

FOIA MARKER

This is not a textual record. This is used as an administrative marker by the William J. Clinton Presidential Library Staff.

Collection/Record Group: Clinton Presidential Records

Subgroup/Office of Origin: National Service

Series/Staff Member: Rick Allen

Subseries:

OA/ID Number: 1292

FolderID:

Folder Title:

National Service - Volume 2 - F. Publications, Long Articles, & Book Chapters - National Service & Student Aid: Myth & Reality [binder]

Stack:

S

Row:

66

Section:

2

Shelf:

6

Position:

3

NATIONAL SERVICE AND STUDENT AID: MYTH AND REALITY

September 19, 1989

Introduction

Do citizens who receive government benefits owe a debt of service to society? That question lies at the heart of the controversy surrounding the Citizenship and National Service Act introduced in January, 1989 by Sens. Sam Nunn (D-Ga.) and Charles Robb (D-Va.) and Rep. Dave McCurdy (D-Ok.). The bill stems from a May, 1988 proposal by the Democratic Leadership Council (DLC) that challenges the efficacy and fairness of existing federal student aid programs and proposes instead a "new G.I. Bill" that would award public aid in exchange for civilian or military service to the nation.

Supporters of the Nunn-McCurdy plan say that linking student aid and national service will serve two crucial national goals: 1) mobilizing citizen volunteers to deliver vital social services to needy Americans; and, 2) stimulating upward mobility by enlarging federal support for higher education, training and housing. Moreover, they note, it reduces social friction by making aid available to all Americans, on the same terms. Yet this link has drawn fire from Washington lobbyists for many U.S. colleges and universities, who charge that it would restrict aid to students and discriminate against minorities and the poor.

In this report, the Center for Civic Enterprise examines the validity of these claims and illuminates grave shortcomings in Washington's current \$9 billion program of student grants and loans. It concludes that federal subsidies are failing in their primary mission of assuring all citizens equal opportunity in higher education. And it explains how a new G.I. Bill-style program of voluntary national service could create the political and moral basis for a major expansion of public support for deserving young Americans.

A project of the Progressive Policy Institute, the Center is dedicated to promoting civic participation and exploring creative ways to engage private resources and citizens in solving the nation's problems. The facts and arguments presented here are not intended to promote or hinder the passage of any particular bill, but to spur a more informed and dispassionate public discussion of the problems and prospects of voluntary national service.

Background: The Citizens Corps

The Nunn-McCurdy plan calls for a new "Citizens Corps" that will offer young volunteers the opportunity to work full-time in either a civilian or military capacity for up to two years. After serving a year at subsistence pay, volunteers will also receive vouchers worth substantial federal aid (\$10,000 for civilians, \$12,000 for "citizen soldiers") for education, vocational training, or a down payment on a first home.

After a five-year trial period, participation in the Citizens Corps will become a prerequisite for receiving federal student aid for most, but not all, students. Aid recipients over 25 years of age will be exempted, as will others for whom national service would pose a special financial hardship. But for most students, the Nunn-McCurdy plan will make national service the primary source of federal college assistance.

While the architects of the Nunn-McCurdy approach are currently seeking a small demonstration program that will give young people the option of earning federal aid through national service, they have not abandoned the idea of eventually making service a prerequisite for aid.⁽¹⁾ Moreover, the debate over national service and other innovative alternatives to federal grants and loans is likely to intensify as the current programs come up for Congressional reauthorization in 1991.

This report aims to further that debate by documenting the diminishing effectiveness of federal student aid and exploring five common myths about the likely impact of converting existing subsidies into benefits earned through voluntary national service.

[This report was written by Will Marshall, President of the Progressive Policy Institute, and Joel Berg, Policy Analyst for the Center for Civic Enterprise.]

* In fact, poor Americans in general will benefit as volunteers tackle the backlog of human needs that have accumulated during the 1980s. In addition to tutoring and serving as teacher's aides, volunteers will work in hospitals, hospices and community clinics; aid supervisors in child care centers; provide in-home care and other critical services to the elderly, disabled and infirm; staff drug hot lines and shelters for the homeless; help fix-up houses, clean public spaces and build recreational facilities; and more.

MYTH TWO: *The Citizens Corps will create a "two-tiered" system in higher education by "forcing" poor students to work in national service.(1)*

REALITY: *Low-income students already have to work to supplement their meager support from existing federal aid programs.*

* Most students who receive aid must work to finance their educations. Only 6% of students who receive aid -- and only 3% of all students -- receive a combination of federal, state, and institutional aid sufficient to cover the entire cost of their education. Seventy-nine percent of students on aid, not including those who hold work-study jobs, help finance their post-secondary educations through personal earnings. Twenty percent of all students pay for their entire education out of personal earnings, without any help from their families or financial aid programs.(2)

* The principle of linking work to federal student aid is well established in the popular work-study program. About 450,000 undergraduates had work-study jobs in 1986. Black students who received aid were twice as likely to have these jobs as white students who received aid.(3)

* For most youths, national service will be more financially rewarding than private jobs. Because they cannot be converted into cash, vouchers represent a kind of forced savings. Even if volunteers spend all of their roughly \$5,000 in yearly subsistence wages -- a questionable assumption since many will live at home -- they would still have a \$10,000 or \$12,000 voucher to spend on education or housing. In contrast, the median annual income for Americans aged 18-24 is only \$6,400.(4) Moreover, the jobs volunteers do -- teaching illiterates to read, mentoring youths who are at risk of dropping out of school, doing chores for elderly people who might otherwise have to go into nursing homes -- will yield a "social dividend" far greater than that generated by low-wage private jobs.

From 1980-86, real federal student aid spending rose by about 18 percent, but an increasing share of that was absorbed by rising loan defaults.(6)

* **Prestigious private universities are moving out of reach for many middle class as well as poor students.** A year at Brown University costs about \$20,000 -- a formidable burden even for financially comfortable families. Forty percent of Brown students get some form of federal, state, or institutional aid, yet they still have to pay an average of about \$9,000 a year. Small wonder that more than half of Brown's students come from families earning over \$75,000 a year while less than 6% come from families earning below \$20,000.(7)

* **Many of our nation's elite universities remain bastions of inequality.** According to a recent survey by the University of California at Los Angeles and the American Council of Education, 17% of students at the nation's most selective private colleges come from families earning over \$150,000 a year (1% of all families), while only 13% come from families earning less than \$30,000 a year (48% of all families). The gap is growing at some schools: since 1980, the proportion of Princeton University students from families with earnings in the top 10% has risen from 45% to 58%.(8)

* **Even public universities are becoming too expensive for many families.** In 1987, the average yearly cost for attending a public four-year university was \$4,760, about one-sixth of the national median family income of \$30,534.(9) Thus it is not surprising that two-thirds of the students enrolled in public universities come from families in the top half of the national income scale.(10)

* **Few students receive a federal aid package large enough to pay for their entire education.** In 1986, the average federal aid package from all sources -- loans, grants and work study -- was about \$2,900.(11) That would cover 61% of the average annual costs at a public university and only 22% of the costs at a private university.

One critic of national service, Rep. William Ford (D-Mich.), has claimed that undergraduates can now receive up to \$99,300 in federal aid, "of which \$43,000 may be in non-repayable grants."(12) Yet the amount of grants, loans and work study benefits that any student actually reported receiving in one year was \$15,500, totaling \$62,000 over four years. Moreover, the latest Education Department aid survey shows that only 1% of all aid recipients get over \$9,200 a year (\$36,000 over four years) and only 5% get over \$7,000 a year (\$28,000 over four years).(13)

* **Many middle-income families squeezed by rising college charges get no federal student aid.** In 1986, 65% percent of the 12 million students in post-secondary institutions received no federal aid. Since most Pell

MYTH FOUR: *Under the aid-for-service approach, fewer students will receive federal aid.(1)*

REALITY: *The Citizens Corps will expand federal support for higher education, both in terms of the amount of aid given, and the number of people eligible for it.*

* No student receiving aid today will be cut off. The Nunn-McCurdy proposal envisions a five-year phase-in period before national service becomes a precondition for receiving federal aid.

* The Citizens Corps will offer aid to anyone willing to serve – including youths from middle-class families who are currently ineligible for federal grants. It would turn college aid from a limited, needs-based entitlement into an unlimited earned benefit.

* If for any reason volunteers cannot be placed in a national service slot, they will continue to qualify for existing student aid programs (assuming they meet the needs tests). Contrary to the claim of some critics, the Citizens Corps will not eliminate any existing aid program.

* Many students will be exempt from the provisions of the Nunn-McCurdy plan: "non-traditional" students over 25 (one-quarter of all students aided), those with severe mental and physical handicaps, and those for whom service would pose a special economic hardship.(2) For example, single parents would not be required to perform national service in order to qualify for federal student aid.

* National service will broaden the constituency for federal student aid. Big spending increases for federal grants and loans is doubtful in today's fiscal climate. Even if more money is found, federal student aid is far from the public's top spending priority.(3) By providing everyone with the opportunity to earn student aid, national service will likely expand its base of popular support. Experience and common sense alike suggest that voters are less likely to begrudge public spending that is tied to work – especially work of visible benefit to the nation.

* On their current course, institutions of higher learning will soon face a funding crunch. Joseph J. Ellis, Dean of the Faculty at Mount Holyoke College describes the "looming financial crisis" for higher education:

alone, distinguished them from completers."(5) In his book Leaving College, Vincent Tinto notes that at-risk students often have trouble breaking away from the influence of home, family and friends and adapting smoothly to college life.(6) For such students, a year in community service could ease the transition and instill confidence in their ability to meet new challenges.

* **Community service programs nurture skills and attitudes needed by at-risk youths.** According to Susan Stroud, Director of Campus Compact, a community service coalition of over 400 U.S. colleges and universities, "Those programs that require students to work -- the college work/study, the G.I. Bill, or internship programs -- on the whole tend to build character, encourage a sense of responsibility, encourage self-confidence, create a sense that the student is a useful member of society ... (and) expand a student's expectations about himself or herself."(7) The Children's Defense Fund also notes the benefits to at-risk youth of performing community service: "Service is one way to connect young people to the well-being of their communities ... such efforts can play a role in reducing the chance of dropping out of school."(8)

Conclusion

America's federal student aid programs are increasingly unequal to the challenge of assuring equal opportunity in higher education. Too few students receive help, and those that do, receive too little. Too many students are forced to borrow too much money, and growing defaults have put the loan program in political jeopardy. As with other federal subsidies targeted at poor and low-income families, political support for student aid is inherently limited -- especially in these fiscally straitened times.

These realities lay behind the current quest for alternative ways to strengthen public support for post-secondary education. Besides national service, examples include Governor Michael Dukakis's 1988 campaign proposal for income contingent loans, tax-favored U.S. college savings bonds, and state funds such as the Michigan Educational Trust. Nonetheless, college lobbyists in Washington have given national service a hostile reception.

It is worth noting that some of America's leading educators at first opposed the G.I. Bill. In a 1944 article entitled "The Threat to American Education," University of Chicago President Robert Hutchins predicted that the bill would turn college campuses into "hobo jungles."(1) Harvard University President James B. Conant warned, "We may find the least capable among the war generation, instead of the most capable, flooding the facilities for advanced education in the United States."(2) After several years of experience, however, Conant recanted, saying that the veterans were the "most mature and promising students Harvard has ever had."(3)

NOTES

Background:

1. Jill Lawrence, "Democrats Agree on Consensus Bill," Associated Press, July 27, 1989.

Myth One:

(1) For example, James Ridgeway writes: "Unlike (President) Kennedy's plan (the original VISTA idea), which sought to end poverty, Nunn's proposal would deepen splits along class lines." "Sam Nunn's Bedpan Draft," The Village Voice, March 14, 1989.

(2) "Undergraduate Financing of Postsecondary Education: A Report of 1987 National Postsecondary Student Aid Study," (N.P.S.A.S.) National Center for Education Statistics, Department of Education, June 1988.

(3) W.T. Grant Foundation Commission on Work, Family and Citizenship, The Forgotten Half, November 1988.

(4) U.S. Bureau of the Census, Current Population Reports, series P-20, no. 429, October 1986. Of 26.5 million Americans aged 18-24, 19 million (72%) were not enrolled in college. The N.P.S.A.S. study estimates that 1.2 million youths are enrolled in vocational schools, of whom about 80% receive federal aid. Thus, only about 5% of non-college-bound youths benefit from federal grants and loans.

(5) Only 8% of eligible youths above the age of 14 receive help from the Job Training and Partnership Act, according to a August 21, 1989 telephone interview with Greg Knorr of the U.S. Department of Labor's Employment and Training Administration. All told, less than 10% of all non-college bound youths receive any federal aid, while, according to the N.P.S.A.S. study, 34% of all college undergraduates receive federal aid.

Myth Two:

(1) According to Sheldon Hackney, President of the University of Pennsylvania, the Nunn-McCurdy bill "would set up a two-tiered system. Students who could not pay their own way would have to do mandatory service That's not fair." As quoted by Barbara Vobejda in "National Service Plan; Fair to Poor, Minorities?," Washington Post, February 6, 1989.

(2) N.P.S.A.S., op. cit.

(3) N.P.S.A.S., Ibid.

(4) United States Bureau of Census, "Money Income of Households, Families, and Persons in the United States: 1987," Current Population Reports, series P-60, no. 162, table #33.

(5) Gallup Poll cited in "Giving and Volunteering in the United States: A National Survey," Independent Sector, December, 1988.

Myth Three:

(1) "Just as the nation is making some progress toward opening the doors of higher education to all, we dare not close it in the name of national service." Dr. Johnetta Cole, President of Spellman College, testifying on behalf of the United Negro College Fund, U.S. House of Representatives, Committee on Education and Labor, April 19, 1989.

(2) May, 1989 telephone interview with Dr. Reginald Wilson, American Council on Education, Office of Minority Concerns.

(3) National Association of State Scholarship and Grant Programs survey, cited in December 2, 1988 "Study of Financial Aid" prepared by the Tennessee Higher Education Commission and the Tennessee Student

(19) Democratic Leadership Council, Citizenship and National Service, May, 1988.

Myth Four:

(1) "The Nunn Plan would cut-off aid to millions of students currently receiving it." Williamson Evers of the Hoover Institution writing in "Indentured Servitude," The New York Times, April 15, 1989.

(2) Margot A. Schenet, "National Service Proposals: The Implications for Federal Student Aid," Congressional Research Service, Library of Congress, Report 89-254 EPW, April 20, 1989.

(3) Richard Morin, "Drug Abuse Lead's Nation's Worries," Washington Post, August 23, 1989. In a Washington Post-ABC News poll, respondents listed their top federal spending priorities as follows: anti-drug funding: 76%; cancer research: 69%; AIDS research: 66%; day care: 61%; Medicaid: 61%; and, Social Security: 58%. More funding for loans and grants to college students loans and grants was supported by only 46% the of respondents.

(4) Joseph J. Ellis, "Higher Education Leaders Should Keep an Open Mind About Proposals to Link Student Aid to National Service," Chronicle of Higher Education, April 5, 1989.

Myth Five:

(1) "National service eliminates the college option for all but the academically gifted and the authentically talented ... college delayed is college denied." Dr. Johnetta Cole, op. cit.

(2) Carl Schmidt, "Changes in Educational Attainment: A Comparison Among 1972, 1980, and 1982 High School Seniors," April 1989, National Center for Educational Statistics, Office of Educational Research and Improvement, U.S. Department of Education.

(3) Testimony before U.S. House of Representatives Education and Labor Committee, April 19, 1989.

(4) Dennis C. Carrol, "College Persistence and Degree Attainment for 1980 High School Graduates: Hazards for Transfers, Stop-Outs, and Part-Timers," National Center for Education Statistics, Office of Educational Research and Improvement, Department of Education, January 1989.

This study also shows that few high school graduates - 16 percent - go directly to college and stay in for at least four years. Of those, over a quarter do not receive bachelor's degrees by the end of their sixth year. Overall, only 15% of the high school graduates earned bachelor's degrees within six years of graduating college.

(5) James W. Trent and Leland L. Medsker, "Patterns of College Attendance," Office of Education, Department of Health, Education, and Welfare, 1968.

(6) Vincent Tinto, Leaving College, Chicago: U. of Chicago Press, 1987.

(7) Testimony before the U.S. House of Representatives, Committee on Post Office and Civil Service, Subcommittee on Human Resources, April 29, 1987.

(8) Cited in "At-Risk Youngsters as Volunteers," William Raspberry, Washington Post, June 7, 1989.

Conclusion:

1) Robert M. Hutchins, "The Threat to American Education," Colliers, December 30, 1944.

2) James B. Conant, "Report of the University President," Harvard Alumni Bulletin, February 3, 1945.

3) Quoted by Keith Olsen in "The G.I. Bill and Higher Education", American Quarterly, no. 25, December, 1973.