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THE WHITE HOUSE
WASHINGTON

DATE: 11/22

NOTE FOR: Eli, Mack, Gerson, George, Bruehl
Mack Gerson

The President has reviewed the attached, and it is forwarded to you
for your:

Information ☒

Action ☐

Thank you.

JOHN D. PODESTA
Assistant to the President
and Staff Secretary
(x2702)

cc:

File: National Service
THE PRESIDENT HAS SEEN

11-22-93

✓

THE WHITE HOUSE
WASHINGTON

March / Gergen / GS / BH

November 17, 1993

11:27:20

MEMORANDUM FOR THE PRESIDENT

FROM: ELI SEGAL *ELP*

SUBJECT: NATIONAL SERVICE UPDATE

← Wonderful idea
- Thin cell for 16 in
Summer '94 -

Crime and Violence

Your Corporation for National and Community Service has decided to make public safety the focus of our Summer of Service 1994. This effort will sweep across the various streams of service you have energized: from youth corps, to VISTA Summer Associates, to the participants in grants programs (like those from our SOS class of 1993 with whom you met at the University of Maryland), to the various ACTION senior citizen programs. In all, we expect to have approximately 3500 participants organizing neighborhood patrols; creating and staffing "safe schools" and other safe places for latch-key children; undertaking those functions that now keep uniformed officers off the street; running mediation and other dispute resolution programs; helping victims find assistance; teaching seniors how to protect themselves and their homes from criminals; and fighting crime in a myriad of other innovative ways. We will undertake a particularly aggressive program in one city, ideally here in Washington.

The decision to target public safety will give us an early opportunity to showcase national service as a key delivery system of real change on critical national and community needs. We are working closely with Bruce Reed, David Gergen, Peter Edelman and others in the inter-agency working group on crime and violence -- to make sure our summer program works and to incorporate national service now as part of the administration's arsenal in the fight against crime. We have support for this initiative from police officers, prosecutors and others in the judicial system, corrections officials, and victims' assistance organizations. Mayor Richard Daley and his Police Commissioner, Matt Rodriguez, one of your nominations to the Board of the Corporation for National and Community Service, are particularly supportive of this approach.

Veterans

I was happy that you got a chance on Veterans' Day to meet General Don Scott, who is heading our Civilian Community Corps. Don has been a hit with veterans and the active military (his old friend General Shalikashvili was especially glad to see him), as he develops this residential service program on military bases, using veterans in leadership capacities. Don and the CCC provide just one of the initiatives we have already undertaken to convert the veterans community into supporters of civilian national service. We outlined our activities and intentions in a letter (drafted with Herschel Gober's help) to the five biggest veterans service organizations, sent just before Veterans' Day.

National Service in Los Angeles this weekend

Currents plans for your visit Sunday call for a number of California Conservation Corps members who fought the recent fires to join your church reception in the Pasadena area. In your remarks, you may wish to emphasize the following:

- The vanguard of national service has already arrived. Hundreds of service participants (mostly from the California Conservation Corps) helped fight the various fires around the state.
- Service is also providing vital assistance to post-disaster recovery. Fire fighters must move on to other emergencies and compassionate public support in the wake of the fires, as heart-warming as it is, is by definition short-lived. That's why the LA Conservation Corps and others will be stepping in, planting trees and ground cover on fire-ravaged hillsides, to protect against mudslides -- helping avoid the next disaster.
- And your Corporation will be developing a Rapid Response Relief Reserve -- the concept you and I discussed the day of the August summer forum, where a specially trained corps could be assembled quickly from around the country to provide invaluable services and help coordination when any disaster hits.

Capitol Hill Launch

Next Monday evening, in the Senate Caucus Room, we will have a reception hosted by the Vice President for Congressmembers, the service community, the press and others to launch the Corporation. The reception will climax a day of press briefings to the major dailies, long-lead magazines and specialty press, introducing our management team, describing our schedule and objectives for our first year, and moving the interest in national service into this next phase.

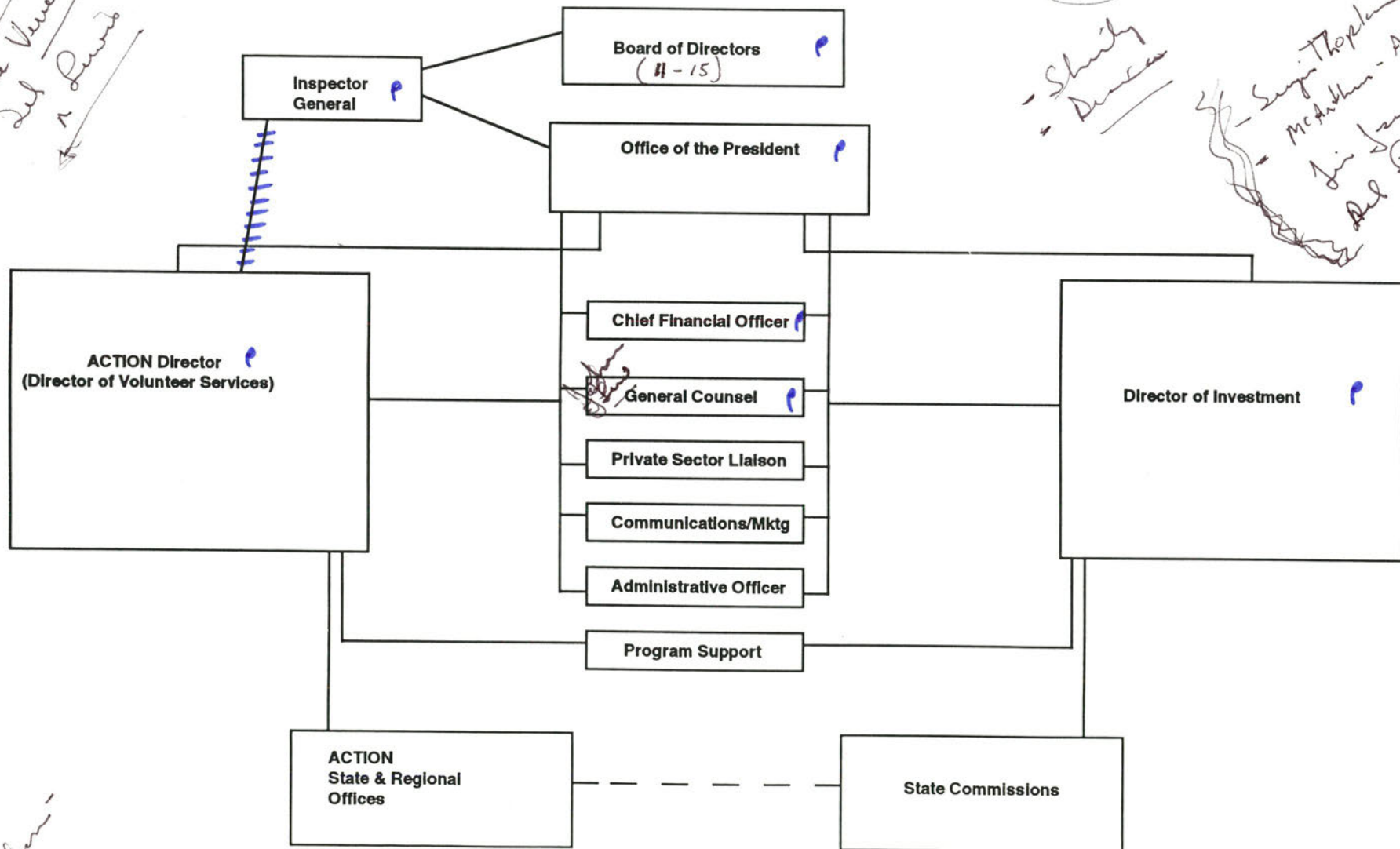
Americorps is coming

We know how much you enjoy seeing the City Year corpsmembers in Boston. Keep your eyes peeled on the road in the weeks ahead -- Americorps is coming!

CORPORATION FOR NATIONAL SERVICE
October 1, 1993

Chair, Bd. of Directors
- Shirley
- Director
- Susan Thompson
- McArthur - Adm. Serv.
- Jim Joseph
- Paul Quinn

- Joseph
- Melane Veneck
- Del
- 1 Lewis



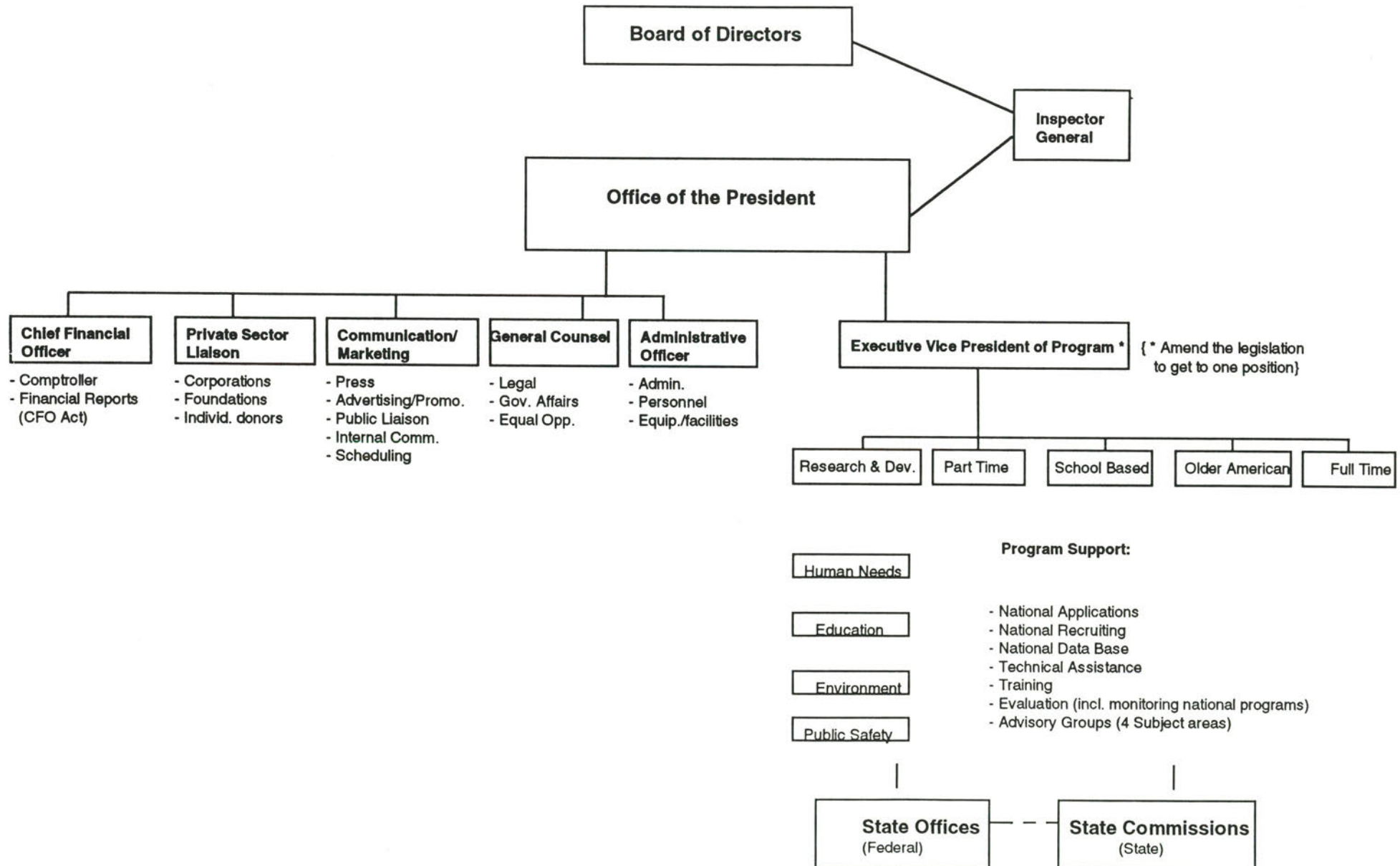
- Wilfred Ruffin
- NATTA

John Mott Service

1/20

CORPORATION FOR NATIONAL SERVICE

October 1, 1994



THE WHITE HOUSE

WASHINGTON

April 30, 1993

NATIONAL SERVICE INITIATIVE

The national service initiative is innovative public policy founded on traditional American values. The initiative will build the American community through a domestic Peace Corps that brings Americans together to tackle pressing problems. It will offer educational opportunity by providing educational awards to hundreds of thousands of Americans who serve our country; and by overhauling the student loan system, to offer EXCEL Accounts and lower interest rates. The initiative will demand personal responsibility by requiring Americans who borrow to repay their loans in one of two ways -- either through service or through repayment plans that make it tougher to default. In all this, the Act will reinvent government -- to unleash the initiative of the American people.

The President's initiative has three basic components:

- **The National Service Trust**, which will establish an innovative, entrepreneurial Corporation for National Service to offer Americans educational awards in return for vital service to our country. The Corporation is designed to cut waste and promote excellence in government, encourage locally driven initiatives, create flexibility for students, and foster competition among programs.
- **EXCEL Accounts**, which will offer all borrowers income contingent repayment plans. The new income contingent repayment plan will allow borrowers to spread their loan payments over a long period of time, reduce defaults, and encourage students to take lower-paying community service jobs.
- **One-Stop Direct Student Loans**, which will save taxpayers billions of dollars in bank subsidies and defaults by replacing private capital with Federal borrowing. Students will receive some of the savings in reduced interest rates and a streamlined "one stop" loan delivery system.

THE NATIONAL SERVICE TRUST

The National Service initiative will offer an educational award to Americans who do vital work in one of four priority areas: education, human services, environment and public safety. In addition to the trust, the initiative will support a variety of other programs to develop citizenship among all Americans, ranging from elementary school "service-learning" projects to older American volunteer programs.

1. DIVERSE AND WIDE PARTICIPATION. The National Service initiative will offer Americans 17 or older opportunities to serve our country before or after college. While contributing millions of hours of service, National Service Trust participants will learn an ethic of civic responsibility. And while communities will recruit, select and place volunteers, a nationwide public awareness campaign will build a common identity for programs, disseminate information widely through college and high school placement offices, and help place a leader corps of participants across the country.

2. EDUCATIONAL AWARD WITH DIFFERENT USES. The program will provide those who complete a year of service with a \$5,000 award for college, graduate school or job training. In addition, participants in general will receive a roughly minimum wage stipend, and health and child care, if necessary.

3. PRESSING COMMUNITY NEEDS. National service means educating children, helping immunize infants, fighting crime, and stopping pollution. Within the broad priority areas, communities will be able to design programs that meet their own unmet needs. Programs will be designed in ways best suited to local needs, and range from specialized service programs with in-college training and individualized placements; to youth corps offering disadvantaged young people a second chance while they perform invaluable service; to community corps that bring together the young and the old of all economic and racial backgrounds.

4. REINVENTING GOVERNMENT. The Commission on National and Community Service and ACTION will be combined in a single government Corporation for National Service. To promote excellence, the Corporation will be governed by a bipartisan Board, offer pay-for-performance to its employees, and raise private funds for the Trust. In addition, the Corporation will establish quality guidelines for all programs. Programs themselves must also set measurable goals and demonstrate success in order to receive continued funding. Within these bounds, local programs will have flexibility to design the best ways to meet their goals. In all instances, no program will be guaranteed funding; all will have to compete for funding.

5. PARTNERSHIPS. Programs will match federal assistance with private or other support. State commissions composed of local representatives appointed by governors will work hand in hand with the national Corporation to support service.

EXCEL ACCOUNTS

The Clinton Administration will make repayment easier and encourage national and community service through EXCEL Accounts. All students will have the opportunity to repay as a percentage of their income over time. The EXCEL Account will make such "income-contingent" loans available for the first time. The EXCEL Account offers students offers Americans the chance to invest in their education and training and to pay back their loans as they start to reap the benefits.

1. FLEXIBLE AND UNIVERSAL LOANS: The EXCEL Account makes college and training accessible to all students, and to allow students the maximum flexibility in paying back their loans.

2. ENDING CRUSHING DEBT FOR YOUNG PEOPLE STARTING THEIR CAREERS: Currently our education system often makes young people pay large amounts of debt just at the moment when young people have their lowest earning potential and the hardest time finding jobs. The EXCEL Account allows a young person the ability to pay a set percentage of income, so that repayment is proportionate to income.

3. ENCOURAGE NATIONAL SERVICE: Too many of our young people are discouraged from taking lower paying jobs as teachers or police officers because they face large fixed monthly payments. The EXCEL Accounts will encourage national and community service by ensuring that young people will not have to pay an exceptionally high percentage of their income simply because they have chosen jobs where their service to their communities exceeds the size of their paychecks. The EXCEL Account will, for example, make it far easier for a recent medical school graduate -- who normally would have high fixed monthly loans -- to spend a few years serving lower-income communities without facing a crushing debt burden.

4. ENCOURAGE ENTREPRENEURSHIP: Our current loan system can discourage entrepreneurial behavior. Where a young person out of school faces fixed student loan costs, that creates a disincentive to take high risks -- like entrepreneurial activity -- where a person may make little money in the short-term in pursuit of larger rewards in the future. Allowing repayments based on income eliminates these disincentives to take risk.

5. LOWER DEFAULT RATES: Because EXCEL Accounts will determine loan payments on the basis of IRS verified incomes, they will dramatically reduce default rates by ensuring that anyone who works pays, and by not forcing borrowers into default simply because they experience a period of unemployment.

ONE-STOP DIRECT STUDENT LOANS

This initiative -- the Student Loan Reform Act of 1993 --proposes important reforms in the student loan system, which will provide one-stop shopping for student loans, reduce borrowing costs for students, and save taxpayers billions of dollars.

- 1. USING FEDERAL CAPITAL:** Because the federal government can borrow money at a lower interest rate than can the private sector, using federal capital saves taxpayers billions of dollars in high subsidies to banks and other private lenders.
- 2. SAVINGS:** The Congressional Budget Office, the General Accounting Office, and the Department of Education have all found that direct lending will save billions of dollars over the next four years, even after transition costs. Students will benefit from these savings in the form of reduced interest rates.
- 3. FLEXIBLE REPAYMENT OPTIONS:** Students will have a variety of flexible repayment options designed to ease repayment, avoid defaults and encourage community service, including the new EXCEL Accounts, which will provide the opportunity for students to repay loans as a percentage of income over time.
- 4. STREAMLINED DELIVERY:** Direct lending simplifies the current complicated maze of financial aid for students and parents by cutting down on the number of middlemen and procedures in the current system. Most students will receive all of their financial assistance through one stop at existing college financial aid offices.
- 5. INSTITUTIONS AS ORIGINATORS:** Willing and able institutions will make (or "originate") loans directly to students on campus, and will receive a fee for providing this service. No school, however, will be forced to originate loans. Institutions that do not originate loans will be provided the services of alternative originators, selected and paid for by the Department of Education. No institutions will service or collect these student loans.
- 6. THE DEPARTMENT OF EDUCATION'S ROLE:** The Department of Education will oversee an orderly transition to the new system, and monitor the new program. The Department is already working on several initiatives, including the development of a National Student Loan Data System, to improve its oversight capabilities and ensure a smooth transition to direct lending. The Department will contract with public or private entities, on a fee-for-service basis, to provide alternative origination and to service and collect loans.