ensure opportunity and access.

House Bill (H.R. 6)

GRANT AID

1) Expanding Access to Grants

Increases amount independent students can earn without losing Pell and other grant money to $5,500. (Under current law, independent students who earn more than $3000/year see significant reductions in their Pell awards). Increases the amount a dependent student can earn through work without being penalized for saving money to $3,000. (Under current law, dependent students who earn more than $1,750/year receive reduced Pell and other grant awards, thus deterring these students from working to save money for college.) These changes are referred to as changes in the Income Protection Allowance or IPA. (Because of strong grassroots pressure dedicated to this issue last year, in October of 1997, for academic year 1998-99 only, Congress voted to raise the IPA to $4,250/year for independent students and to $2,200 for dependent students.)

2) Expanding Access to Pell Grant Aid for Student-Parents

Increases the allowance for child care expenses in a student's cost of attendance from $750/year to $1500/year. Increasing this allowance allows student-parents to receive larger Pell grants.

3) Graduate Grant Aid

Consolidates graduate fellowships into one program (Graduate Assistance in Areas of National Need), thereby eliminating the unique purposes of the Harris grant (a grant for women and people of color) and the Javits fellowship (grant aid for humanities students).

4) State Matching Grant

Creates the Special Leveraging Educational Assistance Partnership Program (SLEAP) to strengthen the State Student Incentive Grant (SSIG). For appropriations for the program above $25 million, states are required to contribute $3 for every $1 from the federal government. Allows states greater flexibility in the use of funds.

LOANS

1) Reducing Interest Payments on Student Loans

Reduces interest rate for students to 6.8% while in school and 7.4% during repayment (a 0.8% reduction from current rates). Does not include language for reduction of rates for FFEL consolidation loans.

2) Reducing Origination Fees

Fails to reduce "origination fees," fees paid by students to take out a loan..

WORK STUDY

1) Allows for compensation for time spent in training or travel for community service or family literacy/tutoring jobs.

EARLY INTERVENTION

1) Authorizes High Hopes initiative. Creates new program to provide grants to colleges forming partnerships with middle-schools that have large concentrations of children from low-income families. College students would act as mentors and tutors to 6th through 12th graders, to let them know college is within reach and to prepare them to enter and succeed in higher education.

CAMPUS-BASED CHILD CARE

1) Creates new program, authorized at $30 million, to provide grants to colleges to help them start campus-based child care programs.

CAMPUS SAFETY

1) Expands campus crime reporting to include crimes of manslaughter, larceny, arson, liquor law violations, drug-related violations, and weapons possession. Requires that campuses report incidents reported to local police agencies, disciplinary officers, athletic department personnel, and "campus officials who have direct administrative responsibility for student or campus activities." Requires campus police to maintain an open daily crime log. Fails to authorize funds for crime prevention.

Senate Bill (S. 1882)

GRANT AID

1) Expanding Access to Grants

Maintains, but does not expand, increases in Income Protection Allowances set for academic year 1998-99 ($4,250 for independent students and $2,200 for dependent students) for succeeding years.

2) Expanding Access to Grant Aid for Student-Parents

Allows institutions to determine the cost of dependent care expenses and include that amount in calculating a student's eligibility for Pell grants.

3) Graduate Grant Aid

Folds Harris grant for women and people of color into the Graduate Assistance in Areas of National Need Programs, but maintains the Javits program (for humanities students) as its own entity.

4) State Matching Grant

Creates the Leveraging Educational Assistance Partnership Program (LEAP). For appropriations for the program above $35 million, states must contribute $2 for every $1 from the federal government. Allows states greater flexibility in the use of funds.

LOANS

1) Reducing Interest Payments on Student Loans

Same as House bill.

2) Reducing Origination Fees

Fails to reduce origination fees.

WORK STUDY

1) Expands the definition of work-study employment to include internships or research assistantships.

EARLY INTERVENTION

1) Fails to authorize funding for the High Hopes initiative.

CAMPUS-BASED CHILD CARE

1) Creates new program, authorized at $60 million, to provide grants to colleges to expand existing campus child care programs or start new programs.

CAMPUS SAFETY

1) Expands campus crime reporting to include crimes of manslaughter and arson. Requires that when a crime of homicide, manslaughter, sex offense, robbery, aggravated assault, burglary, motor vehicle theft, or arson evidences prejudice based on race, gender, religion, sexual orientation, ethnicity, or disability (e.g. hate crimes) it be reported according to the category of prejudice. Also requires reporting of hate crimes of

vandalism or simple assault. Requires campus police to maintain an open daily crime log, but specifies that provision of the information can not jeopardize confidentiality of the victim. Authorizes $1 million for baseline study on sexual assault on campus.

USSA Position

GRANT AID

1) Expanding Access to Grants

USSA believes the IPA for independent students should be raised to $6500 and $4000 for dependent students. The House bill will help expand access to aid, whereas the Senate bill will leave hundreds of thousands of independent students shut out of the Pell grant program and will continue to punish dependent students who work to earn money for college.

2) Expanding Access to Pell Grants for Student-Parents

USSA believes both the House and Senate bills will help student parents access grant aid. USSA believes the Senate bill may help allocate resources more effectively.

3) Graduate Grant Aid

USSA opposes the consolidation of the graduate education programs. USSA believes the unique purposes of both the Harris program and the Javits program need to be maintained.

4) State Matching Grant

USSA supports the strengthening provisions contained in both bills.

LOANS

1) Reducing Interest Rate Payments

USSA supports the provisions for a 0.8% reduction in student loan interest rates. The reduction, promised to students in 1993, will save students billions of dollars. Congress must also ensure that interest rates are reduced for students who consolidate their loans.

2) Reducing Origination Fees

USSA believes origination fees should be eliminated. These fees unjustly allow lenders to retain 4% of the amount of a student's loan, while the students is still required to pay interest on the entire loan. USSA was disappointed that neither the House or Senate bill included provisions to reduce or eliminate these fees.

WORK STUDY

USSA supports the provisions in both the House and Senate bills. Both provisions will expand access to work-study and more justly compensate students. Both provisions should be incorporated into the final conference version.

EARLY INTERVENTION

USSA strongly supports the High Hopes initiative. USSA believes programs to create partnerships between colleges and low-income middle and high schools will significantly aid in efforts to expand access to education by providing these younger students with the human and informational resources they need.

CAMPUS-BASED CHILD CARE

USSA was pleased that both the House and Senate bills authorize the creation of a new program to support campus-based child care. USSA favors the Senate bill's provision as it authorizes twice the amount as authorized in the House bill and allows more flexibility in the distribution of the grants.

CAMPUS SAFETY

USSA strongly supports the Senate bill's provision for requiring the reporting of hate crimes and for authorizing funds for a baseline study on campus sexual assault. USSA believes neither the House nor the Senate bill goes far enough in ensuring the accuracy of crime statistics or in ensuring student access to those statistics, but was pleased that the Senate bill attempts to ensure victim confidentiality. USSA was disappointed that neither bill provides funds for crime prevention.

AFFIRMATIVE ACTION IN SERIOUS JEOPARDY!

When the full House of Representatives votes to reauthorize the Higher Education Act, Representative Frank Riggs (R-CA) almost certainly will offer an amendment that would ban affirmative action in ALL college and university admissions. The misnamed "Anti-Discrimination in College Admissions Act of 1998" (HR 3330) would prohibit any college or universities that receives federal funds from using affirmative action in its admissions process.

Before the House vote, students must impress upon their legislators the need for maintaining affirmative action programs.

Why affirmative action programs are still necessary:

Affirmative action programs

% establish equal opportunity for women and people of color

% redress gender, racial, and ethnic discrimination

% encourage diversity in the workplace and educational institutions

% encourage people in power to seek merit in untraditional places, rather than continuing to make choices out of old habits, which results in excluding certain groups

Affirmative action programs make a difference

% In 1982, only 17.5% of all undergraduates were students of color. In 1994, 24% of all undergraduates were students of color, representing a 6.5% increase.

% Without affirmative action, the numbers of students of color at universities will decline significantly. In the absence of an affirmative action admission process, offers to African American and Latino students in the University of California system plunged to the lowest levels in 15 years. Of the 8,000 students who were offered admission to the

University of California at Berkeley, 191 were African American, down from 562 last year. A total of 434 Latino students were offered admission, down from 1,045 last year.

% A 1996 study of 300 campuses found that racially mixed student populations have positive effects on retention, overall college satisfaction, college grade point average and social self-esteem.

ACTION! ACTION! ACTION!:

1) Call your Representative and urge her or him to oppose the Riggs amendment (HR 3330). Call the Capitol Switchboard at (202)225-3121 to be connected with your Representative's D.C. office.

2) Schedule a lobby visit with your Representative or the legislative assistant working on education issues in your Representative's district office.

3) Write an opinion-editorial (op-ed) for your campus paper. Op-eds or articles in your campus paper are a great way to reach out to the broader campus community, to educate the community, and to urge students, faculty and staff to activism. Campus papers are also read by legislators and their staff!

If you have any questions, would like more information, or would like a copy of a non campus-specific op-ed to submit to your campus paper call

USSA at (202) 347-8772.

FISCAL YEAR 1999 APPROPRIATIONS

FUNDING FOR ALL HIGHER EDUCATION PROGRAMS THREATENED!

While we have done an excellent job, thus far, in promoting student benefits in the House and Senate reauthorization bills, we must keep in mind that many of these changes will not take effect unless Congress prioritizes education funding. Without adequate money for higher education programs, students will continue to be denied access to college.

Right now Congress is about to make major decisions on federal budget priorities that will determine the level of the federal investment in education. The early signs are that Congress is about to make some very bad decisions. Already, Congress has voted to increase spending on transportation and defense, while at the same time preparing to cut spending on education. On April 2, when the full Senate considered the Senate Budget Resolution (which generally does not designate program-by-program funding, but which outlines spending priorities by area), Senators Murray (D-WA), Kennedy (D-MA), and Mosley-Braun (D-IL) each offered amendments to increase funding for education. However, none of their amendments passed. The final version of the Senate Budget Resolution (S. Con. Res. 86) (passed by a vote of 57-41) would force CUTS IN EDUCATION AND RELATED PROGRAMS OF $1.1 BILLION!

The House Budget Committe plans to mark-up the House Budget Resolution after Congress returns from its Easter recess (April 21). We must make sure members in the House, particularly House Budget Committee members, understand that the Senate's funding priorities are simply unacceptable and that more funding must be reserved for education. (See USSA 1998 Access manual for list of Budget Committee members, and their phone, fax, and email addresses.)

Unless we reverse the current trend, existing education programs will suffer tremendously and new initiatives will be mere ideas on paper. Students must tell Congress to stop the squeeze on eduation funding!

Call Your Representatives and Senators Today! Tell Them Students Are Counting on Them To Provide:

% Significant increases in the Pell grant and other grant programs

% Funding for the High Hopes/ College-School Partnership initiative

% Reductions in the cost of student loans

TO CONTACT YOUR LEGISLATORS,

CALL THE ALLIANCE TO SAVE STUDENT AID HOTLINE AT

1-800-574-4AID

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Erica Adelsheimer Phone: 202.347.USSA

Legislative Director Fax: 202.393.5886

U.S. Student Association E-mail:

ussaleg@essential.org

1413 K Street NW 9th Floor

http://www.essential.org/ussa

Washington, DC 20005

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=================== ATTACHMENT 1 ===================
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Received: from essential.essential.org (essential.org [198.4.52.1])
 by essential.essential.org (8.8.7/8.8.7) with SMTP id NAA18928; Thu,
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RECORD TYPE: FEDERAL (TRP NOTES MAIL)

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

CREATION DATE/TIME:27-APR-1998 19:54:00.00

SUBJECT: Draft Admin. response to Domenici proposal

TO: Kathryn B. Stack (Kathryn B. Stack@eop [UNKNOWN])
READ:UNKNOWN

TEXT:

Kathy, I am going to be of little help tonight since I have a commitment tonight but we can split this up in the am if that helps get it done. Here is an outline of the counter proposal we discussed today.

Response to Senate Budget Committee proposal for the implementation of market-based mechanisms for determining sutdent loan interest rates

Student Loan Interest Rates Established:

Student Rate. Student loan interest rates for students would be the same as the Administration proposed and the House and Senate Committee bills (91-day T-Bill +1./2.3).

FFEL Lender Rate. The FFEL lender rate for the first three years would be 91-day +1.9/2.5. This is a 60 basis point reduction from current rate and is within the range the Treasury report found provided a competitive return. [Include new CBO analysis if have it by time we release this.]

Small Banks Rate. While we believe small banks would continue to participate at this level because the vast majority can and will continue to participate so long as the rate is profitable for the secondary market to whom they sell their loans, small banks (definition?) currently participating in FFEL would be given an additional 20 bp to make clear they could continue to participate.

Market Mechanism Studies. ED in consultation with Treasury. Fill in. (List our principles -- ensure FFEL loan availability to all students at all participating institutions, transpoarent to borrowers, minimizes complexity to schools, lenders, govt, and reduces federal costs when fully phased in.)

Market Mechanism Pilot Projects. In Fy99-2001, Authority for Secy, after consultation with the Secretary of Treasury, to do pilots for setting the lender subsidy using up to 20% of FFEL loan volume. Not effect the student rate.

[Reports to Congress and consultionation with Congress and CBO???]

Implementation of Market-Based Mechanism. Beginning in FY2002, the lender rate for all FFEL loans would be set by a market-based mechanism after the Secretary of Education consults with the

Secretary

of Treasury. The Secretary of ED must certify that such a mechanism

will ensure FFEL loan availability to all students at all

participating institutions.

Budget OffSet. Bankruptcy. Give scoring (CBO and OMB) and note

will provide additional savings to restore the cuts in Section 458.=================== ATTACHMENT 1
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ATT CREATION TIME/DATE: 0 00:00:00.00

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 27 Apr 1998 20:00:58 EDT
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 27 Apr 1998 20:00:13 -0400 (EDT)
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 by vader.ed.gov (8.8.7/8.8.4) with SMTP id UAA05091 for <stack_k@a1.eop.gov>;

 Mon, 27 Apr 1998 20:01:30 -0400 (EDT)
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 id 000FD41A; Mon, 27 Apr 1998 19:59:52 -0400
================= END ATTACHMENT 1 =================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: mary.ann.lawler (mary.ann.lawler@ios.doi.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:30-APR-1998 09:21:00.00

SUBJECT: Supp update

TO: Janet E. Irwin (Janet E. Irwin@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
As of last night:

Conferees met all day and completed action on all items in the supplemental except student loan interest rates (and associated offsets) and IMF. They will meet again Thursday (9:30 am). Last night the Rules Committee approved a rule that will permit same day consideration of the supplemental (waives two-thirds vote requirement), thus House floor action is possible on Thursday.

A letter from the OMB Director was sent yesterday with a senior advisers veto threat if a "wide range of extraneous issues is included in the bill, while not funding IMF and UN." This list includes "several environmental riders (a provision to build a highway through the Petroglyph National Monument, a provision concerning new road construction in our national forests, and a new provision that would promote development along the Florida coastal barrier)."

The conference included no funding for IMF, but the issue is still technically open. No funds are included for UN.

On the environmental riders mentioned in the letter, Petroglyphs was included; Craig forest roads provision was included as modified to drop $2 million and other "technical"changes; Florida coastal barrier - not approved, only report language stating intent to fix in FY 99 process)

A summary of conference action follows:

o The conference report includes about $2.4 billion of emergency spending for domestic disaster programs, about $.3 billion over the request. The conference report includes $1.6 billion for FEMA, $130 million for CDBG (the House refused to consider the $260 million Senate level), about $210 million for USDA programs, $269 million for emergency highways and rail assistance, about $110 million for the Corps and Bureau of Reclamation and about $50 million for Interior programs . In addition, the conference report includes about $207 million in emergency funding for SPRO (the cost of not selling SPRO oil upon a Presidential determination that such a sale or drawdown would not be prudent given market conditions).

o The roughly $2.6 billion of emergency spending will be offset with a cut of $2.35 billion of assisted housing reserves and $241 million from Airport Trust Fund contract authority. There is no cut in national service (Americorps) or bilingual education.

o They did not approve a short term ISTEA extender.

o The Enzi Indian Gaming issue was dropped; funds for Katmai leasing to allow public access were added; report language on Floyd Bennett Field was included; a Hutchinson amendment prohibiting MMS from issuing regulations on oil valuation was adopted.

==================== ATTACHMENT 1 ====================
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30 Apr 1998 12:14:35 EDT
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30 Apr 1998 12:14:08 -0400 (EDT)
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30 Apr 1998 12:13:12 -0400 (EDT)
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30 Apr 1998 12:17:55 -0500
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id AA893949333; Thu, 30 Apr 1998 12:16:06 -0500
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================== END ATTACHMENT 1 ==================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Charles E. Kieffer (Charles E. Kieffer@EOP@LNGTWY@LNGTWY [UNKNOWN])

CREATION DATE/TIME:30-APR-1998 12:20:00.00

SUBJECT: Conferees complete action on the Supplemental

TO: Martha Foley (Martha Foley@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
Message Creation Date was at 30-APR-1998 12:20:00

The House is expected to take up the conference report around 3:30 with

Senate

action later today or tomorrow.

A few updates from the Wednesday nightly. The conferees did not approve

the

student loan interest rate reform and associated offsets. The Senate

receded

to the House and dropped the IMF funding. The final FAA contract

authority

rescission level is $295 million, along with the $2.35 billion HUD

reserves

rescission.

BRD will be sending out guidance later on preparation of the enrolled bill

memo

as well as the table of unrequested emergencies contingencies so that you

can

make recommendations on emergency deisgnations. BRD should have the conference

report mid afternoon for distribution.

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

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

CREATION DATE/TIME: 1-MAY-1998 10:35:00.00

SUBJECT: Radio Address Ideas

TO: Kris M Balderston (Kris M Balderston@EOP [UNKNOWN])
READ:UNKNOWN

TEXT:
Kris/David -- listed below please find 2 radio address suggestions from ED per your request on this morning's conference call. Please call me at 401-2571 if you need additional information. Thank you.

--Julie Green

* The Higher Education Reauthorization bill is expected to be considered on the House floor next week. House Republicans are now trying to claim credit for the proposal being considered to lower the student loan interest rate. In fact, the bill also provides a large and costly subsidy to banks at the expense of taxpayers -- this is

one

of a number of reasons senior advisors recommend a veto. Other concerns with the bill include: a proposed amendment by Rep. Riggs which would deny federal funds to public higher ed institutions with affirmative action policies; and a House Committee provision originated by Rep. Goodling to block grant teacher training funds instead of funding the National Board for Professional Teaching Standards. A hallmark of the Clinton Administration has been to increase access to higher education for all Americans and we will continue efforts to ensure that students who work hard will have the opportunity to go to college.

2) Preview next week's U.S. Conference of Mayor's meeting by addressing the President's proposals for critical education investments to help urban areas: education opportunity zones which include a requirement to end social promotion; as well as class size reduction, school construction, and expanding after-school programs. These are all serious issues which must be addressed to improve the learning environment for students, particularly those in urban and rural schools. These are meaningful approaches to ensure that students can learn to high standards. Unfortunately, this Congress has chosen to do nothing so far to seriously address these concerns

--

which Americans say are among their most important. Instead, they have passed an insignificant tax break of $7 to help families with children in public schools and a voucher program for the District of Columbia.=================== ATTACHMENT 1 ===================

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id 00105841; Fri, 01 May 1998 10:38:01 -0400
================= END ATTACHMENT 1 =================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: ussaleg (ussaleg@essential.org@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:12-MAY-1998 11:22:00.00

SUBJECT: Legislative Report 15 5/12/98

TO: Jason S. Goldberg (Jason S. Goldberg@EOP [UNKNOWN])
READ:UNKNOWN

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

TEXT:
Legislative Report 15

May 12, 1998

This report contains an update on Reauthorization of the Higher Education Act (including anti-affirmative action and other amendments), FY99 Appropriations, and a message for grassroots action.

REAUTHORIZATION

HOUSE BILL PASSED

At nearly 11 p.m. on Wednesday May 6, with overwhelming bi-partisan support, the House voted 414-4 to pass H.R. 6, a bill reauthorizing the Higher Education Act of 1965. Included in the final version of the bill are numerous benefits for students (see below). The Education and the Workforce Committee, with the strong leadership of Chairmen Goodling (R-PA) and McKeon (R-CA) and Ranking Members Clay (D-MO) and Kildee (D-MI), placed the interests of students and families above political or personal differences in order to work together effectively and make sound policy decisions. While USSA would like to see some additional improvements, after the Riggs and Campbell amendments were defeated, Sarita Gupta, USSA President, was happy to endorse the bill and offer thanks to the Committee Chairmen and Ranking Member Kildee at a press conference held last Thursday.

SENATE BILL DELAYED

Unfortunately, the many student benefits contained in the House legislation will be sacrificed if the Senate does not act quickly. Although Majority Leader Lott (R-MS) previously announced that he would bring S. 1882 (the Senate reauthorization bill) to the Senate floor this week, he seems to be retreating from that promise, and it is unclear whether the bill will reach the floor before the Memorial Day recess. Such a delay could be disastrous for students. Because of the July 1 deadline on the interest rate provision, it is essential that the bill pass the Senate and be sent to conference as soon as possible. Waiting until June to bring the bill to the Senate floor would jeopardize the fate of the entire bill and could result in numerous complications in the disbursement of student loans. Students must pressure their Senators to act now!

As yet, no Senator has proposed an anti-affirmative action amendment to S.1882. However, there are a number of Senators who may bring such an amendment to the floor with little advance warning. Thus, in contacting Senators, students should state their support for the critically necessary affirmative action programs and urge their Senators to oppose any anti-affirmative action amendments that may arise.

H.R.6 --SUMMARY AND AMENDMENTS

As reported previously (see Legislative Report 14), H.R. 6 came out of Committee with numerous student benefits, including a 0.8% reduction in the student loan interest rate (allowing interest rates to drop from 8.23% to 7.43%), expansion of Pell grants to thousands of independent and working dependent students, and authorization for the High Hopes early intervention program to provide millions of low-income middle and high school students with college mentors and support services. When the bill was brought to the House floor, additional student benefits, such as authorization for $10 million for sexual assault awareness and prevention grants, were included in the "manager's amendment," the amendment offered by the Committee chairman.

Other Key Amendments:

* The House rejected the Riggs (R-CA) amendment to eliminate affirmative action admissions programs at all public colleges and universities (The large margin of victory (78 votes) has been attributed by many to the work of grassroots student pressure. See 5/7/98 Alert for more details and roll call vote).

* The House rejected the Campbell (R-CA) amendment to eliminate the Minority in Science and Engineering Improvement Program (MSIP). (Again, defeat was ensured by strong efforts on behalf of student organizers.)

* The House approved an amendment by Rep. Clayton (D-NC) ensuring that colleges and universities distribute mail voter registration applications

during registration for enrollment.

* The House approved an amendment offered by Rep. Lazio (R-NY) to provide partial loan forgiveness to those with a degree in early childhood education who work in licensed child care facilities.

* The House approved an amendment by Rep. Meek (D-FL) to establish a demonstration project to provide equal opportunities for individuals with learning disabilities.

* The House approved an amendment by Rep. Foley (R-FL) that would repeal the federal prohibition on publishing the names of students who are found guilty of committing a violent act through campus disciplinary proceedings.

* The House approved an amendment by Rep. Andrews (D-NJ) to require lenders to inform student borrowers of income-sensitive repayment options at the time the student loan is offered.

* The House approved a resolution offered by Rep. Miller (D-CA) that urges colleges and universities to adopt labor codes that would assure that college licensed merchandise is not made by sweatshop and exploited adult or child labor either domestically or abroad.

* The House approved an amendment by Rep.. Kennedy (D-MA) to authorize grants to institutions for the purposes of alcohol and drug prevention.
The House also approved a resolution by Rep. Kennedy urging colleges and

universities to adopt a code of principles and practices regarding the use of drugs and alcohol on campus.

FISCAL YEAR 1999 APPROPRIATIONS

FUNDING FOR ALL HIGHER EDUCATION PROGRAMS SERIOUSLY THREATENED!

The authorizing committees have clearly heard students' concerns and are taking them seriously. However, the programmatic changes we have secured for the next five years will mean very little unless there is money to make these changes become a reality. This means we must make all of Congress (and particularly those most involved with disbursing the money--i.e. the Budget Committees and the Appropriations Committees) understand the necessity for a strong federal investment in education.

Right now, education funding is being attacked in several ways:

* The Senate Budget Resolution calls for CUTTING education funding $1.1 BILLION below the amount needed to maintain current services.

* House Budget Committee chair, John Kasich (R-OH), is proposing $100 BILLION in non-defense discretionary CUTS. Under his proposal, ALL discretionary programs (except, of course, for defense programs) would suffer HUGE cuts next year.

* The FY98 Supplemental Appropriations bill cuts $325 million from education programs.

Despite the facts that opinion polls show education to be a top priority and that nearly every Congressperson claims to be a friend of education, Congress is backing away from its promises and refusing to put its money (or, more accurately, the taxpayer's money) where its mouth is. Congress has already promised $36 BILLION in increases for transportation and highway funding. And, now, Congressional leaders are talking about paying large sums for IRS reform while diminishing federal revenues by passing tax cuts. With money being promised away left and right, education is being squeezed out as a federal priority. Students must put a STOP to this trend now! We must demand that Congress invest in education. The money they are promising away today will result in cuts to Pell grants, Perkins loans, work-study, early intervention programs, and all other higher education programs tomorrow.

ACTION! ACTION! ACTION!

We have won tremendous victories in the last week, demonstrating the strength of the student voice. Now, we need to continue and retarget the pressure in order to ensure the benefits we have worked so hard to keep, fend off possible further attacks on affirmative action, and preserve and strengthen the aid programs so essential for educational access.

CALL/FAX/EMAIL YOUR SENATORS TODAY AND URGE THEM TO:

1) BRING THE HIGHER EDUCATION ACT (S. 1882) TO THE FLOOR

2) OPPOSE ANY ANTI-AFFIRMATIVE ACTION AMENDMENTS TO HEA

3) MAKE EDUCATION FUNDING A TOP PRIORITY

CALL/FAX/EMAIL YOUR REPRESENTATIVE AND:

1) THANK THEM FOR THEIR SUPPORT OF THE HIGHER EDUCATION ACT

2) DEMAND THAT THEY MAKE EDUCATION FUNDING A TOP PRIORITY

Tell All Members That Students Are Counting on Them To Provide:

% Significant increases in the Pell grant and other grant programs

% Funding for the High Hopes/ College-School Partnership initiative

% Reductions in the cost of student loans

TO CONTACT YOUR LEGISLATORS, CALL THE **FREE** ALLIANCE TO SAVE STUDENT AID HOTLINE AT

1-800-574-4AID

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Erica Adelsheimer Phone: 202.347.USSA

Legislative Director Fax: 202.393.5886

U.S. Student Association E-mail:

ussaleg@essential.org

1413 K Street NW 9th Floor

http://www.essential.org/ussa

Washington, DC 20005

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==================== ATTACHMENT 1 ====================
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RECORD TYPE: FEDERAL (TRP NOTES MAIL)

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

CREATION DATE/TIME: 3-JUN-1998 14:10:00.00

SUBJECT: Re: Signing Statement/Interest Rates

TO: Jennifer Brown (Jennifer Brown@eop [UNKNOWN])
READ:UNKNOWN

TEXT:

For whatever it's worth (I know it's past the deadline), this is a comment I just received on the student loan interest rate insert.

I know this is too late, but I think it would be more accurate to drop "for the next three months" and insert "during the next three months" after "loans made". The subsidies on those particular loans continue after than time.

______________________________ Reply Separator

Subject: Signing Statement/Interest Rates

Author: Lisa Aserkoff at WDCE01

Date: 6/3/98 9:48 AM

I just received from OMB a suggested paragraph on interest rates for

inclusion in the signing statement. It reads:

I have serious concerns about the excessive subsidies that the bill

will provide for the next three months, to lenders for student loans

made under the Federal Family Education Loan program. My

Administration is fully committed to working with Congress on a

long-term, mutually acceptable solution that moves toward a

market-based mechanism for determining lender returns.

I must respond to OMB on this language by NOON, Today, Wednesday,

June

3, 1998. If you have any comments, or suggested changes, please let

me know immediately so that I can meet OMB's deadline.

Thank you for your prompt cooperation.==================== ATTACHMENT 1
====================

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

TEXT:

RFC-822-headers:
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id <01IXSWN3COSG00DX06@PMDF.EOP.GOV> for Brown_j@a1.eop.gov; Wed,
3 Jun 1998 14:16:04 EDT
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with ESMTP id <01IXSWMZHVOG00BGGI@PMDF.EOP.GOV> for Brown_j@a1.eop.gov; Wed,
03 Jun 1998 14:16:00 -0400 (EDT)
Received: from vader.ed.gov ([165.224.216.253])
by STORM.EOP.GOV (PMDF V5.1-10 #22921)
with ESMTP id <01IXSWML7ZW0000V5U@STORM.EOP.GOV> for Brown_j@a1.eop.gov; Wed,

03 Jun 1998 14:15:38 -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 OAA21084 for <Brown_j@a1.eop.gov>;

Wed, 03 Jun 1998 14:17:39 -0400 (EDT)
Received: from ccMail by smtpgwy1.ed.gov
(IMA Internet Exchange 2.12 Enterprise) id 00184CD5; Wed,

03 Jun 1998 14:14:33 -0400
================== END ATTACHMENT 1 ==================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

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

CREATION DATE/TIME: 3-JUN-1998 15:25:00.00

SUBJECT: 3 DOCUMENTS

TO: Neera Tanden (Neera Tanden@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
Attached are documents providing information on 1) new FFEL

interest rates; 2)the Direct Loan program; and 3) loan

forgiveness provisions in the House and Senate

reauthorization bills.

Dan Morrissey

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

TEXT:

May 28, 1998

Congress Approves New Student Loan Interest Rates

On May 22, as part of the Intermodal Surface Transportation Efficiency Act (H.R .2400), the House and Senate approved a three-month change to the student loan interest rate for loans made July 1 through September 30, 1998.

Once the President signs the legislation, the borrower's interest rate will be based on the 91-day Treasury bill (T-bill) plus 1.7% while in school and the 91 -day T-bill plus 2.3% while the loan is in repayment. The lender's yield on the loan will be the equivalent of the 91-day T-bill plus 2.2% while the student i s in school and the 91-day T-bill plus 2.8% while the loan is in repayment. The borrower's interest rate for PLUS loans will be based on the 91-day T-bill plu s 3.1%.

To view Sec. 8301, the Temporary Student Loan Provision, under the Intermodal S urface Transportation Efficiency Act, click here.

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

================== ATTACHMENT 2 ==================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
<Picture><Picture: Fact Sheet><Picture: Direct Loans><Picture>

The Direct Loan Program, a streamlined student aid delivery system, eliminates confusion and complexity, resulting in better and faster service to borrowers.

The process is simpler for borrowers. Direct Loans borrowers complete one appli cation, the Free Application for Federal Student Aid (FAFSA), for all Departmen t student financial aid programs, including Direct Loans. They do not submit a separate loan application to a bank.

Students do not borrow from banks. The federal government raises the loan funds through its regular Treasury bill auctions. Direct Loans are loans made with f ederal capital and owned by the federal government. Loan repayments are made to the government.

Direct Loans are never sold. Since borrowing is direct through the federal gove rnment, borrowers make loan payments to the Department of Education for the lif e of their loans. It's "one-stop-shopping" from loan application to repayment.

Students borrow only what they need because they are confident that if they nee d more, the funds will be there quickly. Their institutions act as the originat or of the loan on behalf of the federal government.

Students do not wait in lines to endorse bank checks because schools receive lo an funds electronically from the federal government and disburse them to studen ts directly.

Schools do not wait for or process checks from multiple lenders. Funds are tran

sferred electronically from a single source, the federal government, which mean
s less processing time at the school, so there is more time for helping student
s and better cash flow for the school.

Borrowers have more flexible repayment options with a Direct Loan, including In
come Contingent Repayment, and they can change options when they need to withou
t a fee at any time during the life of the loan.

Schools may receive free software training and technical assistance. Direct Loa
n schools are not charged for their electronic transactions, including those re
lated to obtaining student data through the Central Processing System. Toll-fre
e numbers ensure that students and schools receive the help they need. In addit
ion, the Department of Education maintains a Client Account Manager (CAM) staff
in each of its ten regional offices to offer training and technical support to
Direct Loan schools.

last updated 12/16/97 (ejs)

-###-

<Picture>Return to About Direct Loans Direct Loan Home Page <Picture>

================= END ATTACHMENT 2 =================

=================== ATTACHMENT 3 ===================
ATT CREATION TIME/DATE: 0 00:00:00.00

TEXT:
Side-by-Side Comparison of the Higher Education Amendments of 1998: H.R. 6 and
S. 1882 - 1998

H.R. 6 S. 1882Part B and D--Federal Family Education Loan Program and the Willi
am D. Ford Federal Direct Loan Program Part B and D--Federal Family Education L
oan Program and the William D. Ford Federal Direct Loan Program Maintain the Fe
deral Family Education Loan Program (FFELP) and the Federal Direct Loan Program
(FDLP) with no volume caps in either program. Maintain the Federal Family Edu
cation Loan Program (FFELP) and the Federal Direct Loan Program (FDLP) with no
volume caps in either program. Change the interest rate formula scheduled for
July 1, 1998. The new rate for students will be the equivalent of the 91-day Tr

easury bill (T-Bill) plus 1.7 percent (6.83 percent in 1998) while the student is in school and the equivalent of the 91-day T-Bill plus 2.3 percent (7.43 per cent in 1998) while in repayment, capped at 8.25 percent. The new rate for lend ers will be the equivalent of the 91-day T-Bill plus 2.2 percent (7.33 percent in 1998) while the student is in school, and the equivalent of the 91-day T-Bil l plus 2.8 percent (7.93 percent in 1998) while the borrower is in repayment. Establish the student loan interest rate 91-day Treasury bill (T-bill) plus 1.7 percent in school and 91-day T-bill plus 2.3 percent in repayment. Establish t he rate paid to lenders at 91-day T-bill plus 2.2 percent in-school and 91-day T-bill plus 2.8 percent in repayment.

Repeal payment to guaranty agencies for lender referral services. Recall $150 million in guaranty agency reserve funds. Recall $200 million in guaranty age ncy reserve funds. Clarify that reserve funds are the sole property of the Fed eral government. Clarify that reserve funds are the sole property of the Feder al government. Eliminate preclaims and supplemental preclaims assistance and r eplace with a new default aversion program. Guaranty agencies will be reimburse d only for those accounts which are brought current. Eliminate preclaims and s upplemental preclaims assistance and replace with a new default aversion progra m. Guaranty agencies will be reimbursed only for those accounts which are broug ht current. Restructure guaranty agency reimbursement to more accurately reflec t cost structure. Eliminate the administrative expense allowance and replace wi th a loan origination fee and a portfolio maintenance fee. Restructure guarant y agency reimbursement to more accurately reflect cost structure. Eliminate the administrative expense allowance and replace with a loan origination fee and a portfolio maintenance fee. Encourage greater emphasis upon default aversion b y reducing reinsurance from 98 percent to 95 percent and by reducing the guaran ty agency collection retention amount from 27 percent to 24 percent. Encourage greater emphasis upon default aversion by reducing reinsurance from 98 percent to 95 percent and by reducing the guaranty agency collection retention amount from 27 percent to 24 percent. Permit the Secretary to negotiate, on a voluntar y basis, agreements with guaranty agencies designed to test new financing model s. Authorize the Secretary to enter into voluntary flexible agreements with gu aranty agencies in lieu of their agreements under section 428(b) and (c). Elimi nate the requirement that students provide lenders with statements on financial need and require the institution to provide such information. Reduce paperwor k for institutions by only requiring them to transmit information to lenders wh ich is needed by the lenders for originating and servicing the loan. Eliminate the requirement that half-time students be required to borrow a new loan in or der to receive an in-school deferment.

Allow borrowers who provide evidence of qualifying for unemployment benefits t o automatically qualify for an unemployment deferment without additional docume ntation.

Require non-state designated guarantors to have capacity to respond to electro nic inquiries.

Allow guaranty agencies and lenders to provide required disclosures electronic ally at the request of the borrower. Provide loan forgiveness for teachers. P rovide loan forgiveness for teachers. Repeal loan forgiveness for individuals p erforming national community service and nurses. Repeal loan forgiveness for i ndividuals performing national community service and nurses. Repeal debt manage ment options for FFELP. Maintain debt management options for FFELP.

Provide extended repayment terms for FFELP students with loans in excess of $3 0,000. Exempt lenders with loan portfolios of less than $5 million from having to submit compliance audits to the Department. Exempt low volume lenders from

annual lender audit requirements. Allow lenders to establish in-school deferm
ent eligibility for a student based on a request for deferment, receipt of a ne
w loan application which documents the borrowers eligibility or based on studen
t status information received via the student status confirmation process.
Prohibit guaranty agencies from sending unsolicited loan applications to posts
econdary students or their parents unless the student has previously received a
loan guaranteed by the guaranty agency.
Prohibit guaranty agencies from charging a fee to a postsecondary institution
that requests information on its former students which are in the process of de
faulting on their student loans.
Repeal the requirement that the Secretary take at least ten percent of the bor
rowers who are in default on FFELP loans and place them in income contingent re
payment.
Eliminate requirement for a written forbearance request. Allow borrowers to r
equest forbearance electronically. Allow lenders to provide 60-day forbearance
for requests that require additional research. Interest may not be capitalized
. Allow lenders to provide 60-day forbearance for requests that require additi
onal research. Interest may not be capitalized. Repeal the provision that requ
ires states to pay a share of default costs for the institutions located within
the state. (Provision has never been implemented). Repeal requirement that st
ates share in costs of guarantying student loans that go into default (provisio
n never implemented as a result of technical problems). Allow guaranty agencie
s to provide lenders with a blanket certificate of guaranty, allowing lenders t
o serve borrowers more efficiently. Allow the Secretary to specify additional
factors that may be considered in determining PLUS loan eligibility. Allow stu
dents to include additional loans in existing consolidation loans within 180 da
ys following the making of the consolidation loan. Eliminate 180-day rule for
packaging of consolidation loans. Allow direct loans to be consolidated into F
FELP consolidation loans.
Allow students with FFELP consolidation loans to maintain all the interest sub
sidy benefits applicable to the subsidized loan included as part of the consoli
dation. (Students currently lose these benefits upon obtaining a consolidation
loan in the FFELP).

Allow Secretary to verify immigration status and social security number of PLU
S loan applicants.
Exclude borrowers from whom involuntary payments are secured through litigatio
n or administrative wage garnishment from eligibility for consolidating default
ed loans. Exempt institutions with cohort default rates of less than ten perce
nt for three consecutive years from the 30-day delayed disbursement requirement
for first-year students. Eliminate 30-day disbursement delay for first time u
ndergraduate borrowers at institutions with cohort default rates of five percen
t or less. Allow for the single disbursement of a loan if the loan is for a pe
riod of time that is only one semester, one trimester, one quarter or four mont
hs. Eliminate multiple disbursement requirements for fourth- and fifth-year un
dergraduate students attending institutions with cohort default rates of five p
ercent or fewer who will receive a loan to complete their degrees in less than
one year. Require the Secretary to use the Free Application for Federal Studen
t Aid (FAFSA) as the loan application for the FFELP as it is for the FDLP. Aut
horize the Secretary to allow borrowers under Parts B and D to use the FAFSA as
their loan application. Require the Secretary, in consultation with the highe
r education community, to develop a master promissory note (MPN) for use in the
student loan programs. Each loan under the MPN may be sold or assigned indepen
dently. Each loan is enforced separately. Authorize the Secretary to develop a

nd implement a multi-year promissory note for Parts B & D. Require that all lo
an disclosures be in simple and understandable terms.
Revise the current definition of mitigating circumstances as applied to cohort
default rate appeals to include:

Two-thirds of students enrolled on at least a half-time basis receive a Pell Gr
ant which is greater than half of the maximum grant (ensuring that these studen
ts are truly needy); Two-thirds of students enrolled on a full-time basis compl
ete the educational program within the time normally required as specified in t
he enrollment contract; Two-thirds of the students enrolled on a full-time basi
s obtain an employment position for which they have been trained or enroll in a
higher level education program.

Clarify, for the purpose of calculating cohort default rates, loans that are s
uccessfully challenged on the basis of improper servicing will be removed from
both the numerator and the denominator.
Require institutions that unsuccessfully appeal high cohort default rates and
that choose to receive loans during the appeal process be held liable for loans
made during the appeal process and to post surety in an amount sufficient to c
over these costs. Allow institutions with a student loan participation rate in
dex of .0375 or lower to be exempt from ineligibility to participate in the loa
n programs because of high institutional cohort default rates. Allow instituti
ons with a student loan participation rate index of .0375 or lower to be exempt
from ineligibility to participate in the loan programs because of high institu
tional cohort default rates. Extend the current exemption from cohort default
rate sanctions enjoyed by HBCUs, HSIs, TCCCs and Navajo Community Colleges. Req
uire beneficiaries of default exemption to establish a default management plan.
Extend and modify the current exemption from cohort default rate sanctions en
joyed by HBCUs, HSIs, TCCCs and Navajo Community Colleges.
Repeal the District of Coumbia Student Loan Insurance Program.
Clarify the responsibility of program participants for the program compliance
of their contractors.
Allow the Secretary to pay for data that the Department considers essential to
the efficient administration of the programs under Title IV.
Allow institutions to use electronic technology to provide personalized exit c
ounseling to students. Expand the definition of eligible lenders.
Allow schools that are appealing the accuracy of their cohort default rates ac
cess to all lenders loan servicing records. Specify that the representative sa
mple of loan servicing and collection records made available to a school appeal
ing its cohort default rate based upon allegations of improper loan servicing a
re the records the guaranty agency used in making the determination whether to
pay an insurance claim to the lender. Clarify that certification of permanent
and total disability submitted by a VA hospital shall be acceptable documentati
on for loan cancellations.
Require the Secretary to discharge a students liability on a loan if the insti
tution fails to make a refund owed to the student.
Prohibit lenders from charging different origination fees unless an originatio
n fee is reduced for a borrower demonstrating greater need.

Clarify that for purposes of calculating the FFELP in-school interest subsidy
that disbursement means disbursement by the school.
Clarify the loan limits available to borrowers who are eligible for FFELP and
FDLP loans while taking non-degree course work necessary for enrollment or teac
her certification. Repeal the plan for doing business required of tax exempt a

uthorities since they have to file the same reports as other lenders. Repeal r
equirement that an authority using tax-exempt funding submit a plan for doing b
usiness.
Delete obsolete language referring to the seven-month interval of eligibility
carried over from SLS program and clarify that annual loan limits are based on
the statutorily defined academic year.
Clarify that interest that accrues and is capitalized on unsubsidized loans is
not considered for purposes of computing aggregate loan limits. Repeal the Se
cretarys authority to conscript schools into the FDLP. Allow institutions to p
articipate in one or more programs under Part B or Part D. Repeal all referenc
es to the transition to the FDLP found throughout the Act. Repeal all referenc
es to the transition to the FDLP found throughout the Act. Require the GAO to
report on origination fee policies.
Provide the Secretary of Education, in consultation with the Secretary of the
Treasury, the authority to sell direct loans on such terms as are in the best f
inancial interests of the Federal Government.

Require the Secretary to report to Congress on the status of efforts to bring
mission critical systems into year 2000 compliance. Allow repayment incentives
for direct loan borrowers. Allow repayment incentives for direct loan borrowe
rs.

H.R. 6 S. 1882Part E--Federal Perkins Loans Part E--Federal Perkins Loans Modif
y the campus-based formula so that 100 percent instead of 75 percent of excess
allocations are based on fair share. Hold-harmless allocations for institutions
that joined the program prior to 1985 remain the same.
Exempt institutions with fewer than 100 borrowers and a default rate less than
20 percent from carrying out a Department of Education prescribed default mana
gement plan. Eliminate the requirement that institutions establish a default m
anagement plan if its defaults are 15 percent or above. Calculate existing out
standing balances using the students aggregate borrowing total. If a borrower r
epays a loan or has a portion of a loan canceled, he or she will be eligible to
borrow additional funds based on the outstanding balance of existing loans.
Define default for a borrower in the Perkins Loan program. Define default for
a borrower in the Perkins Loan program.
Increase loan limits in Perkins and eliminate the Expanding Lending Option pro
gram.
Allow higher loan limits for students pursing an education and career in teach
ing. Establish a loan rehabilitation program for the Perkins Loan program. Es
tablish a loan rehabilitation program for the Perkins Loan program. Simplify a
dministration of deferment and cancellations by extending to all borrowers the
deferment and cancellation options in effect on the date of enactment. No borro
wer will lose any benefits under this change, but some borrowers may gain addit
ional benefits. Institutions of higher education will notify all borrowers of t
he available deferment and cancellation options.
Allow institutions of higher education to offer students incentive repayment p
rograms designed to reduce defaults and to encourage good repayment behavior. S
uch programs will be subject to the approval of the Secretary. Create an incen
tive repayment plan in the Perkins Loan program. Direct the Secretary, to the

extent feasible, to reimburse institutions for loans that qualify for cancellat
ion within three months of receipt of the proper paperwork from the institution
.

Direct the Secretary to ensure that borrowers under the Perkins Loan program a
re included in the student status confirmation process similar to the requireme
nts for borrowers under the FFELP and FDLP to reduce paperwork and simplify the
student enrollment process. Strengthen the language that includes Perkins loa
ns in the Student Status Confirmation Report process. Maintain the current aut
horization level. Maintain the current authorization level. Eliminate the per
centage reference to less-than-full-time or independent students. Eliminate th
e percentage reference to less-than-full-time or independent students.
Strengthen the penalties for high default in the Perkins program including the
loss of eligibility to participate (defined as the liquidation of the institut
ion's Perkins fund) in Perkins for institutions with default rates of 50 percen
t or greater for three years in a row.
Eliminate the exclusion of improperly serviced loans from the calculation of c
ohort default rates.
Require credit bureaus to report defaulted Perkins loans until a loan is repai
d in full and allow the Secretary to establish criteria under which an institut
ion may cease reporting such information before a loan is paid-in-full. Includ
e discharge provisions in cases where an institution has closed. Include disch
arge provisions in cases where an institution has closed. Update dates for the
mandatory liquidation of Perkins loan funds. Update dates for the mandatory l
iquidation of Perkins loan funds. Repeal the Perkins Revolving Loan Fund which
is used for funds collected on any loan referred, transferred or assigned to t
he Secretary.

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[Previous Page] <Picture> <Picture: [Table of Contents]> <Picture>[Next Page]

================= END ATTACHMENT 3 =================

=================== ATTACHMENT 4 ===================

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

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3 Jun 1998 15:29:14 EDT
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03 Jun 1998 15:29:09 -0400 (EDT)
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Wed, 03 Jun 1998 15:30:26 -0400 (EDT)
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(IMA Internet Exchange 2.12 Enterprise) id 0018508E; Wed,
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================== END ATTACHMENT 4 ==================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

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

CREATION DATE/TIME:12-JUN-1998 10:06:00.00

SUBJECT: HOPE for Oregon

TO: Elisabeth Steele (Elisabeth Steele@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
The HOPE and Lifetime Learning (LTL) tax credits provide

postsecondary

education financial benefits through the individual income tax

system.

These new postsecondary education financing sources complement the

existing Federal student financial aid programs authorized by Title

IV

of the Higher Education Act of 1965, as amended (i.e. "traditional"

spending programs such as Pell grants and student loans).

Education estimates that, for students attending colleges,

universities and trade and technical schools in Oregon, the HOPE tax

credit will provide approximately $58 million in tax relief on behalf

of approximately 70,000 students in 1999. The corresponding LTL

figures are $47 million and 82,000, respectively. (Note that the

HOPE

and LTL benefits are additive because no student is eligible for both

credits in the same year.)

These tax benefits are considered calendar year 1999 amounts,

although

most taxpayers will not actually realize the cash value of their benefits until they file their 1999 tax returns in early 2000. Other taxpayers will realize their benefits during 1999 because they will adjust their W-4 wage withholding in anticipation of a lower tax bill for 1999.

An analogous way of understanding the timing of these benefits is to think of Oregon's $58 million HOPE tax credit as 1999 budget authority that will be outlayed in 1999 and 2000.

Following is an excerpt from ED's "Families' Guide to the 1997 Tax Cuts for Education." The full text as well as other information, can be found on our WWW at <<http://www.ed.gov/offices/OPE/PPI/HOPE/>>.

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.

1. 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.

EXAMPLE: 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.

2. 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 postsecondary 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.

EXAMPLE: 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.

EXAMPLE: 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.

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.)

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

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12 Jun 1998 10:13:56 -0400 (EDT)
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Fri, 12 Jun 1998 10:16:10 -0400 (EDT)
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(IMA Internet Exchange 2.12 Enterprise) id 00194B27; Fri,
12 Jun 1998 10:11:49 -0400
================== END ATTACHMENT 1 ==================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Jon_Rosenwasser (Jon_Rosenwasser@budget.senate.gov@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:24-JUN-1998 08:54:00.00

SUBJECT: Rule: Wednesday's Schedule and Trivia Challenge

TO: Michele Jolin (Michele Jolin@EOP [UNKNOWN])
READ:UNKNOWN

TEXT:
[This message will not be sent on Thursday or Friday of this week.]

Senate Senate Senate Senate Senate Senate Senate Senate Senate Senate

The Senate will convene at 9:30 a.m. and resume consideration of the Education IRA Conference Report under a two-hour time agreement, with two hours for debate divided as follows:

* Senator Graham...............20 minutes
* Senator Kerry................10 minutes
* Senator Torricelli...........15 minutes
* Senator Daschle.............15 minutes
* Senator Coverdell............60 minutes

A roll call vote on adoption of the conference report will occur no later than 11:30 a.m.

Following consideration of the Education IRA Conference Report, the Senate will resume consideration of S. 2057, the defense authorization bill.

House House House House House House House House House House House

The House will convene at 10 a.m. to consider three appropriations

measures: agriculture, DoD, and Treasury-Postal.

?????????????????????????? Trivia Challenge ??????????????????????????

After whom are the characters Bert and Ernie on "Sesame Street" named?

Yesterday's Q&A: Who was first president to speak on the radio?

Answer: Warren Harding in 1922. Marc Sumerlin notes, "A Baltimore

station broadcast his speech dedicating the Francis Scott Key

memorial

at Fort McHenry."

Budgeteers in the know:

Dan Katz

Kip Banks

Marc Sumerlin

Betty Koed

==================== 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 V5.1-9 #29131)
id <01IYLXFIT8C0009OEH@PMDF.EOP.GOV> for jolin_m@a1.eop.gov; Wed,
24 Jun 1998 08:51:55 EDT
Received: from Storm.EOP.GOV by PMDF.EOP.GOV (PMDF V5.1-9 #29131)

with ESMTP id <01IYLXFHNFPC00MHWV@PMDF.EOP.GOV> for jolin_m@a1.eop.gov; Wed,
24 Jun 1998 08:51:54 -0400 (EDT)
Received: from MAILSENT.senate.gov ([199.95.76.9])
by STORM.EOP.GOV (PMDF V5.1-10 #29131)
with ESMTP id <01IYLXEU47J00025HD@STORM.EOP.GOV> for jolin_m@a1.eop.gov; Wed,

24 Jun 1998 08:51:22 -0400 (EDT)
Received: from mailexc2.senate.gov by MAILSENT.senate.gov; (8.8.2/SCO5)
id IAA12904; Wed, 24 Jun 1998 08:48:40 -0400 (EDT)
Received: from ccMail by mailexc2.senate.gov
(IMA Internet Exchange 2.11 Enterprise) id 0063F175; Wed,
24 Jun 1998 08:48:21 -0400
Content-description: cc:Mail note part
================= END ATTACHMENT 1 =================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: owner-tvtrack (owner-tvtrack@po.databack.com@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME:11-JUL-1998 13:49:00.00

SUBJECT: TV TRACK 07 10

TO: Dag Vega (Dag Vega@eop [UNKNOWN])
READ:UNKNOWN

TO: Jason H. Schechter (Jason H. Schechter@eop [UNKNOWN])
READ:UNKNOWN

TO: Julianne B. Corbett (Julianne B. Corbett@eop [UNKNOWN])
READ:UNKNOWN

TO: Mark A. Kitchens (Mark A. Kitchens@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
WASHINGTON, July 10 /U.S. Newswire/ -- The following headline summary of evening network news programs for July 10 was prepared by U.S. Newswire. Headlines are in the order that stories appeared on the broadcast and include the name of the correspondent, dateline, and running time.

<STAB>

NETWORK TELEVISION NEWS HEADLINES

Friday, July 10, 1998

ABC World News Tonight

1 Pressure Rising For GM To Settle Strike, But Agreement's Elusive

Jim Williams Flint, MI 2:05

2 Why GM Is Clashing With UAW While Other Companies Have Kept Peace

Betsy Stark New York 2:35

3 Senate Votes To Shrink Student Loan Interest Rates To New Low

Peter Jennings New York 0:25

4 British Forces Buckle Down After 5 Nights Of Ireland Violence

Hilary Brown London 1:45

5 Divers Rescue 1907 Champagne From Ship Sunk During WW I

Sheila MacVicar no location 1:40

6 Russian Army Soldiers Apparently Being Fed Dog Food

Peter Jennings New York 0:20

7 Sex Offender Kills Himself After Enforcement Of "Megan's Law"

Brian Rooney Santa Rosa, CA 2:15

8 Honor Guard Returns "Unknown" Soldier's Remains To Family

Peter Jennings New York 0:20

9 Clinton Presents Medal Of Honor To Heroic Vietnam Medic

Peter Jennings New York 0:40

10 Yellowstone's Recovery Shows Huge Fires Are Natural & Good

Barry Serafin Yellowstone Natl Park 3:10

11 In Rain Forests, Fires Are Not Natural Or Beneficial

Peter Jennings New York 0:25

12 US Marine Band Has Been A Witness To History For 200 Years

Peter Jennings New York 2:25

CBS Evening News

13 Pilots Court-Martialed In Gondola Tragedy; Conviction Uncertain

David Martin Washington 2:05

14 UAW Reports Some Progress With GM; Why GM Needs To Settle

Anthony Mason New York 1:50

15 OJ Simpson Has Appealed $33 Million Civil Judgement

Sandra Hughes Los Angeles 1:40

16 Four-Corners Manhunt May Be Hot On Suspects' Trail Again

Jim Axelrod Montezuma Creek, UT 1:40

17 Vietnam War Hero Finally Gets Medal Of Honor After 30 Years

Paula Zahn New York 0:20

18 Newly Identified Remains Of Lt. Blassie Returned To Illinois

Paula Zahn New York 0:15

19 Homeless Napalm Train Now Has A Destination In Texas Town

Paula Zahn New York 0:15

20 States Talking With Tobacco Again After Congress's Failure

Jim Stewart Washington 1:50

21 IRS Admits Improper Property Seizure In Over 25 Pct Of Cases

Paula Zahn New York 0:20

22 Prescription Drug Prices Up Sharply; Other Business News

Paula Zahn New York 0:20

23 Scotland Yard Narrowly Averts Terror Bombing In London

Paula Zahn New York 0:15

24 Brit Soldiers Seek To Quell Angry Protestant Mob In N. Ireland

Mark Phillips London 1:50

25 Dallas Diocese Agrees To Record Settlement For Priest's Sex Abuse

Paula Zahn New York 0:15

26 Drug Czar To Investigate Anti-Drug Efforts On Multi-Nation Tour

Paula Zahn New York 0:10

27 Controversial Law Bans Drug Convicts From Entering Neighborhoods

Diana Olick Cincinnati 2:25

28 Hot Fubu Clothing Label A Success Story For 4 Persistent Founders

Harry Smith Hollis, Queens 3:05

NBC Nightly News

29 Poverty Among Children Under 6 Has Risen Sharply

George Lewis Los Angeles 2:30

30 Tobacco Industry & States Again Talking About A Settlement

Bob Kur Washington 2:05

31 Tensions Deepening In Nigeria Amid Reports Leader Was Poisoned

Jack Ford New York 0:30

32 Experts Worry As Ocean Heating Devastates Pacific Coast Sealife

Kelly O'Donnell Los Angeles 2:15

33 Statistics On Attendance At US Beaches

Jack Ford New York 0:15

34 Most US Beaches And Shorelines Are Threatened By Erosion

Dan Lothian Los Angeles 2:35

35 How To Escape From Dangerous Ocean Rip Tides

Rob Stafford Los Angeles 2:35

36 Courts-Martial Recommended For Two Pilots In Ski Gondola Accident

Jack Ford New York 0:15

37 Remains Of Lt. Blassie Returned To Family In Illinois

Jack Ford New York 0:15

38 Desperate Attempt To Revive Negotiations In N. Ireland

Kevin Tibbles London 2:05

39 Medic Honored 32 Years Late For Stunning Vietnam Bravery

Jim Miklaszewski Washington 3:30

Summaries are available for 30 days from date of broadcast

Call U.S. Newswire at 202-347-2770 for information

<ETAB>

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Received: from conversion.pmdf.eop.gov by PMDF.EOP.GOV (PMDF V5.1-9 #29131)
id <01IZ9YRCTSI80030TL@PMDF.EOP.GOV>; Sat, 11 Jul 1998 13:48:43 EDT
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with ESMTP id <01IZ9YRAF95C00114L@PMDF.EOP.GOV>; Sat,
11 Jul 1998 13:48:40 -0400 (EDT)
Received: from po.databack.com ([199.2.107.46])
by STORM.EOP.GOV (PMDF V5.1-10 #29131)
with ESMTP id <01IZ9YQT1BJ2000KIH@STORM.EOP.GOV>; Sat,
11 Jul 1998 13:48:17 -0400 (EDT)
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with SMTP id KAA10748; Sat, 11 Jul 1998 10:48:12 -0700 (PDT)
Received: by po.databack.com (bulk_mailer v1.3); Sat, 11 Jul 1998 10:47:49 -070
0
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Received: (from majordom@localhost) by po.databack.com (8.8.5/8.8.5)
id KAA10667 for tvtrack-outgoing; Sat, 11 Jul 1998 10:47:48 -0700 (PDT)
================= END ATTACHMENT 1 =================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

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

CREATION DATE/TIME:27-JUL-1998 12:00:00.00

SUBJECT: Hill meetings for RWR re HEA conference

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

TEXT:
PLEASE RESPOND ASAP SO WE CAN PROCEED WITH SETTING UP MEETINGS -- WE

WILL BEGIN THAT PROCESS THIS AFTERNOON.

As we have discussed before, since RWR is gone after this Friday

until

after the House August district work period begins, we need to

convene

a number of Hill meetings re high priorities for the upcoming HEA

conference:

Sen. Jeffords (with Susan Hattan and other relevant staff)

High Hopes

Section 458

National Board for Professional Teaching Standards

Teacher Training

Sens. Kennedy and Dodd (together with Marianna Pierce and Suzanne Day)

High Hopes

Teacher Training

Student Loans

market mechanism

loan forgiveness technical issues

consolidation rates

Y2K "clarification"

House Democratic Conferees (Clay, Kildee, Martinez and Andrews --

together with relevant staff)

High Hopes

Student loan interest rates -- pay-for

National Board for Professional Teaching Standards

Sect. 458

Loan Forgiveness

At a later date, we may want to also do a McKeon meeting, but that needs to hold for now given the controversy over the July 1 LC interest rate.

=================== ATTACHMENT 1 ===================
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 27 Jul 1998 15:06:51 EDT
Received: from Storm.EOP.GOV by PMDF.EOP.GOV (PMDF V5.1-9 #29131)
 with ESMTP id <01IZWE5H6TW0009T4G@PMDF.EOP.GOV> for shireman_r@a1.eop.gov;
 Mon, 27 Jul 1998 15:06:46 -0400 (EDT)

Received: from vader.ed.gov ([165.224.216.253])
by STORM.EOP.GOV (PMDF V5.1-10 #29131)
with ESMTP id <01IZWE54M1E000027P@STORM.EOP.GOV> for shireman_r@a1.eop.gov;
Mon, 27 Jul 1998 15:06:21 -0400 (EDT)
Received: from smtpgwy1.ed.gov (smtpgwy1.ed.gov [165.224.16.166])
by vader.ed.gov (8.9.0/8.8.4) with SMTP id PAA24580; Mon,
27 Jul 1998 15:09:39 -0400 (EDT)
Received: from ccMail by smtpgwy1.ed.gov
(IMA Internet Exchange 2.12 Enterprise) id 001DEB1F; Mon,
27 Jul 1998 14:21:23 -0400
================= END ATTACHMENT 1 =================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: owner-recap (owner-recap@po.databack.com@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 7-OCT-1998 20:23:00.00

SUBJECT: USN Recap for Wed., Oct. 7, 1998

TO: Jack S. Fox (Jack S. Fox@eop [UNKNOWN])
READ:UNKNOWN

TO: Laura D. Schwartz (Laura D. Schwartz@eop [UNKNOWN])
READ:UNKNOWN

TO: Mark H. Bartholomew (Mark H. Bartholomew@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
U.S. Newswire Washington Recap -- Wednesday, Oct. 7, 1998

To: Assignment Desk

Contact: U.S. Newswire, 202-347-2770

RECAP:

Following is a recap of U.S. Newswire's Washington file for

Wednesday, Oct. 7, 1998 as of 8 p.m. EDT:

149-1007 Tentative Press Schedule for Gore Trip to Mass.

Friday, Oct. 9

148-1007 Press Schedule for Vice President Gore Thursday, Oct. 8

147-1007 Defenders of Wildlife: Nine Reasons Congress Could

Force a Government Shutdown

146-1007 Clinton Statement on Energy and Water Development

Appropriations Act

145-1007 Clinton Statement on Higher Education

144-1007 D.C. Del. Holmes Norton, Rep. Hoyer to Keynote U.N. Global Community Day, Oct. 24

143-1007 Study: Doctors Neglecting Emotional Health of Older Women

142-1007 FOP President Labels Amnesty International Report 'Ludicrous'

141-1007 Poet Laureate Robert Pinsky's Oct. 8 Lecture to be Broadcast Live on the Internet

140-1007 NPCA Cheers Defeat of Bloated Parks and Lands Bill

139-1007 Leahy: Court Puts Off Oct. 8 Cutoff for Home Satellite Viewers

138-1007 White House Fact Sheet on Wetlands

137-1007 Clinton Nominates Jones as U.S. Attorney for Minnesota District

136-1007 White House Fact Sheet on the Environment

135-1007 Clinton Nominates Creel as Commissioner on the Federal Maritime Commission

134-1007 Clinton Nominates Curran as U.S. Attorney for Rhode Island District

133-1007 Presidential Proclamation of National Day of Concern About Young People and Gun Violence

132-1007 Transcript of a White House Press Briefing by Joe Lockhart

131-1007 Religious Leaders Urge Congress to Focus on America's Moral Priorities

130-1007 NPC to Host President of NY State Bar at 'Morning Newsmaker'

129-1007 NPC to Host Michael Horowitz at 'Morning Newsmaker' Oct. 16

128-1007 Americans for Tax Reform: How the Gore Tax Jacks Up Telephone Bills

127-1007 National Doctors' Group Holds Annual Meeting in Raleigh, N.C.

126-1007 White House Fact Sheet 5 on Higher Education: 'Gear Up'

125-1007 White House Fact Sheet 4 on Higher Education: Lowering Student Loan Interest Rates

124-1007 White House Fact Sheet 3 on Higher Education: Promoting High-Quality Distance Education

123-1007 Press Schedule of Tipper Gore for October 8, 1998

122-1007 White House Fact Sheet 2 on Higher Education: Improving Teacher Quality, Recruitment, and Preparation

121-1007 BSA Applauds Congressional Work on High-Tech Issues

120-1007 Poll Finds Tennessee Voters See Many Benefits to Diversity in College Education

119-1007 Americans for Computer Privacy Calls on Next Congress for Further Encryption Policy Reforms

118-1007 White House Fact Sheet 1 on Higher Education: Performance-Based Organizations

117-1007 HUD Secretary Pays Tribute to Rep. Stokes for Dedication to Pursuit of Affordable Housing for All Americans

116-1007 Poll: Arizonans See Many Benefits to Diversity in College Education

115-1007 Poll: Californians See Many Benefits to Diversity in College Education

114-1007 Transcript of Clinton Remarks at Bill Signing Ceremony for Higher Education Amendments of 1998

113-1007 Transcript of Remarks by President Clinton, Prime Minister Orban of Hungary in Photo Opportunity

112-1007 Babbitt Signs Decision for Alaska Petroleum Reserve Balancing Protection for Wildlife Habitat with Oil and Gas Development

111-1007 Business Software Alliance President Calls for Swift Action in the Next Congress on Encryption Legislation

110-1007 Pediatric Drug Testing, Labelling Focus of AAP Testimony Today

109-1007 SBA Plans 'Y2K Action Week'

108-1007 White House Fact Sheet on Education Amendents of 1998

107-1007 First Lady's Schedule for Thursday, Oct. 8-Friday, Oct. 9

106-1007 HHS Reports AIDS Falls from Top 10 Causes of Death

105-1007 New Computer Studies Identify Transplant Allocation Policies That Save More Lives than Current System

104-1007 Clean Air Trust Releases Memo on Motor Vehicle Pollution

103-1007 Rabbi Says 'Corpus Christi' Demonstrates Contempt for Believers

102-1007 President Clinton Signs Higher Education Amendments of 1998

101-1007 'America's Most Wanted' Host to Speak at Press Conference Today

-0-

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id <01J2PA8WQ82800FMJ2@PMDF.EOP.GOV>; Wed, 7 Oct 1998 20:24:53 EDT
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with ESMTP id <01J2PA8T9WR400GBBH@PMDF.EOP.GOV>; Wed,
07 Oct 1998 20:24:49 -0400 (EDT)
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with SMTP id RAA25165; Wed, 07 Oct 1998 17:24:06 -0700 (PDT)
Received: by po.databack.com (bulk_mailer v1.3); Wed, 07 Oct 1998 17:24:03 -070
0
Received: (from majordom@localhost) by po.databack.com (8.8.5/8.8.5)
id RAA25135 for recap-outgoing; Wed, 07 Oct 1998 17:24:02 -0700 (PDT)
X-Mailer: Chameleon - TCP/IP for Windows by NetManage, Inc.
================= END ATTACHMENT 1 =================

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Jason H. Schechter (Jason H. Schechter@EOP@LNGTWY@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 7-OCT-1998 09:59:00.00

SUBJECT: President Clinton Signs into Law the Higher Education Amendment

TO: Estela Mendoza (Estela Mendoza@eop [UNKNOWN])
READ:UNKNOWN

TO: Mark J. Bernstein (Mark J. Bernstein@eop [UNKNOWN])
READ:UNKNOWN

TEXT:
Message Creation Date was at 7-OCT-1998 09:59:00

President Clinton Signs into Law the Higher Education Amendments of

1998,

H.R. 6

East Room, The White House

October 7, 1998

Today, the President will sign into law the Higher Education Amendments

of

1998, H.R. 6. The legislation includes five major new initiatives that

President Clinton proposed, along with other important provisions

extending the

Higher Education Act. The new initiatives will: slash the student loan

interest rate; help disadvantaged children prepare for college; improve

teacher

preparation and recruitment; promote high-quality distance education; and

create a new model for efficient government. The President will also

again

call on Congress to pass his agenda to strengthen America !,s schools. The audience will include more than 30 members of Congress who supported the bipartisan legislation, as well as educators.

The President will be joined by Harold Shields, Jr., who was able to go
to
college because of the mentoring and financial support of a program called
"Say
Yes to Education" in Philadelphia, Pennsylvania. After graduating from
the
University of Pennsylvania in 1998, he went back to his elementary school
and
offered to provide $10,000 in scholarships to the fifth grade class when
they
finish high school in 2005. That offer has spawned a broader community
effort
to provide children with the support -- financial and academic -- that
they
need to be able to go to college and succeed. A native of Philadelphia,
Mr.
Shields now resides in Durham, North Carolina.

Order of Speakers

Secretary of Education Richard Riley

Representative William Clay (D-MO)

Representative William Goodling (R-PA)

Senator Edward Kennedy (D-MA)

Senator James Jeffords (R-VT)

Harold Shields, Jr.

The President

30-30-30

RECORD TYPE: FEDERAL (TRP NOTES MAIL)

CREATOR: Shulman (Shulman@dnc.democrats.org@INET@LNGTWY [UNKNOWN])

CREATION DATE/TIME: 9-OCT-1998 10:55:00.00

SUBJECT: CDA Legislative Update 10/8/98 -Forwarded

TO: Ilia V. Velez (Ilia V. Velez@eop [UNKNOWN])
READ:UNKNOWN

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

TEXT:
From: noahs@collegedems.org@INET@EOPMRX@LNGTWY
*To: cda-alert@conan.traveller.com@INET@EOPMRX@LNGTWY
Date: 10/9/98 5:31am
Subject: CDA Legislative Update 10/8/98
***---- College Democrats of America
***---- L E G I S L A T I V E U P D A T E
------- **

Thursday, October 8, 1998

DEMOCRATS FIGHT AND WIN FOR COLLEGE STUDENTS!

Yesterday, President Clinton signed into law five major new initiatives that he proposed, along with other important provisions extending the Higher Education Act. The new initiatives will:

1. Slash the student loan interest rate
2. Help disadvantaged children prepare for college
3. Improve teacher preparation and recruitment
4. Promote high-quality distance education
5. Create a new model for efficient government

The act represents a major accomplishment in our constant drive to make quality higher education a more affordable reality for more Americans.

The act was made possible only through the tireless efforts of the Clinton Administration and Congressional Democrats.

As part of our SPREAD THE MESSAGE '98 Campaign, College Democrats of America encourages you to SPREAD THE MESSAGE. Here are a few ways you can do just that:

****
TAKE ACTION!

****

* SEND this email along to your friends and fellow Democrats.
* WRITE your local and school newspapers applauding the Democratic efforts to preserve higher education opportunities for all Americans.
* HOST an EVENT at your chapter highlighting the effects of the act.

* To receive more information about this topic FAXED to you, please email cdaleg@votenet.com.

*****

THE FACTS:

The Higher Education Act, originally enacted in 1965, authorizes many of the Federal governments programs to increase access to college, including Pell Grants, student loans, and Federal Work-study, as well as programs to improve teacher training and promote innovation. The Act is reviewed every five years. In response to the Administrations requests, this year the reauthorization:

---

1. SLASHES THE STUDENT LOAN INTEREST RATE Proposal: "We are proposing improvements in the student loan program that will lower the cost of college for millions of students and their families while preserving their access to the loans they need." [Vice President Gore, Press Briefing, February 25, 1998]

Result: As proposed by the President and Vice President, the legislation extends for 5 years the new low student interest rate on new college loans, now 7.46% instead of 8.25%, saving students $11 billion on loans made over the next five years. The typical student borrower at a 4-year college, who graduates with $13,000 in debt, will save about $700 over a ten-year repayment period. Borrowers have four months to refinance their outstanding loans at the new rate. The Administration continues to oppose the excessive payments to lenders and intermediaries included in the bill, and supports extending the refinancing window beyond the four month period.

---

2. HELPS DISADVANTAGED CHILDREN GEAR UP FOR COLLEGE Proposal: "I also ask this Congress to support our efforts to enlist colleges and universities to reach out to disadvantaged children, starting in the 6th grade, so that they can get the guidance and hope they need so they can know that they, too, will be able to go on to college." [President Clinton, State of the Union Address, 1998]

Result: The legislation launches a new national effort, incorporating the Presidents High Hopes for College initiative, to help disadvantaged students prepare for college. Called GEAR UP, this program provides competitive grants to colleges that partner with high-poverty middle schools and the community to tell families early about the financial aid that is available for college, and then to provide long-term mentoring, tutoring, and other assistance to make the dream of college a reality. Grants are also provided to states to encourage broad efforts to provide early information and counseling about college opportunities.

---

3. IMPROVES TEACHER PREPARATION AND RECRUITMENT Proposal: "I will forward to the Congress a proposal for a new national effort to attract quality teachers to high-poverty communities by offering scholarships for those who will commit to teach in those communities for at least three years. . . Our proposal also includes funds to strengthen teacher preparation programs so that those who go into teaching are better prepared to teach their students." [President Clinton, NAACP National Convention, July 17, 1997]

Result: The legislation includes the Administrations proposals, and more: Improves teacher preparation through grants to partnerships -- modeled after the Administrations proposed Lighthouse Partnerships -- between teacher education institutions and school districts to produce teachers who have strong teaching skills, are highly competent in the academic content areas in which they plan to teach, and know how to use technology as a tool for teaching and learning.

Recruits additional teachers for high-need areas through the Administrations proposed grants to partnerships between high-quality teacher education programs and local schools to offer scholarships, support, and services to recruit and prepare teachers to serve for at least three years in high-need schools. Supports state-level efforts to improve teacher quality through State Teacher Quality Enhancement grants to strengthen state teacher certification standards, create alternative pathways into teaching, hold higher education institutions accountable for the quality of teachers they prepare, and recruit high-quality teachers.

Strengthens accountability in teacher education by requiring that states and teacher education institutions report on teacher preparation, including their students? performance on teacher licensing exams. Forgives up to $5,000 in loans for those who teach for five years in a low- income community.

---

4. PROMOTES HIGH QUALITY DISTANCE EDUCATION Proposal: "Valuable technologies also are important for providing opportunities in higher education at a time when college is becoming ever more crucial...This is why [we] proposed a number of changes to the Higher Education Act that will broaden learning opportunities." [Secretary Riley, U.S. Distance Learning Association National Conference, November 5, 1997]

Result: The bill includes the Administrations Learning Anytime Anywhere Partnership (LAAP) initiative, and expands student aid eligibility for distance learners. LAAP awards competitive grants to partnerships between schools and other entities to: create new distance learning models, explore the efficiencies and cost reductions possible through institutional partnerships, and develop innovative measures of student achievement in distance education. The legislation also expands student aid eligibility for distance learners, a goal proposed by the Administration, through demonstration programs that waive some student aid restrictions to allow more nontraditional students to obtain higher education, including full-time workers, parents, people in rural areas, and people with disabilities.

---

5. TAKES A HISTORIC STEP TOWARD A NEW MODEL OF GOVERNMENT Proposal: "We're going to dramatically change the way many agencies provide their services. Today, I'm proposing to create within existing departments something we call Performance-based Organizations.. . These PBOs would be run by chief executives who sign contracts and will be personally accountable for delivering results. . . Their pay and job security will be tied directly to performance." [Vice President Gore, National Press Club, March 4, 1996]

Result: The bill creates the federal governments first-ever PBO, a concept promoted by the Reinventing Government effort spearheaded by the Vice President. The delivery of Federal student aid -- loans, grants, work-study and other assistance -- will be led by an executive with expertise in information technology and experience with financial systems, who reports directly to the Secretary and has new administrative flexibility in exchange for increased accountability for results. The Secretary will continue to be responsible for setting student aid policy.

*****
Portions of this report provided courtesy of the Democratic National Committee.

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