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CURRENT PRESS

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Clinton's Program for National Service Would Start Small, Expand Gradually

By JEFFREY H. BIRNBAUM
And CATHY TROST

Staff Reporters of THE WALL STREET JOURNAL

PISCATAWAY, N.J. — President Clinton unveiled his multibillion-dollar national service program, saying it "will change America forever and for the better."

Despite the grand words, the program he envisions would be phased in gradually. A mere 1,000 young people would be given jobs this summer, and the program would serve only 25,000 students in the year beginning Oct. 1, its first full year of operation. Mr. Clinton said he hoped the program would balloon to 100,000 by 1997.

Though smaller than the president had led audiences to expect during last year's campaign, the program was introduced with a Clintonesque flair. Hitting the road to promote the plan, the president filled his day with personal appeals and close-to-the-people images conveyed on television. At an adult education center, he embraced a woman who started crying as she spoke to him. Traveling to his speech, he rode on a bus rather than in his limousine.

If adopted by Congress, the program would allow students to work off college loans by serving local communities as teachers, police officers or social workers for one or two years after graduation. Students could do their service before, during or after college. They would get an "educational benefit" to pay for college or job training, or they would be allowed to pay off their student loans by assigning to the government a small percentage of their income. In addition, they would get a small stipend and health and child care benefits.

To pay for the program, the president has requested \$7.4 billion over the next four years. Spending would begin at \$400 million in fiscal 1994, which begins Oct. 1, and it would rise to \$3.4 billion in fiscal 1997. Though passage of the program in some form is considered highly likely, it's unclear whether Congress will approve the level of spending Mr. Clinton has requested.

Mr. Clinton chose to highlight national service yesterday because it was the 32nd anniversary of President Kennedy's introduction of the Peace Corps, on which the Clinton proposal was modeled. The president gave his major address on the plan at Rutgers University, the site of the first training classes for Peace Corps volunteers. Mr. Clinton invited young people to write to him to volunteer for the fledgling program, one of his top priorities.

Besides speaking here and at an adult education center nearby, Mr. Clinton promoted the program on MTV, the music video network seen mostly by young people. Vice President Albert Gore and his wife, Tipper, as well as three cabinet secretaries also staged national-service events around the country.

Some of the bugs haven't yet been worked out of the plan. For example, the spending is premised on a certain number of young people seeking aid; Mr. Clinton said yesterday for the first time that if too many people sign up, a limit would have to be imposed. Costs of such a national program could soar. Estimates based on existing smaller programs are about \$20,000 a year per participant, though the administration will seek offsetting savings by revamping the student loan program.

Even with 100,000 participants, "we will still have covered only about 2% of students who are receiving some form of federal financial assistance," said D. Bruce Johnstone, chancellor of the State University of New York, a 64-campus system with 400,000 students.

Mr. Johnstone called Mr. Clinton's proposal "a good idea," but he said: "I fear it's being oversold, particularly when the president of the United States thinks he's solved the financial-access problem in higher education." The New York chancellor doesn't believe the program would do much to make college more accessible or affordable.

"I think clearly people are going to have a lot of questions, but it should be accepted as a principle," said Roger Hull, president of Union College in Schenectady, N.Y., which has a small program offering loan forgiveness to graduates in public service jobs. "We all have an obligation to give something back, and this is a good way of encouraging that."

Mr. Clinton seemed certain that young people will respond. He called this the beginning of the "season of service" and predicted that many young people will "answer the call to service."

Congressional support for the proposed program appears strong. Standing with the president as he announced his program were the chairmen of the House and Senate committees that must consider the legislation, as well as three Democratic senators — Harris Wofford of Pennsylvania, Christopher Dodd of Connecticut and Jay Rockefeller of West Virginia — who served with the Peace Corps or its domestic counterpart, Vista.

Mr. Clinton intends this spring to introduce legislation to establish the program. But yesterday "he was giving you a commercial out there," said Rep. William Ford (D., Mich.).

Such marketing is necessary, Mr. Ford said. "Nothing will happen unless the people are turned on and decide to participate."

A20 THE WALL STREET JOURNAL TUESDAY, MARCH 2, 1993

Ed, Labor
who
else?

interesting

The 'National Service' Boondoggle

By DOUG BANDOW

Pacifist William James hated war but liked its fruit. In 1910, he penned words that have become well-nigh immortal, calling for a "moral equivalent of war" in which "the martial virtues" would be inculcated in young men in peacetime. "Our gilded youths would be drafted off," he wrote, "to get the childishness knocked out of them, and to come back into society with healthier sympathies and soberer ideas."

James's vision became the fount of a host of contradictory proposals involving military conscription, universal civilian service and voluntary programs. The latest is President Clinton's plan, unveiled at Rutgers yesterday, to provide as many as 150,000 students with two years of college tuition for every year of service in a government-approved job.

Mr. Clinton's program is nothing new. In 1988, the Democratic Leadership Council, to which he belonged, proposed a massive "Citizens Corps" of young people. The program was premised on alleged American decadence, self-absorption and selfishness, inflamed during the "decade of greed," as the 1980s were dubbed.

Candidate Clinton was too interested in being elected president to criticize potential voters in these terms, however. He used more positive rhetoric to propose allowing 250,000 or more people to work off their student loans through government service. Deficit concerns have caused the administration to propose starting with a pilot program, to be expanded over time. Still, Mr. Clinton said in his radio address last Saturday that he ultimately wants to reach "hundreds of thousands of students."

Service seems so obviously a good thing that many people automatically embrace politicians who use the phrase "national service." The basic question, however, is service to whom? Proposals for national service assume that citizens are responsible not to each other but to the state. Even voluntary programs like Mr. Clinton's imply a unity of society and state, with work for the latter equated to service to the former.

Opportunities for genuine service abound. Roughly 80 million people now participate in some volunteer activities. Much more could be done, of course. But the remedy is not yet another federal program.

Another bias held by national-service advocates is that "public" service is inherently better than private service. What makes shelving books in a library more laudable or valuable than stocking shelves in a bookstore? Private-sector workers—health-care professionals, medical and scientific researchers, business entrepreneurs and inventors, artists—provide enormous public benefits.

Moreover, the implementation problems are dizzying. Mr. Clinton said that he would not allow any job displacement, which would prevent participants from

performing the most valuable work. Any job that could possibly be handled by a union member would have to be excluded to avoid unremitting labor opposition.

More important, what work would participants do? Today the Peace Corps and Vista, along with the more than 60 state and local programs, involve only some 18,000 people. How would we employ 150,000, 250,000, 500,000 or more people?

They would meet "unmet social needs," national-service advocates respond. But as long as human wants are unlimited, the real number of "unmet" social (as well as business) "needs" is infinite. It is meaningless to talk about millions of "unmet" needs; and since labor is not a free resource, it would be even more foolish to try to satisfy all of them.

The key to the national service debate is opportunity costs. Paying young people to shelve library books requires forgoing both whatever else could be done with the money they are paid and whatever else the participants would do. Indeed, the Clinton program would delay the entry of hundreds of thousands of people into higher educational studies and the work force. There is no reason to assume that a

dollar going to national service will yield more benefits than an additional dollar spent on medical research, technological innovation or any number of other purposes, private and public.

Another problem involves the military. The end of the Cold War has slowed recruiting. Providing educational benefits, long an important military vehicle for attracting college-capable youth, for civilian work may hinder recruiting for what remains the most fundamental form of national service—defending the country.

Still, what of the serious problems confronting us? In many instances the government bars effective private responses. Minimum wage laws forbid the hiring of dedicated but unskilled people and inhibit rehabilitation programs, like that run by the Salvation Army; restrictions on paratransit operations limit private transportation for the disabled.

In any case, only narrowly targeted responses—attracting a few thousand extra caregivers for the terminally ill, for instance—are likely to work. The pervasive fraud and waste endemic to "public service" programs like CETA hardly augur well for yet another large-scale federal effort at social engineering.

Further, imagine the bureaucracy necessary to decide what jobs constitute "service." Who would sort through union objections to "unfair competition," match hundreds of thousands of participants to individual posts and monitor the quality of people's work? Consider the disastrous mess made of the student loan program by the Education Department; not surprisingly, the Congressional Research Service has warned that the government cannot administer the program as effi-

ciently as the private sector. An unwieldy bureaucracy enforcing the controls that inevitably follow federal money is not likely to promote inexpensive and innovative solutions to human needs.

Even worse, federal involvement is likely to politicize private humanitarian activities. Congressmen oppose efforts to close local government offices; interest groups twist social programs to their benefit; labor unions block proposals to contract out work. Imagine the likely infighting over a program involving the services of hundreds of thousands of young people. What, for instance, will Mr. Clinton say when the Democratic Party's favorite political, sexual and social lobbies, like Act Up and Planned Parenthood, come calling to demand "their" quotas of service workers?

Finally, money has to be an issue when the president is calling for massive tax hikes. The administration is initially proposing to spend \$9.5 billion over five years, but the costs could escalate quickly. Providing participants with two years of school for every year of work means that they will earn more than

\$60,000—say, \$40,000 in tuition breaks and \$20,000-plus in salary and health benefits—for "serving" two years. That's over \$9 billion for 150,000 participants, not counting the costs of the federal bureaucracy necessary to manage the program.

Alas, Mr. Clinton's scheme would likely end up no bargain. It would expand federal power, politicize the independent sector, increase an already nightmarish deficit and siphon tens of thousands of young people out of productive private labor and into make-work projects.

What we need instead is a renewed commitment to individual service—some part-time, some full-time; some through the family, some through churches and some through civic groups. America's strength is its combination of humanitarian impulses, private association and diversity. Which is why we should keep the "national" out of service.

Mr. Bandow is a fellow at the Cato Institute. He is the author of "Human Resources and Defense Manpower," published by National Defense University.

THE WALL STREET JOURNAL

TUESDAY, MARCH 2, 1993

Get Involved, President Tells Youths

Clinton Outlines Pilot For National Service

By Ann Devroy
Washington Post Staff Writer

PISCATAWAY, N.J., March 1—President Clinton today challenged the nation's young people to sign up "to help make America new again" through a proposed national service program he described as the 1990s equivalent of the Peace Corps.

Clinton called his proposal to have students exchange national service for higher education a logical descendant of programs such as the Civilian Conservation Corps, the GI Bill, the VISTA volunteer program and the Peace Corps, which was authorized 32 years ago today.

Except for announcing a small summer demonstration project for 1,000 young people, Clinton released few new details of his program, which has a modest first-year cost of \$400 million for 25,000 participants, growing to \$3.4 billion for 100,000 participants in 1997.

Participants would trade a year of community service for two years of college or training costs, although some limits may be put on those costs. Those details will not be worked out until the proposal is submitted to Congress in spring, officials said.

Instead of outlining the program in detail, Clinton rallied an enthusiastic audience of young people behind the concept of community service as an essential part of the American character. He called on a new generation of Americans to be "agents of renewal" by helping rebuild the structures and programs that provide social services and said such efforts will "help make America young again."

Clinton's address here, and visits to community service programs, were only part of the administra-



Clinton, talking to student before a Rutgers University appearance, said first year of program would cost \$400 million.

tion's efforts. The president also challenged young people to participate during an interview on MTV last night, and Vice President Gore plus three Cabinet officers were visiting service programs in Virginia, North Carolina, Massachusetts and in Washington, D.C.

Clinton, in an exchange with reporters, said the relatively modest size of the program—serving 100,000 young people four years after its start compared to the 5 million students who have college loans—was not a scaling back of his campaign pledge to allow any student who wanted to participate the chance to do so.

Instead, he said the administration had based the size of the program on an estimate of the number of people who would want to participate. "We think we'll be able to accommodate" those who want to take part, he said.

He said that if "a million students want to" use the program in a year, "we can't afford that," and insisted that the exchange of community service for college or training would not become another entitlement program, a program that every student has a legal right to obtain.

But Eli Segal, the presidential aide constructing the national service program, said the 100,000 number came from determining how many students could be served by \$3.4 billion, the 1997 figure. He said there was no national experience to predict how many young people would want to use the program.

Clinton married his service proposal here with his pledge to overhaul the student loan program and make loans—available to any student who wants one, along with a revised way of paying the loans back.

Segal said repayment would be set as a percentage of income, and that make it easier for graduates to accept lower-paying, community-service jobs without worrying about how to make their college loan payments. Segal said the administration is also considering having the loan payments automatically deducted from paychecks by the IRS, which could help reduce default.

The White House did not offer details of the student loan restructuring beyond the ones in its economic package announced two weeks ago. In that proposal, stu-

dents would borrow money directly from the government. The proposal projects savings in administrative costs, in lower default rates and other revisions.

In outlining his program here, Clinton also added "pre-college" students to those eligible for the national service program; those in the program would be paid less than the prevailing wage for a year of community service in exchange for government funding for two years of college or training school. Clinton said his team envisions about 35,000 pre-college young people would participate.

Clinton unveiled a small "summer of service" program as a demonstration of the kind of program he envisions. Paid for with \$15 million from his economic stimulus package, the summer program would use existing community service organizations to employ 1,000 students in a variety of service projects, particularly ones oriented toward helping children.

Young people who participate would be paid the minimum wage for the eight-week job, plus a \$1,000 stipend toward college tuition or training programs.

Talk of cutbacks cuts traffic at Army recruiting stations

By Chris Murray
Times staff writer

WASHINGTON — Ongoing talk of troop reductions and cutbacks in advertising revenues have left first-quarter recruiting numbers slightly lower than the previous year, according to Army officials.

According to statistics released by U.S. Army Recruiting Command, Fort Knox, Ky., 43,461 recruits were brought onto active duty between Oct. 1 and December 31, 1992. The recruitment goal for the 1993 budget year is 83,400. During the same period a year earlier, the Army brought in 48,939 new recruits.

Proposed cuts in the military as well as the draw-down have given the public the impression that the Army is not taking in new recruits, said command spokesman Maj. Thomas Leahy.

"There's a public perception that we are not hiring right now," he said. "We still need new privates to replace those who are leaving the Army and to maintain troop strength."

Leahy said cutbacks in television advertising have hurt Army recruiting, especially during this year's professional and college football post-season.

"You didn't see many Army commercials during [National Football League] playoffs or the Super Bowl," he said. "Since 1990, we have lost our visibility among the 18- to 24-year-old male market. Since we're not advertising like we used to, it directly af-

fects our brand recognition."

The Army is seeking to come up with alternatives to conventional media advertising, Leahy said.

"We're interacting with local businesses, government and schools to get the word out that we're still hiring," he said.

After fiscal year 1992's record-setting high of recruiting 100 percent high school graduates, quality indicators for the first quarter also have fallen. Of the 43,461 non-prior-service recruits brought in during the first quarter of this fiscal year, which began on Oct. 1, 1992, 96.4 percent were high school graduates. From that group, 71.1 percent scored in the top half of the Armed Forces Qualification Test. At the same time in the previous year, 76 percent of new recruits scored in the top percentile.

The Army also took in more recruits who scored in the lowest percentile of the Armed Forces Aptitude Test. Some 3.5 percent of the new soldiers scored in the lowest acceptable test section, Category IV. During the first quarter of fiscal 1992, none scored in the lowest section.

"We need so many new soldiers to fill spaces in class," Leahy said. "So in order to make volume, we've had to slightly come down in quality."

The number of new reservists also fell from fiscal 1992's first-quarter mark. This year, the Army took in 10,459 new part-time soldiers, compared to 13,562 in fiscal 1992.

Young men continue to lose interest in joining military

By Grant Willis
Times staff writer

WASHINGTON — For the third straight year, young men are continuing to lose interest in joining the military.

While the Defense Department is officially untroubled by the trend and current recruiting goals continue to be met, service officials said the all-volunteer force will have trouble finding the top-quality people it needs in a few years unless the military finds some way to rekindle interest among high school graduates.

The military's annual Youth Attitude Tracking Study for 1992 shows only 27 percent of 16- to 21-year-old men would "definitely" or "probably" enlist in one of the services in the next few years, down two percentage points from the year before. The figure is based on a survey of 10,000 young people in fall 1992.

A Defense Department summary of the study, released Feb. 16, shows young men's willingness to enlist has been in a three-year decline. A total of 29 percent of the men surveyed in 1991 were planning to enlist, compared to 32 percent in 1990.

Young black men have traditionally shown more interest in a military career than white men, and that remains the case. But according to the 1992 survey, the propensity to enlist among black men between 16 and 22 has decreased dramatically, from 53 percent in 1989 to 44 percent in 1990, 42 percent in 1991 and 37 percent in the latest survey.

Women's propensity to enlist has remained virtually unchanged since 1990 at 11 percent in the 16- to 22-year-old group.

In general, favorable attitudes toward the military among high school-age youths make it easier for military recruiters to sign them to enlistment contracts. The number of signed contracts governs the flow of new recruits into the military about six months later.

The attitude changes coincide with a 55-percent cut in the military's recruiting advertising budget

since 1989. However, the Pentagon's top uniformed personnel official said he sees no need to press Congress for more advertising dollars solely because of the new attitude survey.

"We're not all that concerned, but we're going to watch it carefully," said Air Force Lt. Gen. R. Minter Alexander, deputy assistant secretary of defense for military manpower and personnel policy.

In addition, Alexander said, young people's interest levels in the military already could be increasing again, as they see "the nightly news coverage of all the [military's] good deeds in Somalia."

But senior service officials were far less sanguine. Recent publicity about the drawdown has been giving young people a false impression that the military has stopped hiring, they said. And with so few recruiting advertisements on the air waves, the officials said, that false impression persists.

Recruiting targets have been lowered in the past several years, but the services want to continue to recruit 200,000 people during the drawdown and expect to increase accessions again once the military reaches a steady level of 1.4 million troops in 1997.

"Recruiters are struggling to meet our objective of [signing] 95 percent high school graduates. ... I can't allow it to go any lower," said Lt. Gen. Thomas Carney, the Army's deputy chief of staff for personnel. But with young people's interest levels declining, he said, "you can begin to see the storm clouds on the horizon."

Statistics show 80 percent of enlisted members with high school diplomas complete their first term of service, compared to a 50-percent washout rate among those without diplomas. Each failure to complete a first term costs taxpayers \$20,000 in wasted training and pay, according to the General Accounting Office.

Rear Adm. Jon Barr, commander of the Navy Recruiting Command, said his troops are having to work 10 percent harder to get each new contract in today's market.

Army Times 3/1/93

National Service — Now

By Bill Clinton

WASHINGTON

A pathy is dead. Of everything I've learned in my first few weeks in the White House, that's the thing that's made me the happiest. Whether or not the people I've met outside the capital support the changes I have proposed, they're all saying they're ready to rebuild our country.

But they know, as I do, that no economic plan can do it alone. A plan can make vaccines available to children, but alone it will not administer the shots to all of them. It can put security guards in the schools, but alone it will not take gangs off the streets. And it can provide more aid for college, but alone it will not make the costs of college less daunting for the middle class.

That's why I believe we need national service — now.

If Congress acts quickly enough, just months from now more than 1,000 young people will start serving our country in a special summer effort. In four years, the successors to these pioneers will multiply a hundredfold. Imagine: an army of 100,000 young people restoring urban and rural communities and giving their labor in return for education and training.

National service is an idea as old as America. Time and again, our people have found new ways to honor citizenship and match the needs of changing times.

Lincoln's Homestead Act rewarded those who had the courage to settle the frontier with the land to raise a family. Franklin D. Roosevelt's Social Security Act insured that Americans who work a lifetime can grow old with dignity. Harry S. Truman's G.I. Bill rewarded the service of my father's generation, transforming youthful veterans into an army of educated civilians that led our nation into a new era.

For my generation, the reality of national service was born 32 years ago tomorrow, when President John F. Kennedy created the Peace Corps. At its peak, the Peace Corps enrolled only 16,000 volunteers yet it changed the way a generation of Americans look at themselves and the world.

Today, the spirit of our people once again can meet head-on the troubles of our times.

The task is as complex as our challenge is great. We must combine the intensity of the post-World War II years with the idealism of the early 1960's — and help young people afford a college education or job training.

In 1993, we'll restore the spirit of service by asking our people to serve here at home. We won't re-fight the wars we won, but we'll tackle the growing domestic dangers that threaten our future.

Our new initiative will embody the same principles as the old G.I. Bill. It will challenge our people to serve our country and do the work that should — and must — be done. It will give those who serve the honor and rewards they deserve. It will invest in the future of the quiet heroes who invest in the future of others.

The national service legislation that I will send to Congress shortly will give our people the chance to serve in two basic ways:

First, it will make it easier for young people to hold low-paying public service jobs and still pay off their student loans.

Under our program, Americans will be able to borrow the money they need for college and pay it back as a small percentage of their income over time. By giving graduates the chance to repay loans on an affordable, reasonable schedule, this "income-contingent" program will allow our people to do the work that our communities really need.

Second, our legislation will create new opportunities for Americans to serve our country for a year or two — cation or training in return.

We'll offer people of different ages and educational levels different ways to serve. And to focus our energies and get the most for our money, we'll direct special attention to a few areas:

- We'll ask thousands of young people to serve in our schools — some as teachers, others as youth mentors, reading specialists and math tutors. They'll join the effort to insure that our schools offer the best education in the world.

Federal seed money, but local management.

- We'll send people into medical clinics to help immunize the nation's 2-year-olds. Some participants will be qualified to give the shots, but thousands of others can provide essential support, contacting parents and following up to make sure children get the shots they need.

- We'll help police forces across the country through a new Police Corps trained to walk beats. We'll also organize others in our communities to keep kids out of gangs and off drugs.

- We'll put still others to work controlling pollution and recycling waste, to help insure that we pass on to our children a nation that is clean and safe for years to come.

Our national service program will offer more than benefits to individuals. We'll help pay operating costs for community groups with proved track records, providing the support they'll need to grow. And we'll let entrepreneurs compete for venture capital to develop new service programs.

While the Federal Government will provide the seed money for national service, we are determined that the participants — the individuals who serve and the groups that sponsor their service — will guide the process. Spending tens of millions of tax dollars to build a massive bureaucracy would be self-defeating; it would squash the spirit of innovation that national service demands.

By design, our national service program will not happen overnight. Instead, it will grow year by year, with funding reaching \$3 billion in 1997. And as I've said many times, I believe it will be the best money we ever spend.

If Congress gives us the chance, this summer we'll create an eight week leadership training program. We'll recruit more than 1,000 young people for special projects to meet the needs of children at risk — and to train the first class of full-year participants.

In the first full year of our initiative, we'll launch our flexible loan program and aim to put tens of thousands of people to work. By 1997, more than 100,000 citizens could be serving our country, getting education and training benefits in return. And hundreds of thousands more people could be doing invaluable work because college loans no longer block the way.

But the best planning and the most ambitious design won't make this vision of national service a reality. That responsibility ultimately rests with the American people.

I am convinced that after 12 years of drifting apart instead of working together we are ready to meet the challenge. From a 14-year-old boy in North Dakota who sent us \$1,000 to help pay off the deficit, to a 92-year-old widower in Kansas who followed his example, people are demonstrating that they want to give something back to their nation.

National service will exercise our talents and rebuild our communities. It will harness the energy of our youth and attack the problems of our time. It will bring together men and women of every age and race and lift up our nation's spirit. And for all of us, it will rekindle the excitement of being Americans. □



The Washington Post, Wednesday, Feb 24, 1993

Student Loan Proposal May Increase U.S. Debt, Report Warns Congress

By Mary Jordan
Washington Post Staff Writer

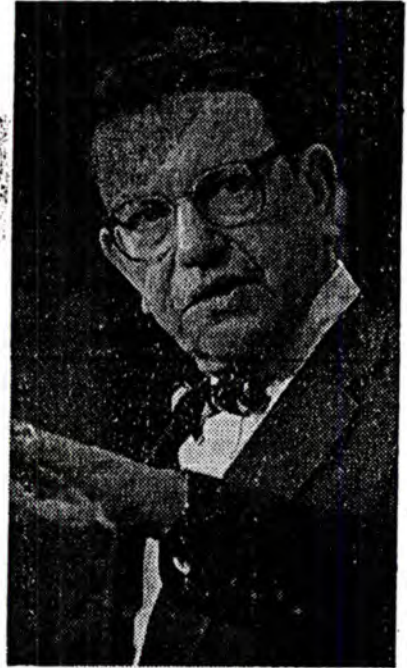
President Clinton's proposal to change the student loan program that is wasting billions of taxpayer dollars a year may end up sinking the nation further into debt, a study released to Congress yesterday warned.

The report turns up the flame under the debate in Congress over how to fix the current loan system, which is riddled with fraud and abuse and has been called the most mismanaged program in the federal government. It also comes amid a major lobbying campaign by powerful private lenders to keep their role in the profitable loan program.

The Clinton administration said last week that a new system could soon save the federal government more than \$1 billion a year. The president has said all college students should be able to borrow directly from the government, saving the costs charged by private banks and other middlemen involved in the current complex system.

But the Congressional Research Service (CRS) report, which contradicts previous federal studies, said the government may not be able to administer the program as efficiently as the private sector and it could be better to improve the existing system. Currently, students take out government-guaranteed loans from private banks. Clinton's proposal would set up the Education Department as the banker.

Virtually every inspector general report in recent memory has pointed to the current system's poor management, inefficiency and dereliction in loan collection. Taxpayers are paying \$3 billion a year for students who skip out on their student loans.



SEN. PAUL SIMON
... "industry is taking excess profits"



THOMAS A. SCULLY
... U.S. as a banker is a "dumb idea"

Sen. Paul Simon (D-Ill.), a key supporter of direct loans, emphasized that the CRS report "confirms that the student loan industry is taking excess profits."

The report suggests that instead of direct lending, the government could slash the "high profits" of the private lenders.

There has been rising outrage on Capitol Hill over the profit margins of lenders such as the Student Loan

The Clinton administration has proposed making the government a direct lender of school funds.

Marketing Association, known as Sallie Mae. This private corporation chartered by Congress last year earned nearly \$400 million and a recent General Accounting Office (GAO) study disclosed that its president's annual compensation package was \$2.1 million.

Simon acknowledged that "special interests" may try to use part of the new report to argue for the status quo.

On Tuesday, the Consumer Bank Association plans a "Lobby Day" on Capitol Hill to fight against direct lending. Clinton's plan is seen as threatening the financial stability of some of the current system's players. Soon after the Clinton proposal was made, the highly successful Sallie Mae's stock prices plunged as some panicked investors dumped it.

Thomas A. Scully, an associate director of the Office of Management and Budget in the Bush administration, agreed that the current loan system is a mess. But attempting to straighten it out by making the government a banker, he said, "is a dumb idea."

"It flat out won't work," said

Scully, now working as an attorney for the Washington law and lobbying firm of Patton, Boggs & Blow. In the long run, direct lending may make money for the government, but for the next "18 to 20 years" they will be adding to between "\$10 and \$15 billion a year" to the federal deficit by issuing new loans.

He also said while "ratcheting down the margin of profit" makes sense, setting up a federal banking system when there is already a private one is "like building two sets of railroad tracks next to each other."

The CRS report, which was circulating among congressional offices yesterday, makes it clear that the program could be improved by shifting some financial risk to the private lenders.

Clinton estimated in his economic package released last week that as early as 1997 the phasing-in of direct lending would save the government \$1.3 billion a year. The president also is proposing to allow students to repay loans at a rate linked to their wages. This also is seen by some as saving money on defaults because more graduates and other former students could meet their payments.

Two recent GAO studies have agreed with Clinton's contention. One in 1991 estimated the savings from direct lending at over \$1 billion a year; last year, another predicted \$4.5 billion could be saved over five years.

But as the prospect nears that the Education Department, with a long history of poor management, will soon be squarely in charge of this financially risky program, concern is rising over whether government can do better than the private sector.

After much debate about the efficiency of government management, Congress last year approved a pilot direct-lending plan that would involve between 250 and 400 college campuses.

Washington Post, Thursday, Feb 25, 1993

2 Million Youths to Get Summer Aid

U.S. Plans Expansion Of Jobs and Classes

By Mary Jordan
Washington Post Staff Writer

To get idle youths off the street this summer, the Clinton administration plans to give as many as 2 million American youths a new summer job or a seat in summer school beginning as early as June.

Labor Secretary Robert B. Reich and Education Secretary Richard W. Riley, offering the most detailed explanation yet of the major Clinton youth initiative, told senators on Capitol Hill yesterday that the jobs plan would target the nation's "100 poorest areas."

The jobs are to range from painting city halls to supervising recreation centers and will employ 1.3 million youths—double the number hired last year. For the first time, the teenagers hired also would be drilled during the work day in math, reading and writing, Labor officials said.

In addition, hundreds of thousands more disadvantaged children would be kept in school this summer under a separate plan to keep open year-round schools with large numbers of poor children.

"This is great news," said Richard Miller, executive director of the American Association of School Administrators. "It gives them an opportunity to learn and earn at the same time."

There are 18 million youths aged 15 to 19, according to the 1990 census. The job and school initiatives—costing an additional \$1.5 billion—are expected to help those not already employed or at camp or school.

"After the events of last year in Los Angeles," Clinton told Congress last week, "and the countless stories of despair in our cities and in our poor rural communities," the nation needs to create summer jobs for unemployed youths.

In the past, federal summer jobs programs have been fraught with management problems. Last year, \$267 million appropriated for the program was never spent. The logistics of teaching a diverse body of working youths will only add to the complexity of the historically troubled program. For instance, what

Summer Jobs, Classes Planned for 2 Million Disadvantaged Youths

RILEY, From A1

classrooms would be used or who would teach?

According to Labor Department officials, the new jobs are slated for inner cities and poor rural areas, and would involve some existing programs such as mayors' summer job programs and those of private business councils.

The Clinton plan adds \$1 billion in new funding to the nearly \$1 billion already in the budget. Some of that existing money is the unspent money from last year and the rest was approved for summer jobs under then-President George Bush.

In addition to working with Labor to figure out how the "education component" of the jobs program would be administered, the Education Department also is seeking an immediate infusion of \$500 million to keep open the so-called Chapter 1 schools this summer.

These schools have concentrations of low-income, disadvantaged students and are eligible for special federal funding to teach basic skills, particularly math and reading.

Riley also used the two-hour session before the Senate Labor and Human Resources Committee to offer the first glimpse of the Clinton administration's education package.

In a shift from Bush administration policy, Riley said he would presenting to Congress a request that more federal dollars—perhaps \$400 million in the first year and

steep increases afterwards—be spread out among America's public schools. Localities would decide which innovative programs to fund.

The Bush strategy was to focus federal money on the construction of a small number of "break-the-mold" schools that would be a model of change for others.

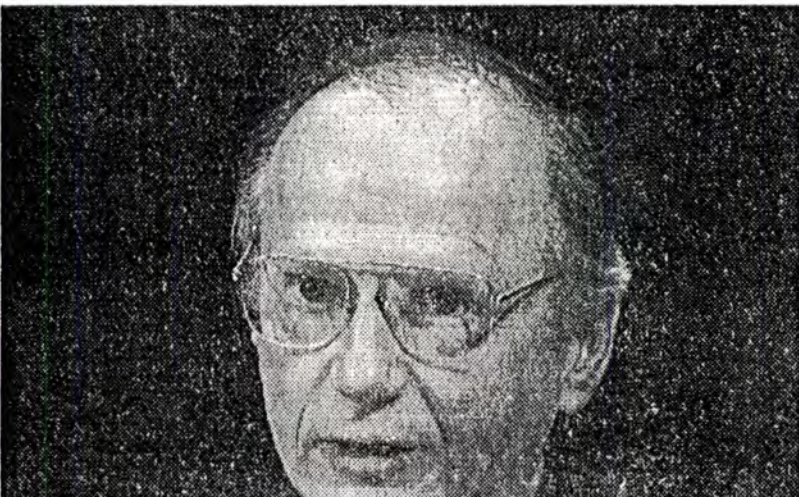
Riley also said that the education package dubbed, "Goals 2000: Educate America Act," would continue to push for establishment of a baseline of knowledge that all American students must learn before graduation.

Currently, there are no such standards. Likewise, as the Labor Department develops occupational skill standards for the non-college-bound, Riley said they are "to have a powerful effect" on what is taught in high school.

Riley told reporters afterwards that he plans to "avoid the political side issues," such as private school "choice," that were the focus of debate during the Bush administration.

Rep. William F. Goodling (Pa.), the ranking Republican on the Education and Labor Committee, said he sees little difference between what Riley is advocating and what Bush had been calling for.

"The difference now is that the majority will not be able to say 'no' simply because it is a Republican president's idea," said Goodling, predicting that the Clinton revisions will find little opposition in Congress.



A Trial Run for National Service

Baltimore Program Puts Youths to Work Rebuilding Neighborhoods

By Gary Lee
Washington Post Staff Writer

BALTIMORE, Feb. 22—Although President Clinton's program for national service is still in the planning stages at the White House, Lawrence Shird is taking the concept and running with it through this city's rough-and-tumble urban sprawl.

After six years of dealing drugs and hustling on the streets here, the 22-year-old has turned his energies to Civic Works, a new program that debuted today and is designed to put inner-city young adults ages 17 to 23 to work rebuilding their neighborhoods.

"When you look at our neighborhoods, you can see that getting them cleaned up won't be easy," Shird said. "But I know one thing. If it's going to happen, it's got to start with people like me who come from the streets. Who's going to want to help us if we don't help ourselves?"

Shird is one of 25 participants in Civic Works, a six-month program that includes classes in carpentry, construction, household management and job readiness.

According to founder and director Dana Stein, a former Washington lawyer, the object of Civic Works is to prepare participants for employment in the private sector and to involve them in revitalizing low-income areas.

The official kickoff took place in a ceremony at the organization's headquarters here, with Mayor Kurt Schmoke (D) and Maryland's Democratic senators, Barbara A. Mikulski and Paul S. Sarbanes on hand to endorse it.

Civic Works is riding the crest of renewed American interest in civic service, inspired in part by the exhortations of Clinton, who seeks to initiate a national service program under which participants can pay for college educations.

While many other service programs attract the well-educated or affluent, Civic Works draws heavily from those who have had scrapes with the law or trouble finishing high school.

Participants include a former drug dealer, 20; a high school senior, 18, with a history of car theft, and several high school dropouts and unwed parents. They were chosen from 84 applicants.

Besides the \$130 weekly salary, job training and a \$900 bonus for successful completion,



Some of Civic Works' 25 participants repaint the Clifton Mansion.

participants said Civic Works was attractive because it offered a chance to invest in the community.

Vanessa Williams, 20, a mother of two, cited the opportunity to mitigate crime in her neighborhood, where shootings and drug dealing are common.

"I don't have any illusions about what a group like ours can do about that kind of situation," she said. "But I think that, if we put our minds together, we can make a difference."

While most of the group's efforts are to involve construction work in parks and other public facilities, one day a week is devoted to discussing neighborhood problems.

The group has started creating skits dealing with AIDS, drug addiction, sexual harassment and other subjects and plans to stage them in Baltimore schools.

"This is a wonderful way of trying to help younger kids keep from going through some of the problems we went through," said Donald Ferebee, 18, who acknowledged that he had been a member of a car-stealing gang.

"Most of the participants in the program are people who have had one chance in life and blown it or have never really had a

chance," said Seth Goldman, a Civic Works coordinator. "What we are telling them is we're willing to invest in them. That does wonders for their self-esteem."

The program has stringent rules that, among others, prohibit headphones or beepers and mandate dismissal after two unexcused absences.

Stein, 34, was a corporate lawyer with the Washington-based firm of Squire Sanders & Dempsey before founding Civic Works with encouragement from Kathleen Kennedy Townsend, director of the Maryland Student Service Alliance, and a \$466,000 federal grant. Several private corporations have contributed.

Goldman, 27, was a press aide to then-Sen. Lloyd Bentsen (D-Tex.) before joining the Civic Works staff last month.

"As much as I enjoyed working in Congress, I really was anxious to get involved in something where I could make a difference," Goldman said. "And the inner city is an area where a difference really needs to be made."

"Given some of the hardships some of these people have been through, I thought it would be hard getting them engaged. But it's not. They're bursting to get engaged."

*Is this
the way
to sell
this program?*

THE STATE OF THE UNION

President Clinton's Address

Feb 17, 1993

'Lifelong Learning'

Lifelong learning must benefit not just young high school graduates but workers, too, throughout their career. The average 18-year-old today will change jobs seven times in a lifetime. We have done a lot in this country on worker training in the last few years, but the system is too fractured. We must develop a unified, simplified, sensible, streamlined worker training program so that workers receive the training they need regardless of why they lost their jobs or whether they simply need to learn something new to keep them. We have got to do better on this.

And finally, I propose a program that got a great response from the American people all across this country last year, a program of national service to make college loans available to all Americans, and to challenge them at the same time to give something back to their country, as teachers or police officers or community service workers; to give them the option to pay the loans back, but at tax time so they can't beat the bill, but to encourage them instead to pay it back by making their country stronger and making their country better and giving us the benefit of their talents.

A generation ago, when President Kennedy proposed and the United States Congress embraced the Peace Corps, it defined the character of a whole generation of Americans committed to serving people around the world. In this national service program, we will provide more than twice as many slots for people before they go to college to be in national service than ever served in the Peace Corps. This program could do for this generation of members of Congress what the Land Grant College Act did and what the GI Bill did for former congressmen.

In the future, historians who got their education through the national service loan will look back on you and thank you for giving America a new lease on life if you meet this challenge.

If we believe in jobs and we believe in learning, we must believe in rewarding work. If we believe in restoring the values that make America special, we must believe that there is dignity in all work, and there must be dignity for all workers. To those who care for our sick, who tend our children, who do our most difficult and tiring jobs, the new direction I propose will make this solemn, simple commitment: by expanding the refundable earned income tax credit, we will make history; we will reward the work of millions of working poor Americans by realizing the principle that if you work 40 hours a week and you've got a child in the house, you will no longer be in poverty.

'Here's the Challenge I Will Offer The Congress and the Country'

Reuter

Following is President Clinton's address from the Oval Office last night:

Good evening. I have chosen this day on which we honor two great presidents to talk with you about the serious problems and the great promise of our country, and the absolute necessity for change if we are to secure a better future for ourselves and for our children.

On Wednesday evening I'll address the Congress about the specifics of my plan, but first I turn to you for your strength and support, to enlist you in the cause of changing our course. This is a momentous time for our nation. We stand at the end of the Cold War and on the edge of the 21st century. For two decades we've moved steadily toward a global economy in which we must compete with people around the world, a world which requires us to work hard and smart, a world in which putting people first is more than a political slogan—it's a philosophy of governing and the only path to prosperity.

For 12 years we followed a very different philosophy. It declared that government is the problem, that fairness to the middle class is less important than keeping taxes low on the wealthy, that government can do nothing about our deepest problems—lost jobs, declining wages, increasing inequality, inadequate educational opportunity and a health care system that costs a fortune but does too little.

During those 12 years, as governor of Arkansas, I followed a very different course, more like what you've done at home and at work: I invested in the future of our people and balanced the state budget with honesty and fairness and without gimmicks. It's just common sense, but in the 26 days I've been your president I've already learned that here in Washington common sense isn't too common. And you've paid a lot for that loss of common sense.

The typical middle-class family is working harder for less. Despite the talk of a recovery, more than nine million of our fellow citizens

are still out of work. And, as this chart indicates, if this were a real normal recovery, three million more Americans would already be back at work now. In fact, there are more jobless people now than there were at what the experts call the bottom of this recession.

All during this last 12 years the federal deficit has roared out of control. Look at this: The big tax cuts for the wealthy, the growth in government spending, and soaring health care costs all caused the federal deficit to explode. Our debt is now four times as big as it was in 1980—that's right. In the last 12 years we've piled up four times as much debt as in the previous 200.

Now if all that debt had been invested in strengthening our economy, we'd at least have something to show for our money—more jobs, better educated people, a health care system that works. But, as you can see, while the deficit went up, investments in the things that make us stronger and smarter, richer and safer were neglected. Less investment in education, less in our children's future, less in transportation, less in local law enforcement. An awful lot of that money was just wasted.

This matters. When you don't invest in jobs and education and economic opportunity, unemployment goes up and our incomes go down. And when the deficit gets bigger and bigger and bigger, the government takes more of your money just for interest payments, and then it's harder for you to borrow money for your own business or to afford a new home or to send a child to college. That's exactly what's been happening.

Once our living standards doubled every 25 years. But at the rate we're going today, our living standard won't double for another hundred years—until our grandchildren's grandchildren are born. That's too long.

We must act now to restore the American dream.

Despite the enormity of this crisis, believe it or not the status quo still has its defenders—people who point to hopeful statistics, like the recent increase in productivity and consumer confidence, and say we

should do nothing. Well, American business has been forced to become more competitive in this global economy, and I'm glad that consumer confidence is up since the election.

But we are not generating jobs or making headway on these other long-term problems.

My message to you is clear: The price of doing the same old thing is far higher than the price of change. After all, that's why you sent me

here—not to keep this seat warm, but to work for fundamental change, to make Washington work for all Americans, not just the special interests, and to chart a course that will enable us to compete and win in this new world.

Here's the challenge I will offer the Congress and the country on Wednesday. We'll invest in our future by nurturing our children and supporting their education, by rewarding work and family, by creating the jobs of the future and training our people to fill them. Our every effort will reflect what President Franklin Roosevelt called "bold, persistent experimentation," a willingness to stay with things that work and stop things that don't.

Change must begin at the top. That's why I cut the White House staff by 25 percent and ordered federal agencies to cut billions of dollars in administrative costs and to trim 100,000 federal positions by attrition. And in my budget there will be more than 150 specific cuts in government spending programs.

Then I will ask the wealthiest Americans to pay their fair share.

That brings us to those of you who gave the most in the 1980s. I had hoped to invest in your future by creating jobs, expanding education, reforming health care and reducing the debt without asking more of you. And I've worked harder than I've ever worked in my life to meet that goal. But I can't because the deficit has increased so much, beyond my earlier estimates

and beyond even the worst official government estimates from last year. We just have to face the fact that to make the changes our country needs, more Americans must contribute today so that all Americans can do better tomorrow.

But I can assure you of this: You're not going alone anymore, you're not going first, and you're no longer going to pay more and get less. Seventy percent of the new taxes I'll propose—70 percent—will be paid by those who make more than \$100,000 a year. And for the first time in more than a decade, we're all in this together.

More important is the payoff. Our comprehensive plan for economic growth will create millions of long-term, good-paying jobs, including a program to jump-start our economy with another 500,000 jobs in 1993 and 1994. And as we make deep cuts in existing government programs, we'll make new investments where they'll do the most good: incentives to business to create new jobs; investments in education and training; special efforts for displaced defense workers; a fairer tax system to ensure that parents who work full-time will no longer raise their children in poverty; welfare reform to move people from welfare to work; vaccinations and Head Start opportunities for all children who need them; and a system of affordable quality health care for all Americans.

Our national service plan will throw open the doors of college opportunity to the daughters and sons

of the middle class. Then we'll challenge them to give something back to our country—as teachers, police officers, community service workers, taking care of our own right here at home. And we'll do it all while reducing our debt.

Change this fundamental will not be easy nor will it be quick. But at stake is the control of our economic destiny. Within minutes of the time I conclude my address to Congress Wednesday night, the special interests will be out in force. Those who've profited from the status quo will oppose the changes we seek—the budget cuts, the revenue increases, the new investment priorities. Every step of the way they'll oppose it. Many have already lined the corridors of power with high-priced lobbyists. They are the defenders of decline—and we must be the architects of the future.

I'm confident in our cause, because I believe in America. And I know we have learned the hard lessons of the 1980s. This is your country. You demonstrated the power of the people in the last election. I urge you to stay informed and to stay involved. If you're vigilant and vocal, we can do what we have to do.

On this Presidents' Day, we recall the many times in our history when past presidents have challenged this nation from this office in times of crisis. If you will join with me, we can create an economy in which all Americans work hard and prosper. This is nothing less than a call to arms to restore the vitality of the American dream.

When I was a boy we had a name for the belief that we should all pull together to build a better, stronger nation. We called it patriotism—and we still do.

Good night, and God bless America.

Post 2/8/93

Looking for Money in ACTION

President Clinton's national service coordinator, Eli Segal, having conceded there's no money for a major program, is looking to scrounge a few bucks or ideas from existing voluntary programs.

Segal hit the streets recently and guess what he found? Remember ACTION, the '60s anti-poverty agency long thought dead? Well, it lives, right here in downtown Washington, with a staff of 160 people here and another 260 around the country.

Better yet, for Segal's purposes, it has a budget of \$200 million a year and 3,300 VISTA volunteers (down from a peak of 4,700 in the mid-'70s) out there working with the poor, along with three successful programs involving the elderly, including Foster Grandparents.



Segal apparently has concluded that ACTION's overhead is in excess of what would be needed to maintain the program and that the agency has severe administrative problems that require prompt attention, one source said. Segal, a Massachusetts businessman from the lean-management school, is convinced the program can be run smaller.

Former ACTION workers are stunned at what one called the "incredibly wrong choices" the White House has made in picking career officials to run the place until the Clintonites get around to replacing them.

The new acting director, John C. Seal, and other top management, all senior civil service employees, were put in high positions by the last director, Jane A. Kenny, an aide to George Bush in the mid-1980s, former workers say. Agency loyalists who suffered under persistent GOP efforts to dismantle the place now feel stabbed in the back.

ACTION is not the only place where Bush appointees and senior civil service people are being elevated, at least temporarily, under Clinton. Angry Democratic old-timers say the inmates are running the asylum everywhere.

One problem, Democratic loyalists say, is that 12 years of GOP rule blurred the distinction between "political" and career officials, and many of the career people who have risen to the top throughout the government are either Republicans or those who have most zealously carried out the GOP mandates.

Beefing Up Democratic Credentials

■ The Duberstein Group, a firm headed by Kenneth M. Duberstein, who was chief of staff to former president Ronald Reagan, is increasing its Democratic credentials, adding Steven M. Champlin, executive director of the House Democratic Caucus. Champlin, who has worked for Democratic House

members for more than a decade, served as floor assistant to two majority whips.

Hill Republicans also are gearing up. William D. Harris, the Republican operative who won some notoriety by managing the controversial GOP convention in Houston in August, has landed on his feet with a job as executive director of the National Republican Senatorial Committee.

Joining Harris, 45, at the senatorial committee will be David M. Carney, a former White House political aide and national field director for the Bush-Quayle campaign, and Gary Koops, who was press secretary at the Republican National Committee.

Carney, 33, will be deputy executive director, and Koops, 30, will be communications director.

The three will be working under the direction of Sen. Phil Gramm (R-Tex.), the committee chairman whose prospects as a possible presidential candidate in 1996 depend in part on the performance of the committee in the 1994 elections.

On the Democratic side, word is that House Speaker Thomas S. Foley (D-Wash.) has picked Bruce F. Vento (D-Minn.) to head the Speaker's Task Force on Homelessness that Clinton asked for to help him come up with solutions to the problem.

Help for O'Leary at Energy Dept.

■ Energy Secretary Hazel R. O'Leary has no deputy, no undersecretary and no assistant secretaries—and a very full plate—as she tries to evaluate



HAZEL R. O'LEARY

the department's myriad programs and make spending decisions for President Clinton's soon-to-be-crafted budget. She has sought experienced help. Washington veteran Daniel A. Dreyfus, vice president of the Gas Research Institute and a former staff director of the Senate Energy and Natural Resources Committee, reportedly will join O'Leary's staff this week. Title, salary and exact duties are being

worked out, but he won't be an assistant secretary because his name didn't come through the White House.

Possible Reorganization at AID

■ Clinton's puzzlement over the ferocious competition for the job of director of the Agency for International Development must have increased last weekend. On Friday, Deputy Secretary of State Clifton R. Wharton Jr. announced he is going to review the beleaguered agency and present a reorganization plan to Congress in 90 days.

—Al Kamen

Community Service Plan Scaled Back

Deficit Pinches Clinton's 'Dream'

By Mary Jordan
and Ann Devroy
Washington Post Staff Writers

President Clinton is planning to unveil a small pilot program allowing some college students to repay government loans through community service instead of the huge new "defining initiative" described during his campaign.

Eli Segal, the presidential assistant in charge of the national service plan, said in an interview that Clinton's "dream" for a nationwide program that would be available to all students will have to give way at the outset to "the reality of the deficit."

Segal said the president does not want to create a "massive new federal program" but plans to start small, relying on the most successful existing programs, and build from there. The administration also will seek financial support from state and local governments as well as businesses and nonprofit groups.

During the campaign, Clinton said that allowing all interested students—rich, middle income and poor—to work off college debt as teachers, police officers or in other service in the community is a "symbol of what this campaign is all about." Clinton often referred to his proposed National Service Trust Fund as "the best money we will ever spend."

But now, White House advisers are worried that it may cost too much. It could run \$18,000 a year to place one student for a year in a service job, according to those involved in shaping the administration's proposal. And,

See SERVICE, A10, Col. 1

SERVICE, From A1

there are now more than 5 million college students with government loans—potential candidates for joining a new service corps.

Because of costs and logistics—some estimates say there are no more than 30,000 community service slots now available in the country—it could be years before more than a fraction of eligible students could participate in Clinton's proposed program.

Charles Moskos, a Northwestern University professor involved in planning the National Service Trust Fund, said there is "general agreement" among Clinton's advisers that, for the program to be meaningful, the government would have to offer a loan forgiveness "of between \$5,000 and \$10,000 a year" for each student.

In addition, the community service models being studied show that it costs another \$10,000 for one community service worker's yearly pay, medical insurance and administrative costs.

Figuring an average of \$18,000 per student, a program involving 100,000 students would cost \$1.8 billion.

"This program is very, very expensive," said Brian Fitzgerald, staff director of the Advisory Committee on Student Financial Assistance, the standing committee created by Congress to advise it on student aid. "Realistically, this means you have to start small."

Many others on Capitol Hill agree. Yesterday, the National Commission on Responsibilities for Financing Postsecondary Education, a commission set up by Congress, met with the House and Senate education leadership and recommended that no more than 50,000 students be involved in startup of the service program.

Also, citing competing educational needs, it urged that no more than 20 percent of a student's loan, or an average of \$2,000, be forgiven annually.

If local businesses or communities benefiting from the student help pay the stipend and other costs, the commission said, it would still cost the federal government \$100 million a year.

Two weeks ago, the group charged with studying this issue, the Commission on National and Community Service, projected that, realistically, about 60,000 students—about the number that attend Ohio State University's Columbus campus—could participate in the first year. The group set the cost at more than \$1 billion.

White House advisers said they are still working out the number of students to include and the amount of loan forgiveness. They also are considering allowing high school graduates to participate, on the theory that it makes sense for students to do the work before they get the loan benefit, and that it also may be easier for younger students to live on what may amount to \$5,000 a year in living expenses.

Bill Galston, the deputy assistant to the president working on national service, said Clinton "has consistently placed a high priority on national service" and continues to do so.

Washington
Post Feb 4, 1993

Panel Urges College Aid Overhaul

Commission Attempts To Respond to Decade Of Spiraling Costs

By Mary Jordan
Washington Post Staff Writer

A congressionally mandated commission, citing "rising anxiety in America" over the cost of a college degree, is to call today for a radically different college aid system and far more relief for poor and middle-income students.

During the 1980s, the cost of attending a private college or university soared 146 percent—a higher rate than that of medical, home, food and car costs, the commission's report said. But at the same time, federal aid failed to keep pace or to help families with the mounting burden, now second only to the cost of a home in the typical American family's budget.

Currently, the report said, student aid programs are so confused and complicated that many families either overextend themselves with huge debts or never know if their children qualify for federal assistance. The problems, the commission said, have contributed to a \$3 billion annual government loss in defaulted student loans.

The bipartisan panel's report, a copy of which was obtained by The Washington Post, recommends that the federal government spend an additional \$7 billion a year to help students pay for college.

The recommendations, which follow two years of public hearings around the country, are to be presented to President Clinton and House and Senate education leaders this morning. Although polls show increasing public concern about the rising cost of college tuition, federal budget deficits may make it difficult for the panel's recommendations to win congressional support.

But Clinton has promised to revamp the federal student aid system, and many of the panel's recommendations are in keeping with his campaign pledges.

Washington Post

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COLLEGE, From A1

The commission, charged with finding a better way for the federal government to help finance college costs, recommends completely scrapping the current system, administered by the Education Department and involving state guarantee agencies, banks and other lenders.

The proposal seeks, for the first time, to set a \$14,000-a-year standard for the amount of federal aid students may receive.

The amount, which would be divided among federal grant and loan programs, is based on an estimate of the average cost of educating a student in public and private colleges and would change annually.

Currently, the amount of grants and loans students receive from the government varies with the cost of tuition. The aid also can vary drastically depending on how much Congress appropriates in a given year.

Under the proposed system, all

students, regardless of family income, would have access to \$14,000-a-year in federal aid. But the amount would be divided into grants, work-study and loans, depending on a family's income.

Poor students, for example, would qualify for a maximum \$4,000 in grants—an increase from the current \$2,300—and another \$10,000 in work-study and subsidized loans.

Families earning over \$100,000 also would be eligible for \$14,000 a year in unsubsidized, government-backed loans. Unlike poor or middle-income families, they would have to pay the loan interest while the student was still in school.

If a student's total college expenditures were less than \$14,000, the aid would not exceed costs.

"This adds one heck of a lot more certainty to the system," said Robert Atwell, president of the American Council on Education, the group that represents most of the nation's colleges. "Students would now know how much aid to expect."

"Right now there is so much confusion and complexity," said Jami Merisotis, the executive director of the nine-member commission of political, business and education leaders appointed by the president and Congress and funded with a \$5 million grant. "If every student knows they are going to get a fixed amount of aid, we think that students will begin to shop around for colleges that they could afford."

Merisotis said that ultimately the new program could change the way students choose their college. They might select schools more in line with the amount of aid they are receiving. This also could put some pressure on colleges to moderate their cost increases, he said.

Other recommendations by the National Commission on Responsibilities for Financing Postsecondary Education include:

- A direct government lending system eliminating banks and other lenders. Some studies have shown that this approach would be bot

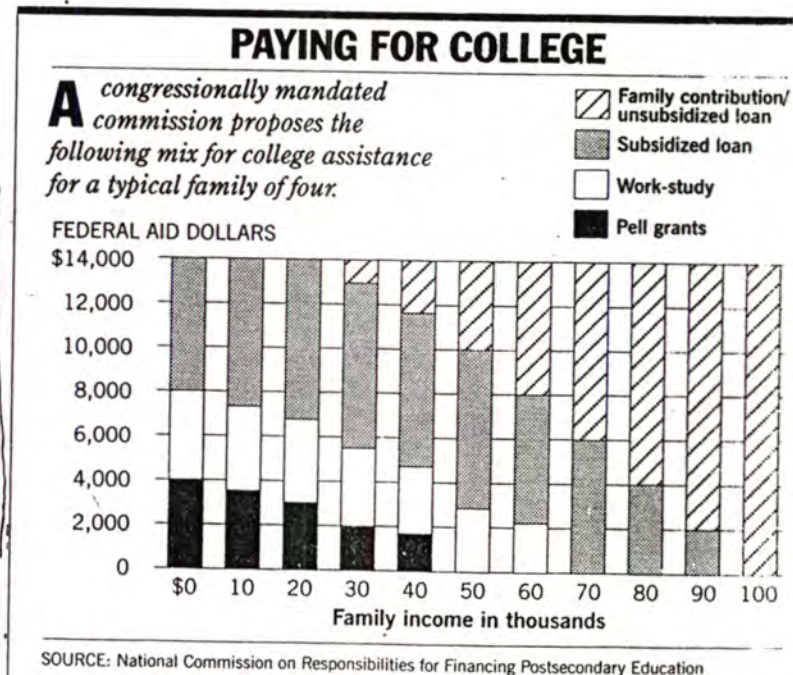
simpler for the student and less costly for the government.

- A new national service program far less extensive than the one Clinton promised during his campaign. The panel recommends that for the first year, 50,000 students would be involved and that 20 percent of their government loan—or an estimated average of \$2,000—could be forgiven in a given year of service. While some cost estimates for Clinton's plan are well over \$1 billion, the commission's small-scale plan would cost \$100 million.

- A new mechanism easing the repayment burden on students who take lower-paying jobs. Currently, it makes no difference whether a student takes a job as a low-salary youth counselor or a highly paid Wall Street investment adviser—he or she must pay back the loan at a set amount depending on the size of the loan.

- The interest on students loans would become tax deductible, as it once was.

- Families would be encouraged to



save for college by allowing penalty-free withdrawals from Individual Retirement Accounts for college tuition payments.

Sen. James M. Jeffords (R-Vt.), the author of the legislation creating the commission, said it is in the

"national interest" to make college more affordable. "We will be forever limited by the economic inequalities that exist among people in our country," he said in the report, "the government does not act to make college more affordable."

National Service: It's Just Too Expensive

To the growing list of promises that Mr. Clinton has set aside as the reality of governing abtrudes on the inaugural galas, he should add that dreamy but expensive campaign vision, "National Service."

The idea, whose father was military conscription and whose mother was the Depression era Civilian Conservation Corps, was incubated in the Progressive Policy Institute in the '80's, placed in the foster care of the Democratic Leadership Council and then adopted by the Clinton campaign. It is a favorite of the new "communitarian" movement, which apparently seeks to provide balance to the benefits the government would heap upon the people by heaping up new responsibilities that the people will owe the government.

Though the plan was fairly specific in its intellectual inception—with budgets spelled out, for example, in the Democratic Leadership Council Version—the Clinton campaign's use of it was reduced to a generality invoked at Democratic rallies.

The "Clinton-Gore Plan" for education put out by the campaign headquarters in Little Rock included only this simple pledge:

"Maintain the Pell Grant program but scrap the existing student loan program and establish a National Service Trust Fund to guarantee every American who wants a college education the means to obtain one. Those who borrow from the fund will pay it back either as a small percentage of their income over time, or through community service as teachers, law enforcement officers, health care workers or peer counselors helping kids stay off drugs and in school."

Inspected, however, this dream breaks up. There is less and less reason to believe that providing government funds for "every American who wants a college education" should be a high priority objective in a society where, for the first time, many people in the unemployment lines possess college diplomas and where many poorly prepared youth who nonetheless secure low-cost college opportunities soon drop out of school because they cannot perform the work.

National Service advocates also err conceptually when they imagine that the ideal of true "service," as our Judeo-Christian tradition has understood it, can best be inculcated through paid positions financed by the government. If so, the CETA jobs program of the 1970s—a notorious source of "waste, fraud, and abuse" if there ever was one—should have made us holy indeed.

Once taxpayers saw National Service in action, would they really think they were getting a bargain by paying for students' college loans and then paying again to hire these same people in government-financed jobs? Would workers now in health care and

education jobs be happy to see the cheeky new government-paid "volunteers" arrive, eliminate private sector growth in low-skill jobs and drive down the private pay scale? Would the volunteers themselves really serve society best in such artificial, temporary posts, expending tax revenues, or by getting on with their own careers and contributing to tax revenues?

What, also, about the Americans who in growing numbers donate their time and money to private charity—people who believe civic virtue comes, as de Tocqueville held, from private associations rather than, as the followers of Rousseau hold, from actions of the state? Will the numbers of private volunteers continue to grow when the government gets into the business of creating new government workers and calling them "volunteers"?

Meanwhile, what is to prevent colleges and universities from responding to the new infusion of federal aid by raising overall tuition rates, there-

by defeating the efforts of the hapless new volunteers and further burdening students who choose not to join up with National Service?

The arguments about the philosophy and the practical effects of national Service apparently have not diminished Clinton's support for the concept, as his designation of a White House office on National Service shows. But there is one other, much higher, obstacle to a full-blown National Service scheme, and that is the federal deficit. Are the new president's protestations of concern for fiscal responsibility (and shrinking the number of federal employees) sincere? If so, a National Service program is just too expensive.

The original National Service scheme foresaw up to \$21,000 being made available per student in "loans." Settling this debt could be accomplished by the student's paying it back or taking a publicly financed National Service job for two years. These National Service jobs would provide a "subsistence living," but tax free and

with full health care coverage, \$10,000 a year payback of the loan, with an overall annual salary of at least \$16,000—or \$32,000 the two years of "service." (Millions of Americans work for less.)

In other words, we would pay numbers of students to go to college and then pay them again at government funded jobs for two years, for a total of at least \$53,000 per student! Estimates, moreover, are based on a proposal now five years old. The cost of the proposal then was some \$13 billion and it certainly would be higher now. And those are only the direct costs.

Regardless of what one thinks of National Service, then, it is doubtful that the new administration could deem this campaign promise an effective way to maintain credibility in backing more consequential promises to reform government bureaucracy and lower the federal deficit.

The writer is a former director of the U.S. Census Bureau.

Source: Washington Post, Jan 18, 1993

Peace (Corps) in Our Time

National Service: Making Clinton's Good Idea Work

By Joshua Abramowitz

AT 8:15 tomorrow morning, over 200 young men and women will gather in the plaza in front of Boston's City Hall. Braving the cold of a New England winter, they will perform a series of calisthenics and then head off for a full day's worth of good works—perhaps tutoring children or remodeling homes. They are enrolled in City Year, a prototype for a national service program that could soon become a rite of passage for hundreds of thousands of young Americans.

Indeed, with the Clinton presidency imminent, the longtime pet project of a disparate group—running the gamut from Sen. Edward Kennedy to the communitarians to conservative William F. Buckley—might be about to make its way off the drawing board.

Clinton has not yet put forth all the specifics of his new "Domestic Peace Corps" but says he will tie national service to a revamped college-loan program. He wants to create a national trust fund from which anyone could borrow to finance a college education. Loans could be repaid either through paycheck deductions after graduation—adjusted for income, so that no one would be penalized for a low-paying job—or through national service. Those who chose the latter option would receive a small stipend to cover basic needs and have as much as two years of loans forgiven for each of up to two years of service.

Invoking the idealistic spirit of JFK's Peace Corps, national service earns high marks in public opinion polls and earnest applause when Clinton speaks. And deservedly so. Much more than a convenient

method of loan repayment, national service could beget extraordinary benefits, both for participants and the country at large. An army of hundreds of thousands of workers could take a big bite out of educational, health, law-enforcement and environmental needs. In the process, suburbanites and inner-city residents could work side by side, temporarily shattering economic and social barriers. And—of particular interest now, when we hear so much talk about a generation of lost "twentysomethings"—a serious national service program might help instill a certain sense of self and of country.

But even if national service ultimately deserves our support, we need to recognize some hard truths: This is a program with a host of potentially major, if not fatal, problems. Let's take several of the most serious:

■ *Cost:* National service is simply not in keeping with the spirit of a deficit-trimming administration. Look at the cost of Boston's City Year program. This vaunted and successful program, founded several years ago, shells out \$20,000 per participant, per year: \$10,000 for administrative and programming expenses; \$5,000 for the participant's stipend; and \$5,000 for a certificate, issued upon completion of the program, that can be used to pay educational or job-training expenses.

Even this cost may be modest: City Year is small (and hence unbureaucratic), was founded by two dedicated Harvard Law graduates and has enjoyed extensive corporate support. The Bank of Boston went so far as to lend the program an executive for two years to help it expand. Presumably, not every local national service unit would have all these advantages.

To allow for a meaningful amount of loan forgiveness, a national program would probably need to offer at least \$10,000 in educational benefits—twice as much as City Year offers. We could thus be paying \$25,000 per participant (considerably more than the market value of the work that would be done). A small-scale program of 500,000 participants, enrolling only a fraction of college graduates, could easily require \$12.5 billion annually—about equal to what NASA spent last year.

Advocates explain away this cost by pointing to the \$3 billion that the government loses annually on student loan defaults. But this would still cover less than a quarter of a \$12.5 billion cost. More importantly, a voluntary national service program would likely enroll only a small percentage of those who receive federal assistance each year. Therefore, we would not stop losing money on other loans. In fact, if Clinton were to follow through on his proposal to make education loans available to anyone, the amount of money lost might actually increase.

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To control national service costs, a Clinton administration will need to draw on every bit of its lithe, "reinventing government" spirit. It will need to take note of the fact that most of City Year's funds are privately raised. Similarly, it should look for ways to tap into the pocketbooks of local government. And when possible, it might also require that recipients of national service work contribute a modest sum to the program.

Clinton will also need to remind the American people that, for all national service is likely to cost, there is a payback. Not only might national servers do a lot of good work—albeit not work that the marketplace or taxpayers currently find worth paying for—but they might be able to carry it off with an essential degree of idealism and enthusiasm.

Still, the cost of engaging a young adult in two years of service must also be considered in terms of missed opportunities. What would a national service participant be doing otherwise? If the answer is dealing drugs, then the benefit of time spent in national service is obvious. But what about my sister, who will soon head to medical school? Should she really be encouraged to spend two taxpayer-financed years tending to a garden in front of a home for the elderly? Or are we better off if she becomes a doctor as soon as possible so that she can offer help to those inside?

Discipline and morale. For the same reason that one doesn't tip a waiter before the meal has been served, we should be wary of giving national servers a free, or partially free, education before they have done any work. And Clinton will need to determine what incentives and penalties might ensure that participants bother to show up in the morning and work. National service could face quite a disciplinary dilemma: If delinquency were tolerated, the morale of a whole unit could be dragged down; on the other hand, if a program were too quick to give delinquents the boot, those who might be most helped would be the first dismissed.

To the extent possible, a national program should follow the example of the City Year program. Under its crew-based structure, participants are divided into disciplined units with clear rules, and members keep morale high through self-reinforcement and mutual encouragement. Slackers are talked to and helped—and dismissed if necessary. But generally this isn't necessary: Over 85 percent of those who began the program last year completed it.

Still, City Year has had the luxury of being able to hand-pick its participants from a large pool of applicants. True, all

sorts of people are accepted. But if anyone who so desires would be automatically allowed to join a national service program, disciplinary problems might be more severe.

Discipline and morale, as well as so much else of what national service hopes to achieve, may depend on a program's ability to attract a somewhat representative social and economic cross-section of the country. The dream of service supporters is that a national program would have the same effect on youth as did World War II: As the children of ditch-diggers serve with the children of Rockefellers, rich and poor will recognize a common humanity and shared nationality. But if planners aren't careful, national service might turn out more like Vietnam: The better-off will avoid service while the poor, dependent on government aid, will shuffle off for a year or two of lowly work. It will take a delicately structured and widely popular program to ensure that the national experience resembles the former vision more than the latter.

■ Displacement: Unions, meanwhile, worry that national service will work all too well, and that eager-beaver college graduates will outshine their tenured, dues-paying superiors, endangering the jobs of the latter. (Besides, the servers will be a lot cheaper.) Not to worry, say advocates: National servers will only be assigned tasks that no one would otherwise perform.

This might be stretching the truth. Although Clinton will be careful to minimize direct displacement—how else will he get his program passed?—it's inevitable that indirect displacement will occur. (The much-maligned CETA jobs programs for both adults and youth provide plenty of evidence on this score.) Teachers' assistants diminish the need for new teachers; police assistants make beefing up a force with additional cops less necessary. Unions are aware of this situation, but instead of rejecting national service outright, they would like to co-opt it.

The National Education Association (NEA), the largest teachers union, supports allowing national servers to work as teachers' aides only if they are properly trained, supervised and licensed. "If they're going to teach, they should become teachers," says an NEA analyst. Similarly, although the Fraternal Order of Police supports the proposal to create a Police Corps of young adults, this program entails a four-year commitment, and pension money would be deducted from the paychecks of participants. The Police Corps would largely be training future policemen, as opposed to allowing citizens to serve for a year or two before moving on.

In short, these unions seem to support national service only if they can make it into a training program that will expand their own ranks.

Nevertheless, Clinton cannot shove his national service tractor into gear and ride roughshod over union opposition—after all, the NEA, the American Federation of State and Municipal Employees (AFSME) and other major unions were among his most ardent supporters. He'll have to tread carefully here.

■ Politicization: A final pitfall into which national service could fall is politicization. VISTA (Volunteers in Service to America) was founded in 1964 as a domestic Peace Corps. But in the mid '70s, the program was charged with "empowering the poor," and participants became involved in a number of left-wing causes (organizing tenant strikes, for example). Increasingly controversial, VISTA was cut back by the Reagan administration in the early '80s. A national service program will need to lay down clearly the conditions under which political, religious or other sectarian work will be permitted.

As one who very much wants to believe that national service can work, I find it difficult to be optimistic amidst this cacophony of potential problems. Yet the fact is that national service does not need to be trapped by any of these pitfalls: Costs could be controlled. Discipline and morale could be kept up. Displacement could be minimized, reducing union opposition. And politicization could be avoided.

Indeed, the best plan is to proceed cautiously, not to give up. While it might be politically tempting for Clinton to start big, making national service work probably requires starting small and then gradually increasing. New programs could be encouraged and assisted, while problems in existing programs like City Year could be further identified and a more informed decision could eventually be made on if and how national service might be expanded.

"We're learning things here all the time," says City Year co-director Michael Brown, who found health and substance abuse workshops, for example, more essential to his program than he originally predicted. Clinton's national service plan should proceed in this spirit. Downplaying the enormous difficulties involved in large-scale national service could sink one of Clinton's best ideas.

PUBLIC LIVES

By Joe Klein

Copping a Domestic Agenda

Two days after he was elected president of the United States, Bill Clinton told Al From—immoderate leader of the centrist Democratic Leadership Council—that he would have an important transition job: New Ideas. From wasn't quite sure what that meant. As it happened, it meant domestic policy. All of it (except for health care and the economy). And the top priority would be national service. This has become a recurring theme: the congressional leaders who've met with Clinton have been surprised by how serious he is about an issue routinely considered peripheral, at best, within the Beltway. They shouldn't be. Throughout the campaign, Clinton's most reliable applause lines came when he'd describe his proposed college-loan program—loans available to all, repaid as a percentage of income over time or, "better yet," he would inevitably say, with two years' service in a "Domestic Peace Corps . . . We could educate a generation of Americans and help solve our people problems here at home. It would be the best money we ever spent."

But only if it's spent right. Clinton himself raised some of the potential pitfalls in his first press conference after the election: "How much money should everybody be able to borrow a year? What contributions should people's families be expected to make, if any? . . . How are you going to keep the colleges . . . from using it as an

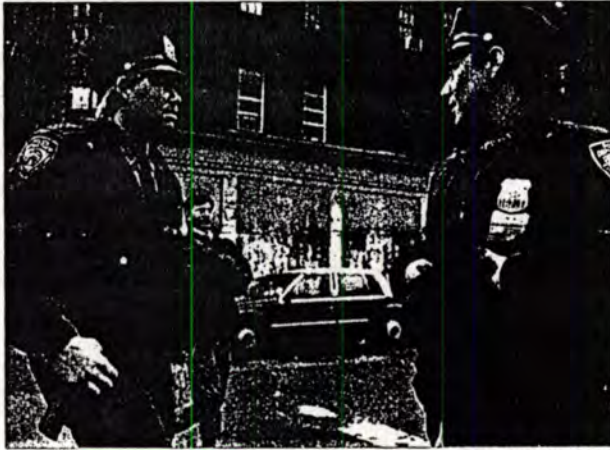
excuse to explode tuitions even more?" To which might be added far more serious potential problems on the service side of the equation: One reason national service isn't taken more seriously in Washington is the power of Bill Clinton's supporters in the public-employee unions, who'll fight to keep the Domestic Peace Corps away from jobs that might be done by their members—that is, anything remotely useful. If national service isn't carefully planned—if the unions aren't forced to compromise—Clinton's grand idea could turn out to be 250,000 college graduates fetching coffee, a potential source of corruption and bureaucratic bloat Republicans would happily use to bludgeon him in 1996.

The problems are daunting, but the idea—financial aid reciprocated by service, bureaucracy reinvigorated by altruism—is too important to let slip. And there is a way Clinton can move immediately to demonstrate his commitment while buying time for his more ambitious plans: ask Congress to pass the Police Corps, which could put 100,000 college-educated police officers on the streets by 1997.

The Police Corps has a multitude of social and spiritual virtues, and one enormous political advantage: it already

has passed Congress, with sponsors ranging from liberal Barney Frank of Massachusetts to California Neanderthal Robert Dornan (as well as a national roster of police chiefs and the support of the Fraternal Order of Police)—but it died with the 1991 crime bill, when George Bush threatened a veto. Reintroduced, it could breeze through the legislature by spring; the first 3,000 to 5,000 new officers could be on the streets by winter. But far more important than its political viability, the Police Corps is a carefully thought-out idea, the product of 10 years of negotiation by Adam Walinsky, a former aide to Robert Kennedy who has made it his personal crusade. Along the way, Walinsky has had to convince chiefs and unions, and answer hard questions, like—how can you expect a college kid to cope with urban guerrilla warfare?

In response, he developed a program far more rigorous than Clinton's national-service model. Each recruit would have to spend two full summers in a Police Corps boot camp (more training than most police officers currently receive). Each would then serve four years on a local force (as opposed to Clinton's two-year stint) and receive full pay, minus pension (a necessary concession to the unions). The original, \$1 billion bill had training and scholarships (\$10,000 per year) paid by the federal government and salaries by the local communities, but that can be modified if Clinton



ROBERT MAASS FOR NEWSWEEK

Could her next partner be a physicist? On patrol in New York

wants to help cities foot the bill. In fact, public safety would seem a more compelling "infrastructure" need than the porkey pothole-filling programs the mayors want.

Over time, Walinsky has been surprised by the ecumenical support he's received. Conservatives like it because it would add more cops—20 percent more nationally, almost all of whom would go into community policing (the radical "new" idea of having cops actually walk a beat, which seems to be suppressing crime in cities like New York and Houston); liberals like it because college graduates might leaven the macho Blue Culture that seems to breed brutality. Students seem enthusiastic—a poll conducted in Boston by the Justice Department found 24 percent at a private college and 40 percent at a state school ready to sign up. And Bill Clinton likes it, too: "He was present at the creation," Walinsky says, "a founding member of my board." It's possible that Walinsky's scholarship-for-service swap was the seed from which Clinton's grander Domestic Peace Corps grew. It's the logical place to start now, as the new president embarks on his most ambitious goal—to rebuild a national sense of community, responsibility and public altruism.

Washington Post, Tuesday, Nov 17, 1992, page A 17

William Byron and Thomas Ehrlich

Don't Call It Community Service

Unintentionally, judges across this land have been giving community service a bad name. In exchange for venality and violations of both law and public trust, white-collar criminals are often sentenced to punitive doses of "community service" in lieu of spending time in jail. This sentencing category needs a change of name. We suggest that it be called "compensatory service," a term that speaks directly to the offender's obligation to rearrange the "weights" (*pensa* in the Latin) on the scales of justice.

The counterweight of "compensatory" service would balance the scales of justice once again, making things right between the lawbreaker and the society the broken law was there to protect.

"Community" service, on the other hand, is every citizen's duty. It is the external evidence of an inner ethic of civic responsibility. Community service is an obligation to be met, not a punishment to be avoided.

The courts apparently misappropriated the community-service label in 1966, when Alameda County municipal court judges began imposing service sentences on violators of traffic

laws. Since then, courts around the country, both federal and state, enlarged the application of the so-called "community service" penalty to a wide range of criminal convictions that include assault, petty theft, burglary, drug offenses, fraud, drunk driving and many white-collar crimes.

Some recent and notable applications of this sentencing category: Pete Rose got a thousand hours of community service as a gym instructor in five schools and a boys and girls club as part of his sentence for federal tax evasion. Michael Milken will perform three years of community service for securities fraud, Leona Helmsley 750 hours for tax fraud and Robert Tappan Morris, the computer hacker, 400 hours for introducing a virus into a nationwide computer network.

The Congress of the United States, announcing its intent to "enhance" community service and "renew the ethic of civil responsibility in the United States," passed Public Law 101-610—The National and Community Service Act of 1990. One year ago the 21-member board of directors

was sworn in and the Commission on National and Community Service set out to provide grant support to stimulate grass-roots action in the voluntary-service sector of America. CNCS grants (totaling \$73 million in the fiscal year just ended) went to states, Indian tribes, schools, colleges, urban neighborhoods and rural communities across the country. "Serve America" is the recently adopted CNCS slogan.

Like music, service can function as a language of understanding and community-building between and among separated citizens. Persons from opposite ends of the social spectrum can learn to speak to one another through the common language of voluntary service.

Those summoned to stand before the bar of justice to answer for their crimes are called to make restitution, to repay society for damages done. When compelled by the courts to work in the community, they are quite literally rendering "compensatory" service. It should be labeled accordingly. To call it "community" service is to perpetuate long-standing vocabulary confusion in the criminal justice system.

Unfortunately, a federal sentencing statute and many state sentencing statutes have incorporated the phrase "community service." Legislative action will therefore be required to change that language. Until that happens, it will be helpful if the Judicial Conference of the United States, the administrative arm of the federal courts, in tandem with the organizations that represent state courts, undertake the task of advising their constituents of the inappropriateness of the phrase.

As long as the misapplied label has a place in the sentencing semantics of our courts, society risks alienating, or at least losing the attention of, countless law-abiding citizens who have yet to answer the call to genuine community service.

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