THE WHITE HOUSE

Office of the Press Secretary
(Princeton, New Jersey)

College Tax Cut

For Immediate Release June 4, 1996

REMARKS BY THE PRESIDENT
AT PRINCETON UNIVERSITY COMMENCEMENT ADDRESS

Princeton University
Princeton, New Jersey

12:00 Noon EDT

THE PRESIDENT: Thank you very much. President Shapiro, members of the faculty, alumni, to parents and friends of this graduating class, especially to the graduates of the Class of 1996 -- (applause.) Let me thank you co-Presidents, George Whitesides and Susan Suh, who came to say hello to me this morning; and compliment your valedictory address by Bryan Duff, and the Latin address by Charles Stowell. I actually took four years of Latin in high school. (Laughter.) And even without being prompted, I knew I was supposed to laugh when he was digging me about going to Yale. (Laughter.)

I want to also thank Princeton for honoring the high school teachers and the faculty members here for teaching, for today we celebrate the learning of the graduates and we should be honoring the teachers who made their learning possible. I thank you for that. (Applause.)

It's a great honor to be here in celebrating Princeton's 250 years. I understand that Presidents are only invited to speak here once every 50 years. President Truman and President Cleveland -- you've got to say one thing, for all the troubles the Democrats have had in the 20th century, we've had pretty good timing when it comes to Princeton over the last 100 years. (Laughter and applause.)

I want to thank President Shapiro for his distinguished service to higher education in our country. I thank Princeton for its long and noble service to our nation. I also am deeply indebted to Princeton for the contributions it has made to our administration and my presidency.

My Press Secretary, Mike McCurry, sat in these seats in 1976. I'm sure that Princeton had something to do with the fact that he not only thinks, but talks so fast. (Laughter.) The Chair of our National Economic Council, Laura Tyson, was a Princeton Professor then, and Mike McCurry's thesis advisor. And you got back from me Professor Alan Blinder, who was a distinguished member of the Council of Economic Advisors and the Vice Chairman of the Federal Reserve, and a brilliant contributor to our efforts to improve the economy. I want to thank Alan Blinder here among his colleagues and these students for what he has done.

I thank Tony Lake and Bruce Reed and John Hilley and Peter Bass, all members of our staff who graduated from Princeton. Two Princeton graduates who are no longer living -- Vic Raiser and his son, Monty, were great friends of mine. Vic's wife, Molly, is here -- our protocol chief. And if it hadn't been for him I might not be here today, and I want to recognize their contributions to Princeton and Princeton's gifts to them.

I also want to say that one of my youngest staff members is a classmate here -- Jon Orszag. And when the ceremony is over I'd like to have you back at work, please. (Laughter.)

I would like to talk to the senior class today about not only the importance of your education, but the importance of everyone else's education to your future. At every pivotal moment in American history, Princeton, its leadership, its students have played a crucial role. Many of our Founding Fathers were among your first sons. A president of Princeton was the only university president to sign the Declaration of Independence. This hall was occupied by the British since 1776, liberated by Washington's army in 1777, and as the President said, sanctified forever to American history by the deliberations of the Continental Congress in 1783.

In 1896, the last time there was a Class of '96, when Princeton celebrated its 150th anniversary and, as has been said, Grover Cleveland was President, Professor Woodrow Wilson gave his very famous speech, "Princeton in the Nation's Service." I read that speech before I came here today. And I'd like to read just a brief quote from it: "Today we must stand as those who would count their force for the future. Those who made Princeton are dead. Those who shall keep it and better it still live. They are even ourselves." What he said about Princeton 100 years ago applied then to America and applies to America even more today.

At the time of that speech 100 years ago, America was living as it is living today, through a period of enormous change. The Industrial Age brought incredible new opportunities and great new challenges to our people. Princeton, through Wilson and his contemporaries, was at the center of efforts to master these powerful forces of change in a way that would enable all Americans to benefit from them and protect our time-honored values.

Less than three years after he left this campus, Woodrow Wilson became President of the United States. He followed Theodore Roosevelt as the leader of America's response to that time of change. We now know it as the Progressive Era.

Today, on the edge of a new century, all of you -- our Class of '96 -- are living through another time of great change, standing on the threshold of a new Progressive Era. Powerful forces are changing forever our jobs, our neighborhoods, the institutions which shape our lives. For many Americans, this is a time of enormous opportunity. But for others, it's a time of profound insecurity. They wonder whether their old skills and their enduring values will be enough to keep up with the challenges of this new age.

In 1996, like 1896, we really do stand at the dawn of a profoundly new era. I have called it the Age of Possibility because of the revolution in information and technology and market capitalism sweeping the globe -- a world no longer divided by the Cold War. Just consider this: There's more computer power in a Ford Taurus every one of you can buy and drive to the supermarket than there was in Apollo 11 when Neil Armstrong took it to the moon. Nobody who wasn't a high-energy physicist had even heard of the World Wide Web when I became President. And now even my cat, Socks, has his own page. (Laughter.) By the time a child born today is old enough to read, over 100 million people will be on the Internet.

This Age of Possibility means that more Americans than ever before will be able to live out their dreams. Indeed, for all of you in the Class of '96, this Age of Possibility is actually an age of high probability, in large measure because of the excellent education you celebrate today.

But we know that not all Americans see the future that way. We know that about half of our people in this increasingly global economy are working harder and harder without making any more money; that about half of the people who lose their jobs today don't ever find another job doing as well as they were doing in their previous one.

We know that, therefore, our mission today must be to ensure that all of our people have the opportunity to live out their dreams in a nation that remains the world's strongest force for peace and freedom, for prosperity, for our commitment that we can respect our diversity and still find unity.

This is about more than money. Opportunity is what defines this country. For 220 years, the idea of opportunity for all and the freedom to seize it have literally been the defining elements of America. They were always ideals never perfectly realized, but always our history has been a steady march of striving to live up to them.

Having these ideals achievable, imaginable for all is an important part of maintaining our sense of democracy and our ability to forge an American community with such disparate elements of race and religion and ethnicity across so many borders that could so easily divide this country.

And so I say to you, creating opportunity for all, the opportunity that everyone has, that many of you are now exercising, dreaming about your future -- that is what you must do in order to make sure that this Age of Possibility is really that for all Americans.

When I took office, I was concerned about the uncertain steps our country was taking for that future. We'd let our deficit get out of hand, unemployment had exploded, job growth was the slowest since the Great Depression. The country seemed to be coming apart when we needed desperately to be coming together.

I wanted to chart a new course, rooted first in growth and opportunity -- first, to put our economic house in order so that our businesses could prosper and create jobs; second, to tap the full potential of the new global economy; third, to invest in our people so that they would have the capacity to meet the demands of this new age and to improve their own lives.

This strategy is in place, and it is working. The deficit is half of what it was. The government is now the smallest it's been in 30 years. As a percentage of the federal work force, the federal government is the smallest it's been since 1933, before the beginning of the New Deal. We signed over 200 trade agreements. Our exports are at an all-time high. Fifteen million of our hardest-pressed people have gotten tax cuts. Most of the small businesses have as well.

We've invested in research and defense transformations. We've invested in new technologies. And we've invested in environmental protection and sustainable development. And I will say, parenthetically, the great challenge of your age will be to prove that we can bring prosperity and opportunity to people all across the globe without destroying the environment, which is the precondition of our successful existence. And all of you will have to meet that challenge, and I challenge you to do it. (Applause.)

Our economy, while most of the rest of the world was in recession, has produced 8.5 million new jobs, the lowest combined rates of inflation, unemployment and home mortgages in three decades, the lowest deficit as a percentage of our income of any advanced economy in the world, 3.7 million more American homeowners, and record numbers of new small businesses in each of the last three years.

We are doing well, but we must do better if we are going to make the promise of this new age real to all Americans. That means we have to grow faster. How fast can we grow? No one knows the exact answer to that. But if we look at the long-term, if we believe in our people and invest in them and their opportunities, and our people take responsibility, the sky is the limit.

We must look with the greatest skepticism toward those who promise easy and quick solutions. We know that the course that leads to long-term growth is in the minds and spirits and ideas and discipline and effort of people like those of you who graduate here today. We are on the right course; we must accelerate it, not veer from it.

We have to finish the job we started in 1993 and balance the budget -- not only because we want to free you and your children of the legacy of debt, but because that will keep interest rates down, increase savings, expand companies, start new small businesses, help more families buy homes and more parents send their children to college.

We know we have to continue to fight for fair and open trade because we proved now if other markets are as open to our products and services as we are to theirs, we'll do just fine. We know we have to do more to help all Americans deal with the economic changes of the present day in a more positive way by investing in the future and targeting tax cuts to help Americans deal with their own problems and build strong families.

We know we have to continue to invest in the things that a government needs to invest in, including research and development, and technology, and environmental protection. We know that since so many people will have to change jobs more often than in the past, we have to give families the security to know that if they change jobs they can still carry with them access to health care and pensions and education for a lifetime.

But finally and most importantly, if we really want Americans -- all Americans -- to participate in the future that is now at your fingertips, we have got to increase the quality and the level of education not just for the graduates of Princeton and Georgetown and Yale and the state universities of this country, but for all the American people. It is the only way to achieve that goal. (Applause.)

The very fact that we have been here or our forebears have for 250 years is testimony to the elemental truth that education has always been important to individual Americans. And for quite a long time, education has been quite important to our whole country. Fifty years ago when the Class of '46 was here, coming in after World War II the G.I. Bill helped to build a great American middle class and a great American economy. But today, more than ever before in the history of the United States, education is the fault line, the great Continental Divide between those who will prosper and those who will not in the new economy.

If you look at the census data, you can see what happens to hard-working people who have a high school diploma or who drop out of high school and try to keep up in the job market, but fall further and further behind. You can also see that if all Americans have access to education, it is no longer a fault line, it is a sturdy bridge that will lead us all together from the old economy to the new.

Now, we have to work to give every American that kind of opportunity. And we've worked hard to do it -- from increasing preschool opportunities, to improving the public school years, to increasing technology in our schools. And this spring the Vice President and I helped to kick off a Net Day in California where schools and businesses and civic leaders hooked up nearly 50 percent of the schools to the Internet in a single weekend. What I want to see is every schoolroom and every library in every school in America hooked up to the Internet by the end of the year 2000. We can do that. (Applause.)

And I am very proud that I was asked to announce today that a coalition of high-tech companies, parents, teachers and students are launching Net Day New Jersey this week to connect over a thousand schools in New Jersey to the Internet by this time next year. That will make a huge difference in making learning more democratic and information more accessible in this country. I thank them for that. Every single person in New Jersey who will be a part of that. (Applause.)

But we have to face the fact that that is not enough. We have to do more. Just consider the last hundred years. At the turn of the century, the progressives made it the law of the land for every child to be in school. Before then there was no such requirement. After World War II, we said 10 years are not enough, public schools should extend to 12 years. And then, as I said, the G.I. Bill and college loans threw open the doors of college to the sons and daughters of farmers and factory workers. And they have powered our economy ever since.

America knows that higher education is the key to the growth we need to lift our country. And today that is more true than ever. Just listen to these facts. Over half the new jobs created in the last three years have been managerial and professional jobs. The new jobs require higher-level skills. Fifteen years ago the typical worker with a college degree made 38 percent more than a worker with a high school diploma. Today, that figure is 73 percent more. Two years of college means a 20-percent increase in annual earnings. People who finish two years of college earn a quarter of a million dollars more than their high school counterparts over a lifetime.

Now, it is clear that America has the best higher education system in the world, and that it is a key to a successful future in the 21st century. It is also clear that because of cost and other factors, not all Americans have access to higher education.

I want to say today that I believe the clear facts of this time make it imperative that our goal must be nothing less than to make the 13th and 14th years of education as universal to all Americans as the first 12 are today. (Applause.)

We have put in place an unprecedented college opportunity strategy: Student loans can now be given directly to people who need them, with a provision to repay them based on the ability of the graduate to pay -- based on income. This is a dramatic change which is making loans more accessible to young people who did not have them before. Americorps, which by next year will have given over 65,000 young people the chance to earn their way through college by serving their country and their communities. More Pell Grants, scholarships for deserving students every year.

Now we want to go further; we want to expand work-study so that a million students can work their way through college by the year 2000. We want to let people use money from their Individual Retirement accounts to help pay for college. We want every honor student in the top five percent of every high school class in America to get a $1,000 scholarship.

And we also want to do some other things that I believe we must do to make 14 years of education the standard for every American. First, I have asked Congress to pass a $10,000 tax deduction to help families pay for the cost of all education after high school -- $10,000 a year. (Applause.)

Today I announced one more element to complete our college strategy and make those two years of college as universal as four years of high school -- a way to do it, by giving families a tax credit targeted to achieve that goal and making clear that this opportunity requires responsibility to receive it.

We should say to Americans who want to go to college, we will give you a tax credit to pay the cost of tuition at the average community college for your first year, or you can apply the same amount to the first year in a four-year university or college. We will give you the exact same cut for the second year, but only if you earn it by getting a B average the first year. A tax deduction for families to help them pay for education after high school; a tax credit for individuals to guarantee their first year of college and the second year if they earn it.

This is not just for those individuals, this is for America. Your America will be stronger if all Americans have at least two years of higher education. (Applause.)

Think of it: We're not only saying to children from very poor families who think they would never be able to go to college, people who may not have stellar academic records in high school, if you're willing to work hard and take a chance, you can at least go to your local community college and we'll pay for the first year. If you're in your 20s and you're already working, but you can't move ahead on a high school diploma, now you can go back to college. If you're a mother planning to go to work, but you're afraid you don't have the skills to get a good job, you can go to college. If you're 40 and you're worried that you need more education to support your family, now you can go part-time, you can go at night. By all means, go to college and we'll pay the tuition.

I know this will work. When I was the governor of my home state, we created academic challenge scholarships that helped people who had good grades and who had good behavior to go to college. But my proposal today builds mostly on the enormously successful HOPE Scholarships in Georgia, which guaranteed any student in the state of Georgia free college as long as they had a B average. This year those scholarships are helping 80,000 students in the state of Georgia alone -- including 70 percent of the freshmen class at the University of Georgia.

In recognition of Georgia's leadership, I have decided to call this proposal America's HOPE Scholarships. And I want to thank the Governor of Georgia, Zell Miller, who developed this idea. I also would like to recognize him -- he came up here with me today -- and thank him for the contribution that he is now going to make to all of America's future.

Governor Miller, where are you? Would you please stand up? Here he is. Thank you. (Applause.)

Let me say, as all of you know, money doesn't grow on trees in Washington, and we're not financing deficits anymore. I'm proud to say, as a matter of fact, for the last two years our budget has been in surplus, except for the interest necessary to pay the debt run up in the several years before I became President. So we are doing our best to pay for these programs. And this program will be paid for by budgeted savings in the balanced budget plan. We cannot go back to the days of something for nothing or pretend that in order to invest in education we have to sacrifice fiscal responsibility.

Now, this program will do three things. It will open the doors of college opportunity to every American, regardless of their ability to pay. Education at the typical community college will now be free. And the very few states that have tuition above the amount that we can afford to credit, I would challenge those states to close the gap. We're going to take care of most of the states. The rest of them should help us the last little way.

Second, it will offer free tuition and training to every adult willing to work for it. Nobody now needs to be stuck in a dead-end job or in unemployment. And finally, this plan will work because it will go to people who, by definition, are willing to work for it. It's America's most basic bargain. We'll help create opportunity if you'll take responsibility. This is the basic bargain that has made us a great nation.

I know that here at the reunion weekend the Class of '46 has celebrated its 50th reunion. And I want to just mention them one more time. Many members of the Class of '46 fought in the second world war. And they came home and laid down their arms and took up the responsibility of the future with the help of the G.I. Bill. That's when our nation did its part simply by giving them the opportunity to make the most of their own lives. And in doing that, they made America's most golden years.

The ultimate lesson of the Class of 1946 will also apply to the Class of 1996 in the 21st century. Because of the education you have, if America does well, you will do very well. If America is a good country to live in you will be able to build a very good life.

So I ask you never to be satisfied with an age of probability for only the sons and daughters of Princeton. You could go your own way in a society that, after all, seems so often to be coming apart instead of coming together. You will, of course, have the ability to succeed in the global economy, even if you have to secede from those Americans trapped in the old economy. But you should not walk away from our common purpose.

Again I will say this is about far more than economics and money. It is about preserving the quality of our democracy, the integrity of every person standing as an equal citizen before the law, the ability of our country to prove that no matter how diverse we get, we can still come together in shared community values to make each of our lives and our family's lives stronger and richer and better. This is about more than money.

The older I get and the more I become aware that I have more yesterdays than tomorrows, the more I think that in our final hours, which all of us have to face, very rarely will we say, gosh, I wish I'd spent more time at the office, or if only I'd just made a little more money. But we will think about the dreams we lived out, the wonders we knew when we were most fully alive. This is about giving every single, solitary soul in this country the chance to be most fully alive. And if we do that, those of you who have this brilliant education, who have been gifted by God with great minds and strong bodies and hearts, you will do very well and you will be very happy.

In 1914, Woodrow Wilson wrote as President, "The future is clear and bright with the promise of the best things. We are all in the same boat. We shall advance and advance together with a new spirit." I wish you well, and I pray that you will advance, and advance together with a new spirit.

God bless you and God bless America. (Applause.)

END 12:31 P.M. EDT

- Family
- Underwriting
- Scholar - [illegible]

College Tax Cut

Ann O'Leary
01/20/2000 10:33:58 AM

Record Type: Record

To: Thomas L. Freedman/OPD/EOP@EOP

cc:

Subject: Fact Sheet 2: College Opportunity Tax Cut: Providing Tax Incentives to Make Higher Education More Affordable

---------------------- Forwarded by Ann O'Leary/OPD/EOP on 01/20/2000 10:33 AM ---------------------------

Christine L. Anderson
01/20/2000 10:03:00 AM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Fact Sheet 2: College Opportunity Tax Cut: Providing Tax Incentives to Make Higher Education More Affordable

COLLEGE OPPORTUNITY TAX CUT:
PROVIDING TAX INCENTIVES TO MAKE HIGHER EDUCATION MORE AFFORDABL

January 20, 2000

Investing $30 Billion in a College Opportunity Tax Cut. Since 1993 the President has taken numerous steps to make college more affordable and accessible, including direct student loans, Pell Grant increases, and the Hope Scholarship and the Lifetime Learning tax credits producing the biggest expansion in college support since the GI bill. But tuition costs continue to rise and many students and their families are still struggling to make ends meet. That is why today the President will propose the College Opportunity Tax Cut that will, when fully phased in, provide up to $2,800 in tax relief for students or their families. The President's proposal would cost $30 billion over 10 years.

How the College Opportunity Tax Cut Works. The President's proposal would help make college, graduate school, and job training more affordable for millions of families -- including expanding the tax cut and making it available to more families. In general, the proposal would provide up to $2,800 annually in tax relief per family.

- **Providing a Deduction or 28 Percent Tax Credit for Higher Education.** The President's proposal would give families the option of taking a tax deduction or claiming a 28 percent credit for tuition and fees to pay for college and other higher education. The proposal would cover up to $5,000 of educational expenses in 2001 and 2002 and rise to $10,000 of educational expenses from 2003 forward. When fully phased in, this proposal would provide up to $2,800 in tax relief annually to help American families pay for college.
- **The College Opportunity Tax Cut Would Cover College, Graduate Work, or Job Training.** Students or families could use the College Opportunity Tax Cut to help pay for college, graduate work, or courses taken to enhance job skills. There is no limit to the number of years that a taxpayer could take this credit, although when fully phased in it is limited to $10,000 in educational expenses per family per year. A family could choose between the Hope Scholarship or the College Opportunity Tax Cut, but could not take both for the same student.
- **Expanding the Tax Cut to More Families.** The College Opportunity Tax Cut would phase out for individuals with incomes between $50,000 and $60,000 and married filers with incomes between $100,000 and $120,000. This are higher than the income thresholds for any of the education tax cuts currently available.

What the College Opportunity Tax Cut Would Mean for Typical Families

- **A Family Sends a Child to College.** A family sends a child to a four-year college. The tuition costs the family $11,000 after financial aid. The College Opportunity Tax Cut would generally provide a tax break of $2,800 annually to offset the cost of tuition. (This example is based on the fully phased in proposal.)
- **An Automobile Mechanic Takes Night Classes in Computers at a Local Technical College.** She will pay tuition of $1,200. The College Opportunity Tax Cut would generally provide a tax break of $336 to offset the cost of tuition.
- **A Homemaker Joins a Graduate Teacher Training Program.** After being out of college for 20 years, a homemaker enters a graduate teacher training program with tuition of $4,000. The College Opportunity Tax Cut would generally provide a tax break of $1,120 to offset the cost of tuition.
- **A Family Plans for Its Education.** The combination of the existing Hope Scholarship and the proposed College Opportunity Tax Cut provides a powerful way for a family to plan for its education. Each member of a family of four is pursuing higher education. The father is working on a masters degree part-time; the mother, a computer technician, is attending a two-year program at a local community college; the daughter is a senior in high school who eventually hopes to go on to medical school; and the son is a freshman at a small private college and plans to earn a master's degree to become a teacher. Based on typical tuition expenses incurred for these programs, a combination of Hope Scholarships and the new College Opportunity Tax Cut would generally reduce this family's Federal income taxes by $28,000 over the nine years its members attend school, or an average of over $3,000 per year.

The President's New Proposal Builds on His Previous Steps to Make College More Affordable. Since 1993, President Clinton has been dedicated to expanding access to education and training beyond high school. New and expanded programs provide over $50 billion in student aid annually -- compared to $22 billion when he took office.

- **Hope Scholarship and Lifetime Learning Tax Credit.** In 1997, the President signed the Hope Scholarship and Lifetime Learning Tax Credit into law. In 1999, these two measures provided an estimated $3.5 billion in tax relief for 4.8 million families.
- **Hope Scholarship.** The Hope Scholarship is part of the President's goal to make the first two years of college as universal as high school. It provides a tax credit worth up to $1,500 *per student* against educational expenses for the first 2 years of college. (The credit provides a tax break of 100 percent of the first $1,000 of tuition and 50 percent of the next $1,000.) Both the Hope Scholarship and the Lifetime Learning tax credit phase out for individuals with incomes between $40,000 and $50,000 and married filers with incomes between $80,000 and $10,000.
- **Lifetime Learning Tax Credit.** The President's proposed College Opportunity Tax Cut builds on the Lifetime Learning tax credit. Under current law, the Lifetime Learning tax credit provides a 20 percent credit on educational expenses for college, graduate study, or job training. The credit covers up to $5,000 of expenses *per family* through 2002 and then up to $10,000 thereafter.
- **More Affordable Student Loans.** The President's Direct Lending Program and improvements to the student loan program have saved students an estimated $8.7 billion on their loans over the last five years while taxpayers have saved over $5 billion through student loan reform.
- **$8.7 Billion in Savings for Students.** Students who borrowed student loans since 1993 will save $100 annually for each $10,000 in outstanding loans -- and a total of $5 billion -- due to the lower interest rate formula. Also, in 1993, the Administration reduced loan origination fees, saving students nearly $3.7 billion to date. In 1999, in recognition of widespread discounts available on guaranteed student loans, the Administration reduced direct loan fees even further.
- **More Repayment Options.** Since 1993, borrowers have more flexibility in managing their student loan debt. The income-contingent repayment plan allows direct loan borrowers to repay their loans based upon their income; after 25 years, any remaining loan balance is discharged.
- **Creating the Direct Loan Program.** Under the Direct Loan program, students receive loans directly from the Education Department rather than through government-guaranteed lenders. Because the Direct Loan program is substantially less expensive for taxpayers than the guaranteed loan program, taxpayers have saved over $4 billion over the past five years. The program has pioneered the use of new technology, streamlined loan processing and disbursement, and improved customer service in both programs through competition.
- **Strengthening the Guaranteed Loan Program.** Federal subsidies for banks and guaranty agencies have been pared down, saving taxpayers $1.6 billion over the past five years.
- **Reducing Loan Defaults.** The national cohort default rate has been reduced from 22.4 percent seven years ago to a record-low 8.8 percent. At the same time, collections on defaulted loans have more than doubled, from $1 billion in FY1993 to $2.2 billion in FY1998.
- **Expanded Student Aid Opportunities.**
- **Larger Pell Grant Awards For Needy Students**. When President Clinton took office in 1993, the Pell Grant maximum award was $2,300, the same as it was in 1989. The maximum award has

since increased by 43 percent to $3,300 in 2001. The FY 2001 budget proposes increase in the maximum to $3,500, a 52 percent increase over the 1993 level.

- **Early Intervention to Help Low-income Students Prepare for College.** Based on an Administration proposal, the new GEAR UP program funds partnerships between colleges and high-poverty middle schools. It was funded at $200 million in FY2000. The President's FY2001 budget proposes to increase GEAR UP funding by 62.5 percent, bringing the total to $325 million to fund mentoring, tutoring, and college scholarships for an estimated 1.4 million low-income students.
- **College Outreach and Support for Disadvantaged Students.** The Department's TRIO programs helps low-income, first-generation students succeed in college. Since 1993, funding for the program has increased from $388 million to $645 million; it now serves 730,000 students. The President's FY2001 budget proposes to expand TRIO by $80 million, to serve an additional 37,000 students.
- **More Work-study Opportunities.** Spending for Federal Work-Study increased by 41 percent from 1993 to 2000. The President has requested a $77 million increase in FY2001 to continue to allow one million students to work their way through college.
- **AmeriCorps education awards.** Since 1994, over 150,000 AmeriCorps volunteers have earned up to $4,725 for college while serving local communities.
- **Enrollment Rates Have Risen Under President Clinton.** The percentage of students who completed high school and went directly to college rose from 61.9 percent in 1992 to 67.0 percent in 1997 -- an 8 percent increase in the enrollment rate.Proportionately, enrollment rates increased even more for African Americans and Hispanics over this period. For African Americans, enrollment rates increased from 48.2 percent to 58.5 percent -- a 21 percent increase. Over this period Hispanics enrollment rates increased from 55.0 percent to 65.6 percent -- a 19 percent increase.

[Source: U.S. Department of Education, *The Condition of Education 1999*]

Message Sent To:____

Ann O'Leary
01/20/2000 10:34:10 AM

Record Type: Record

To: Thomas L. Freedman/OPD/EOP@EOP

cc:

Subject: Fact Sheet: A New Opportunity Agenda for Higher Education: Making Critical Investments in Education and Training

---------------------- Forwarded by Ann O'Leary/OPD/EOP on 01/20/2000 10:34 AM ---------------------------

Christine L. Anderson
01/20/2000 10:02:30 AM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Fact Sheet: A New Opportunity Agenda for Higher Education: Making Critical Investments in Education and Training

A New Opportunity Agenda for Higher Education: Making Critical Investments in Education and Training

January 20, 2000

Today, the President will announce that his FY2001 budget will include new critical investments in higher education, training, and youth opportunities as part of his New Opportunity Agenda. These initiatives include:

I. A $30 Billion College Opportunity Tax Cut to provide Tax Relief for Millions of Families Struggling to College More Affordable.

II. Nearly $1 Billion for College Completion Challenge Grants, Pell Grants, and Other Initiatives to Help Afford and Be Able to Stay in School.

III. Over $400 Million in Increases in Initiatives to Keep Young People on the Track to Success.

I. COLLEGE OPPORTUNITY TAX CUT TO MAKE COLLEGE MORE AFFORDABLE FOR MORE AMERICANS

- The President will propose a College Opportunity Tax Cut costing $30 billion over 10 years to provide tax relief for millions of families struggling to make college more affordable. When fully phased in, the President's proposal would give families the option to claim a tax deduction or a tax credit on up to $10,000 of tuition and fees for any post-secondary education including college, graduate study, or training courses. In general, the proposal would provide up to $2,800 annually in tax relief per family. In order to expand this tax cut to more families, the College Opportunity Tax Cut would phase out for married filers with incomes between $100,000 and $120,000. The College Opportunity Tax Cut builds on the Lifetime Learning tax credit that the President signed into law in 1997. In addition, the President's FY2001 budget contains other education tax incentives that were originally proposed in the FY2000 budget, including $1 billion over 10 years to provide tax-free treatment for employer-provided graduate education and increased deductibility of student loan interest.

II. NEARLY $1 BILLION IN INCREASES TO PELL GRANTS, SEOG, WORK STUDY, AND THE NEW COLLEGE COMPLETION AND DUAL DEGREE INITIATIVES:

- **College Completion Challenge Grants.** The FY2001 budget creates a new initiative within the TRIO program called College Completion Challenge Grants (CCCG). Although college enrollment rates have risen, 37 percent of students that go on to post-secondary school drop out before they get a certificate or a degree [Source: U.S. Department of Education, *The Condition of Education: 1999*]. The problem is especially acute for minorities: 29 percent of African Americans and 31 percent of Hispanics drop out of college after less than one year, compared to 18 percent of whites. The CCCG program is designed to address this problem with a comprehensive approach including pre-freshman summer programs, support services and increased grant aid to students. This $35 million initiative will improve the chances of success for nearly 18,000 students.

- **Dual Degree Programs for Minority-Serving Institutions.** The FY 2001 budget proposes a new program to increase opportunities for students at minority-serving institutions that offer four-year degrees. Students would receive two degrees within five years: one from a minority-serving institution, and one from a partner institution in a field in which minorities are underrepresented. This new $40 million program will serve an estimated 3,000 students.

- **Pell Grants.** The Pell Grant program provides grants to economically disadvantaged young people to help pay the cost of a postsecondary education. The maximum Pell Grant in FY2000 is $3,300. The President's FY2001 budget increases the maximum to $3,500, more than 50 percent larger than the maximum grant in 1993, to make a college education more affordable for the nearly 4 million Pell Grant recipients. Funding for the Pell Grant program is increased by over $716 million, bringing the total Pell Grant appropriation to $8.356 billion.

- **SEOG.** SEOG, the Federal Supplemental Educational Opportunity Grant program, provides campus-based grant assistance to needy undergraduate students. Generally, this program supplements the aid students receive from other sources, and leverages institutional aid by at least one dollar for every three federal dollars. The FY2001 budget provides $691 million for SEOG, a $60 million increase, the largest increase in 10 years. An estimated 1.2 million students (over 60,000 more than in 2000) will receive awards in 2001.

- **Work Study.** Work Study provides students the opportunity to work their way through college. The FY 2000 budget achieved the goal of giving one million students the opportunity to participate in Work Study. The FY2001 budget includes $1.011 billion for Work Study, an increase of $77 million to continue this commitment to serve one million students.

III. OVER $400 MILLION IN INCREASES TO KEEP YOUNG PEOPLE ON THE TRACK TO SUCCESS

- **GEAR UP.** GEAR UP is a nationwide initiative to encourage more disadvantaged young people to have high expectations, stay in school, study hard, and take the right courses to go to and succeed in college. GEAR UP is funded at $200 million in FY 2000, enough to provide services to over 750,000 students. The FY 2001 budget provides a 62.5% increase to $325 million, enough to provide services to 1.4 million students.

- **TRIO.** The TRIO programs seek to motivate and prepare students to go to and stay in college. The FY 2001 budget provides $725 million for TRIO, an increase of $80 million to help provide assistance to over 760,000 students, 37,000 more than in 2000.

- **Youth Opportunity Grants and Youth Training Formula Grants.** Youth Opportunity Grants are an initiative to provide comprehensive employment and training assistance to all out-of-school young people in high poverty areas. The program was passed as part of the bipartisan Workforce Investment Act and is a critical component of the New Markets Initiative. Funded at $250 million in FY 2000, this program would serve up to 50,000 of the most disadvantaged young people in central cities and rural communities across America. The President's FY2001 budget provides a 50 percent increase in funding to $375 million, enough to serve an additional 25,000 youth in high poverty areas. In addition, the FY2001 budget provides a $25 million increase (from $1.001 billion to $1.022), to the Youth Training Formula Grants, enough to provide job training and summer job opportunities to nearly 600,000 disadvantaged young people.

- **Youthbuild.** The Youthbuild program, is targeted to 16-24 year old high school dropouts, and provides disadvantaged young adults with education and employment skills through rehabilitating and building housing for low-income and homeless people. The program also helps to expand the supply of housing in these categories. Funded at $42.5 million, the Youthbuild programs will provides opportunities for approximately 2,000 trainees in 2000. The FY2001 increases funding by 76% to $75 million, enough to serve approximately 3,330 trainees.

- **Job Corps.** Job Corps is the nation's largest and most comprehensive residential education and job training program targeted at impoverished young people. The FY2001 budget increases Job Corps funding by $33 million, bringing the total Job Corps budget to $1.392 billion.

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