FOIA Number: 2013-0661-F (2)

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Office of
Postsecondary
Education

The Fund for the Improvement of Postsecondary Education

INNOVATIVE PROJECTS FOR COMMUNITY SERVICE:

Guidelines for Applicants

Deadline: June 15, 1993

Objectives

The Higher Education Amendments of 1992 substantially revised the community service program of the Fund for the Improvement of Postsecondary Education (FIPSE). The new program, entitled "Innovative Projects for Community Service", is intended to support innovative projects that encourage college student participation in community service activities.

FIPSE provides support in the form of two or three year grants. It is estimated that $1,000,000 will be available for approximately 20 new grants this year, but this is only an estimate and does not bind the Department of Education to a specific number of grants. The range of grants is expected to be from $25,000 to $75,000 annually. Projects may begin on October 1, 1993.

Eligibility

Under this program grants may be awarded to institutions of higher education (including combinations of such institutions) and to other public agencies and non-profit private organizations.

Definitions

Community service means planned, supervised service designed to improve the quality of life for community residents particularly community residents with low incomes, or to assist in the solution of particular problems related to the needs of such residents. This term does not include partisan or non-partisan political activity, lobbying, direct solicitation of donations, religious proselytizing, conduct of religious services or instruction, pro-union or anti-union activity, or activities that result in the displacement of employed workers or impair existing contracts for service.

Background of Programs

The program was orginally designed to combat a documented drop in student commitment to public and community service. One reason for this decline was thought to be student concern over the increasing burden of student loans. For the past six years FIPSE has been supporting projects that examined whether the number of students involved in community service could be increased if participating student were offered an alternative source of financial assistance that would reduce their debt burden.

The newly authorized program does not require a connection between student services and financial aid. College students are participating in volunteer activities in steadily increasing numbers. In fact, secondary students are becoming much more active in their communities and are arriving on college campuses seeking to continue that involvement. The issue now is not how to interest students in community service but rather how to structure and focus their interest on opportunities that will benefit both the student and the community.

UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF POSTSECONDARY EDUCATION

MEMORANDUM

July 19, 1993

TO: Office of National Service

FR: Paul Jamieson

RE: Pell Grant cost re-estimates

The Department has good news on the Pell Grant situation. There are two main points to stress in last-minute negotiations to members reluctant to support national service because of the Pell situation.

FEWER RECIPIENTS + SUPPLEMENTAL APPROPRIATION = SMALLER SHORTFALL

- The latest Department of Education estimates reveal fewer Pell Grant recipients and lower costs in the most recent academic year (1992-1993); the increase in applicants was 5% instead of 8% as originally estimated.* In the 1994 budget request, we calculated a $2.024 billion shortfall. However, based on these re-estimates, we now estimate the **current shortfall to be $1.2 billion.**

1994 Budget Cumulative Shortfall Projection:	$2.024 billion
1992-1993 Award Year Cost Reduction:	-$148 million
1993-1994 Award Year Cost Reduction:	-$315 million
1993 Supplemental Appropriation	-$341 million
Current Shortfall Projection	$1.2 billion

- Further, the House Appropriations Committee included $415 million in the FY 1994 bill toward reducing the shortfall which, if enacted, would bring down the shortfall to $805 million.

FEWER RECIPIENTS WOULD ALLOW FOR MAXIMUM AWARD TO REMAIN AT $2300

- The Department now projects Pell Grant program costs for academic year 1994-1995 to be $5.752 billion, which is $551 million less than when the Department made its FY 1994 budget request. The House provided a 1994-1995 level of funding that would support a $2250 maximum award.

- **The Administration supports using the $551 in lower costs to fund Pell Grants to keep the maximum award at $2300.**

The above information was compiled from a draft letter from Secretary Riley to House Appropriations Chairman Natcher. I'll keep you posted on this issue.

* Historically, upturns in economic conditions decrease the amount of Pell grant recipients.

UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF POSTSECONDARY EDUCATION
THE ASSISTANT SECRETARY

FACSIMILE TRANSMISSION

DATE: 5/20

NUMBER OF PAGES: 3

TO: GMA

FROM: Ahr

Office of Postsecondary Education
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Washington, DC 20202-5100
Telephone# 202-708-5547
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MESSAGE:

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.

KEY POINTS REGARDING THE COST OF INCOME-CONTINGENT LOAN REPAYMENT

Who Will Choose Income-Contingent Loan Repayment? Logically, income-contingent repayment will be most appealing to those borrowers whose initial payments under income-contingent repayment will be less than under a regular fixed 10 year amortization schedule. However, because there is a great deal of uncertainty regarding future income streams, it is likely that some borrowers will opt for income-contingent repayment even though this will increase their initial payments. Also, some borrowers whose initial payments will decline under income-contingent repayment will probably choose a regular repayment schedule because it is simpler, does not require the submission of income information, or they expect their incomes to increase substantially in future years. Taking all these factors into account, our best estimate is that between 15 and 25 percent of borrowers will choose income-contingent repayment.

Comparison of Regular and Income-Contingent Repayment: There are three major differences in expected payments under an income-contingent as compared to a regular repayment schedule.

- Income-contingent repayment will likely stretch out the time required to repay the loan. For borrowers, this will mean paying out less money per-year over a longer period of time. For the Federal Government, under current interest rate assumptions, the additional time required to fully repay the loan under income-contingent repayment will not affect costs.

- Income-contingent repayment will save money by receiving payments from some borrowers who otherwise would have defaulted because they did not have sufficient income to make their regularly scheduled payments.

- Income-contingent repayment will cost money by losing payments from some borrowers with little or no income who would have made regularly scheduled repayments but do not owe money under an income-contingent repayment schedule.

Our best estimate is that the above factors will cancel out and that offering borrowers the option of income-contingent repayment will not cost or save the Federal Government any money.

OPP/PES
May 6, 1993

THE WHITE HOUSE

WASHINGTON

FAX COVER SHEET

Office of National Service
Room 145 - OEOB
Washington, D.C. 20500
(202) 456-6444 Phone

TO: SUSAN STROUD

ORGANIZATION: CAMPUS COMPACT GUEST c/o LINDA

FAX #: (____) __________ PHONE #: (____) __________

FROM: JINA SANONE

DATE: 5-24-93

NUMBER OF PAGES (including cover sheet): 7

COMMENTS: LINDA - PLEASE SEE THAT SUSAN STROUD GETS THIS FAX. THANK YOU.

SUSAN - FOLLOWING ARE PELL GRANT TALKING POINTS & INFO ON STUDENT REFORM ACT. PAUL JAMIESON IS FAXING INFO TO ME ON GOALS 2000. WHEN I RECEIVE IT I WILL FAX IT TO YOU

(If you have any problem with the fax transmission, please call (202) 456-6444.

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TALKING POINTS ON THE FY 1994 BUDGET AMENDMENT ON PELL GRANTS

President makes second major attempt to solidify Pell Grants

- The President has requested a $2 billion amendment to the 1994 budget to eliminate the shortfall in the Pell Grant program.

- The amendment request represents the second attempt to put the Pell Grant program on solid financial footing and end past administrations' practices of borrowing from future students to pay for current ones. The President made a similar request in the stimulus package (Fy 1993 supplemental), which was killed in the Senate.

- Pell Grants will remain the cornerstone of financial aid for millions of low-income students nationwide.

Total 1994 request will offer Pell Grants to record numbers

- Despite the many cuts in other domestic programs to reduce the massive federal deficit, the Department of Education's FY 1994 budget includes a $6.3 billion request for Pell Grants (over and above the $2 billion in this amendment.)

- The FY 1994 request would fund awards to more than 4.7 million students in academic year 1994-1995 -- 342,000 more than this coming academic year (1993-1994).

- If the amendment is adopted, the maximum award for FY 1994 will remain at its FY 1993 level of $2300.

National service will not take money away from Pell Grants

- National service funding will not take funding from the Pell Grant program.

- The Clinton Administration has also made proposals to ease the burden of paying for postsecondary education and training and reform the student aid system:

  -- The National Service Trust Act of 1993

    o Up to $10,000 educational benefit

  -- The Student Loan Reform Act of 1993:

    o Direct lending to save billions -- with some of the savings going to students in the form of reduced interest rate;
    o Streamlined, "one-stop" financial aid shopping
    o Flexible repayment options, including income contingent repayment (EXCEL Accounts)

JAMIESON 5/12

BACKGROUND SHEET ON PELL GRANTS

Description The Federal Pell Grant program provides need-based grants to low-income undergraduate students for tuition, standard living allowances, supplies, and other expenses. Appropriations for Pell grants are discretionary and not an entitlement; the overall funding amount depends on the number of eligible applicants and schools that take advantage of the program. Pell Grants are the cornerstone of most low-income students' financial aid packages and are usually combined with other grants and loans. Pell Grants are "forward funded", meaning that Congress appropriates funds a year in advance to give schools and students adequate planning time; funds appropriated for FY 94 will primarily support awards in the 1994-1995 academic year for roughly 4.7 million students -- a record number of students served.

Eligibility The need analysis formula for Title IV need-based student aid determines eligibility for Pell Grants and is applied uniformly. The formula (family income, assets, household size, independent or dependent students, etc.) determines a student's "expected family contribution" (EFC). The EFC is the key benchmark for determining student eligibility for the program. One change in the Education Department's 1994 budget from last year is the presence of a student contribution for students with family income over $5000. Once determined eligible by the formula, students can use their grants at one of 6,600 participating postsecondary institutions. The $2 billion shortfall resulted because more and more eligible students and schools applied and received Pell Grants in the past few years. Instead of turning away students or vastly reducing the award maximum, past administrations simply borrowed from subsequent appropriations (hence the shortfall). President Clinton requested $2 billion in the FY 1993 supplemental budget to eliminate the shortfall, but it was not allowed to come to a vote in the Senate. As a result, the President has requested an amendment to the 1994 budget to fill the $2 billion Pell deficit.

Awards The maximum award, which was authorized as high as $3900 for FY 1994, was limited to $2300 by Congress in language specified in the appropriations act for 1993 because of the increasing numbers of eligible students and schools. The maximum appropriated award fell from $2400 in FY 1992 (funds 1992-1993 academic year) to $2300 for FY 1993, which funds the upcoming academic year (1993-1994). The maximum award for the '94-'95 academic year will remain at $2300, despite the increased number of eligible students and schools. The average award is approximately $1,400 dollars per student.

JAMIESON 5/12

STUDENT LOAN REFORM ACT OF 1993

Today, the Federal student loan programs provide billions of dollars to private lenders and other agencies -- billions of taxpayer dollars that do not go toward serving students. Furthermore, complex procedures and inflexible repayment plans create serious problems for some students. Burdened with debt and locked into insensitive repayment plans, many students cannot repay their loans, leaving taxpayers to foot the bill. The current system doesn't serve students or taxpayers well.

This legislation reforms the student loan system with a less costly and less complicated alternative. The Administration's Student Aid Reform Act will provide all borrowers with flexible repayment options, including EXCEL Accounts, which allow borrowers to repay loans as a percentage of their incomes. It also reforms the student loan system by replacing the current guaranteed student loan system with a system of direct Federal lending. These changes will:

- **Make repayment easier** by allowing borrowers to select the best way to repay their loans. Borrowers will be able to choose among several different repayment options, including fixed, graduated, extended, and income-contingent EXCEL Accounts. Providing a range of flexible repayment plans will allow students to enter lower-paying community service jobs without worrying about their debt burden and will reduce default rates.

- **Reduce costs for taxpayers** by substituting Federal borrowing for more expensive private capital and eliminating excess profits in the current system. By using low-interest rate Treasury borrowing and by eliminating excess profits, direct lending will reduce Federal costs by $4.3 billion through fiscal year 1998.

- **Reduce costs for students** by lowering interest rates. Part of the substantial savings achieved from lowering the cost of capital and eliminating profits will be used to reduce the interest rate for student borrowers, when the plan is fully implemented.

EXCEL ACCOUNTS: EASING REPAYMENT AND ENCOURAGING SERVICE

The EXCEL Account will, for the first time, allow all borrowers to pay off their loans as a percentage of their incomes. This income contingent repayment plan, together with other flexible repayment options, will give borrowers the opportunity to choose lower-paying service jobs regardless of the level of debt incurred while in school. This new plan will also help to reduce student loan defaults.

Borrowers will have the opportunity to choose from a range of flexible repayment options to best fit their financial situation. In addition, borrowers will be able to switch repayment plans as their financial situations change.

EXCEL Accounts will provide for repayments that depend upon income. Borrowers will be able to repay over a longer period of time than in the other repayment options. The length of repayment will depend on the borrower's level of debt and income.

- The legislation requires the Secretary of Education to publish regulations on the specific provisions of this income-contingent plan, including the percentage of income to be repaid each year and the length of repayment.

- To increase accountability, the Secretary will also have the authority to require defaulters to repay through income contingency.

- The legislation will extend EXCEL Accounts to borrowers with existing loans. It authorizes the Department of Education to offer income contingent repayments to current borrowers if lenders do not offer them acceptable income sensitive repayment opportunities.

Fixed, graduated, and extended repayment plans will also be available to all borrowers.

- **Standard repayment** describes a fixed-payment, fixed-term (usually 10 years) plan that is currently used by most student loan borrowers.

- **Extended repayment** describes a plan with a lower fixed payment and a longer fixed term than available under a standard repayment plan.

- **Graduated repayment** plans expect borrowers to repay smaller amounts in the beginning when their incomes tend to be lower and larger amounts later when their incomes tend to be higher.

IRS Role

To make repayment easier and more effective, the bill contains provisions to include the Internal Revenue Service (IRS) in the collection of student loans.

- Starting in fiscal year 1994, the legislation gives the Secretary the authority to offer income contingent repayments to borrowers using information from the IRS on borrowers' incomes. The legislation will amend the current disclosure provisions to allow IRS to provide this information to the Department of Education.

- As a second step, the bill requires the Secretaries of Education and Treasury to jointly develop a plan to provide repayment options through the IRS and wage withholding.

ONE-STOP DIRECT STUDENT LOANS

The legislation calls for the Federal government to make loans directly to students, substituting Federal borrowing for private capital. These changes will streamline the system, reduce interest rates for students, and save taxpayers billions of dollars.

The proposal will replace the Federal Family Education Loan (FFEL) programs with the Federal Direct Student Loan (FDSL) programs. Most students will receive all of their financial aid through their existing financial aid offices -- "one stop shopping".

Direct lending substitutes Federal capital for more expensive private capital and eliminates excess profits to lenders, saving $4.3 billion through fiscal year 1998. Under the plan, direct lending will phase in over four years, beginning in academic year 1994–1995. Federal capital will be used for all new student loans. The goal is to begin with 4 percent of new loan volume in direct lending in the first year, 25 percent the second year, 60 percent the third year, and full implementation in academic year 1997–1998.

Private lenders will no longer make, or "originate", student loans. Many postsecondary institutions will make loans themselves; others will use the services of alternative originators. No institution will be required, however, to originate loans itself. In addition, no school will "service" or collect loans.

Some features of the legislation regarding origination and servicing are:

- Criteria measuring the financial and administrative capability of institutions to originate loans will be used to determine which institutions may originate loans and which should use alternative originators.

- Institutions that meet the financial and administrative criteria, but do not wish to originate loans, will also be able to use alternative originators.

- The Department of Education will pay a small fee to schools that originate loans themselves and will contract out on a competitive, fee-for-service basis to alternative originators. Alternative originators may be State agencies, private lenders, Sallie Mae, and other organizations.

- Responsibility for servicing loans while students are in school and while they are in repayment will not rest with the postsecondary institutions. The Department of Education will contract with a number of organizations to service student loans. These organizations, which could include State agencies, Sallie Mae, and private firms, will be chosen through a competitive process.

ENSURING A SMOOTH TRANSITION

The Department of Education will be responsible for monitoring and overseeing the student loan system as part of its overall oversight of the Federal student aid system. The Department is developing a detailed plan to ensure adequate loan capital in the event that private capital dries up. The legislation will provide the Department with additional authorities to move quickly if capital shortages occur.

- Postsecondary institutions, alternative originators, servicers, and the Department of Education will share data on student loans throughout the nation. The Department will also complete work on the National Student Loan Data System. Such a system has been under development since 1989 and must be expanded to perform all the functions needed for direct loans.

- During the phase-in period, the terms and conditions for the FDSL, including loan limits, eligibility rules for loan subsidies, and number of loan programs, would be similar to the existing FFEL programs, including the provisions for loan deferment and forbearance.

- The legislation also provides for two changes to the nation's guarantee agency services, which provide in every state an intermediary for the Federal government and reinsure all loans in the current FFEL programs. The legislation ensures adequate financing for the current guarantee agencies during the transition and provides for alternative mechanisms to assure loan guarantees in the event that any of the guarantee agencies do not continue to operate.

UNITED STATES DEPARTMENT OF EDUCATION
OFFICE OF THE SECRETARY

May 12, 1993

TO: Office of National Service

FR: Paul Jamieson

RE: Pell Grants

On Tuesday night, the President proposed an amendment to the 1994 budget to eliminate the shortfall in the Pell Grant program. Attached are talking points on the proposed amendment and a background sheet on the program.

400 MARYLAND AVE., S.W. WASHINGTON, D.C. 20202

TO THE CONGRESS OF THE UNITED STATES:

I am pleased to transmit today for your immediate consideration and enactment the "National Service Trust Act of 1993" and the "Student Loan Reform Act of 1993." These Acts represent innovative public policy founded on traditional American values: offering educational opportunity, rewarding personal responsibility, and building the American community. In affirming these values, the Acts reject wasteful bureaucracy -- instead reinventing government to unleash the ideas and initiative of the American people. Also transmitted is a section-by-section analysis.

Throughout the Presidential campaign last year, Americans of all backgrounds and political persuasions responded to national service like few other ideas. The reasons are clear. Higher education is fundamental to the American Dream, but complex procedures and inflexible repayment plans have created serious problems for many students with education loans to pay back. Defaults are too high today -- and taxpayers are left to foot the bill. Americans are yearning to reaffirm an American community that transcends race, region, or religion -- and to tackle the problems that threaten our shared future.

The two Acts are designed to meet these basic American needs. The National Service Trust Act of 1993 establishes a domestic Peace Corps, offering hundreds of thousands of young people the opportunity to pay for school by doing work our country needs. The Student Loan Reform Act of 1993 overhauls the student loan system. Through a one-stop direct student loan program, the Act will save taxpayers billions of dollars, lower interest rates for students, and simplify the financial aid system. And through new EXCEL Accounts and other repayment options, the Act will offer borrowers greater choice and lower monthly payments while reducing the chance of defaults.

The National Service Trust Act of 1993 establishes a definition of national service that is clear but broad.

National service is work that addresses unmet educational, environmental, human, or public safety needs. It enriches the lives of those who serve, instilling the ethic of civic responsibility that is essential to our democracy. And national service does not displace or duplicate the functions of existing workers.

Building on the National and Community Service Act of 1990 and the flourishing community service programs of nonprofit organizations and States, the initiative rejects bureaucracy in favor of locally driven programs. In the spirit of reinventing government, the Act will empower those with the greatest expertise and incentives to make national service work.

The Act enables citizens of all backgrounds to serve and use their educational awards where they see fit. While many participants will be recent college graduates, Americans will be eligible to enter the program at any time in their adult lives. Both full-time and part-time service will be encouraged. And whatever their education level, those who complete a term of service will receive an award of $5,000. The award will be payable toward past, present, or future educational expenses in 4- and 2-year colleges, training programs, and graduate and professional schools.

The Act demands that programs meet tough guidelines for excellence and requires measurable performance goals and independent evaluations. Within these limits, however, the Act enables the people who run programs to design them. The smallest community-based organizations and largest Federal agencies will be able to compete for funding. A variety of program models will be eligible, ranging from youth corps that enable at-risk youth to meet community needs, to preprofessional programs that give college students ROTC-like training and then placements in specific problem areas, to diverse community corps that involve Americans of all backgrounds in meeting common goals.

With the economic market as a model, there is competition at every level of the system: programs compete for State approval, States compete for Federal approval, and programs at the national level compete against each other and States for Federal approval. To build public/private partnerships that earn support far beyond government, the Act requires programs to make a cash match and to increase nongovernment support as time passes.

The Act is designed to reduce waste and promote an entrepreneurial government culture. The Act establishes a new Government Corporation for National Service that combines two existing independent agencies, the Commission on National and Community Service and ACTION. With flexible personnel policies and a small, bipartisan Board sharing power with a Chairperson, the Corporation will operate as much like a lean nonprofit corporation as a Government agency.

The State level will mirror the Federal level and build a strong partnership between the two. Bipartisan State commissions on national service will be responsible for selecting programs to be funded by States. To ensure genuine Federal/State cooperation, a representative of the Corporation will sit on State commissions and a representative of the States on the Corporation Board.

The National Service Trust Act of 1993 encourages Americans to join together and serve our country -- at all ages and in all forms. The Act enhances the Serve-America program for school-age youth; extends and improves the VISTA and Older Americans Volunteer Programs authorized under the Domestic Volunteer Service Act; supports the Civilian Community Corps and Points of Light Foundation; and pulls these efforts under the new Corporation. The Act will help instill an ethic of service in elementary and secondary school students, encourage them to serve in their college years, and give them further opportunities later in their lives.

The Student Loan Reform Act of 1993 will take an important first step toward comprehensive reform of the student loan system. It saves money, makes loan repayment more affordable, and holds students more accountable. The measures in no way replace the Pell Grant program, which will remain the cornerstone of financial aid for millions of students.

The Student Loan Reform Act of 1993 replaces the current Federal Family Education Loan program with the Federal Direct Student Loan Program over a 4-year period. By eliminating subsidies to private lenders and making loans directly to students, direct lending will save taxpayers $4.3 billion through Fiscal Year 1998 and still allow interest rates to drop for student borrowers. Many schools will make loans directly to students on campus, though none will be forced to do so. In addition, no institution will service or collect loans. This reform simplifies the system for many students, enabling most to receive all their aid through "one-stop shopping" at their institutions' financial aid offices.

The lending reform expands choice and reduces burdens for all student borrowers by offering a variety of repayment plans -- including fixed, extended, graduated, and income-contingent schedules. In the same way that multiple financing options help homeowners, these plans offer real choice to all and lower monthly payments to those who want them. Income-contingent repayments -- through the new EXCEL Accounts -- also encourage service by students who do not participate in service under the National Service Trust Act. With more manageable monthly payments, more students will be able to take jobs that pay less but do more for their communities, without risking default. And whatever plan they first choose, students will be able to change their repayment schedule as their circumstances change.

The Student Loan Reform Act of 1993 will also reduce default rates. By electing income-contingent repayment schedules, students with lower incomes will be able to repay their loans on a manageable plan, without defaulting. Through cooperation with the IRS, the Act will improve collection and monitoring of student loans. And for those who are able to pay but do not, the Act will give the Secretary of Education authority to require payment on an income-contingent basis.

Opportunity, responsibility, and community go beyond politics. They are basic American ideals. Enactment of these two Acts will express the Nation's commitment to these ideals and to our shared future. I urge the Congress to give the legislation prompt and favorable consideration.

William J. Clinton

THE WHITE HOUSE,
May 5, 1993.

UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF POSTSECONDARY EDUCATION

THE ASSISTANT SECRETARY

FACSIMILE TRANSMISSION

DATE: 5/24

NUMBER OF PAGES: 7

TO: JINA

FROM: PAR

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MESSAGE:

DEPARTMENT OF EDUCATION PROGRAMS AND ACTIVITIES

The following are descriptions of the major programs and activities administered by the U.S. Department of Education, organized by principal operating component. The descriptions are limited largely to stating the purpose of each program. The 1994 budget request for each program is shown in parentheses.

OFFICE OF ELEMENTARY AND SECONDARY EDUCATION

The Chapter 1 program ($6.5 billion) provides financial assistance to local school districts for compensatory education for disadvantaged children. Funds are allocated through a statutory formula based on each State's per-pupil expenditure for education and its count of eligible children. Basic Grants ($5.8 billion) are awarded to virtually all counties and more than 90 percent of the school districts in the country. Concentration Grants ($700 million) are provided to counties and school districts that have at least 6,500 children living in poverty or in which such children make up at least 15 percent of the school-aged population.

The Even Start program ($110 million) provides an integrated program of early childhood education and adult education, helping young children develop the skills needed in elementary school and enabling their parents to gain basic literacy skills. States receive formula grants and make competitive awards to local educational agencies.

Chapter 2 State and Local Programs ($415 million) provide funds to States to improve the quality of elementary and secondary education for children in public and private schools. Chapter 2 funds, also known as the "block grant," support a range of broad purposes, rather than narrow categorical activities.

Eisenhower Mathematics and Science Education State Grants ($253 million) focus on improving the skills of teachers and the quality of instruction at the elementary and secondary levels in mathematics and science. The program plays an important role in implementing the comprehensive strategy developed by the Federal Coordinating Council on Science, Engineering, and Technology Committee on Education and Human Resources (FCCSET/CEHR).

Drug-Free Schools and Communities Act programs ($598 million) provide grants to States and school systems nationwide for their drug education efforts and supplement this financial assistance with national leadership, dissemination of information on effective programs, technical assistance, and other discretionary activities. Some grants support drug prevention activities at institutions of higher education.

The Magnet Schools Assistance program ($108 million) helps to foster educational excellence and achieve desegregation without forced busing, while broadening the educational choices of children and parents.

Indian Education programs ($84 million) help improve educational opportunities for Indian children and adults. These programs include supplementary programs in local educational agencies, enrichment programs in Indian-controlled schools, special educational services to Indian children, training for Indian educational personnel, fellowships for Indian students, adult education, and regional Technical Assistance Centers.

The Impact Aid program ($689 million) provides grants to compensate local educational agencies (LEAs) when Federal activities result in increased enrollments or loss of local revenues. The two largest components of Impact Aid are Section 3(a) payments for children living on Federal property whose parents are members of the uniformed services and children living on Indian lands, and Section 3(b) payments for children who live or have a parent working on Federal property.

Education for Homeless Children and Youth ($25.5 million) provides formula grants to States for an Office of Coordinator of Education for Homeless Children and Youth and to develop and carry out a State plan for the education of homeless children. States also make sub-grants to local educational agencies for tutoring, remedial education, transportation, and other services designed to enable homeless children to enroll in, attend, and succeed in school.

OFFICE OF BILINGUAL EDUCATION AND MINORITY LANGUAGES AFFAIRS

Bilingual Education programs ($154 million) help children of limited English proficiency learn English so that they can enter English-speaking classrooms. A wide variety of educational programs are supported; programs vary from extensive use of native language for instruction in different subjects to immersion in English. Immigrant Education ($30 million) provides formula grants to school districts that have at least 500 immigrant students or in which such students make up at least 3 percent of current enrollment.

OFFICE OF SPECIAL EDUCATION AND REHABILITATIVE SERVICES

The Special Education Grants to States program ($2.2 billion), authorized under the Individuals with Disabilities Education Act (IDEA), makes formula grants to States to assist them in providing special education and related services to children with disabilities from ages 3 through 21.

Special Education Preschool Grants ($344 million) augment funds provided under the Grants to States program by awarding formula grants to States to assist them in providing special education and related services to preschool children with disabilities.

The Special Education Grants for Infants and Families program ($256 million) makes formula grants to States for planning, developing, and implementing statewide systems to provide early intervention services to all children with disabilities from birth through 2 years and their families.

Vocational Rehabilitation State Grants ($1.9 billion) provide funds to State vocational rehabilitation agencies to help persons with disabilities become gainfully employed.

The National Institute on Disability and Rehabilitation Research ($67 million) awards discretionary grants for support of rehabilitation research and training centers, rehabilitation engineering research centers, and research and demonstration projects that address diverse issues in rehabilitation, including the causes and consequences of disability and ways to improve educational, employment, and independent living opportunities for persons with disabilities.

The Department provides substantial support for three institutions that serve the needs of persons with disabilities. The American Printing House for the Blind ($6.5 million) in Louisville, Kentucky, provides special education materials for students who are blind, offers advisory services for consumers, and conducts research. The National Technical Institute for the Deaf ($42 million) in Rochester, New York, provides postsecondary technical education and training for deaf students. And Gallaudet University ($77 million), a private, nonprofit liberal arts institution in Washington, D.C., offers college preparatory, undergraduate, and continuing education programs for persons who are deaf, and graduate programs for persons who are deaf or hearing.

OFFICE OF VOCATIONAL AND ADULT EDUCATION

Vocational Education Basic Grants ($973 million) support the efforts of States, local educational agencies, and postsecondary institutions to improve vocational programs and ensure access for special populations.

Tech-Prep Education ($104 million) trains students for demanding technical occupations through programs that begin in the last two years of high school and include at least two years of postsecondary education.

Adult Education State Programs ($262 million) makes formula grants to the States for programs to teach basic skills to illiterate adults and to help adults attain high school equivalency. This program is the Department's primary vehicle for supporting literacy efforts nationally.

Adult Education National Programs ($9.3 million) include research, evaluation, and developmental activities related to adult literacy, as well as support for the independent National Institute for Literacy.

Workplace Literacy Partnerships ($22 million) supports projects that demonstrate methods of providing literacy training to meet workforce needs.

OFFICE OF POSTSECONDARY EDUCATION

The Federal Pell Grant program ($6.3 billion) ensures financial access to higher education by providing need-based grant aid to more than 4 million low- and middle-income undergraduate students. Awards to students range from a maximum of $2,300 to a minimum of $200.

The three campus-based student aid programs ($1.2 billion) require a 25 percent institutional match and give institutions substantial discretion in making awards to students. Federal Work-Study ($527 million) provides grants to participating institutions to pay the salaries of undergraduate or graduate students working part-time. Federal Supplemental Educational Opportunity Grants ($500 million) provide grant assistance of up to $4,000 per academic year to undergraduate students with demonstrated need. And Federal Perkins Loans ($144 million) provides loan capital for institutional revolving funds. Interest charged to borrowers is currently 5 percent during principal repayment and zero during in-school, grace, and deferment periods.

Federal Family Education Loans ($3.9 billion), formerly known as Guaranteed Student Loans (GSL), subsidize and guarantee loans by commercial and nonprofit lenders to postsecondary students and their parents. Federal Family Education Loans (FFEL) include subsidized, low-interest Stafford Loans, for which the Federal Government pays the interest while the student is in school and during certain grace and deferment periods; Unsubsidized Stafford Loans, for which the Federal Government does not pay interest while the student is in school; Parent Loans for Undergraduate Students (PLUS), which are less subsidized than Stafford Loans and are available to parents of dependent undergraduate students; Supplemental Loans for Students (SLS), which are less subsidized than Stafford Loans and are available primarily to independent undergraduates and graduate students; and Consolidation Loans, which allow borrowers with multiple student loans who meet certain criteria to consolidate their obligations and extend their repayment schedules.

The Federal TRIO Programs ($399 million) fund postsecondary education outreach and student support services to encourage individuals from disadvantaged backgrounds to enter and complete college. These services complement the Department's student financial aid programs by helping to ensure postsecondary education access for disadvantaged students at all educational levels and by providing them with the support that they need to complete their postsecondary programs successfully.

The Title III: Aid for Institutional Development programs ($209 million) strengthen the fiscal management and academic programs of postsecondary institutions that serve high proportions of disadvantaged students, including historically black colleges and universities (HBCUs).

The International Education and Foreign Language Studies programs ($54 million) are designed to strengthen the capability and performance of American education in foreign languages and in area and international studies. IEFLS programs support comprehensive language and area study centers within the United States, fund research and curriculum development, and provide opportunities for American scholars to study abroad.

The Department's Scholarships and Fellowships programs ($121 million) provide financial support for undergraduate and graduate study, particularly in mathematic and scientific fields. Several programs emphasize expansion of opportunities for groups that are underrepresented in graduate education.

Howard University ($193 million) receives a direct Federal appropriation that pays approximately 55 percent of its educational and general expenses and accounts for 46 percent of the University's total budget.

OFFICE OF EDUCATIONAL RESEARCH AND IMPROVEMENT

The Department's Research programs ($91 million) support education research, development, technical assistance, and dissemination of information. Specific activities include national education research and development centers, each of which focuses on a particular set of education problems; regional education laboratories, which provide technical assistance to States, school districts, and schools in support of school improvement activities; the Education Resources Information Center (ERIC) system, which includes clearinghouses that focus on specific areas of education; and field-initiated studies conducted by individual scholars.

The Department's National Center for Education Statistics ($60 million) collects data on education at all levels and monitors trends in enrollments, staff, finances, and other key indicators of the condition of education. The Center also collects longitudinal data on student progress, supports international assessments of student achievement, conducts fast-response surveys to obtain policy data, and provides technical assistance to help State and local educational agencies improve their statistical systems and collect data that are comparable from State to State.

The National Assessment of Educational Progress ($65 million) is the only nationally representative assessment of what U.S. students know and can do. NAEP is the primary source of reliable information on changes over time in the educational achievement of students at grades four, eight, and twelve in various subjects. In addition to national assessments, NAEP has conducted State-representative assessments in recent years to determine whether regular State assessments are feasible and will yield valid, reliable, representative data.

The Fund for Innovation in Education ($40 million) allows the Secretary to carry out programs and projects that show promise of identifying and disseminating nationally significant, innovative educational approaches. FIE also supports programs for technology education, strengthening computer education resources in schools, comprehensive school health education, civic education, and alcohol abuse education.

The Star Schools program ($27 million) supports grants to statewide or multi-State telecommunications partnerships for the purpose of improving instruction in mathematics, science, foreign languages, and other subjects, especially for students in schools eligible for Chapter 1 services and those in remote areas with limited access to these courses.

The Department's Libraries programs ($115 million) provide formula and competitive grants to assist in expanding and improving public library services, especially for underserved groups.

UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE ASSISTANT SECRETARY FOR POSTSECONDARY EDUCATION

FACSIMILE TRANSMISSION

DATE: 9/7

NUMBER OF PAGES: 2

TO: JINA

FROM: PAR

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MESSAGE:

UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF THE SECRETARY

September 7, 1993

NOTE TO JINA SANONE

How's it going in service land? I had a few logistics things I wanted to ask you about.

Did you get a copy of the training documents that Lorne was talking about when I had to leave last week? I'm curious to see how they fit in.

I got a call from Frank Williar. We'll be over to the OEOB at 2:00 next Thursday (September 16). Any luck reaching the other people? This is a tough month for Longanecker, but we should be able to squeeze it in.

Any word on the reception and/or letters from President for the career people? Do you need people to help set that thing up? Also, Susan wanted to get a letter of congratulations and thanks to Ray Cortines. I will draft something for you to review, but could you check into the details of getting those letters approved by the Correspondence gods?

I had a meeting last week with a number of private education organizations, many of whom are religious schools. Do you know if a person teaching a secular subject in a religious school wold be eligible for a national service position? Or, a more likely example, could someone work as a national service participant (not an employee of the school) in a religious setting? The legislation is not crystal clear to me on this point. More generally, how can we legally include religious schools and churches, many of whom have been operating successful national service models for decades?

We got a request for a briefing from the Women's Democratic Club. Does this violate any ethics rules?

Do you have Robert's phone number at Harvard? I need to give him a call about Teach for America.

Do you know when the staff meeting is this week?

Terry Peterson is a go for the Council on Foundations briefing.

Whew!!! That was dizzying. Details, details.....

Fred