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Timetable

State Notification of Intent to Apply

February 3, 1992

Application Deadline

March 23, 1992

Commission on National and Community Service

Main Programs

- Subtitle B, Part I: Serve-America
- Subtitle B, Part II: Higher Education Innovative Projects
- Subtitle C: American Conservation and Youth Corps
- Subtitle D: National and Community Service

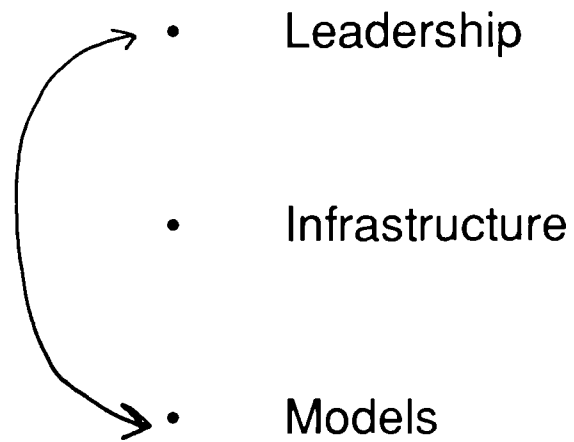
Purposes of the Act

1. To renew the ethic of civic responsibility in the United States;
2. To encourage citizens, regardless of age, income or ability, to engage in full-time or part-time service to the nation;
3. To involve youth in programs that will benefit the nation and improve their own lives;
4. To enable young adults to make a sustained commitment to service by removing barriers created by high education costs, loan indebtedness and the cost of housing;
5. To build on the network of existing federal, state, and local programs and agencies to expand full-time and part-time service opportunities for all citizens, particularly youth and older Americans;
6. To involve participants in activities that would not otherwise be performed by paid workers;
7. To generate additional volunteer service hours to help meet human, educational, environmental and public safety needs, particularly those relating to poverty.

Additional Purposes Stated in the Regulations
and
Implicit in the Act

1. To encourage institutions to volunteer their resources and energies and encourage service among their members, employees, and affiliates;
2. To identify successful and promising community service initiatives and disseminate information about them; and
3. To discover and encourage new leaders, especially youth, and to develop individuals and institutions that demonstrate that a successful life includes serving others.

Strategies



Four Key Elements

I. Quality

- **Of the Program**
- **Of Leadership and Management**

II. Innovation

III. Replicability

IV. Sustainability

Categories of Programs

- Leader Programs
- Capacity-building Programs
- Developmental Programs

Eligibility

Serve-America	States notify Commission by February 3 75% must be used for grants to local applicants Local applicants may apply if their state does not
Higher Education	States and Indian Tribes may only apply in consortium with institutions of Higher Education
Corps	States notify Commission by February 3 States must use a reasonable portion of funds for local corps support Local applicants may apply if their state does not
National Service	States and Indian tribes may apply directly to the Commission Local applicants are not eligible



Terms of Grants

All grants will be one-year grants

**States, Indian Tribes and Higher Education may submit a
two to three year plan**

Definitions

- Participants
- Non-Participant Volunteers
- ~~• Placement~~
- ~~• Sponsoring Organization~~
- ~~• Program Agency~~
- ~~• Population to Benefit~~

State Application Requirements

- State Lead Agency
- Serve-America must be developed by the State Educational Agency
- Comprehensive State Plan or a "Plan to Plan"
- Recommended Advisory Board

Types of Applications

State Application

Serve-America for Applicants Other Than States

Higher Education for Applicants Other Than States

**American Conservation and Youth Service Corps for Applicants
Other Than States**

Indian Tribes



Items Included in Applications

- 1. Comprehensive State Plan (States Only)**
- 2. Budget Forms**
- 3. Program Narrative**
- 4. Cover Sheet (States Only)**
- 5. Title Page for Each Program**
- 6. Signed Certifications**

Common Narrative Items

- **Expected Impact**
- **Program Design**
- **Evaluation**

Serve-America Definitions

- Service-Learning
- Adult Volunteer
- Partnership Program
- Local Educational Agency
- Out-of-School Youth

Activities Funded Under Serve-America

1. Planning and Building State Capacity (States and Indian Tribes Only);
2. Implementation, Operation or Expansion of School-Based Service-Learning Programs;
3. Implementation, Operation or Expansion of Community Service Programs for School Dropouts, Out-of-School Youth, and Other Youth;
4. Implementation, Operation or Expansion of Programs Involving Adult Volunteers in Schools, or Partnerships of Schools and Public or Private Organizations, to Improve the Education of At-Risk Students, School Dropouts, and Out-of-School Youth.

State Allocation of Funding

1. Up to 10 % for Planning;
2. Not less than 60% for School-Based Programs;
3. Not less than 15% for Community-Based Programs;
4. Not more than 10% for Adult Volunteer and Partnership Programs; and
5. Not more than 5% for Administration.

Criteria for Substate Grants

Priority Should be Given to Programs that:

1. Involve participants in the design and operation of the program;
2. Are in the greatest need of assistance, such as programs targeting low-income areas;
3. Involve students from both public and private elementary and secondary schools or individuals of different ages, races, sexes, ethnic groups, abilities and disabilities, and economic backgrounds serving together;
4. Are integrated into the academic program;
5. Involve a focus on substance abuse prevention or school drop-out prevention;
6. Best represent the potential of service-learning, including exploring the root causes of community problems;
7. Develop the leadership skills and qualities of participants; and
8. Demonstrate the ability to achieve the goals of the Act because of the program's quality, innovation, replicability and sustainability.

For adult volunteer and partnership programs, states should give priority to programs that:

1. Involve older Americans or parents as adult volunteers;
2. Involve a partnership between an educational institution and a private business in the community;
3. Include a focus on substance abuse prevention, school drop-out prevention, or nutrition;
4. Will improve basic skills and reduce illiteracy; and
5. Demonstrate the ability to achieve the goals of the Act because of the program's quality, innovation, replicability and sustainability.

Planning Grants--Uses of Funds

1. Pre-service and In-service Training
2. Developing Service-Learning Curricula
3. Forming Local Partnerships
4. Research and Evaluation
5. Outreach and Dissemination
6. Integration of Service-Learning into Academic Curricula

Authorized Uses of Funds

Authorized:

- Supervision of Participating Students
- Teacher Stipends
- Administration (<5%)
- Training
- Transportation
- Insurance
- Evaluation

Not Authorized:

- Stipends to Participants

Federal Share of Funds

<u>Year</u>	<u>Federal Share</u>	<u>Match</u>
Year One	90%	10%
Year Two	80%	20%
Year Three	70%	30%

people have other ideas on how we might publicize it that they should let Catherine know. All we've done so far with the short time period and lack of staff was to send out a mailing list of about 250 organizations and about 80 publications, where we sent a press release but we didn't pay for advertising. We did pay for an ad in the Chronicle of Philanthropy, and I believe we probably could budget some more money for that.

I guess the second thing I wanted to mention is would it be appropriate for the Search Committee to pass on the resumes of individuals who weren't qualified for the Executive Director position to be considered for other positions?

MS. BLACK: We did that.

MS. KING: Can I hold some interest in the push for affirmative action for other staff positions that we may hire on a temporary basis right now?

DISCUSSION OF COMMISSION GOALS

MR. McCLOSKEY: All right. Well, if there is no other business, we'll proceed to what we agreed on September 25th should be our first order of business, which is to go around the 21 members of the Commission and give everyone an

opportunity, after having read this complex Act and assumed this responsibility and duty, to give their own views as to the goals, the priorities of the Commission.

This is in particular with respect to allowing the audience to listen to this discussion and to fill in the gaps of anything you think we're missing as Commissioners in trying to proceed with this enormous challenge and obligation that's been accepted by us.

I'm going to go around the table to my left, leaving Shirley for last who drew the statute. We've learned to love her for that--sometimes.

Alan Khazei, would you lead off?

MR. KHAZEI: Surely. Thanks, Pete. I first of all want to again thank the Commission for your confidence in selecting me as a Vice Chair. I'm incredibly excited about this opportunity, and thank the President and the Senate for the confirmation. I think that we have a tremendous responsibility and opportunity to push the agenda of service in our society.

I want to also thank all the members of the public who are taking your Sunday afternoon to join us. In particular, I acknowledge Don Ebberly and Don Mathis and Bob

Choate and Frank Slobig, who just came in, Gretchen Pagel-- people who have done a lot of work to get us to this point.

I'm particularly excited to see the CVs here from the City Volunteer Corps. The City Volunteer Corps was a real inspiration for the program that I worked on called City Year, and these young people--I imagine your CVs are staff. I know some of you have these markers on your epaulets, with the stripes. You are what we're all about, because you are actually serving your community and your country through the City Volunteer Corps, and I'm excited that you're taking the time to be here.

I think that there is no greater idea, issue, proposal to fundamentally change our country than the idea of national service. I believe that because I think it would be a structural change. And what I mean by that is that I think that we need an institutionalized way to encourage people to become citizens.

I think what America needs more than anything else is a renewed ethic of citizenship, and if you notice that is the sort of first charge to us as a Committee, to renew the ethic of civic responsibility in the United States, and I think if you look at our society, all of the problems that we

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have come back to a lack of citizenship, a lack of even understanding of what real citizenship is and what it's all about.

I think that's our primary charge, as to how do we use the idea of service and use the platform of this Commission and the funds, et cetera, to renew that ethic of citizenship?

I think it's structural. I got into the work that I do with City Year, which is sort of a demonstration national service program that calls young people much like the CVs from New York to do full-time community service because both of a sense of optimism and a sense of frustration.

I think if you look around at our society today, you see on the one hand the richest society in the history of the world, the society with the greatest opportunity, with the greatest natural resources, with the greatest diversity of peoples. My own father was an immigrant from Iran and he came here because of the opportunity here. But on the other hand, you also see some of the greatest poverty, some of the greatest need, some of the greatest want.

In my own home city of Boston, there are 3500

homeless people who don't have a place to go every night. I know that because City Year volunteers help count the homeless people every year to allocate services. There is an infant mortality rate in the city of Boston, and in parts of the city of Boston it's higher than in many developing countries. There's a school drop-out rate of 40 percent. There are many senior citizens that are neglected. There's a growing gang and drug problem, and the list goes on and on. We're all familiar with it.

Why is that so? This dichotomy between sort of our nation's wealth and resources and opportunity and needs is what got me into the work that I'm doing and why I think this is so important. I think--and it's a struggle. It's not because of a lack of resources. I think it's because of a lack of will, as Martin Luther King said.

I think it comes down to three structural problems. First, it comes down to a lack of exposure. I think there are few opportunities, or not enough opportunities for us to get direct experience in meeting our common needs. We read about it in the papers, we see it on TV, and in some ways we get immune to it.

I think secondly it comes down to a lack of a

feeling that one person can make a difference, especially amongst younger people. I think this is an outgrowth of maybe this burnout of the '60s and the '70s, and it's turning around with the community service movement, but I think it's still there.

And I think third, the third structural problem is this sort of feeling that they should do something about this. You know, we're always saying, well they should do something about the environment, or they should do something about the school problems, or they should do something about the drug problem--well, who's they? Well, they is the big government or big business or labor or whomever. Well in the end, they is us.

And I think the third problem is that we don't have enough opportunities to come together as a community--really come together as a community and bring the unique diversity that is America together.

And that's where I think national service and community service is so important, because I think it's the one answer that gets at these structural problems--what I think are the structural problems. That's why I think the role of this Commission's so important.

National service, community service gives young people a chance, first of all, to get exposed. It gives them a chance to find out that they can make a difference. I've been fortunate enough to see it with young people I work with.

These guys can tell you better than I can what it's like to get out there when you're 17 or 18 and start an after school program or care for a senior citizen or help feed a hungry person or a homeless person. You can make a difference, even when you're 17 or 18 or 19, and there are kids, you know, in the JFK Library Corps who are in the first grade who are doing service work, also in Boston, and in programs around the country.

And finally, I think that national service can help bring us together as a community. It's the one thing we can all come together on. We all have a stake in building our community for the common good. That's why I think this is such an important idea and why I think the role of this Commission is so important.

I think we have to set our sights high. I think that national service--I think the time is right for it. I think the world in the past three years, or even the past

year, has completely changed. I think we now have an opportunity because of some of the end of Communism. We are now free to sort of devote our energies to what we're for as opposed to what we're against, and I think we should be for community service, especially investing in our young people and in all of us here at home.

So I think our goal as a Commission, I think our primary goal, should be to help to develop what I would say, borrowing from Charlie Mosky's terms, a comprehensive system of national service, by the end of the decade--I'd even like to be as bold as that--and set that as our sights, to help push that so by the year 2000 we have a comprehensive system of national service.

What I mean by that is a system such that every single young person in America is challenged and given the opportunity to serve, starting right when they're very young, from first grade up, in a whole variety of different options as are already out there now in school-based programs, in full-time programs, in college programs, et cetera, so that we can build that ethic.

I think it has to start young because what I've seen with people that I work with is that if you do it, you

continue to do it, and people will keep doing it for the rest of their lives.

I think that should be our goal. I think that to accomplish that goal we have to do a couple of things. I think we have to see ourselves as a catalyst. This Commission is not going to bring that about. Everybody in the country is going to help bring that about, but we have a unique role because of where we come from, because of how we were established. We are a bipartisan, or almost hopefully above politics. I hope we'll stay above politics. We have a unique vantage point. We can be a catalyst to help push that agenda, an agenda that some people in this room have been pushing for a long time.

I think we have to see ourselves as being very strategic. What I don't see happening yet and I think this Commission can do is one group with access to resources like we will have, of being that strategic focus that's sort of trying to bring everything together and say okay, we have now a system with 50 to 60 full-time youth corps with over 600 colleges in pool, over--I don't know, Frank Slobig can say better than I can--how many high school and school-based programs there are.

But how do we go from where we are now, with the sort of grassroots effort, to what I would like to see, comprehensive community service, by the year 2000? We have to be strategic about it, I think, if we're going to get there, and at the same time not squash what's out there and really build off it. So I think we have to be very strategic.

I think we have to see ourselves in some ways as a venture capital firm. I think it's as close an analogy that I can think of in terms of business, and I think--we're a unique new Federal agency. We talked about that at our first meeting. We're kind of different. This Board governs this group. I think we should think of ourselves in creative ways and be a unique government institution and try to make strategic investments in programs that work and try to replicate them and encourage experimentation for new ideas and demonstration programs.

I think also that we have a unique opportunity for this Commission to be a bully pulpit. I think of what Everett Koop did as a Surgeon General, and I know that before Everett Koop, nobody really knew what the Surgeon General was or what they did, and he used that position--more than just sort of the authority, but just sort of the bully pulpit to

bring attention to AIDS and other critical public health issues. And I think we have a chance because of who we represent and where we come from to use this bully pulpit to really push this idea of service.

So those are some of my thoughts, and I think we should work on them as a group.

MR. McCLOSKEY: I like your thoughts. We stay out of politics, but of course it was Teddy Roosevelt, a Republican, who once used that term bully pulpit, wasn't it?

MR. KHAZEI: Yes it was. Yes it was.

[Laughter.]

MR. McCLOSKEY: Thank you, Alan.

MR. KHAZEI: Thank you.

MR. McCLOSKEY: Governor Romney?

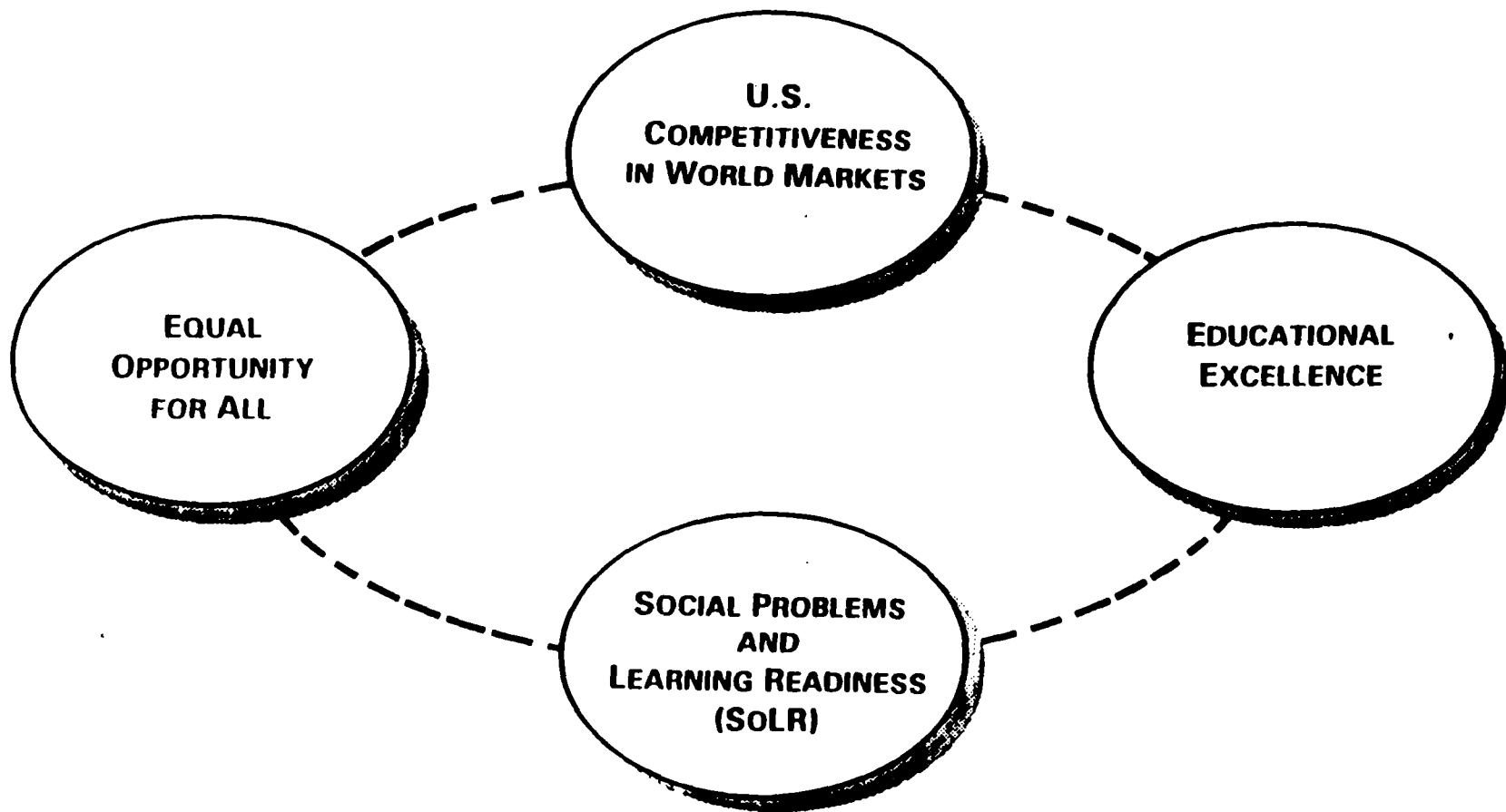
MR. ROMNEY: Well, you know my appreciation of the importance of what we are engaged in has grown with the years, and as a matter of fact just a few weeks ago I was down at Disney World and they quoted John Steinbeck at the American adventure exhibit as saying that no great nation has survived plenty, comfort, and leisure and remained great.

I think we're confronted with doing what no other nation's ever done, because we're confronted with the

THE SoLR CIRCLE

(PRONOUNCED SOLAR)

Four Interrelated Challenges Facing the Nation



The Inseparably linked SoLR Circle
STARTS HERE

more info on SoLR
See Planning Statement

The problem is that the United States is losing the strength required to remain the "last best hope of earth" both by example and power. It is losing it because its global competitiveness economically is declining, especially in manufacturing.

How serious is this domestically? Yankelovich writes: "Our faltering competitiveness is undermining the foundation of America's social stability: the ability of the society to offer genuine equality of opportunity through the mechanism of economic growth. The success of the traditional American strategy--advancing equality of opportunity--depends on broad-based growth in manufacturing as well as services.If the American dream becomes a mockery for tens of millions of vigorous young Americans, not just inner city minorities, the nation can expect rising levels of violence, crime, drug addiction, rioting, sabotage, and social instability. The stakes for addressing the nation's competitive flaws are broader than economics. They go to the heart of America's viability as a democratic society."

There are many causes for the nation's weakening competitiveness but the public, experts and business leaders support the judgement that a major one is public education's failure to educate. Business leaders are providing leadership and money to improve education. The President is giving it his active leadership and educators are asking for help.

However, to avoid failure to recognize a cause we must remember that education could be both a symptom and a cause. In fact, it is both.

The President's education strategy is to ask both business and government to supply hundreds of millions of dollars to build model schools. This should be of some help but it will not accomplish what needs to be done to make necessary improvements in education. For the President's education strategy to succeed his Points of Light strategy must also succeed. They are intertwined.

Business leadership generally has recognized the inter-relationship between competitiveness and education but has not yet recognized the inter-relationship between education and POLF's mission. There is a helpful exception and that is the Minnesota Business Partnership. In their last report they conclude that "Education--as currently viewed--is really the sum of two elements: the academic program and the learning readiness requirements for that program. Instead of one crisis, the larger educational system is suffering from crises on two fronts. To meet society's demands for improved educational achievement, our children must surmount a myriad of social and family problems. Teachers are finding themselves performing nontraditional and unfamiliar tasks formerly performed by the family. The schools are not equipped to respond to both priorities at the same time.

Students are increasingly in need of social services and programs to attain learning readiness. Knowledge cannot be injected into students. Children cannot learn until and unless they are ready to learn."

For learning readiness social problems must first be surmounted and surmounting the nation's vitally serious social problems is the mission of the Points of Light Foundation.

While Yankelovich accurately states the importance of competitiveness to social stability and viability of democracy and the Renier Minnesota Study accurately states the necessity of surmounting social problems to achieve learning readiness on which successful education depends, neither proposes fully effective "how-to" strategies.

Renier only says "employers should enlist employee volunteers to assist in school readiness programs but he doesn't tell how." Yankelovich does stress the need for public judgement but not as it relates to learning readiness on which successful education depends. However, both stress the magnitude of action that is needed. Yankelovich says, "The global competitive battle is a matter of what the entire society does - government, managers, employees, unions, educational institutions, consumers, and tax payers." Renier says, "To get education back on track, our whole society sooner or later must participate. This includes families, governments, social agencies, businesses and schools. All segments of society must cooperate."

The Points of Light Foundation is the only national organization that can mobilize "all segments of society" in communities across the nation to fight the social problems that are crippling education and undermining our competitiveness.*

A handwritten signature in cursive script, appearing to read "George Renier". The signature is written in dark ink on a white background.

greatest prosperity and also, in my opinion, the most serious social problems that any nation's ever experienced.

I think we should not underestimate the magnitude of the problem we're dealing with, and I don't think we should overestimate our part in it, because I think we have a distinct role to play, but I don't think we're going to be the whole thing. As a matter of fact, I think we can only be a segment.

I think we're going to have to make plans and priorities that will arrange that and establish relationships with other organizations that will need to be a part in dealing with the overall problem.

I put together a succinct statement that I'd like Catherine to pass around. On the front, you'll see the SoLR Circle. The SoLR Circle starts with learning readiness to help the educators to deal with the social problems that affect learning readiness, and that's necessary to get educational excellence, and that relates to competitiveness, and that relates to equal opportunity.

Let me just read a few sentences from the accompanying paper. Yankelovich writes, our faltering competitiveness is undermining the foundation of America's

social stability. The success of the traditional American strategy--advancing equality of opportunity--depends on broad-based growth in manufacturing as well as services if the American dream is not to become a mockery. The nation can expect rising levels of crime and drug addiction and rioting and sabotage and social instability if we don't deal with this. And the stakes go beyond the question of our being a viable democratic society.

Now the business leadership in this country has concluded that education is vital to our future competitiveness and most experts agree with that. The President has an education strategy. He's asking business to put up a lot of money to help carry that out.

A group in Minnesota who's been studying education as it relates to our society has pointed out, "Education--as currently viewed--is really the sum of two elements: The academic program and the learning readiness... Instead of one crisis, the larger educational system is suffering from crises on two fronts." Our children must surmount a myriad of social and family problems to be ready to learn. The schools are not equipped to respond to both priorities at the same time. Children cannot learn until and unless they are

ready to learn.

Then in both the case of Yankelovich and this Minnesota study, they say that both the stress and magnitude of action is needed of a major character. The global competitive battle is a matter of what the entire society does--government, managers, employees, unions, educational institutions, consumers, and taxpayers. To get education back on track, all segments of community must cooperate.

I think we have to recognize that we have a distinct role to play and that we need to play it in relationship to other organizations and we must involve people generally through the country if we're going to attack these fundamental problems that'll determine the success of our program as well as our ability to deal with what the country's really faced with.

So I urge our giving careful consideration to finding our distinctive role, defining the plans and priorities that are most important in carrying out that distinctive role and maintaining the support we need from Congress, and then making sure that we do that in collaboration with other organizations, because as the President has said, giving and expecting nothing in return is

what makes us citizens. And I want to emphasize again, giving and expecting nothing in return is what makes us citizens. Number two, he says when we volunteer, we confirm our citizenship.

So I think we need to recognize that what we're dealing with is a segment and not the whole, and we need to be sure that we help to mobilize the whole rather than just a segment.

[The information on the SoLR Circle from Mr. Romney follows:]

MR. McCLOSKEY: Jack MacAllister? Thank you, Governor.

MR. ROMNEY: Thank you.

MR. MacALLISTER: Thank you. In looking at this problem, I think that we all recognize that there are many, many more problems that command our attention than there happens to be money available to work on them.

Therefore, I think with the limited amount of money that we have at our disposal that we should follow the Federal share formula in this Act very closely and make very few exceptions to the sharing idea, and thus leverage taxpayer-provided Commission funds to the absolute maximum.

We should focus our initiatives on private-State efforts already underway in the beginning, ideas that are proven to work. We can thus get a big initial bang out of our investment by growing and enhancing and rewarding existing, successful programs.

We should look for non-monetary ways to recognize and reward creative, involved people. Somebody at the first meeting said, what if we had no money? We should perhaps act in a way as though we had no money and find creative ways to recognize the people that are already in the trenches doing

good work.

I think we should be very wary of proposed outcomes and elaborate plans and focus on the committed who have already taken the risk, invested their time and their money and their talent to make things happen.

We should look for organizations that have similar objectives who have decided to come together and work together to enhance their end opportunity.

We should look to reward those who cut planning costs and administrative costs by copying a good idea, to pick up on somebody else who has done something well and to proceed to make it happen without trying to reinvent the wheel.

I think we should work to simplify the application process and the reporting process so as to encourage participation and reduce overhead for all.

Finally, promoting community service should be done as a necessary and desirable requirement of citizenship, and it should be as noble to serve in one's own backyard as it is to serve in foreign countries.

MR. McCLOSKEY: Thank you. Wayne Meisel? I don't mean to bypass. I'd like the people representing one of the

Secretaries to introduce themselves.

REPRESENTATIVE OF THE SECRETARY OF HEALTH AND HUMAN SERVICES: I'm Bill Bennett, from the personal staff of Secretary Sullivan, and I extend his apologies for not being here today. He fully intended to participate in this meeting. He hopes to participate in all future meetings.

I can only say that from the perspective of our Department, Health and Human Services, it is a very comprehensive Department with responsibilities for individuals before birth, and if you look at survivors insurance, it goes until after death.

So we see ourselves in the Department of Health and Human Services as being a very key player and wanting to play a very important role in this entire Commission.

MR. McCLOSKEY: I can tell you that we're going to need your help, and Ms. Milton is going to need your help--

MS. MILTON: That's right, I want your card.

MR. McCLOSKEY: --in the next several months. Tim? Tim Glidden.

REPRESENTATIVE OF THE SECRETARY OF THE INTERIOR:
I'm Tim Glidden, Counsel to Secretary Lujan at the Department of the Interior, and we will be honored to work with Catherine

and the rest of the staff in the months ahead.

REPRESENTATIVE OF THE SECRETARY OF EDUCATION: I'm Mary Whitten Neal. I represent Secretary Alexander for the Department of Education, and needless to say, we have a crisis in education. So not only do we need the help in the schools, but I think the schools offer all their students who have so much to give that we may not have tapped as well and in the community-wide efforts to get those kids ready for school and keep them out of trouble and into good things.

MR. McCLOSKEY: I'm going to have to say at this point, before Wayne speaks, that I'm going to ask our transcriber to keep a verbatim transcript along with the minutes which we will digest--but a verbatim transcript of this meeting, because in all of our evaluation goals, I want us to evaluate ourselves a year hence as to which of these lofty sentiments we have met in the next year.

[Laughter.]

MR. McCLOSKEY: Wayne Meisel?

MR. MEISEL: Thank you, Mr. Chairman. Actually, since our last meeting, I spent most of my time on the road between Athens and Rome--Rome, Georgia, that is, and Athens, West Virginia. Actually, I even went by the Road to Damascus.

[Laughter.]

MR. MEISEL: What I've been doing is visiting 12 different colleges that are involved in the Bonnas Scholars Program, a program which I head up which will, over the next few years, support 2,000 students a year, low-income students, so that they might be involved in ten hours a week during the school year and seven-week internships over the summer.

As a preacher's kid, I'm no stranger to mandatory community service. On any given day, I'd come home from elementary school and my mother would assign me to either go visit old man Mr. Duggal and work on my stamp collection--and she'd always make me wear the tweed jacket that he bought me--or I'd go over down the street to Danny's house, who was a mentally handicapped kid, and play with him, or some missionary's family just moved into town and I was always sent over to play with some kid from Portugal or Korea who had just shown up that was my age.

It was during my college years that I learned that young people do care and are committed and are involved in community issues. Instead, what I found, rather than a sense of apathy, what I found was kind of a structural apathy that existed on campuses. There wasn't the leadership. There

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wasn't the structure nor the challenge to get young people involved.

Instead, what you found was an uninspired and unsupported group of young people that lacked a sense of confidence and was overwhelmed by the felling of what I've come to term an anxious paralysis which has kept them from getting involved.

After spending another year working at school and with my colleague and good friend Al Casey in a Jefferson Park neighborhood in Cambridge, Massachusetts--I majored in government, and I made a near fatal mistake. I went to Washington, D.C., believing that somehow this idea was something that we could have an impact in, and I wanted to find a place where I could champion that idea.

Someone told me that I should focus on this concept that I had not heard about really called national service. Well, for the next six months, I struggled trying to figure out what that meant and actually to be involved in some of the legislation that was being proposed.

And at the end of six months, not only did I not understand what people were talking about when they're talking national service and how it related to my involvement

in campus programming, but I became incredibly frustrated by the fact that the bill being presented could not get out of the committee and seemed to be going nowhere.

With that kind of frustration, disappointment, and despair, I was kind of at my end's rope, and I don't remember if it was something I ate or a bad dream or somebody put me up to it, but I ended up doing a walk from Maine to Washington, D.C., to visit about 65 different college campuses, again, if nothing else, to say to the American public, to say to my parents, to say to my grandchildren that one person cared, that one young person in this country was willing enough--they could question my sanity, but they could not question my commitment.

I left Washington six or seven years ago to do that walk. Last year, with the help of the Congress and the signing by the President, the first major national youth service legislation was passed. When that happened, I learned something about government and I learned something that they didn't teach me in my government classes. I learned that movements are not born in Washington, D.C. Instead, by the time they get there, they have in fact already happened.

If you look around to give the credit to the people--some of the people who sit out here, the folks who have brought this movement to bear.

I think what's critical, and I've heard it said by my fellow commissioners, is that what's critical here is that we begin to try to have a broad sense of what national service is all about. We've talked about this for so long--and for 50, 60 years this notion of national service has been on the forefront of American discussion.

But we've really looked at it, I believe, as an intellectual exercise rather than a thoughtful, creative policy or program which we are smart about and worked to implement. We like to talk about should it be mandatory or volunteer, should it be stipend or non-stipend, should it be tied to the military or what. Whatever the opposite of strange bedfellows is, this policy, this issue has come up against.

Therefore, as a result, I believe we've had a failed and a confused policy regarding national service, and the reason that is is because we have failed to even understand and therefore articulate to ourselves, to the policy makers, to the American public, to parents, to young

people indeed what national service is.

First and foremost, national service is a spirit. It's a spirit based on all the principles of this country, of citizenship and involvement, and I think what we have to first learn is that is our number one priority. If we believe that, we believe that our goal is to get every young person, every student involved in this issue, then what we need to then do is look at the programs that we need to develop in order to make that happen.

This movement has suffered. It's been paralyzed by people with very narrow definitions of how they see national service. And again, I think what we need to do is look at all the things. I think the challenge of this bill is while we have 23 different pieces that are coming in, what we have an opportunity to do is to take that and develop one cohesive piece of national policy.

The money that we have here is only part of what our challenge is in terms of this commission. The people, the thousands of acts that happen every day by young people, again, have brought this movement to this table. They've built this platform piece by piece, and it's up to us to take that platform and to take what is the most opportune time and

perhaps the only time in the near future where we will be able to articulate and develop a comprehensive national youth service policy that can give direction and leadership not just for tomorrow, but I need the energy and the leadership of young people today.

In closing, I'd just like to emphasize three points. Idealism is the nature of youth. Two, if we're going to have a youth movement, we need to have youth leadership. And number three, if we fail, it's a result of bad policy, not bad kids.

Thank you, Mr. Chairman.

MR. McCLOSKEY: Wayne, I don't think we're going to have any trouble finding youth leadership on this.

Pat Rouse?

MS. ROUSE: Well, I think we all agree on the necessity and the benefits of national and community service, and that there are costs involved. Effective volunteers are not free labor. It takes time and money to administer and plan service programs, but we'll all agree that the benefits are worth it.

I would suggest a few goals for the programs that we will--to which we will be giving grants. First, I think

we need to meet--and we can't do it all, but I think we need to meet the deepest human needs, which will be different in different communities.

Programs must be those that utilize to the fullest the time and talent of those involved as well as provide needed service. I think we need to train volunteers to train volunteers. There are so many programs out there that need volunteers, but they need professionally trained volunteers.

Three, I think we need to give opportunities to the disadvantaged to serve, not only to be served. We need to include in opportunities for national and community service those at the bottom of our society, people at risk, so that they feel they have something to give, that they have a role in bringing about change in the serious state of deterioration at the bottom of our society.

About two weeks ago, I spent a day at the Delancy Street Foundation in San Francisco, which is where addicts, ex-convicts, and felons learn to become effective members of society and where volunteer work is a big part of their program. I talked at great length to one former prostitute and ex-addict who said she'd shot a lot of dope, been on a lot of highs, but the biggest high she had ever been on was

having someone come up to her and thank her for helping them.

I think we need to build community with what we're doing and to have that as one of our goals, and develop a sense of community. People helping people, people getting to know their fellow Americans and becoming familiar with their needs and aspirations would help build community.

Diverse people, from one side of the street or one side of the town, need to know each other as people, as caring citizens, whether they're rich or poor. Community service should be an opportunity to learn another side of life--life at the bottom.

And fifth, I think we need to avoid duplication of efforts which are already underway. We need to delineate the efforts and clarify the roles in relation to ACTION, for instance ACTION Points of Light, the White House Office of National Service.

And as an overall goal, I would hope that every American has the opportunity to participate and is urged and in some cases required to participate in meaningful national and community service which results in those at the top of society helping those in greatest need and those at risk and at the bottom gaining a sense of worth.

There are many community service models that exist, but there's also room for new models and innovative approaches.

One last thought. At a Points of Light Foundation board meeting which I attended with my husband, Michael Eisner, who's head of Disney, said you can advertise for a movie, but when people come to the theater there must be a show. We've got to be sure that the show is the best possible performance.

MR. McCLOSKEY: Frances Hesselbein?

MS. HESSELBEIN: I've been sitting here endorsing everything that everyone is saying, so I'm not going to repeat these statements and the important concepts.

I'd like to say that twice in my life I had a job that I felt deeply passionate about, first as CEO of Girl Scouts of the USA, where I worked with three-and-a-quarter million girls and young women who daily were engaged in service to others, and since I left the Girl Scouts last year, I've been president of the Peter Drucker Foundation, where our mission is to help voluntary organizations achieve excellence in the pursuit of their objectives and the second very important half of the mission is to help people find

fulfillment in the service of others.

So now I'm now in a third, part of a third movement to which I feel a passionate commitment. Living in New York City part time and a small town in Pennsylvania part time and traveling more than 50 percent of my time country-wide, I am exposed to burgeoning needs coupled with a lack of community cohesion, and I am deeply concerned.

I am inspired by President Bush's definition of a successful life, and I would like you to know that eight months ago, we announced to the country that there would be a \$25,000 Drucker Foundation award for non-profit innovation, and September 12 was the deadline, and we thought being so new we would have maybe 100 or at the most 200 applications. Tuesday morning, we will have to choose the one most wonderfully innovative project from 804--and every single project has something wonderfully innovative in it.

So I guess I'm coming to this meeting deeply concerned about needs and the lack of community cohesion, but also filled with hope that we can do something about it, and I think Patricia Rouse, when she talked about building community, that's what volunteerism does. That's what volunteers do.

I would hope that we would have two underlying assumptions. One, that we would understand that we will succeed only through partnership, that government cannot meet these needs alone. We cannot say, well, corporations can have six months of training for young people who have a very poor education. Corporations cannot do it alone, and the great voluntary organizations and tiny ones in this country can't.

But if we can find a way to bring groups of people together from all three sectors, as young as five, as old as 95, we will come forth a synergy that no single sector can provide.

So I would hope that we would be looking for partnerships and not separate little spots of innovation that for a while will make a difference and then will not build upon it.

The second assumption is that we will help develop a circle of caring, that we do not see people as recipients and givers, that the people who are providing services, who are giving something to others, will appreciate those to whom they give and see those recipients as people of great worth who also bring something.

So instead of a lateral, I am giving to you, it would be a circle of caring, a circle of giving, and we would make sure that those people we see as having great needs we see as people with great dignity and worth and having something to bring to the circle of caring.

So those are the two underlying assumptions that I would hope we could accept.

MR. McCLOSKEY: Joyce Black?

MS. BLACK: Thank you. First of all, I want to thank the President and the Congress for giving me this wonderful experience, to sit on a commission with 20 other people who have probably far more experience than I have in many of the areas that we're talking about.

And secondly, I do not want to go over everything that has already been said, because it's been said so well and I wouldn't be able to say it as well, but I concur with most of what's been said.

My experience has been over a period of time, since the early '70s, in trying to bring about some kind of national service. The concept has certainly changed in all these years, and today I really think about it quite differently than I did in the early '70s, when maybe I was

quite a bit younger, but I have never lost my passion for the whole idea of a National Community Service Act.

And I think the time is ripe and if we don't do it now, we're never going to have the chance again to make it right. I think that's the greatest challenge that this 21-person body has, is to make it go over and be right.

When we first started talking about it, we talked a lot about alternative to armed services and an opportunity to perform a service to one's country in other ways. Over the years, having been one of the founders of the CVCs in New York and still sitting on that board as well as in New York State starting the Governor's Voluntary Service Corps with college students, these are two such different programs. They work well together. They can work side by side.

The point is that they are options. There are stipended programs. They're equally as good as non-stipended programs, and there are many non-stipended programs which do fine, fine work. I think the great part about this bill is the fact that it does give one options.

The other part that's so wonderful about it and which has changed over the years is the fact that it goes from birth to the grave, and as Frances just said, it seems

very, very important to me to even get there before K. I think you've got to start in Head Start, and the bill mentions Head Start, in day care, and go all the way through to get to the inter-generational programs, that anyone and everyone can give service and be of service to their community and to their nation.

The third point I want to make is that this has to be a collaborative effort. No one can do it alone. It is a grassroots effort, it is a State effort, and it comes to the national. We have to give the leadership of the Commission, we have to do the right thing about giving the money in a fair way, and as far as the applications are concerned, in a fair way.

But I think where the action is is always at the grassroots local level. I call it the pavement level because I live at New York City. That's where the action is. That's where the CVs do most of their team work, and that team is energized because it's a team--energizes all of us that work with these young people, and they are unique and remarkable.

But I can tell you, it took us a long time to build the CVC. Some of you have worked there as well as been CVs, so you know what I'm talking about. I think that's true with

our college program.

What we need to do as far as Commission members is to enhance what's already there and not reinvent the wheel, and to give other opportunities to States that haven't even thought about national service or community service in the sense that we're talking about here and get them started, but not to do it from the word go, because we've got so many good programs that can be replicated and we can give money to.

And I think that that is sort of in a nutshell my thinking about the whole bill and what we're here for. I only want to add one last thing, and I think there is something in this bill that many of us have given a lot of thought to in the last two years, and that's the whole service learning component.

I think service learning, along with the whole idea of citizenship and civics and learning at an early age through service learning the academics of that and the community service is what's going to bring a generation of productive people that are going to go through and make this country even greater than it is today.

MR. McCLOSKEY: Thank you, Joyce. Johnnie Smith from South Carolina?

MR. SMITH: Thank you, Mr. Chairman. I've listened to everybody, and I concur with what I generally hear, but I'd like to approach this from a little different perspective. I've got to be very careful how I say this, because I am a minister, and we don't want to get church and state mixed up.

However, as I have observed through the years, we've had a real problem in our society, and I'd like to just piggyback on Governor Romney and I'd just like to read one paragraph that he read, and that is students are increasingly in need of social services and programs to attain learning readiness.

Now that statement, I feel that's the problem with our nation. If folks are not ready for services, no matter what we do, we're not going to be successful. And in some way, we need to change people's attitude about service. It's important that people realize the need for helping people.

Unfortunately, I think too much emphasis has been on materialism in America. We've been very successful as a nation, but we've forgotten about people and we've got to turn that around. We need to get more people involved in volunteering their time to help others.

Since I'm in the church and I've watched programs

locally, I believe that in some way, if this Commission could in addition to all of the other things that we're talking about, reach ministers who have the largest number of people and try to get those ministers to be leaders and to get their parishioners--some are very poor and some are very rich, but they can provide service to other people.

I believe we need to in some way try to get this to happen, to get leaders, ministers who meet many, many people very week, involved in this program.

In terms of the dollars that we're talking about, it's been a concern of mine and I'm sure yours that we don't give the appearance that we're another agency to give out money. We have monies to be used, but we want to make sure that these dollars are used in a way that it will produce the thing that we're talking about. So we have to be very, very careful that these dollars produce leaders who can produce other leaders.

I think this has already been mentioned, but we need to identify what's already working and tie into that and do what we can to support it.

But in summarizing quickly, I think that without getting to the core of the cause of some of our greatest

problems, no matter what we do, we're going to waste time and waste money. Therefore I emphasize again, we need to get to ministers, pastors, or fathers or rabbis or whatever their call, who meet and greet and lead masses of people--get them involved.

I think about our proposal for State advisory boards. We need to get them involved on the State advisory board if we're working with governors, and they in turn can reach other people under them and get other leaders involved, and I think this will help our effort.

MR. McCLOSKEY: Johnnie, thank you. Karen Young?

MS. YOUNG: I just want to say that I'm extremely honored, as being a traditional young person, to serve with you and to have a voice in this arena.

I feel that we have great potential on the Commission. I feel that we have potential to effect the way we address the major social issues of our day. It's been mentioned around the table, a circle of caring--I feel we have a potential to discover a solution.

It's been mentioned again that there are model programs out there and don't recreate the wheel. We have a potential to discover and support young leaders. And I say

discover not so much develop. There are young leaders out there. Wayne has mentioned time and time ago, working with school I've seen a lot of college students that are doing fantastic work.

I feel that this Commission can set a standard by being a model. I think that we have three challenges ahead of us, the first one being that our challenge is to make this Commission approachable.

So a natural instinct will be to support programs that we know about, programs that we've seen, programs that have resources for slick and glossy brochures.

I learned when I was in college working with a program called Youth Education Services, a program that's been around for 25 years, has 16 student directed and founded programs on campus, it was very difficult to find resources, being a State institution and working within the university, that development offices on campus would say yes, we support you, but when it came to actual funding and assistance, we didn't find the help.

Our challenge is to create a path for these other voices so that these new voices can be heard--not new voices, but to discover these voices and to support them.

Our next challenge is to truly support corroboration, and that's been mentioned several times here. And a lot of the collaboration I feel that we've seen has been kind of the superpowers, not really listening to community-based organizations, organizations that kind of get trampled on sometimes, that are really in the grass roots, where the loudest voices dominate.

I think that we should pay particular attention to hearing each individual voice, and that in hearing those individual voices that we respect and honor and we utilize the diversity within it.

Our last challenge, I feel, is to see young people as leaders of today and not just leaders of tomorrow. I fear that when I've talked to college students in my work, I fear that the words that we're saying about young people, that they may be seen as the same old rhetoric.

But there have been many youth serving organizations that say they believe in young people, that they believe in empowerment, that they believe in youth as resources, but there are students out there who say, where is that really happening? What are we really going to do about it? Are we willing to really involve young people in aspects of major

decision-making? I hope we do.

The solutions are within our reach.

MR. McCLOSKEY: Karen, I want to thank you for the involvement of youth in the decision-making process. It seems to me that is a very important contribution.

Les, from the standpoint of the Hudson Institute.
Les Lenkowsky?

MR. LENKOWSKY: Thank you, Mr. Chairman. The Hudson Institute, of which I am the president, is renowned, one might say notorious, for its unconventional thinking. We specialize in challenging the conventional wisdom, and especially with respect to government programs, where we've all too often seen examples where the best of intentions wind up producing the worst of results.

And so while I do come to my responsibilities as a member of this Commission with a great deal of enthusiasm, I also want to bring with it two other qualities, bring to our deliberations two other qualities.

First of all is modesty. Listening to the table and listening to the debates over community service, one sometimes might get the impression that community service of a certain sort can do everything but cure teenage acne. That

is clearly not the case.

Our problems run very deep where we have problems, and while volunteering and community service are an important part of solutions, they are by no means the whole of them, and we should keep that in mind. That's especially the case, in my opinion, as one who is spending a great deal of time these days working with the superintendents of schools in some of our major cities with respect to education.

It's all good and well for us to talk about giving academic credit for volunteering and service learning, but do keep in mind that out there in Indianapolis and Detroit and Chicago and New York City, we are having enough trouble teaching children how to read and write and do arithmetic, and that always has to have our first priority.

The second thing I wish to bring to these discussions is a degree of skepticism about what it is that government can or cannot do in terms of promoting volunteering and community spirit. I would remind everyone that the bill which created this Commission followed quite a bit of debate--I think 30 years or so of debate--and the essence of it is what is it that public sector could properly do to encourage the American voluntary spirit.

Well, as that debate was going on, and particularly in the last decade as Frances Hesselbein noted a few minutes ago, some very interesting things have been happening out there beyond the beltway. People have been volunteering, people have been giving to charity, the community spirit is live and well. Come out to Indianapolis some time and we'll show you, and you can see it in lots of other cities too.

We have to be very careful as we walk down this large and relatively well-funded, compared to enterprises of this sort of activity, that we do not do things using the powers vested to us that might ironically harm this fragile flower rather than help it.

Tocqueville in his famous essay about volunteering in American life contrasted the outpouring of American enthusiasm for volunteering with what was going on in his native land of France. In France, he said if people needed a hospital or school or to get things done in their community, they would turn to the nobility, and the nobility might or might not respond

In the United States, of course, we do not have nobility. Instead, we have Presidents and governors, Congressmen and others, altogether too eager to provide new

programs and new funding to do things.

Now, I'm not one of those who sees no role at all for government. I think that indeed my presence on this Commission suggests the contrary, but I do think we have to exercise care in what we do in this activity, lest in our effort to help build and strengthen our communities we might wind up harming them.

MR. McCLOSKEY: I think as chairman of our long-range planning, you've justified the appointment to that particular committee, Les. Joyce Kenny?

MS. KENNY: Jane.

MR. McCLOSKEY: Jane Kenny, I'm sorry.

MS. KENNY: I'm pleased to be here as the director of the ACTION Agency. Obviously, what this Commission is embarking on is very relevant to everything that we are involved in at the agency.

I approach this assignment with two basic premises. First, that every citizen can and should participate in community service regardless of their age or their income. Contrary to the beliefs of some, volunteerism is a necessity. It is not a luxury.

The second premise is that if given an opportunity

to participate in a meaningful way, every citizen would choose to participate, and it's incumbent upon us to find those opportunities and make them known throughout the country.

The second point I would make is that I believe this Commission has a tremendous opportunity before it, and it reaches much further than the Federal programs that are specifically contained in this authorizing legislation that established the Commission. It is much, much broader than that.

And again, I would go back to the individual citizens. It is incumbent upon us to make sure that everybody realizes that the driving force behind this country, behind our communities, and behind every effort that we embark on is the individual citizen, and that, I think, should be the premise on which we embark on the decision before this Commission--not just on an individual piece of legislation, but behind the individual person and what they really want from their country and want to participate in their country, and that I think is a critical factor that we should keep in mind.

The last thing I would say is I think we also have

to keep in mind the responsibilities that we face by serving on this Commission. Our responsibilities, I believe, go far beyond the individual programs that are contained in this legislation.

I also would hope that the decisions we make in this Commission will be ones that will result in activities and in a legacy that will be in existence long after the Federal grants that are awarded by this Commission or this Commission itself go out of existence. And that would be the goal that I would hope we would achieve and seek for as a result of our responsibilities that we've been given here today. Thank you.

MR. McCLOSKEY: Thank you, Jane. I'm going to speak the next individual, the President's head of Office of National Service, but just with one brief comment that I think thus far, we have heard a varying and sometimes conflicting concept from each of us individually. The man who crafted this Commission so that it would represent every possible differing point of view in America on the Commission and its duties is Mr. Gregg Petersmeyer at the end of the table. Gregg, I'm going to put you over to the end if I may.

The gentleman from Agriculture?

REPRESENTATIVE OF THE SECRETARY OF AGRICULTURE: My name is Mark Dungan, Executive Assistant to Secretary Madigan. I bring his greetings and his offer to be of assistance in any way that he can to help this Commission carry out its tasks, and we're available to provide what we can.

MR. McCLOSKEY: You're going to be available because there's a special section of the Act that talks about making food available, and you're it.

[Laughter.]

MR. McCLOSKEY: Maria?

MS. FERRIER: More than ever, I am really excited and honored to be part of this Commission. You know, my background is education, and I think we need to work closely with the Department of Education as we look at incorporating community service from pre-K all the way through college, I think that that is vital.

I agree with almost everything that was said here today, but I want to talk about reading and writing, and I want to talk about how community service really impacts reading and writing.

In 1987, I was sent to a school that was considered

an at-risk school for middle-school kids because these kids had scored in the bottom 25th percentile of the State test. A year later, after people came in volunteering their time, giving their services to these kids, the superintendent called me and asked me if I were sitting down, and I was, and then she proceeded to say, Maria, you're not going to believe this, but the kids just took the State test--these kids, these at-risk kids, and guess how they scored--in the 93rd percentile in math and the 94th percentile in language arts.

There were 20 programs that came into that middle-school that year. All of these programs involved people giving of their time.

I wasn't going to tell this story, but I just feel that it is very fitting. There was one man in particular that came in who had worked on movie scripts and television scripts, and he came to me and he said Maria, if you'll give me your eight worst kids and let me talk to them and teach them about improv theater, I bet I can do something with these kids.

Well every day, John Binkley would meet with these kids at lunch time--well, actually three times a week. And the teacher said to me, you know, Maria, you're just wasting

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this man's valuable time. These kids are middle school kids and they're reading at the third grade level. They're always in trouble, half of them are adjudicated--you know, this is just ridiculous. And anyway, this man knows nothing about education. We're the educators and we know how it should be done.

Well, John started working with these kids in late October. Right before we left for the Christmas vacation, he came to my office and said Maria, I have left those kids and have asked them in the next 20 minutes to write something about what they have learned. I have been working on them on improve theater, and it's time that they wrote something down on paper.

He went back and every single one of those eight kids had something down on paper. One boy asked if he could take what he had written home during the Christmas holidays and work on it. Well, we chuckled because we said yes, sure, this kid is going to work on this assignment, so to speak, over the Christmas holidays.

When we got back in January, this kid had written a 30-scene play. John said you know, this is way too long, and if you're ever going to perform this play or even hope to

perform it, you're going to have to narrow it down.

Well, all of the sudden, all of these eight kids started chiming in, and they brought this play down to an eight scene play. They brought it to me, I looked at that, and I said there's absolutely no audience for this play because it read like a pornographic movie. It had child abuse, it had abortion, it had men coming in and living with mom, every ugly thing you could think of.

On an advisory council that I had of community people, there was a professor that was at UTSA and he said Maria, I have an audience for this play, and these kids who are destined to drop out of school, 13, 14, and 15 year olds went on to this university campus and not only performed this play but gave these people the profit of how improv theater works.

I had taken with me on this occasion a counselor who had sworn to me that I was wasting everybody's time by bringing this citizen to work with these hopeless kids. I looked at her, and there were tears running down her face, streaming down her face, as one of the graduate students in the audience--because these kids were performing now for graduate students who were working to be counselors--and one

of these people asked the kids, how did you come up with this material? And one of the young men raised his hand, the one who had taken this material home over the Christmas holidays, and said this is the story of my life. And the name of this play was "The Returning Cycle".

Something very special happened to these kids-- these dumb kids. The professor looked at what they had written, and it was written at freshman-level English. These kids were not stupid. These kids needed somebody who believed in them.

Yes, we look at math, we look at language art skills. I'm telling you, these kids have it, but they need someone who cares about them, and that's what community service is all about. We need to spark the spirit, this movement throughout our nation. We look at education--it's a microcosm of what's going on in our society. If we can fix it in the schools, it can be fixed everywhere.

One of the exciting things about community service is that it not only raises the self-esteem of the people receiving it, but also the people that are giving it.

So I see ours as a challenge, but I see it--I hate to say, I know this sounds--is almost a savior of what's

happening in our country, but I really believe that. And we have a tremendous responsibility and a wonderful privilege to move our nation in the right direction.

MR. McCLOSKEY: I can't improve on that. Reatha King.

MS. KING: Well--

[Laughter.]

MS. KING: --what about Father--

MR. McCLOSKEY: Oh, I'm sorry. You got tears in the Chairman's eyes, Maria.

[Laughter.]

MR. McCLOSKEY: Father Byron?

FATHER BYRON: Well, the objective is to awaken a spirit of civic mindedness in the U.S.A., and I think of that as developing a care and share ethic. That's what we and a whole lot of other people and organizations, indeed the nation itself, has to do at this time.

I like to think in terms of identifying a problem and then seeing how you can come to a response to that problem. Now, the problem I want to identify is not the obvious poverty, the homelessness, that sort of thing. The problem that I see to which service will be the response--the

problem that I see is widespread purposelessness among our young.

There are a lot of them that are well-focused, and some of those well-focused are around the table, but we've got a cultural problem of drift and purposelessness, and there's also widespread discontent among the elders.

Now, that's a cultural problem that can be addressed by service, and by service I mean attention to the needs as distinguished from the wants or preferences of others. We have to do something that will help convert passive citizens to become active citizens concerned about meeting the genuine needs of other people in our society. There are a lot of passive citizens in the U.S., and there a lot of measures you could take of that passivity.

Now, examples of the need that could be addressed through national service would be things related to health care and child care and elder care--you can run the cares on--educare, you can have, or environmental care. There are a lot of those needs that are out there, and I think we have to look to the needs that remain untouched and therefore unmet by government and the private sector.

There's an opening there. There's an opening for

us, and the reason that there's an opening is there's not a whole lot of prestige in it, there's not a whole lot of profit in it. If I could bring it down to just one way of expressing the goal that I'd like to see when our energies have been expended, I'd like to get this country to the point where community service is no longer associated with judicial verdicts and decisions.

[Laughter.]

MR. McCLOSKEY: Father, Thank you. Reatha King?

MS. KING: Thank you. Members of the Commission and ladies and gentlemen, I would like to express my great enthusiasm and the honor that I feel of being a member of this Commission.

I have a high expectation of the Commission. I think I said at the last meeting I think we are about much more than money, and I'd like to use my four minutes or so to explain to you why.

The first reason is because I so clearly see a need for us to look at what we've been calling the third sector, if we look at business as one, government as another, then we have the voluntary sector. I have witnessed through my life the value of that sector to our society. We receive direct

benefits from it that make our society as good as it is and that will make it much better in the future.

One benefit is the outright services that volunteers give to our society and persons engaged in national services will give. I say to people who talk about our volunteers from General Mills that in volunteers, you get talent that money can't buy. Maybe that's why we don't offer to pay them or we don't think about paying them, but they're extremely valuable in our society.

Another benefit from the voluntary sector or from the emphasis on national service is the creativity--the creative solutions that we get from individuals that improve community conditions and that improve the functioning of communities. I see those two very special needs in our society today. We need to improve community conditions and we need to improve how people work together to function in their communities.

So we get very special benefits to supplement, to augment, or to reinforce those services that we get from the business sector and the government sector, and I think the work of this Commission will highlight that and make that clearer to the public as we proceed.

Since our last meeting, I have thought a bit about the appropriateness of government legislation and funding for what we are about, and I've been a little on the defensive as I've mentioned the Commission to people. A few people, they've asked, why do you need government money for that?

I think it is very appropriate for government to stimulate the work of the voluntary sector through the provision of legislation and the provision of a certain amount of money, and that's exactly what we do in the business sector through our corporate social responsibility.

We have strengthened the voluntary sector. We stimulate the functioning of the voluntary sector. And I think it is very appropriate for government to do this in a catalytic manner as we are talking about today.

I'd like to mention a few of the benefits that I think should come from the work of our Commission, and I have viewed these against the possibility and goals of the Commission in terms of the needs of our communities and our society today and in the future.

One of the first benefits of the Commission will help our communities draw on the talents and interests of individuals in solving problems in communities. This is a

measurable goal if we were to adopt it as a Commission or endorse it. Our work should draw on the talents and interests of individuals in solving problems in their communities.

The second possibility from the work of our Commission will be to help increase the participation of people in society across economic, racial, geographic, and age lines. I would like to underscore there the need for us to increase the participation of our people in society across economic, racial, geographic, and age lines.

I believe that the emphasis on service and the ethic of civic responsibility helps to bring people off the sidelines and helps us--I think it lessens the tendency for people to stay on the sidelines, criticizing what others ought to do, talking about what others ought to do, and it helps to get them involved in doing and helping to solve problems themselves.

People involved and contributing to the solution of our community problems tend to be more contented than those who are standing on the sidelines talking about what other people ought to do. I see this as a particular challenge for the stability and health of our society in the future, and I think the work of our Commission can help immensely on this

problem, increase the participation of people in society across economic, racial, geographic, and age lines.

This means to me that the work of our Commission should lead to the participation of and service by new immigrants, by Hispanics, Latino people, by Southeast Asian people, by blacks, by whites, by American Indians, and all other groups yet to be discovered.

I think we will have failed to a certain extent if we do not see, after a period of time of existence of our commission, increased participation by people of different backgrounds in service work in our society.

John Gardner, I think, put it better than I can when he said that in order to have a strong healthy society in the future, we are going to have to have more leaders at the local level rather than depending on a few, and we're going to have to have many people of different backgrounds in a psychological state of readiness to lead.

I interpret this as saying we're going to have to have many young people, many people of all ethnic and racial backgrounds and all geographies in order to deal with our future challenges.

A third goal of our Commission, I think, is to help

people learn how to serve and why it is an important civic duty. The legislation focused a lot on youth and national service by youth, and I think this is very appropriate and I strongly concur with emphasis on the K through 12 level and the college age levels.

But I also feel that it's very important for us to advocate for adult involvement, and I've asked myself the question, what would happen if at General Mills we went forth in the future and encouraged every adult volunteer to pair up with a young person? Just think of how much learning could happen from those teams.

I think it's very important for us to seek opportunities for our low-income people to serve rather than just to be served, and for us to have our Commission adopt a goal to be an enabling resource, indirectly perhaps, to other people who are now viewed as being served--being on the serving end.

I think we should work as a Commission to help change the image of service in the eyes of the media and many in the public. I hope after a period of time that we can say that the media is much less cynical than they are now about Points of Light Foundation and many of the other service

initiatives in our society.

I have picked up two reasons for the cynicism. One is because they don't understand the value of it. They are too quick to interpret it as a lot of do-goodish activity that we are out to get our pats on the back for. This is what they tell us at General Mills about our programs. They say oh, business does that because they want you to advertise them or they want us to advertise them or they want a pat on the back, and it's just a little do-gooder activity for whites or for people who can afford to have the time off.

The media does not understand the critical importance of the benefits of the voluntary sector in our society, and I'm hoping that as a Commission, if we do our work well, we can do something about the cynicism.

And lastly, in terms of the functioning of our Commission, I think we should fund existing programs, but I think we should be prepared to help create some innovations because so much of what is done today is not touching the goals and needs that we will have to touch in order to prove our worth in the eyes of the legislators and those who helped to establish the Commission and provide the legislation.

I don't propose reinventing the wheel, but I would

caution us that a model that worked so well in New York might not go over at all for people in Idaho, and it is disrespectful to take a model and superimpose it on other people, sometimes when it might look ideally suited for their needs.

And lastly, I hope that our Commission could lead to a continuity of emphasis on national service, past Congresspeople's terms or the term of a particular President or the term of a college or university president or the appointment of a principal. Too often, these projects and programs die out when the moving spirit moves along, and I hope our Commission can do something about this problem and lead to some continuity of emphasis of this work over time.

Thank you very much.

MR. McCLOSKEY: Thank you, Reatha. I'm going to go next as the Chairman, because I think the most important words we'll hear from members of the Commission is probably the author of the Act which we are assigned the responsibility of following. I'm speaking of Ms. Sagawa here, who wrote much of the Act and synthesized the sentiments of what many of the audience have participated in for many years.

But I'd like to say just two things. We are called

the Commission on National and Community Service, and yet national service to me is the military service, the most arduous of all, the Peace Corps, and perhaps ACTION, and I think the real function that we have is to get money down into the communities for community service, that the real service we're talking about is what an individual or a small group of people, perhaps with the existing programs that have existed--the Girl Scouts, the Boy Scouts.

But I see community service essentially, and I think I trace somewhat of Gregg Petersmeyer's philosophy here that what we're trying to do is recognize that it is a privilege to serve the country. We'd like to see every American feel a duty to serve his community, if it is only serving one other individual, and that our job as a Commission is to create the opportunity to match that incentive for service so that everybody has a chance to serve, because we know--and this comes all through the Congressional history, the legislative history of the Act, that those who serve probably benefit the most from that experience.

I think that we take our inspiration, and I'll say this as a politician, that we're privileged to have had two great Presidents--Jack Kennedy 30 years ago who made that

— famous statement in his inaugural address about the importance of what you might do to serve your country, and George Bush, who has said an equally great thing, I think, that no life should be measured unless it includes some service to other human beings.

From this marriage of thought and idea comes forth the non-partisan, non-political quality of our obligation, because we just happen to share the privilege of having the authorship of this Act by Senators Kennedy, Hatch, Mikulski, Pell, and Nunn, the primary--there are others that participated, as Shirley will tell you, because some of the inconsistencies you may find in the Act represent individual Senators' additions.

[Laughter.]

MR. McCLOSKEY: But nevertheless, quality people in the Senate and the House have joined with the President to give us our statutory mandate.

It has impressed me in reading this complex Act that while our major function under the law is to distribute next year some \$72 million under four major programs and to select as policy amongst three or five others, that all through this Act are admonitions and directions and statutory

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requirements of this board that we are not just a money-dispensing authority, and I want to go through to challenge those of you who are going to speak from the public later to some of the perhaps lesser perceived functions that Ms. Sagawa has put into the Act for the responsibilities of the Commission--

[Laughter.]

MR. McCLOSKEY: --and I'm going to read through a special list of sections of the Act just to peak and hopefully attract your comment in the public session which follows, when we hear from you experts who have been in this business for 30 years.

Start with Section 133(D)(4)(a) and (b)--the Commission may provide services, facilities, supplies, and equipment, including any surplus food, Mr. Secretary of Agriculture, and equipment available from other Federal programs to any program agency carrying out projects under this subtitle. That happens to be subtitle C.

That means that we're going to be working with Federal agencies to conduct what is the purpose of this Act, and it makes in my judgment--perhaps against his will--Mr. Petersmeyer in the White House almost the level of a Cabinet

officer, and it certainly makes our Executive Director a person of the quality and stature of a Cabinet officer who is going to be assisting on behalf of the Commission that these Federal agencies participate.

The next section, Section 148(A). Each participant--this is under subtitle D--shall receive three weeks of training provided the Commission in cooperation with the State--well I see a lot of expertise around this table and in this audience, but we're going to need a lot of help on what that training shall be.

Move on to the report section to the Congress. Not later than 120 days after the end of each fiscal year, the Commission shall prepare and submit to the appropriate authorizing and appropriation committees of Congress a report concerning the programs that receive assistance under this title. We know the House and Senate are anxiously waiting for that report, and any future funding will depend on what we report.

And here is a Section 177 of the Act, we commented on it, several members have. I've asked Ms. Sagawa the legislative meaning of it. I've tried to divine it from the legislative history and I'm able to. And it reads, 177(A),

assistance provided under this Title--that's the whole Act-- shall be used only for a program that does not duplicate and is in addition to an activity otherwise available in the locale of such program.

Now that strikes me--I say this to our General Counsel--Terry, where are you--that's the kind of legislative provision that could invite a lawsuit if we don't comply with it.

Section 179--and I think this is perhaps the most important duty imposed on us--the Commission shall provide through grants or contracts for the continuing evaluation of programs that receive assistance under this title, and I know what my former colleagues in the Congress, when they give us \$72 million, I expect that they're going to expect of us that they're going to want to see 720,000 new volunteers in this country.

This is not going to be, from my standpoint as the Chairman, an exercise in grantsmanship. This money is going to get down into the communities and it is going to be demonstrated in any application to us that for every \$100 we spend that there's going to be somebody showing us how one new volunteer is stimulated, and I hope you members of the

public--you may think we're too generous with that or too niggardly, but it seems to me that the leverage that somebody spoke of is the job of this Commission.

I want to say in passing on this point, I came to the Congress in the years, the final years of the great society program, when Lyndon Johnson, who had known poverty in his youth, said every American is going to share in the wealth of this country, and we had had 25 years of increasing prosperity at that period of time and the concept was that the Federal government would dispense programs, and we went through Medicare and all of the great social programs that came through the Johnson administration.

But since that time, diminishing budgets have made it very difficult on those entitlement programs to get government funds, and we're privileged to have \$72 million allocated to us at a time when many, many programs are going begging. So I conceive of financial leverage as one of our important obligations.

Let me go forward to Section 182. Not later than 180 days after the enactment of this Act and on a regular basis thereafter, the head of each Federal agency and department shall prepare and submit to the appropriate

committees of Congress a report concerning the implementation of this section, which is the partnership with schools, which means from Mr. Alexander's standpoint, the Commission is going to be on somebody's back in the Federal government to properly report the implementation of this Act, and I conceive that as a duty that this Commission might cheerfully undertake to work to see that every other agency of the government cooperates with Mr. Petersmeyer.

If you then go to Section 190, which is the section that established us, and let me read this to you. The Commission shall provide directly or through contracts with public or private non-profit organizations that have extensive experience in service programs training and technical assistance to State, school, and community-based programs, full-time youth service corps, and national demonstration.

And note this: Coordinate with the Secretary of Defense in evaluating the effect of the national service demonstration program on the recruitment efforts of the active and reserve components of the Armed Services.

Elsewhere in the Act, we must follow the statutory duty to put the impact of this Act on every regular reserve unit of the United States Armed Services. This is our task assigned

to us by the statute.

I don't now. That sounds a little like Sam Nunn to me, Shirley, but maybe you can identify it.

[Laughter.]

MR. McCLOSKEY: Finally, Section 190(F)--in general, the Commission shall provide assistance to not more than four regional service clearinghouses.

And finally, the President--we have to cooperate with the President. Section 190(G)--the President acting through the Commission is authorized to make Presidential awards for services to three kinds: Individuals demonstrating outstanding community service, including school-based service; outstanding service learning and community-service programs and outstanding teachers; and service loaning programs, and then it says--and this bears some respect to my former colleagues--in each Congressional district. There were 435 at last count--

[Laughter.]

MR. McCLOSKEY: --as well as one or more State-wide individual programs. The President shall consult with the governor of each State and with the board in the selection, so we're going to be privileged to have not only Mr.

Petersmeyer but Mr. Bush join with us at some stage in the near future and knowing George Bush--I had the privilege to be elected with him in the Congress in which he was first elected--I know of his personal commitment to what this Commission is doing is absolutely first rate, thorough, and I think that he believes Mr. Petersmeyer has the stature of a Cabinet officer, that this is the high ground of the Bush administration.

With that, let me turn to the other side of the political equation, Senator Kennedy's staff person who wrote the Act with the input of many people in the room, Ms. Sagawa.

MS. SAGAWA: I want to commend the Chairman for his careful reading of the Act and also for having the idea that we should go around the room and talk, because I think to me this has been the most helpful discussion--I guess it's not really a discussion, but the most helpful explanation of the legislation that I have ever heard.

I also feel I should say, Pete likes to say I'm the author of the Act, but I would say that a more apt noun to use would be the scribe--

[Laughter.]

MS. SAGAWA: What I did was write down and try to

put some coherence into the ideas that were expressed by certainly many of the Senators that were mentioned--Senator Durenberger was another, Congressman Hawkins in the House who's retired--many people. Senator Kennedy, of course, I think contributed a great deal to it.

Also many of the organizations that are represented here and are not represented here contributed with very many specific ideas, and I should also say that I think that much of--part of the bill does also come out of things that I was privileged to hear from Gregg very early on when we started putting this together, and I'd hoped that we might someday forge a partnership like the one I think we've finally forged.

I believe that much of what's in the Act really reflects the President's own leadership with respect to Points of Light. There's probably some things in it he would rather not be in it, but I think on the whole that we really have something that could mean a lot to everyone.

It seems to me that the agreed-upon goal of all of these many different visions of service that were represented in the Act, and perhaps here at the table as well, is that service ought to be universal. It's something every citizen should do. It's something that everyone should do, whether

they're young or old or disabled--whatever their race or income.

I think the trick is really how do we get there, and that's why I feel the legislation is so focused on youth, because when we work with young people, we're really educating them to be citizens, and part of that education, as Les has pointed out, has to be to read and write, but it also has to be to take responsibility for the world. Democracy is built into it--something of a collective action problem.

You know, you don't vote. What's one vote, big deal, you know. Too good to be on a jury. Don't have a lot of time to do service. Somebody else will do it.

And so we have a challenge in trying to address that collective action problem, and as I was taught in my political theory classes in college, when you have a collective action problem, often it is the government that steps in and tries to do something about it.

It seems to me that--I mean, one of the things that really touched me when I was working on the legislation was a poll that was done right around the same time about how young people viewed their roles as citizens. They were asked, what does it mean to be a good citizen? And their answer was

something sort of in the negative. I don't break any laws. And I don't think anybody here would say that's what being a good citizen is all about.

That poll also suggested that what was failing was that the young people themselves had not failed, it was the institutions that interacted with them, everything from the family to the schools to the politicians themselves who set poor examples, et cetera, and that what we could do is turn that around.

The poll also showed that young people really wanted to serve, that some of them--a lot of them were engaged in some fairly minor but important acts of service, and they would do more if only somebody asked them to. So one important thing I think the legislation does is it asks young people to serve.

It also is fairly important, sort of from my own perspective why I think this legislation really means something in all of the policy areas I've had the opportunity to work in. I did a lot of work on children's programs, and sort of my job in the Senate had been when we saw a problem, let's figure out what the Federal role is and how to solve it. When that's your job, you pretty quickly learn the

limits of the Federal role or any government role in solving any problem.

So much of what this Act is about is finding other ways to solve those problems that really tear at you and you just want them to be fixed and how do you do that? Well, it's not just 21 or 22 or 27 members at the table or everyone in this room, but it's everyone in the country, and that's what this is about.

Another thing that I think is tremendously important is to look at part of this educational process focused on youth is to teach them that they're not the problem. You know, all of the institutions that address problems of youth, youth are the problem. They have to know that we believe they can make a difference, and that they have a responsibility--not only that they can make a difference, but they have an affirmative responsibility to make a difference.

I look at that in a much broader than even just service. I mean, I think that also means becoming engaged in the political process and being involved in democratic institutions, and I mean that with a small "d".

It was exciting to me that for, I think many young people, possibly the first interaction that they had with the

democratic, small "d", process was to write a letter saying the legislation should be passed or to come before the Congressional committees and say why they thought service was important, and we had--I think the youngest witness we had was a fifth grader, and I think that fifth grader said more than all of the experts who'd done all this research and had all this great stuff. Well a fifth grader is probably the most important voice, so there is a young person who made a difference right there.

I hope that part of the evaluation we're going to do on the legislation is not going to just be--and I think this is important too--counting up how many people volunteer, how many hours they serve, you know, what things get solved, you know, if graffiti gets painted out, we've fed this many meals.

I think it should be a long-term process as well. I think part of what this legislation was designed to do is influence what people do with the rest of their lives, and if we don't try to figure out--and I know the longitudinal studies are really expensive, et cetera--but I think that very much what this is--having the impact that we want to have will require looking at what happens in the long term.

Getting a third grader to serve food at a homeless shelter is not going to solve homelessness, and I don't think anybody in Congress or elsewhere ever thought that if the third graders of the world were going to solve all the problems in the world, but they all grow up and they become adults, and if they know about the problems and they know about what they can do, I think we'll have a different world.

Just a couple of things I wanted to say about how I think the Commission can help make this happen, and I probably more than anybody know the limits of this legislation and what it can and can't do, but I'm still really optimistic. And some of the things I think it will do is one, fund programs that are good.

We've tried to build in a lot of criteria for the programs to be funded so that they'll do these things, that they have to have some kind of an educational component. You don't just send kids out there and say well, do this, without telling them if you do this, this is why it's important. You don't get anything out of it if you're just out painting the wall and you don't know why you're painting the wall.

We wanted to see that it had a large community impact, and that the community really felt ownership over it,

so I think that's a very important thing, that you're not taking people from one community and transplanting them somewhere else to fix something and that it really comes up from within the community.

That the students themselves become involved in the design and running of the program, because if we have some adults figure well, if we get every kid to stuff these ten envelopes, then something'll happen. Well, if the kids figure out why they need to stuff the envelopes to solve the problem that's been plaguing them, I think it means a whole lot more, and that's what this is about too.

I think probably the most important thing it's about is to bring organizations and people together who don't work with each other. Another thing I learned when I was working in Federal problem solving in Congress was that many, many of the problems we have are just because institutions don't work together or talk to each other.

So this is an opportunity to try to bring people together to sit around a table and say, what are we going to do to solve the problem of X and have them not just come up with ways that these individual volunteers can do something, but how their organization can pitch in and do this or they

and their mother and their club will come and do that. I think that's something that we can do that's very important.

I'm also bringing together government institutions-
-I mean schools and human service organizations that don't always have a real common ground or feel. Sometimes they even feel antagonistic to each other. What if they were sitting together at a table of coequal partners trying to figure out how to solve some of these problems? It would make a lot of difference.

Another thing that the kinds of programs that we want to fund are not programs that are feel-good programs. We're not in the business of trying to get kids out there and say oh, isn't this great, you've helped one person. Okay, now you're done. It really is about getting involved with something that's maybe going to be difficult and challenging and make you think, but it should give you a sense of satisfaction in the long run, and that's very important to keep in mind.

In addition to giving out money, I think we can do a lot of stuff as a new body that's got a lot of energy behind it. I mean, it's amazing to have such wonderful friends at ACTION and at the White House and I hope still in

Congress--

[Laughter.]

MS. SAGAWA: --who can all help, and they've been great to us. I think we now have a responsibility to get out there and do things. I'd like to see us do workshops or conferences or seminars to energize different aspects of the world--you know, the education world or business or whatever.

I'd like to see us provide some training, because I think the one thing people told me over and over again is gosh, you can't just do this stuff and say go out and do something good if people don't have someone to help them know what to do or to watch them do it and make sure they do it right.

We certainly don't want to find out two years from now when we're up for reauthorization that we caused more harm than good, and I think that we have to just be mindful of that.

And finally, I think the most important thing is to provide some leadership as a group. I'm so impressed, and so incredibly honored to be able to be a part of this amazing organization. I think Gregg has done a wonderful job in selecting people, and I hope as individuals we'll have the

chance to go and maybe speak at the opening day ceremonies of some of these programs or go and see the suggested--we all go and evaluate them personally.

Maybe that won't be a substitute for a scientific evaluation, but it probably will mean something a little more in the long run, and that maybe as a group we can go out and do a service project together, and get together with some kids and do something so we can keep reminding ourselves of what we're asking other people to do.

I just think this is a wonderful partnership, and I'm so excited about it.

MR. McCLOSKEY: Let me say that your Executive Committee, under Shirley's guidance, we agreed to recommend to you, but this will be tomorrow, that at each one of our meetings we meet either before or after and that we engage in the community where we are in some personal service that is being run there.

At our November meeting, Bob Woodson--we're going to try to do whatever Bob Woodson suggests, and that each one of us participate.

Shirley said it pretty well. You know, we could just be another bureaucracy as many are characterized. I

keep thinking back when they create the Securities and Exchange Commission, the Interstate Commerce Commission in the '30s--those were magnificent acts. The '64 Civil Rights Act, the 1965 Voting Rights Act--landmark acts in this country.

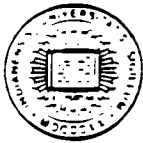
We kind of owe it to Shirley to make the National Community Service Act of 1990 at least revered in the public mind at the end of our first year of operations.

At that point, let me turn to our last speaker on the Commission side, Mr. Petersmeyer, and I think, Gregg, before you speak I want to say that putting this Commission together with three has-been politicians or once politicians, two university presidents, one think-tank leader--that all of us, the six that I've enumerated, look to the people you've put on the Commission--by far the greatest majority of the Commission--people like Maria and Karen and Joyce and Frances, Wayne, and Alan who are actually running hands-on programs, and we're going to get a lot of our future direction from them.

At this point in the record, I'd like to make sure that in our record are the thoughtful comments of two of our members who couldn't come, Tom Ehrlich and Glen White.

— They're in everybody's folder, what they said.

[The statements of Mr. Ehrlich and Mr. White
follow:]



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September 30, 1991

The Honorable Paul M. McCloskey
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Dear Pete:

I am delighted you are leading the Commission -- exactly the right choice. In whatever ways I can help, it will be my pleasure to do so. Over the last few days, I have struggled to rearrange my commitments in order to be with the Commission next month. Unfortunately, I am unalterably obligated to be in Toronto, and simply cannot be in Washington, much as I wish my life were otherwise.

It may be helpful, therefore, for me to outline briefly why I think it is essential for the Commission to think through together where we hope to be several years from now. This is what I would have discussed in my initial comments at the October meeting. I hope you and our colleagues will take this letter as a modest substitute.

Perhaps more important, I hope you and they will accept my invitation, joined by Les Lenkowsky and Digger Phelps I am sure, to come to Indianapolis for our next meeting after the November session -- either in December or January, I presume. We will be pleased to host the Commission at that time, and give an opportunity to rub shoulders with some women and men in the field, as well as do our work.

My point about long-range planning is this. As one reads through the Act, competing political pressures emerge. Greg Petersmeyer powerfully articulated the President's guiding philosophy that service must be an essential ingredient of citizenship -- for all of us. It will not surprise you that I agree, as do all Commission members -- that was stated with eloquence by every member throughout our session. What is less clear, it seems to me, is "Why?" Why is service so important?

One reason that was suggested is that the social problems of our country can be solved (or at least contained) only if all of us contribute some of our time, energy, and talents to helping others. If this is the primary rationale for service by all, then it would be wise to identify the social problems that are most in need of help, particularly help that can be provided by volunteer service. Some might say that help was most needed in the realm of education, others in housing, others in health care, and so forth. My point is not to argue the issue but rather to underscore that if our primary

rationale for affirming the importance of public service is to change the social environment in our country, then we had best set priorities or look to identifiable local groups to meet that task.

An alternative approach, suggested by some of the material from the Points of Light Foundation, is that public service is important primarily because it enhances educational opportunities. People learn better and learn more when they are helping other people. This approach also seems to me to have substantial appeal. But it does lead, I believe, to a different set of criteria for judging projects, programs, and other activities -- without regard to the statutory category within which they may be included.

A third approach is to emphasize those in our society that are "at risk." If our primary concern is to help those who have the potential to be productive members of our society but, without assistance, may most likely fail, then we will have a quite different set of criteria both for judging proposals to the Commission and for weighing whether we have succeeded in the years ahead.

Additional approaches also come to my mind, and I am sure come to the minds of other Commission members. Again, my point here is not to debate those approaches, but rather to underscore that we need a process to ensure that such a debate occurs, and that we seek a reasonable consensus that allows us to set goals for the years ahead and standards for deciding the extent to which we have succeeded in meeting our goals.

As a means to enhance that discussion, I suggest we invite Dr. Robert Payton, former Director of the Exxon Foundation, former faculty member at the University of Virginia, and now Director of the Center on Philanthropy at Indiana University to be a facilitator in a Commission discussion. He has extraordinary background and wisdom on issues of public and volunteer service, but no stake in a particular outcome of the Commission's work. Based on our discussion, the long-range planning committee can prepare a draft strategic plan. But a full Commission session is, in my judgment, an essential predicate to a committee review.

I hope the idea appeals to you and our Commission colleagues. I am sending copies of this letter to all Commission members since I will not be with you, except in spirit, in October. I will, however, be eager for your reactions.

With all good wishes,

Cordially,



Thomas Ehrlich

cc: Commission Members
Greg Petersmeyer

Future Focus of the Commission on National and Community Service
(Where do we go from here?)

Glen W. White, Ph.D.
University of Kansas

First, let me say that it is a real privilege to serve with you, my fellow committee members. I also wish to extend my personal welcome to our new acting Executive Director, Katherine Milton.

I am fully aware that participation in this Commission can indeed be a rare opportunity to make a real difference in the warp and fabric of our society. As a member, it is my desire to contribute my efforts along with each of you here today to bring about the successful achievement of our mission objectives. As many of you have probably noticed, instead of two legs, I get around on four wheels! As a person with a spinal cord injury who uses a wheelchair, this gives me a different perspective of the America we live in. In addition to this viewpoint, I am bringing to this Commission my background as a community psychologist who values a behavioral analytic approach to research. My mentor taught me to hold high those community values such as dignity, empowerment, safety, freedom, etc., yet challenged me to have a healthy skepticism of programs who take the "treat and hope" approach. Such programs may make one "feel good" and appear to be working, but lack evaluative components that help determine if they, in fact, really do work.

It is my understanding that the Commission will have some discretionary funds that could be used for different purposes. I would like to make some suggestions for expenditures and briefly share some of my other concerns and visions for this Commission.

I. Training

1. The Commission should develop training that helps people who volunteer under each of the Titles in the Act to see beyond the performance of simple activities. Service Providers should have materials and strategies available that can be used to teach their volunteers to develop those values (e.g., dignity, safety, freedom) that underpin such activities. Such reflective activity about why volunteers are performing community service may be very useful in imparting ethics of civic responsibility to volunteers.
2. Training should be provided to new grantees that sensitize them in avoiding colonial attitudes with the volunteers they supervise and patronistic attitudes toward disenfranchised people in the community that may receive services. Thus, giving people involved in the process a sense of ownership and empowerment.
3. Model training materials and strategies need to be developed that can help integrate the notion of community service into K-12, and secondary educational curriculums. Community service should not be viewed as an "add on" to curriculum.

Instead of initially funding 2 large technical assistance grants, the Commission could fund some smaller contracts by issuing requests for proposals (RFPs) to develop needed materials to address the above training needs as well as other identified needs.

II. Evaluation

1. It is critical that "up front" evaluative components are built into grants that are approved. It is unwise and inefficient to assign technical assistance centers to perform after-the-fact program evaluations once programs are completed. When such technical assistance centers do become functional, they should provide assistance to potential grantees to design and incorporate evaluation as an overarching component of their proposed program activities. The evaluation should address both process and outcome measures. It should also measure the social validity of the project goals as well as the effectiveness of the outcomes.

2. Evaluations should comprise more than simple pencil and paper tests that measure attitudes, self-esteem, etc. The evaluations should also include short and long-term evidences of actual behavior change. For example, do youth at risk for certain problems (e.g., teen pregnancy, drugs, dropout from school) have less likelihood of these problems with involvement with a specified community service project? How long does the youth avoid the problem once he or she has completed involvement with the community service?

III. Other issues.

1. While it is understood that urban cities and the populations they serve have a host of issues and problems that would benefit from community service, rural states and their communities may well have different and equally important issues that face their rural citizens.

Speaking personally, as a midwesterner who moved from the rustbowl (Minnesota) to the dustbowl (Kansas), I would like to see an equitable distribution of resources between the coasts and the rest of the U.S.

2. The proposed regulations frequently cite the importance of involving people with disabilities under the various Titles. Such involvement must be more than token. The Commission should recognize that some of the people who wish to volunteer for community service may be severely disabled and require some personal assistive services (e.g., interpreter for the deaf, or an attendant for a high-level spinal cord injured person). Who will pay for such assistive services? Will the grantee be required to pay for such assistance, or as I would recommend, the Commission set aside some funds to pay for assistive services for people with disabilities as the need presents itself. (If language interpretation services such as Spanish are needed, who provides, and who pays?)

The Americans with Disabilities Act (ADA) requires equal access and accommodation to facilities, programs, and for people with disabilities as that enjoyed by other nondisabled people. It is my hope that we as a Commission will support the spirit of the ADA in both practice and philosophy.

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COMMISSION ON NATIONAL & COMMUNITY SERVICE

529 14th STREET, NW, SUITE 452, WASHINGTON, DC 20045 • 202-724-0600 • FAX 202-724-0608



The Commission on National and Community Service has one core mission: to renew a spirit of civic responsibility and national unity by weaving community service into the fabric of every American's life. Through its support of programs in primary and secondary schools, higher education institutions, youth corps, and other models of national and community service, the Commission is building a system of service designed to empower our people and strengthen our communities. At the heart of the Commission's work is the belief that every American has the capacity and responsibility to reach out to fellow citizens and, in so doing, enrich society and make a difference.

A COMPREHENSIVE APPROACH TO NATIONAL AND COMMUNITY SERVICE

The U.S. Congress established the Commission on National and Community Service in 1990 to engage Americans of every age and background in service to their country. An independent federal agency, the Commission operates much like a public foundation in supporting innovative service programs at the national, state, and local levels.

The Commission has focused its strategies initially on school-age children and their families, college and university students and recent graduates, and out-of-school youth to build a tradition of service among young Americans that will carry over to all segments of our society.

The three principal Commission strategies are to:

CREATE MODELS

Encourage and evaluate promising pro-

grams of community service, recognize and disseminate proven models, and encourage widespread replications.

DEVELOP INFRASTRUCTURE

Encourage and support talented community service leaders and stimulate and guide the development of the infrastructure needed to build a strong, diverse, innovative national movement.

INSPIRE LEADERS

Provide and support visionary, coalition-building leadership in promoting the community-service movement.

Congress has appropriated more than \$75 million to the Commission for both fiscal years 1992 and 1993. In 1992, the Commission distributed these funds to 153 new and expanding community service projects in nearly every state.

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United States Senate

COMMITTEE ON SMALL BUSINESS

WASHINGTON, DC 20510-6350

December 18, 1992

The Honorable Thomas Ehrlich
Chairman, Commission on National
and Community Service
National Press Building
529 14th Street, N.W.
Fourth Floor
Washington, D.C. 20045

Regarding: Four Year Plan for National and Community Service

Dear Chairman Ehrlich:

For your hearing on National and Community Service I want to outline what President-elect Clinton should do on his first day in office, January 20, 1993; during his first year as President, 1993; and during his first term in office, 1993-1997.

-- First Day, January 20, 1993: On January 20, 1993, President Clinton should make a dramatic and emphatic call on all Americans to volunteer to serve their community and he can back up this call with aggressive implementation of a new, exciting and powerful incentive for service by college graduates, cancellation of the student loans of student borrowers who perform full-time, long-term community service.

-- First Year, 1993: During his first year President Clinton should expand funding and grants to existing national and community service programs, like the Peace Corps, VISTA, and the Commission, which provides funding directly and indirectly to hundreds of service programs sponsored by state and local governments and non-profits organizations.

-- First Term, 1993-1997: During his first term President Clinton should formulate and implement additional national and community service initiatives but only after completing a detailed inventory and careful analysis of the private sector needs and appropriate role of the Federal government. He should ensure that he does nothing that competes with or undermines the existing national and community service programs and organizations.

First Day, January 20, 1993: Implementation of Student Loan Cancellation Incentive

President Clinton has an opportunity on January 20, 1993, in his inauguration address to make a dramatic and emphatic call on all

Americans to volunteer to serve their community and back up this call with aggressive implementation of a new, exciting and powerful incentive for service by college graduates, cancellation of the student loans of student borrowers who perform full-time, long-term community service.

President Clinton has often talked about cancellation of student loans for those who perform community service. He has talked also about increasing the college loans available, with community service as one of the alternatives for repaying the loans.

It will be expensive to increase the funds available for college loans. It can be done, especially if we can settle on a way to avoid the large overhead costs of using banks to guarantee loans. Even with these savings, however, it will be very expensive to make loans available to every student who needs them, especially if there is any subsidy on the interest rate charged for the loans or a rate of defaults similar to that we now experience with the current student loan programs.

It will take some time for President Clinton to implement a plan to increase the student loan funds available, but he doesn't have to wait to implement the second half of his proposal -- cancellation of student loans for those who perform community service.

Few noticed during the campaign that the Congress enacted a new and exciting generic loan cancellation incentive for full-time, low-paid community service. This new provision was included in the 1992 Higher Education Act Amendments and was sponsored by my boss, another prominent Arkansan, Senator Dale Bumpers. Senator Bumpers first proposed this incentive in 1987 and he and I worked on this issue for five years. The timing couldn't be better as the new cancellation program is just sitting there waiting for someone like President Clinton who can appreciate its power and importance. This new provision is the first to permit cancellation of Stafford -- that is "guaranteed" -- loans for those who perform community service. There have been cancellation programs for Perkins -- that is direct -- loans for certain types of service for twelve years. But, the new Stafford loan cancellation program is important because it is generic, not targeted only to certain types of service, and many more students have Stafford than have Perkins loans.

In Fiscal 1991 \$9.648 billion in Stafford loans was available and \$860 million in Perkins loans. There were 3.513 million students with Stafford loans and 688 thousand with Perkins loans. The average loan balance for Stafford loans was \$2,747 and for Perkins loans was \$1,250.

The new, generic Stafford loan cancellation incentive is simple. Student borrowers who work full-time for at least a year as a

low-paid employee of a non-profit community service organization can have 15% of their Stafford loans canceled. Service with the Peace Corps and VISTA also qualifies. While they serve student borrowers receive a deferment on repayment of their loans. If they work for a second, third, or fourth year, they qualify for additional cancellation. The cancellation forms and payments are all handled by the Department of Education.

This loan cancellation incentive is the paradigm of a non-bureaucratic, decentralized national and community service program. This program does not involve the Federal government in recruiting, training, placing, paying or managing the student borrowers. It simply provides a new, exciting and powerful incentive for them to serve. This is an incentive I believe could lead tens of thousands of college graduates to devote a year or more of their lives to community service.

Loan cancellation focuses on the most frequently cited reason that young persons give for not performing community service, their student loan debt burden. It takes away the most often heard excuse for not service, "I can't afford it."

Attached to this letter is an eight point action plan that President Clinton can implement on January 20 to make this new incentive work to dramatically increase the number of young persons who will perform full-time community service.

One of these seven points is for the Transition and new Administration to ensure that the Department of Education does not sabotage implementation of the deferment and loan cancellation provisions of the 1992 Higher Education Act Amendments and a copy of Senator Bumpers letter to Secretary Alexander on this issue is attached to my testimony. Senator Bumpers and I have fought for five years with mixed success to force the Department to implement the deferment and loan cancellation provisions that have been in effect since 1980.

First Year, 1993: Strengthening Existing Programs

President Clinton has an opportunity in his first year, 1993, to dramatically strengthen existing national and community service programs.

It is clear that President Clinton has ambitious plans to formulate and implement new national and community service programs. His plans will take time to implement, they may prove to be controversial and they may well be very expensive, especially his proposal to dramatically expand the loans available for students.

Given this fact President Clinton should focus in 1993 on expanding funding and support for important existing national and community institutions, like the Peace Corps, VISTA, and the Commission on National and Community Service. The Commission could then make more grants to state and local government service programs and to service programs organized by non-profits. The Commission is up for reauthorization, so this needs to be given a priority.

The Congress has called repeatedly for a Peace Corps with 10,000 volunteers. VISTA can be expanded. The Commission is just beginning to do its work with very limited funds.

President Clinton could make a high visibility call for a supplemental appropriation for Fiscal 1993 for these programs.

These existing state and local government and private sector community service programs are time-tested, on-the-ground, and fully-functioning. They provide an essential framework and infrastructure for any new national service programs. And, strengthening them with additional funding and grants will give President Clinton time to formulate additional incentives and programs of service.

First Term, 1993-1997: Formulating New Initiatives

President Clinton has an opportunity during his first term, 1993-1997, to formulate an ambitious agenda of additional national and community service initiatives. As he proceeds with these additional initiatives, he must take care not to compete with or undermine the existing national and community service programs.

Let me outline a few of the initiatives he might pursue.

We need to expand the loans available to finance higher education. We can do this by eliminating the high administrative cost associated with guaranteed lending. With this increase in lending, we can make greater use of the loan cancellation provisions of the 1992 Higher Education Act Amendments. With this expanded program, however, there are many important design questions. Will all students qualify or will there still be a financial need standard? Will the interest rates be subsidized on these additional loans? Will the terms of service and rate of cancellation be the same as provided for in the 1992 Amendments? How do we prevent a high default rate on these additional loans? A high priority should be given to resolving these issues and funding the new loan program.

In terms of providing incentives for service President Clinton can help non-profit community service organizations by providing an exemption from tax withholding for the stipends of full-time,

low-paid volunteers. I am working with a coalition of non-profit groups to draft such an exemption, articulate the need for it, and determine its revenue impact.

In the tax bill recently vetoed by President Bush was a provision, sponsored by Senator Bumpers and authored by me, that would have waived taxation of the benefits of student loan cancellation programs of non-profit universities. President Clinton needs to ensure that this becomes law.

In addition President Clinton should determine whether the Commission on National and Community Service has broad enough authority and sufficient resources to issue grants to organizations that can provide technical and management assistance to state and local governments and non-profit organizations. Such assistance could help these governments and organizations to recruit, train, place, pay or manage volunteers.

The Peace Corps and VISTA are experts on all of these issues and they should take the lead in providing technical and management assistance.

The Federal government should help non-profit community service organizations form cooperatives of non-profit community service organizations to buy health and liability insurance.

It should address any liability issues that are hindering voluntary service organizations.

It should issue grants to or even set up national and regional clearinghouses of voluntary service opportunities.

It should sponsor research on voluntary service, its impact on the volunteers and its impact on the community being served.

The Federal government should assess the existing national and community programs to determine if there is a need to expand the range of responsibilities and programs of the Federal government managed service corps, like the Peace Corps and VISTA, or even establish another service corp or corps for specific purposes.

It should directly fund and manage a civilian conservation corps in the national parks.

With every new initiative the Administration sponsors -- incentives for service, grants to service providers or expanded or new Federal service corps -- it must be extremely careful to ensure that these initiatives do not compete with and undermine existing Federal, state and local government or non-profits service programs.

With regard to additional incentives, grants or new service corps

the Federal government needs to recognize that potential volunteers will shop-around for the best offer, the easiest qualification standards and the most lucrative post-service benefits. The last thing we want is for service programs to compete for "service markets" and provide inconsistent or overlapping service to those in need.

If the Federal government establishes or supports new incentives, grants or service corps setting a higher living standard, potential volunteers will find that very attractive. If the Federal grants or programs provide post-service benefits that exceed those offered under the existing loan cancellation program or under programs funded by the Commission on National and Community service, volunteers will sign up for the new program.

If the Federal government sets different and higher standards state and local government and non-profit service corps will be forced to make costly adjustments to their own programs.

With any new initiative one critical concept is the concept of "windfall." The existing voluntary service programs are not Yuppie programs. They involve a financial sacrifice. They involve volunteers in the community that they serve and this often involves a dramatic living standard adjustment. This is what we want. We don't want to set up a national service program that simply rewards volunteers for doing what they would have done anyway or would have done at much less cost.

We need to make sure that any new Federal incentives, grants or service corps do not create competition with the Peace Corps and VISTA. We will find it difficult to replicate the Peace Corps and VISTA. They are unusual government agencies, with traditions that cannot be transferred readily to another government agency. There are approximately 6,000 Peace Corps Volunteers serving in 95 counties and approximately 3,000 VISTA Volunteers. The Peace Corps and ACTION each cost about \$200 million. This represents a major commitment by the Federal government and together the programs serve a wide variety of populations and needs. Expanding these programs should be given a priority over establishing new and separate service corps.

We need to make sure that any new program does not displace or undermine the wage structure of full-time employees of state and local governments or non-profit organizations.

In my experience as a Peace Corps Volunteer and volunteer over 25 years with other organizations, I find that the single most important characteristic of a successful volunteer service program is the involvement of the volunteers and the creation of a local partnership of schools, non-profits, corporations and activists. There is a real risk that these vibrant partnerships will be damaged by a massive, top-down, heavy-handed Federal

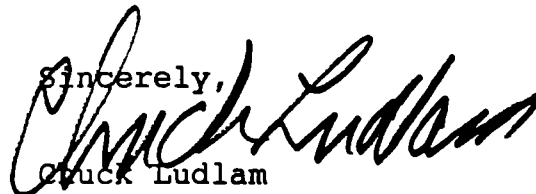
program.

We have the most innovative and entrepreneurial non-profit sector in the world. We have a very powerful set of local and state governments. These are strengths. They give us variety. They are independent, cost-effective and focused. We want to use them whenever possible as the front-line programs on national and community service.

Finally, we should use existing government agencies to manage any new programs. We have the Peace Corps, VISTA, the Commission and the Department of Education.

In conclusion, let me say that there is a great need for voluntary community service. We should be ambitious, but we also need to proceed cautiously. We should first implement the loan cancellation program and increase support for existing programs. Then we should proceed with new programs that reflect a high sensitivity to the impact of the new program on these existing government and non-profit programs.

I am happy to work with the Commission on these important issues.

Sincerely,

Chuck Ludlam
Counsel, Senator Dale
Bumpers

202-224-3095 (work)

DETAILED PLAN OF ACTION:

LOAN CANCELLATION FOR COMMUNITY SERVICE

1. Change Effective Date for Stafford Loan Cancellation:

President Clinton should request adoption of an amendment to the Higher Education Act Amendments of 1992 to change the effective date for the new Stafford loan cancellation program. This programs provides for loan cancellation for Peace Corps and VISTA Volunteers and those who perform comparable full-time service with a non-profit community service organization. The effective date for this news program in the law is set in Section 428J(b)(1); it applies to "any new borrower after October 1, 1992..." The term "new borrower" is defined in Section 432(b) and it "means, with respect to any date, an individual who on that date has no outstanding balance of principal or interest owing on any loan made, insured, or guaranteed under" the law. It needs to be amended to include "any borrower..." This will include students who have taken out loans before the bill became law. The effective date needs to be changed so that the loan cancellation is available for existing student borrowers, not just to "new borrowers."

2. Request for Fiscal 1993 Supplemental Appropriations: If the effective date for the new Stafford loan cancellation program is changed, President Clinton should request full funding for this program in a supplemental appropriations bill for Fiscal 1993. No appropriations were provided for this program in the Fiscal 1993 appropriations bill because of the restrictive

effective date for the program. The Higher Education Act Amendments of 1992 provides an authorization to spend \$10 million on loan cancellation in Fiscal 1993 and "such sums" as necessary thereafter (section 428J(g)(5)), so there is no need to increase the authorization. There will be very little loan cancellation in Fiscal 1993 because the provision only went into effect on October 1, 1992, and at least one year of service is required for any loan cancellation to be earned. The change in the effective date is a key issue here. If it is not changed, there is no need to provide any appropriations for Fiscal 1993. A request has been made to the Congressional Budget Office of how large the supplemental appropriation would need to be to fund the program for all borrowers in Fiscal 1993. million.

3. Expand Loans Covered by Stafford Cancellation Program:

President Clinton should request adoption of an amendment to the new Stafford loan cancellation program so that it covers all Stafford loans of a student, not just the loans "incurred by the student borrower during such borrower's last two years of undergraduate education..." This limitation reduces the effectiveness of the incentive.

4. Provide Progressive Rate of Cancellation For Stafford Loans: President Clinton should request adoption of an amendment to the new Stafford loan cancellation program so that the rate of cancellation increases with each additional year of service. The 1992 Amendments provide for cancellation under the following schedule: 15% for first year of service, 15% for second year, 20% for third year and 30% for fourth year. This schedule should be

changed to provide a clear incentive for long-term service. Such a schedule would provide for loan cancellation under the following schedule: 15% for first year of service, 20% for second year, 25% for third year and 30% for fourth year.

5. Enact Parallel Perkins Loan Cancellation: President Clinton should request enactment of an amendment to the Higher Education Act to establish a similar generic loan cancellation program for Perkins loans with an immediate effective date. That would mean that students who have both Stafford and Perkins loans would not be caught with conflicting standards. And it would make the whole program more attractive for student borrowers. The terms for cancellation of Perkins loans would be the same as for the Stafford loan cancellation program.

6. Ensure that Regulations Fully Implement Loan Cancellation Programs: President Clinton should direct his Secretary of Education to issue regulations that fully and fairly implement the loan cancellation incentives. Over the past twelve years the Department of Education has systematically sabotaged the existing loan deferment and Perkins loan cancellation programs. Senator Dale Bumpers has sent a detailed letter to Secretary of Education Alexander outlining critical issues to be addressed in the regulations to implement the 1992 Higher Education Act Amendments. A copy of this letter is attached.

7. Request Fiscal 1994 Appropriation, Stafford Loan Cancellation: President Clinton should request full funding for the Stafford loan cancellation program for Fiscal 1994. He could simply request that the program be made into an entitlement,

which would obviate the need for annual appropriations specifically for this provision.

8. Publicize Cancellation Programs: President Clinton should direct the new Education Department Secretary to organize a major program to publicize the Stafford (and then the Perkins) loan cancellation program(s). This publicity program should be coordinated with the Commission on National and Community Service, which might fund a non-profit organization to coordinate the publicity campaign. This campaign could involve the national associations of college student financial assistant employees, college career placement employees, student body presidents, student newspaper editors, and associations of non-profit community service organizations. It could focus on informing students of the loan cancellation incentives and of available service opportunities that would qualify for loan cancellation. It could help non-profit organizations establish service opportunities that would qualify for loan cancellation.

* * *

The text of the legislation needed to implement this action plan follows. A request has been made to the Congressional Budget Office as to its cost.

DISCUSSION DRAFT
December 16, 1992

103D CONGRESS
1ST SESSION

S. _____

IN THE SENATE OF THE UNITED STATES

Mr. BUMPERS introduced the following bill: which was read twice and referred
to the Committee on _____

A BILL

To amend the Higher Education Act of 1965 to eliminate the new borrower requirement under the Loan Forgiveness for Teachers, Individuals Performing National Community Service and Nurses Demonstration Program; to make such program an entitlement program; to expand the number of loans which may be forgiven under such program; to amend the loan repayment percentages under such program; and to provide eligibility for Perkins loan cancellation to students who volunteer for service under the Peace Corps Act, the Domestic Volunteer Service Act of 1973, or comparable service as an employee of a nonprofit organization.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. APPLICABILITY OF DEMONSTRATION PRO-**
4 **GRAM LOAN FORGIVENESS TO ALL BORROW-**
5 **ERS.**

6 The matter preceding subparagraph (A) of section
7 428J(b)(1) of the Higher Education Act of 1965 (here-
8 after in this Act referred to as the "Act") (20 U.S.C.
9 1078-10(b)(1)) is amended by striking "new borrower
10 after October 1, 1992" and inserting "borrower".

11 **SEC. 2. LOAN FORGIVENESS ENTITLEMENT PROGRAM.**

12 Section 428J of the Act (20 U.S.C. 1078-10) is fur-
13 ther amended—

14 (1) in the heading for subsection (b), by strik-
15 ing "DEMONSTRATION" and inserting "LOAN FOR-
16 GIVENESS ENTITLEMENT";

17 (2) in subsection (b)—

18 (A) in the matter preceding subparagraph

19 (A) of paragraph (1)—

20 (i) by striking "is authorized to carry
21 out a demonstration program of assuming"
22 and inserting "shall assume";

23 (ii) by inserting ", and repay," after
24 "repay"; and

1 (iii) by striking “new borrower after
2 October 1, 1992” and inserting “borrower
3 having an application approved under sub-
4 section (e)”;

5 (B) by redesignating paragraph (2) as
6 paragraph (3); and

7 (C) by inserting after paragraph (1) the
8 following new paragraph:

9 “(2) ENTITLEMENT.—Each borrower described
10 in subparagraphs (A), (B), or (C) of paragraph (1)
11 and having an application approved under subsection
12 (e) shall be entitled to receive loan repayment in ac-
13 cordance with the provisions of this section. Each
14 such borrower shall be deemed to have a contractual
15 right, as against the United States, to receive from
16 the Secretary such loan repayment.”; and

17 (3) by striking paragraph (5) of subsection (g).

18 **SEC. 3. NUMBER OF LOANS WHICH MAY BE FORGIVEN.**

19 Subparagraph (A) of section 428J(c)(1) of the Act
20 (20 U.S.C. 1078–10(c)(1)) is amended by striking “dur-
21 ing such borrower’s last 2 years of undergraduate edu-
22 cation”.

23 **SEC. 4. LOAN REPAYMENT.**

24 Paragraph (1) of section 428J(c)(1) of the Act is fur-
25 ther amended—

1 (1) in subparagraph (A), by striking “or sec-
2 ond”;

3 (2) in subparagraph (B)—

4 (A) by striking “third or fourth” and in-
5 serting “second”; and

6 (B) by striking “and” after the semicolon;

7 (3) by redesignating subparagraph (C) as sub-
8 paragraph (D);

9 (4) by inserting after subparagraph (B) the fol-
10 lowing new subparagraph:

11 “(C) 25 percent of such total amount for
12 such third year; and”; and

13 (5) in subparagraph (D) (as redesignated in
14 paragraph (3)), by striking “fifth” and inserting
15 “fourth”.

16 **SEC. 5. LOAN CANCELLATION APPLICABILITY FOR PER-**
17 **KINS LOAN BORROWERS WHO PERFORM NA-**
18 **TIONAL SERVICE.**

19 Section 465(a)(2) of the Act (20 U.S.C.
20 1087ee(a)(2)) is amended—

21 (1) by striking “or” at the end of subparagraph
22 (H);

23 (2) by striking the period at the end of sub-
24 paragraph (I) and inserting “; or”; and

1 (3) by adding at the end the following new sub-
2 paragraph:

3 “(J) as a full-time volunteer under the
4 Peace Corps Act or under the Domestic Volun-
5 teer Service Act of 1973, or for comparable
6 service as a full-time employee of an organiza-
7 tion which is exempt from taxation under sec-
8 tion 501(c)(3) of the Internal Revenue Code of
9 1986, if the borrower does not receive com-
10 pensation which exceeds the greater of—

11 “(i) the minimum wage rate described
12 in section 6 of the Fair Labor Standards
13 Act of 1938; or

14 “(ii) an amount equal to 100 percent
15 of the poverty line for a family of two (as
16 defined in section 673(2) of the Commu-
17 nity Service Block Grant Act).”.

18 [Note: The amendments made by sections 1 and
19 2(2)(A)(iii) amend the same portion of section
20 428J(b)(1).]

1992 HIGHER EDUCATION ACT:

NEW PROGRAM FOR CANCELLATION OF STAFFORD LOANS FOR THOSE WHO PERFORM COMMUNITY SERVICE

SEC. 422. UNSUBSIDIZED LOANS; PERFORMANCE AGREEMENTS; LOAN FORGIVENESS.

Part B of title IV of the Act is amended by inserting after section 428G the following new sections:

"LOAN FORGIVENESS FOR TEACHERS, INDIVIDUALS PERFORMING NATIONAL COMMUNITY SERVICE AND NURSES

"SEC. 428J. (a) STATEMENT OF PURPOSE.—It is the purpose of this section to encourage individuals to—

- "(1) enter the teaching and nursing profession; and
- "(2) perform national and community service.

"(b) DEMONSTRATION PROGRAM.—

"(1) IN GENERAL.—The Secretary, in consultation with the Secretary of Health and Human Services, is authorized to carry out a demonstration program of assuming the obligation to repay a loan made, insured or guaranteed under this part (excluding loans made under sections 428A, 428B, or 428C) for any new borrower after October 1, 1992, who—

"(A) is employed as a full-time teacher—

"(i) in a school which qualifies under section 465(a)(2)(A) for loan cancellation for Perkins loan recipients who teach in such schools; and

"(ii) of mathematics, science, foreign languages, special education, bilingual education, or any other field of expertise where the State educational agency determines there is a shortage of qualified teachers;

"(B) agrees in writing to volunteer for service under the Peace Corps Act or under the Domestic Volunteer Service Act of 1973, or to perform comparable service as a full-time employee of an organization which is exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986, if the borrower does not receive compensation which exceeds the greater of—

"(i) the minimum wage rate described in section 6 of the Fair Labor Standards Act of 1938; or

"(ii) an amount equal to 100 percent of the poverty line for a family of two (as defined in section 673(2) of the Community Services Block Grant Act); or

"(C) is employed full-time as a nurse in a public hospital, a rural health clinic, a migrant health center, an Indian Health Service, an Indian health center, a Native Hawaiian health center or in an acute care or long-term care facility.

"(2) REGULATIONS.—The Secretary is authorized to issue such regulations as may be necessary to carry out the provisions of this section.

"(c) LOAN REPAYMENT.—

"(1) IN GENERAL.—The Secretary shall assume the obligation to repay—

"(A) 15 percent of the total amount of Stafford loans incurred by the student borrower during such borrower's last 2 years of undergraduate education for the first or second academic year in which such borrower meets the requirements described in subsection (a);

"(B) 20 percent of such total amount for such third or fourth academic year; and

"(C) 30 percent of such total amount for such fifth academic year.

"(2) CONSTRUCTION.—Nothing in this subsection shall be construed to authorize the refunding of any repayment of a Stafford loan.

"(3) INTEREST.—If a portion of a loan is repaid by the Secretary under this section for any year, the proportionate amount of interest on such loan which accrues for such year shall be repaid by the Secretary.

"(4) SPECIAL RULE.—In the case where a student borrower who is not participating in loan repayment pursuant to this section returns to an institution of higher education after graduation from an institution of higher education for the purpose of obtaining a teaching certificate, the Secretary is authorized to assume the obligation to repay the total amount of Stafford loans incurred for a maximum of 2 academic years

in returning to an institution of higher education for the purpose of obtaining a teaching certificate or additional certification. Such Stafford loans shall only be repaid for borrowers who qualify for loan repayment pursuant to the provisions of this section, and shall be repaid in accordance with the provisions of paragraph (1).

"(d) REPAYMENT OF ELIGIBILITY LENDERS.—The Secretary shall pay to each eligible lender or holder for each fiscal year an amount equal to the aggregate amount of Stafford loans which are subject to repayment pursuant to this section for such year.

"(e) APPLICATION FOR REPAYMENT.—Each eligible individual desiring loan repayment under this section shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require.

"(f) DEFINITIONS.—For the purpose of this section the term 'eligible lender' has the same meaning given such term in section 435(d).

"(g) EVALUATION.—

"(1) IN GENERAL.—The Secretary shall conduct, by grant or contract, an independent national evaluation of the impact of the program assisted under this part on the fields of teaching, nursing, and community service.

"(2) COMPETITIVE BASIS.—The grant or contract described in paragraph (1) shall be awarded on a competitive basis.

"(3) CONTENTS.—The evaluation described in this section shall—

"(A) assess whether the program assisted under this section has brought into teaching, nursing, and community service a significant number of highly capable individuals who otherwise would not have entered such fields;

"(B) assess whether a significant number of students perform the service described in subsection (b) or opt to repay the loans instead of remaining in the career for which such student received loan repayment under this section;

"(C) identify the barriers to the effectiveness of the program assisted under this section;

"(D) assess the cost-effectiveness of such program in improving teacher, nursing, and community service worker quality and quantity and the ways to improve the cost-effectiveness of such program;

"(E) identify the reasons for which participants in the program have chosen to take part in such program; and

"(F) identify other areas of community service or employment which may serve as appropriate methods of loan repayment.

"(4) INTERIM EVALUATION REPORTS.—The Secretary shall prepare and submit to the President and the Congress such interim reports on the evaluation described in this section as the Secretary deems appropriate, and shall submit such a final report by January 1, 1997.

"(5) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to carry out this section \$10,000,000 for fiscal year 1993 and such sums as may be necessary for each of the 4 succeeding fiscal years."

SEC. 432. EFFECTIVE DATES FOR AMENDMENTS TO PART B.

(b) NEW BORROWERS.—For purposes of the section, the term "new borrower" means, with respect to any date, an individual who on that date has no outstanding balance of principal or interest owing on any loan made, insured, or guaranteed under part B of title IV of the Act.

1992 HIGHER EDUCATION ACT:

CHANGE IN EXISTING PROGRAM FOR CANCELLATION OF PERKINS LOANS FOR THOSE WHO PERFORM COMMUNITY SERVICE

SEC. 465. CANCELLATION OF LOANS FOR CERTAIN PUBLIC SERVICE.

(a) CANCELLATION FOR TEACHING.—Section 465(a)(2) of the Act is amended—

(1) in subparagraph (A), by striking “and such determination shall not be made with respect to not more than 50 percent of the total number of schools in the State receiving assistance under such chapter 1”;

(2) by amending subparagraph (C) to read as follows:

“(C) as a full-time special education teacher, including teachers of infants, toddlers, children, or youth with disabilities in a public or other nonprofit elementary or secondary school

system, or as a full-time qualified professional provider of early intervention services in a public or other nonprofit program under public supervision by the lead agency as authorized in section 676(b)(9) of the Individuals With Disabilities Education Act;”;

(3) by striking “or” at the end of subparagraph (E);

(4) by striking the period at the end of subparagraph (F) and inserting “; or”; and

(5) by adding at the end the following new subparagraphs:

“(G) as a full-time teacher of mathematics, science, foreign languages, bilingual education, or any other field of expertise where the State educational agency determines there is a shortage of qualified teachers;

“(H) as a full-time nurse or medical technician providing health care services; or

“(I) as a full-time employee of a public or private nonprofit child or family service agency who is providing, or supervising the provision of, services to high-risk children who are from low-income communities and the families of such children.”.

(b) RATE OF CANCELLATION.—Section 465(a)(3)(A)(i) of such Act is amended by striking “(A), (C), or (F)” and inserting “(A), (C), (F), (G), (H), or (I)”.

(c) SPECIAL RULES.—Section 465 of the Act is amended by adding at the end the following new subsection:

“(c) SPECIAL RULES.—

“(1) LIST.—If the list of schools in which a teacher may perform service pursuant to subsection (a)(2)(A) is not available before May 1 of any year, the Secretary may use the list for the year preceding the year for which the determination is made to make such service determination.

“(2) CONTINUING ELIGIBILITY.—Any teacher who performs service in a school which—

“(A) meets the requirements of subsection (a)(2)(A) in any year; and

“(B) in a subsequent year fails to meet the requirements of such subsection,
may continue to teach in such school and shall be eligible for loan cancellation pursuant to subsection (a)(1) such subsequent years.”.

(d) CONFORMING AMENDMENT: DEFINITIONS; LIMITATIONS.—Part E of title IV is further amended by adding at the end the following new section:

1986 HIGHER EDUCATION ACT:

EXISTING PROGRAM FOR CANCELLATION OF PERKINS LOANS FOR THOSE WHO PERFORM COMMUNITY SERVICE -- USE TO UNDERSTAND 1992 CHANGES IN PROGRAM

"CANCELLATION OF LOANS FOR CERTAIN PUBLIC SERVICE

"SEC. 465. (a) CANCELLATION OF PERCENTAGE OF DEBT BASED ON YEARS OF QUALIFYING SERVICE.—(1) The percent specified in paragraph (3) of this subsection of the total amount of any loan made after June 30, 1972, from a student loan fund assisted under this part shall be canceled for each complete year of service after such date by the borrower under circumstances described in paragraph (2).

"(2) Loans shall be canceled under paragraph (1) for service—

"(A) as a full-time teacher for service in an academic year in a public or other nonprofit private elementary or secondary school which is in the school district of a local educational agency which is eligible in such year for assistance pursuant to title I of the Elementary and Secondary Education Act of 1965, and which for the purpose of this paragraph and for that year has been determined by the Secretary (pursuant to regulations and after consultation with the State educational agency of the State in which the school is located) to be a school in which the enrollment of children counted under section 111(c) of the Elementary and Secondary Education Act of 1965 exceeds 30 percent of the total enrollment of that school and such determination shall not be made with respect to more than 50 percent of the total number of schools in the State receiving assistance under such title I;

"(B) as a full-time staff member in a preschool program carried on under section 222(a)(1) of the Economic Opportunity Act of 1964 which is operated for a period which is comparable to a full school year in the locality if the salary of such staff member is not more than the salary of a comparable employee of the local educational agency;

"(C) as a full-time teacher of handicapped children in a public or other nonprofit elementary or secondary school system;

"(D) as a member of the Armed Forces of the United States, for services that qualifies for special pay under section 310 of title 37, United States Code, as an area of hostilities; or

"(E) as a volunteer under the Peace Corps Act or a volunteer under the Domestic Volunteer Service Act of 1973.
For the purpose of this paragraph, the term 'handicapped children' has the meaning set forth in section 602(1) of the Education of the Handicapped Act.

"(3)(A) The percent of a loan which shall be canceled under paragraph (1) of this subsection is—

"(i) in the case of service described in subparagraph (A) or (C) of paragraph (2), at the rate of 15 percent for the first or second year of such service, 20 percent for the third or fourth year of such service, and 30 percent for the fifth year of such service;

"(ii) in the case of service described in subparagraph (B) of paragraph (2), at the rate of 15 percent for each year of such service;

"(iii) in the case of service described in subparagraph (D) of paragraph (2), not to exceed a total of 50 percent of such loan at the rate of 12 1/2 percent for each year of qualifying service; or

"(iv) in the case of service described in subparagraph (E) of paragraph (2) at the rate of 15 percent for the first or second year of such service and 20 percent for the third or fourth year of such service.

"(B) If a portion of a loan is canceled under this subsection for any year, the entire amount of interest on such loan which accrues for such year shall be canceled.

"(C) Nothing in this subsection shall be construed to authorize refunding of any repayment of a loan.

"(4) For the purpose of this subsection, the term 'year' where applied to service as a teacher means academic year as defined by the Secretary.

"(5) The amount of a loan, and interest on a loan, which is canceled under this section shall not be considered income for purposes of the Internal Revenue Code of 1954.

"(b) REIMBURSEMENT FOR CANCELLATION.—The Secretary shall pay to each institution for each fiscal year an amount equal to the aggregate of the amounts of loans from its student loan fund which are canceled pursuant to this section for such year, minus an amount equal to the aggregate of the amounts of any such loans so canceled which were made from Federal capital contributions to its student loan fund provided by the Secretary under section 468. None of the funds appropriated pursuant to section 461(b) shall be available for payments pursuant to this subsection.

SAM NUNN, GEORGIA
 MAX BAUCUS, MONTANA
 CARL LEVIN, MICHIGAN
 ALAN J. DIXON, ILLINOIS
 TOM HARKIN, IOWA
 JOHN F. KERRY, MASSACHUSETTS
 BARBARA A. MIKULSKI, MARYLAND
 JOSEPH I. LIEBERMAN, CONNECTICUT
 PAUL DAVID WELLSTONE, MINNESOTA
 HARRIS WOFFORD, PENNSYLVANIA

ROBERT W. KASTEN, JR., WISCONSIN
 LARRY PRESSLER, SOUTH A
 MALCOLM WALLOP, WYOMING
 CHRISTOPHER S. BOND, MISSOURI
 CONRAD BURNS, MONTANA
 TED STEVENS, ALASKA
 CONNIE MACK, FLORIDA
 JOHN SEYMOUR, CALIFORNIA

JOHN W. BALL III, STAFF DIRECTOR
 CESAR V. CONDA, MINORITY STAFF DIRECTOR

United States Senate

COMMITTEE ON SMALL BUSINESS

WASHINGTON, DC 20510-6350

December 7, 1992

The Honorable Lamar Alexander
 U.S. Department of Education
 400 Maryland Avenue, S.W.
 Washington, D.C. 20202

Dear Secretary Alexander:

President Bush has signed the Higher Education Act Amendments of 1992 into law and the Department will shortly issue regulations to implement it. I am writing to urge you to give special attention to the provision of the bill that amends the deferment for student borrowers who perform full-time, low-paid community service and that authorizes a new program for partial cancellation of Stafford loans for these students.

As you may know I have worked for five years to secure full implementation of incentives for full-time, low-paid community service. I am the author of the amended deferment provision and the new Stafford loan cancellation program. I am intimately familiar with the terms and legislative history for both provisions and here will provide detailed recommendations for the implementing regulations.

"Economic Hardship" Deferment

The reauthorized loan deferment for Stafford loans for community service is found in Section 416 of the 1992 Amendments. Let me review the terms of the bill and then outline the legislative history that defines its meaning.

Section 416(e)(1) provides for a deferment for up to three years "for any reason which the lender determines, in accordance with regulations prescribed by the Secretary under section 435(o), has caused or will cause the borrower to have an economic hardship."

If this "economic hardship" deferment was not further defined by the 1992 Amendments, it would require a subjective determination by lenders as to the nature and extent of the student borrower's hardship. However, Section 416(e)(2) of the 1992 Amendments provides two very specific definitions of the term "economic hardship" that help us to understand its meaning. These two definitions are amendments to Section 435(o) of the Higher Education Act.

First, Section 416(e)(2) provides that a borrower shall receive a deferment if "such borrower is working full-time and is earning an amount which does not exceed the greater of -- (i) the minimum wage rate... or (ii) an amount equal to 100 percent of the

poverty line for a family of 2..." I will refer here to this definition as the "working full-time" deferment.

Second, Section 416(e)(2) further provides that the Secretary shall grant a deferment if "such borrower meets such other criteria as are established by the Secretary by regulation..." In establishing such criteria the Secretary "shall consider the borrower's income and debt-to-income ratio as primary factors." I will refer here to this definition as the "debt-to-income" deferment.

The "working full-time" and "debt-to-income" provisions are definitions of what constitute an "economic hardship." But, here is it easier to refer to both of these definitions as "deferments," as this is the effect of Section 416(e)(2).

There is an extensive legislative history on the meaning of each of these three deferments. The "economic hardship" and "debt-to-income" deferments came from the House version of the 1992 Amendments, H.R. 5353. The "working full-time" deferment comes from the Senate version of the bill, S. 1150. We must, therefore, look primarily to the House for the meaning of the "economic hardship" and "debt-to-income" deferments and to the Senate for the meaning of the "working full-time" deferment.

In the House-passed version of the 1992 Amendments the "economic hardship" and the "debt-to-income" deferments can be found in Section 427 of the House substitute amendment for S. 1150. This substitute was printed in the Congressional Record of March 31 and the deferment provision appears at H 2129-2130. A copy of these pages of the Congressional Record is enclosed as Exhibit A.

In the Senate-passed bill the "working full-time" deferment can be found in Section 430 of S. 1150. The Senate version of S. 1150 was printed in the Congressional Record of February 26, 1992, and the "working full-time" deferment appears at pages S 2374 - 2375. A copy of these pages of the Congressional Record is enclosed as Exhibit B.

The legislative history on the meaning of these three deferments couldn't be clearer. Let me begin with the "economic hardship" deferment. The report on the House bill makes it clear that the "economic hardship" deferment applies to full-time, low-paid community service, including service as a Peace Corps or VISTA Volunteer or comparable full-time service with a tax-exempt community service organization. House Report 102-447 states at page 44, "The Committee intends that the Secretary shall insure that those who choose to work in community service positions at wages at or below the poverty line qualify for a loan deferment under the economic hardship provision. The Committee intends that the regulations include low-paid volunteers who work in the community in his definition of those who qualify for an economic

hardship deferment." A copy of this page of the House Report is enclosed as Exhibit C.

During the debate on the House bill, Congressman William Ford, Chairman of the House Education and Labor Committee and of the Postsecondary Education Subcommittee, engaged in a colloquy with Congressman Kildee, a member of the Postsecondary Education Subcommittee. Chairman Ford confirmed that the "economic hardship" deferment reauthorizes the existing deferment for full-time, low-paid voluntary community service, including service as a Peace Corps or VISTA Volunteer or comparable full-time service with a tax-exempt community service organization. This colloquy from the House debate can be found in the Congressional Record of March 26, 1992, at H 1898. A copy of this colloquy is enclosed as Exhibit D.

During this colloquy Congressman Kildee asked Chairman Ford, "Mr. Chairman, is it the gentleman's understanding that full-time volunteers, such as Peace Corps and VISTA workers, and others who perform comparable service with tax-exempt service organizations, will continue to qualify for deferments under the economic hardship definition in this bill, under the same terms as they now qualify?" The Chairman responded, "I would say to the gentleman, that is correct. These individuals you described will qualify for a student deferment under the economic hardship category."

The key points here are, first, that the "economic hardship" deferment applies to student borrowers who voluntarily suffer an economic hardship as a condition for the performance of community service. The "economic hardship" deferment is not simply available when an economic hardship has been inflicted on the student borrower by some outside forces beyond his or her control. Second, Peace Corps and VISTA service or comparable service with a tax-exempt community service organization is considered to be "hard" enough to justify a deferment.

This legislative history in the House definitely shows that even had Section 416(e)(2) not been included in the conference bill, the "economic hardship" deferment itself reauthorizes the current deferment for Peace Corps and VISTA and for comparable full-time service. But, of course, the "economic hardship" deferment is further defined in Section 416(e)(2) with the "working full-time" and "debt-to-income" deferments and this confirms this interpretation of the "economic hardship" deferment.

Let me now turn first to the legislative history of the "working full-time" deferment. The debate on S. 1150 in the Senate on the provision that became Section 416(e)(2) makes it clear that the "working full-time" provision requires that a deferment be granted for full-time community service, including service as a Peace Corps and VISTA Volunteer or comparable full-time service

with a tax-exempt community service organization. It is also clear that the agreements that the Department and I have reached regarding the terms of the current community service deferment apply to the "working full-time" deferment.

During the debate on the Senate bill on February 20, 1992, I engaged in an extended colloquy with the Chairman of the Senate Subcommittee on Education, Senator Pell, about the "working full-time" provision. That colloquy can be found in the Congressional Record at pages S 1843 -1846 and a copy of this colloquy is enclosed for your review as Exhibit E.

This colloquy in the Senate provides definitive guidance to the Department on how to implement the "working full-time" deferment. During this colloquy I asked Chairman Pell if the "working full-time" provision provides "a deferment for all those student borrowers who currently qualify for the deferment because they serve as Peace Corps or VISTA Volunteers or as full-time volunteers with tax-exempt community service organizations..." Chairman Pell said, "Yes. I am happy to say to my friend from Arkansas that the deferment provided in S. 1150 does provide a deferment for all those borrowers who qualify for the existing deferment to which he has referred. The committee specifically chose this standard to make certain (that they were covered)."

I also asked Chairman Pell to say whether the letters that the Department has sent to me on September 1, 1988, May 26, 1989, and March 8, 1990, "define what service is considered to be 'comparable' to Peace Corps and VISTA service and what service qualifies for both the current and new deferment..." Chairman Pell responded, "Yes. The new deferments should continue current policy on these deferments as clarified in this exchange of letters." At this point I had the letters printed in the Congressional Record. The three letters can be found in Exhibit E.

These three letters answer many questions about the current deferment and the "working full-time" deferment. For example, the September 1 letter makes it clear that: (a) the term "full-time" is to be interpreted "according to the standard requirements established by the employing organization for full-time service"; (b) a student borrower is "entitled to the deferment regardless of other employment"; and (c) the "compensation received by the student from a second, part-time position would not count towards the compensation limitation which applies" to the compensation received from the organization for which the student borrower is employed full-time. The March 8 letter states that the compensation limit "does not preclude a(n employer) from providing the same fringe benefits to a volunteer, such as health insurance, that are offered to other employees."

This colloquy and the September 1 letter confirm that term "earning" in Section 416 refers to the compensation received by the student borrower from the employer for whom he or she works "full-time." It does not limit any other income that the student borrower might earn or might receive. This earnings test is, therefore, a very simple test. All one need do is look at the compensation paid to the student borrower from this one employer. Any other income the individual might earn from a second employer or might receive from any other source is irrelevant.

This colloquy and the September 1 letter also confirm that the term "earning" in Section 416 refers only to cash compensation and does not include any fringe benefits paid to the student borrower by his or her employer. If these fringe benefits are offered to the other employees of the organization, they are not counted towards the earnings limit.

Let me now turn to the legislative history of the "debt-to-income" deferment. To begin with it is clear from the structure of the 1992 Amendments that the "debt-to-income" deferment is available for student borrowers who receive compensation that exceeds the limits set in the "working full-time" deferment. Unlike the issue with the "working full-time" deferment, the principal issue with the "debt-to-income" is not how much the individual earns but how much he or she earns and how this compensation compares to the level of debt of the individual.

This means that an individual who is working full-time in a community service position could still receive a deferment if his or her compensation exceeds the minimum wage or poverty level -- the limits applicable to the "working full-time" deferment -- as long as the ratio of this compensation does not exceed the limits set by the Department and the ratio of this income to the individual's debts meets the criteria specified by the Secretary.

In implementing the "debt-to-income" deferment the Department must make it clear that student borrowers who are employed full-time by community service organizations may receive a deferment even if their compensation happens to exceed the minimum wage or poverty level.

It should be made clear that the Department must look at all of the debts of the student borrower, not just the student loan debts incurred under Federal government programs. A student borrower may well have other debts and they are just as relevant in determining the debt-to-income ratio for the individual.

In addition, it is important for the Department to give particular weight to cases where both the income of the individual and the debts of the individual are modest. For example, an individual with \$10,000 in income and \$10,000 in debts is facing a much greater economic hardship in repaying the

loans than a student borrower with \$30,000 in income and \$30,000 in debts. The debt-to-income ratio for these two students may be the same -- one-to-one -- but the repayment burden is much greater for the student borrower with the lower level of income.

The new "economic hardship," "working full-time" and "debt-to-income" deferments do not go into effect immediately. The existing deferments continue to remain available until the effective date for the new deferments. Under Section 432(a)(3) the new deferments "shall apply with respect to loans for which the first disbursement is made on or after July 1, 1993, to an individual who is a new borrower on the date such individual applies for a loan." The term "new borrowers" is defined in section 432(b) of the 1992 Amendments to mean "an individual who on that date has no outstanding balance of principal or interest owing on any loan made, insured, or guaranteed under part B of Title IV of the Act" (Stafford and Perkins loans). With respect to all other student borrowers, the existing deferments continue to apply with regard to their old and new loans.

Finally, the new deferments are available for both Stafford loans under Section 416 are also available for Perkins loans. The Perkins loan deferment provision is found in Section 464(e) and it is identical to the Stafford loan provision found in Section 416.

Regulations to Implement New Deferment

In implementing this new deferment it is critical for the Department to inform student borrowers that full-time, low-paid community service continues to be one type of "work" that qualifies for a deferment. This information for student borrowers is critical because the new deferment is broader than the existing deferment and covers full-time, low-paid "work" that does not involve any community service. The Department cannot simply state that deferments are available for those with an "economic hardship" and leave it to the student borrower to find out what this means.

In implementing the new deferment the Department is required by Section 416(e)(2) to explicitly state in all of its regulations and publications that among the types of "work" that qualifies for the deferment is service as a Peace Corps or Vista Volunteer and service as a full-time employee of a tax-exempt community service organization. If the Department fails to refer specifically to these types of "work" as qualifying for the deferment, the Department will be violating the terms and intent of the 1992 Amendments. This is the only way to give meaning to Section 416(e)(2).

At the same time the Department must make it clear that a

deferment is available even if the employment is not with a tax-exempt community service organization, is not "comparable" to the service of a Peace Corps or VISTA Volunteer or is not for at least a year. All the student borrower must show is that he or she is working "full-time" and is not earning more than the specified amounts.

It is also clear that the new deferment is available to full-time "employees" of a community service organization and not just to "volunteers." I have repeatedly argued that the current community service deferment is available for a "paid employee" of a tax-exempt organization and that referring to the individual as a "volunteer" -- as the Department has done -- is misleading. The National and Community Service Act requires the Department to refer to the individual as a "paid employee." With the "working full-time" deferment, the Department is directed once again to refer to the student borrower as an "employee" and is barred from referring to the individual as a "volunteer."

The Department must make it clear that under the "working full-time" deferment a full-time employee may not earn more than the minimum wage annualized or the poverty-line for a family of 2. But, in order to make this a meaningful statement to student borrowers, the Department must inform student borrowers of the specific hourly and annual dollar figure so there can be no confusion on the part of student borrowers. Students may not be aware of the minimum wage level and they certainly do not know the figure for the poverty line for a family of 2.

The Department must make it clear that these compensation limits apply only to the compensation received from the employer and do not refer to any other income that the student borrower might receive from a second employer or from some other source. This is an issue resolved in the Department's September 1, 1988, letter, which is referenced in my colloquy with Senator Pell.

The Department must make it clear that the term "full-time" is defined by the employer of the student borrower. This is also an issue resolved in the Department's September 1, 1988, letter.

The Department must make it clear that this compensation limit does not include any fringe benefits provided to the employee. This is an issue resolved in the Department's March 8, 1990, letter, which is also referenced in my colloquy with Senator Pell.

Finally, the Department must make it clear that the "debt-to-income" deferment is available for a student borrower who is working for a community service organization even if the individual's compensation exceeds the minimum wage or poverty line standard. Its availability depends on the debt-to-income ratio not just on the compensation received from the

organization.

If the Department does not make each of these points clear in its regulations and all of its publications, it will be starting down the same road it has traveled since 1980, obstructing the implementation of the deferment and we will have to continue the correspondence of the last five years regarding the current deferment. The Department is required to tell student borrower how to qualify for the deferment and not to couch its notices in jargon that students cannot understand.

I need to know whether you agree with this outline of the issues that must be addressed in the Department's implementation of the new deferment. If you have any dispute about what I have said, I trust that you will raise it with me before the Department issues a notice of proposed rulemaking to implement the 1992 Amendments.

Relationship to Issues About Current Deferment

Enactment of the Higher Education Act amendments clarifies several issues raised in my May 18, 1992, letter to you about the current deferment.

It is important to proceed to resolve all of the issues raised in my May 18 letter immediately as the existing deferment will continue to apply to millions of students. The new deferment only applies to "new borrowers" as of next July. The existing deferment will remain in effect for all borrowers who are not new borrowers under that definition.

One of the issues raised in my letter is the maximum compensation standard. In the May 7 response the Department agreed to revise the notice of proposed rulemaking in the Federal Register of November 10, 1990, regarding the maximum compensation that can be received by student borrowers who claim a deferment for service comparable to that of Peace Corps Volunteers. The Department agreed to make it clear that a student borrower may earn up to and including the Federal minimum wage. I asked for an estimate on when the final regulations will be published in the Federal Register by the Department. This change is consistent with the 1992 Amendments, which also use the minimum wage standard, and it must go forward as soon as possible.

In my letter I expressed my appreciation for your acknowledgement that the Student Guide violates the requirements of the National and Community Service Act (NCSA). The NCSA became law on November 16, 1990. You pledged to revise the Student Guide to refer to student borrowers as "paid employees" and not as "volunteers." I asked if it is possible to change the Guide this spring and whether this change would involve any special expenditure of funds by the Department. This change is

consistent with the 1992 Amendments, which clearly refers to paid employees, and it must be made as soon as possible.

In addition, you said that you would review whether the Department would implement the compensation standard for the deferment under the Higher Education Act in a manner that is consistent with the compensation standard set in the National and Community Service Act. The latter uses the two part, minimum wage or poverty line standard. This issue has been definitely resolved by the 1992 Amendments, which clearly require that this two part standard be used.

Finally, with regarding to Mr. Oxendine's letter, I expressed my appreciation for his sending me a copy of the Dear Colleague letter sent by the Department to institutions participating in the Title IV program. Unfortunately, as I pointed out the Dear Colleague fails to comply with Section 203 of the NCSA which states that the Department "shall indicate (in terms of the Federal minimum wage) the maximum compensation level and allowances that a student borrower may receive" from his or her employer. This law also requires the Department to "explicitly state that students may qualify for such...deferments when they serve as a paid employee of a tax-exempt organization." This Dear Colleague does neither of these things. The 1992 Amendments echo the requirements of the National and Community Service Act and clearly require that this Dear Colleague be revised and supplemented immediately.

New Stafford Loan Cancellation Program

The 1992 Amendments not only reauthorize the current deferment, but they authorize a new program for partial cancellation of Stafford loans. Let me take a few minutes here to outline my understanding of how this program will work and to ask a few questions about your understanding of the same.

The new partial loan cancellation program is authorized in Section 422 of the 1992 Amendments which enacts a new Section 428J of the Higher Education Act.

This provision is based on a proposal I first made in 1989 with the introduction of S. 541. 135 Congressional Record S 2354 (March 8, 1989). This proposal was discussed in statements I made on July 27, 1989, and February 26, 1990, during consideration of the National and Community Service Act. 135 Congressional Record S 9017-9021 (July 27, 1989); 136 Congressional Record S 1599-1600 (February 26, 1990). I

reintroduced my loan cancellation bill in this Congress on February 28, 1991, as section 4 of S. 527. 136 Congressional Record S 2517-2518.

In the Senate-passed bill the new partial loan cancellation program can be found in Section 1204 of S. 1150. The Senate version of S. 1150 was printed in the Congressional Record of February 26, 1992, and the new loan cancellation program appears at pages S 2429-2430. A copy of these pages of the Congressional Record is enclosed as Exhibit F.

The interpretation of this program is covered in the colloquy in which Senator Pell and I engaged during the Senate debate on S. 1150 on February 20, 1992. That colloquy can be found in the Congressional Record at pages S 1843 -1846 and a copy of this colloquy is enclosed for your review as Exhibit E.

During this colloquy I asked Senator Pell if the same standards outlined above with respect to the deferment provision "apply to the new Stafford loan cancellation provision in section 1221 (sic) of the bill?" Senator Pell responded, "Yes; what I have said (about the deferment) applies to the proposed Stafford loan cancellation provision. Peace Corps and VISTA Volunteers and those who perform comparable service qualify for both the current deferment and for the Stafford loan cancellation under section 1221 (sic)." This means that the Department's three letters described above apply to this loan cancellation provision as well as to the deferment. All of the points I made above with regard to the interpretation of the loan deferment apply here and govern the Department's implementation of this new program.

The new program only applies to individuals who are "new borrowers" after October 1, 1992. The term "new borrowers" has the same definition as I explained above with respect to the new deferments.

This partial loan cancellation program is available for a variety of forms of community service. These include service by an individual who is employed as a (1) full-time teacher in an impact-aid school district; (2) a full-time teacher of "mathematics, science, foreign languages, special education, bilingual education, or any other field of expertise where the State education agency determines there is a shortage of qualified teachers"; (3) a full-time nurse in a public hospital, a rural health clinic, a migrant health center, an Indian Health Service, an Indian health center, a Native Hawaiian health center or an acute care or long-term care facility; and (4) a Peace Corps or VISTA volunteer or one who performs "comparable full-

time service as a full-time employee of an organization which is exempt from taxation under section 501(c)(3) of the I.R.C...."

This fourth loan cancellation grounds is available only if the individual "does not receive compensation which exceeds the greater of -- (i) the minimum wage rate... or (ii) an amount equal to 100 percent of the poverty line for a family of 2..."

The deferment language refers to student borrowers who "is earning an amount which does not exceed" rather than "compensation." It is clear from my colloquy with Senator Pell that there is no difference between "earning" and "receives compensation."

For individuals who qualify for this partial loan cancellation the only loans that may be canceled are Stafford loans "incurred by the student borrower during such borrower's last 2 years of undergraduate education." The "last 2 year's" concept should be interpreted as the last 2 years of undergraduate study before the qualifying service or employment commences. In some cases this will be the third and fourth year of undergraduate study and in others it might be some other period of study. There is no requirement that the student complete his or her undergraduate degree prior to commencing the qualifying service or employment.

The cancellation only applies to loans incurred to pay for "undergraduate study," which apparently refers to study for a baccalaureate degree. It apparently does not include any loans incurred for study for a postbaccalaureate degree. I do not see that the term "undergraduate study" is defined in the bill or that Act.

With respect to the loans that may be canceled the rate of cancellation is "15% of the total amount of Stafford loans incurred..for the first or second academic year in which the student meets the requirements" for cancellation, "20% of such total amount for such third or fourth academic year," and "30% of such total amount for such fifth academic year."

The term "academic year" is apparently a clerical error. Under Section 481(d) the term "academic year" means "a minimum of 30 weeks of instructional time in which a full-time student is expected to complete at least 24 semester or trimester hours..., " etc. Here the requirement is for one or more calendar years of service and this is how it should be interpreted by the Department.

The bill provides that the student borrower claiming the partial

cancellation must "agree..in writing to volunteer for service.." It also provides that "(e)ach eligible individual desiring loan repayment under this section shall submit an application to the Secretary at such time, in such manner, and containing such information as the Secretary may reasonably require." The way this procedure would work is not entirely clear. It is not clear whether this written agreement would be between the student borrower and his or her employer or between the student borrower and the Department. It is also not clear whether this written agreement must be executed prior to the service which would qualify for the loan cancellation.

I need to know whether the Department will require that this agreement be signed before the student borrower begins service. As explained below, this is a critical issue in terms of the funding for the program.

The main difference between my proposal and the conference bill is that my bill provided for partial cancellation as an entitlement and the conference bill establishes it as a "demonstration" program with authorized appropriations of \$10 million in Fiscal 1993 and "such sums as may be necessary" for the next four fiscal years. This difference raises a number of issues.

If it loan cancellation provision is interpreted to require that the application must be submitted to the Department and the written agreement must be entered into between the individual and the Department before the service or employment begins, then I need to know if the Department will be able to enter into any agreements with student borrowers prior to the time that funds are appropriated for the program. The Department could, of course, enter into such agreements if such agreements are contingent on the funding for the program. In the case of student borrowers who also qualify for a deferment, there would be no issue regarding the payment of interest on the loans during the period of service. So, I would think the Department could enter into such agreements at least with students who qualify for a deferment.

I realize that this issue has only a marginal impact on Fiscal 1993 as there probably will be very few, if any, "new borrowers" who would qualify for the new program and any individuals who did qualify would have very few loans to be canceled. By Fiscal 1994, however, there may well be individuals who wish to submit applications for partial cancellation of loans.

So, the issue is whether the Department will issue regulations

implementing this program before funds are appropriated to fund it. This is a critical issue and as a member of the Senate Appropriations Committee and subcommittee with jurisdiction over the Department I need to know how the Department will proceed in the absence of appropriations for this program.

Given the fact that the cancellation agreements are limited by the funds appropriated for the program, the Department will need to develop a procedure for setting priorities among the applicants to ensure that the total expenditures do not exceed the appropriated amounts. I need to know how the Department will propose to do this.

Finally, it is true that no separate funds were appropriated to fund loan cancellation for Fiscal 1993 under the new Stafford, but funds were appropriated to the Department to issue the regulations to implement this new program. The Senate Report on the Fiscal 1993 appropriations for the Department of Education, Senate Report 102-397, states that "when the Secretary of Education issues regulations to implement the Higher Education Act Amendments of 1992, he shall issue regulations defining the terms and qualifications for cancellation of Stafford loan of student borrowers who perform public and community service under section 422 of such amendments." The Department cannot delay issuance of these regulations on the basis that no funds have as yet been appropriated to fund the actual cancellation of the loans.

Conclusion

I have raised many issues in this letter, but every one of them has been raised many times during the five years I have been pressing the Department to implement the current deferment for community service. The 1992 Amendments clarify the community service deferment and loan cancellation issues precisely along the lines I have been advocating.

The time is here for the Department to act expeditiously to resolve all of these issues and finally, after twelve years of delay, to inform student borrowers of exactly how they can obtain a deferment and partial cancellation of student loans for full-time, low-paid community service. I can assure you I will be following the Department's actions to implement the 1992 Amendments very closely.

It is also clear that President-elect Clinton has a strong interest in these issues. It would help him to fulfill his

agenda for the new Administration if the Department were to enthusiastically implement the amended deferment and new loan cancellation programs.

If you have any questions about these issues, please contact me or have your staff contact Chuck Ludlam of my staff at 224-3095. I am anxious to have your response to my May 18 letter as well as your response to this letter.

I very much appreciate your assistance on these issues.

Sincerely,

Dale Bumpers

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