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USSA "Organizing and Advocating for Students Across the Country"

United States Student Association / 815 15th St., NW Suite 838 / Washington D.C. 20005 / (202) 347-USSA
FAX# (202) 393-5886

March 2, 1993

Robert Gordon
Office of National Service
Old Executive Office Building 145
Washington, D.C. 20005

Dear Robert Gordon,

The United States Student Association (USSA), the country's oldest and largest national student organization, will be holding its **24th Annual Legislative Conference** here in Washington, D.C. from March 19-22, 1993. The conference will reflect USSA's commitment of 45 years to equalizing access to higher education and building coalitions in the student movement. Four hundred students will come to D.C. for this weekend of issue-related and skills-building workshops and speakers. On the final day of the conference, students will lobby their Congressmembers and congressional staff on issues of concern, including National Service and Education Appropriations.

We would be honored to have you address a workshop on **Reforming the Student Loan System.** This workshop will focus on President Clinton's proposed changes to the student loan programs and will deal with issues such as direct lending, income contingent loan repayment and the role of the Internal Revenue Service. **This workshop is scheduled for Sunday, March 21st, from 3:45pm to 5:00pm.** Other speakers include Barmaac Nessarian, legislative analyst for the American Association of State Colleges and Universities; Tom Butts of the University of Michigan; Rob Nosse, Executive Director of the Oregon Student Lobby and Frankie Davis of York College as moderator.

The workshop will be held at the Quality Hotel on Capitol Hill in Washington D.C. Each workshop will feature speakers as well as time for discussion so we ask that you plan your remarks to take approximately 5 to 10 minutes.

Thank you for considering this request. I will call your office next week to further discuss this request. If someone else in your office is more appropriate for the workshop, please feel free to pass along our invitation. Thanks.

Sincerely,

Pierre R. Barolette

Pierre R. Barolette
Workshop Coordinator

USSA 'Organizing and Advocating for Students Across the Country'

United States Student Association / 815 15th St., NW Suite 838 / Washington D.C. 20005 / (202) 347-USSA
FAX# (202) 393-5886

To: Office of National Service
Fr: Stacey Leyton, United States Student Association
Re: Outline for National Service program

I wanted to thank you for inviting me to attend the meeting at the Office of National Service on Friday, February 26, which previewed President Clinton's announcements the following Monday. I also wanted to give some written feedback from the student perspective on some of the proposals you outlined.

Compensation

We are pleased that it appears that the Office of National Service is taking seriously the need to pay participants enough to be self sufficient. While we would hope that the stipend amount would be a little higher, we feel that paying participants minimum wage is fair and gives people enough to live on in many areas. Moreover, we feel that the provisions for health care and child care are critical (especially to allow non-traditional students to participate in the program) and we appreciate the commitment to these benefits despite their costs. At the same time, we have the following additional recommendations:

• The stipend should vary somewhat according the region where the participant works. Costs of living vary a great deal and it is fair to allow for some differentiation.

• The stipend should take disability related and dependent care costs into consideration to allow all students to participate in the program.

• Individual service programs should have the option of paying participants above the recommended amount. This is so that the programs may attract individuals in service jobs requiring more competitive training (such as a Law or Education degree).

Post-Service Benefit

While some may raise concerns about the differential in reward, we feel that the outline offered is an overall fair mechanism for compensation. After earning a college degree students will have more options for higher paying jobs and it therefore makes sense to offer a slightly higher post-service benefit. Moreover, offering \$10,000 per year in loan forgiveness will allow those who graduate with truly high loan debt (often \$20,000 to \$30,000) to participate in this program. We also agree with allowing the post-service benefit to be used for education or job training (and not for other purposes).

Service Program

We are very excited about three aspects of the National Service program:

(1) The focus on critical, targeted national and community needs;
(2) The emphasis on autonomy of local programs; and
(3) The commitment to training.

The focus on identified needs will help guarantee that this program has measurable, significant results which will solidify public support for the continuation and expansion of the program. Giving local programs the autonomy to recruit and select participants and run their own programs will allow community based, innovative programs to develop and grow under this program. Training students will allow for a unified National Service experience despite the variation in programs and will increase the quality of service provided. We do have a few concerns:

- In the certification process there should be some attention to providing funding for programs which currently lack resources and can therefore not prove prior concrete results. Otherwise the bias in selection can tend toward already existing programs that have the resources needed.
- The federal government should make a financial commitment to recruitment of participants. Currently with the nation's financial aid programs many young people lack the knowledge necessary in order to apply. Special attention should be given to training high school counselors and doing outreach in low income communities. In the 1992 Reauthorization of the Higher Education Act Congress authorized a publicity and information campaign geared at high school students but it has not yet been funded — this might also be the appropriate vehicle for publicizing National Service opportunities.
- There should be some monitoring of the selection process to guard against discrimination and to help guarantee diversity of participants.
- We recommend consultation with youth and student organizations who currently give trainings in the development of this aspect. USSA runs a training program called GrassRoots Organizing Weekends (GROW) which trains over 1000 students each year. Other notable training programs include the Black Student Leadership Network and Public Allies.

Income Contingent Loan Repyament

USSA has very serious concerns about income contingent loan repayment. While it may appear to make payments more manageable, in the long run this program can drive low income people deeper and deeper into debt. Moreover, we are very much opposed to collecting student loans through the IRS. The IRS is notoriously inflexible and difficult to communicate with, it is unclear how students would receive appropriate counseling and would renegotiate the terms of their loans and we do not believe that turning students having difficulty paying back their loans into tax evaders solves anything. Because of these concerns, at this point we cannot support this aspect of the National Service program.

We are attaching a set of questions and concerns which we sent over to Bill Galston regarding this issue. On Thursday, March 11 we are meeting with Bill Galston and hope to be able to express our concerns with him in detail at that point.

Overall, we feel that the most necessary reform to student financial aid is to strengthen the Pell Grants program. Rather than attempt to make overwhelming debt manageable, the federal government should make a commitment to give students grants so that we aren't forced to take out such huge loans. We understand that President Clinton's budget — while allocating the $2 billion necessary to cover the Pell Grant shortfall — may result in a further erosion of the amount of the maximum Pell Grant (from $2400 in 1992-93 to $2300 in 1993-94 to even lower in 1994-95). As advocates for service and for access, we hope that you will advocate for the importance of grants.

Additional Concerns

• We hope that part-time service will be allowed for those who cannot take off two years for full-time service. This will allow more flexibility in particular for low income and for non-traditional students.

• We assume that the age limit of the summer program will not also be implemented in the larger National Service program. This is very important.

• Participants' rights must be protected in this process. We recommend a "Bill of Rights and Responsibilities," perhaps to be developed by the Youth Summit following the Summer of Service, which would govern individual participants and certified programs. Programs and individuals should also have a clear process to follow when the outlined expectations have been violated.

• Pre-college participation in service should not affect Pell Grant eligibility. The voucher should not be considered in determination of Expected Family Contribution because this will mean that students will lose aid due to participating in National Service.

• We expect that there will be some provisions to allow for student and youth participation in the governance of this program. So far the Office of National Service has proven very receptive to our perspective. We hope that this will be institutionalized in the future and that in particular National Service participants themselves will be actively involved in the running of both the local programs and the national system.

USSA "Organizing and Advocating for Students Across the Country"

United States Student Association / 815 15th St., NW Suite 838 / Washington D.C. 20005 / (202) 347-USSA
FAX# (202) 393-5886

March 5, 1993

To: Kate Frucher
Fr: Stacey Leyton
Re: USSA recommendations on stipend level

Students involved with USSA are currently writing letters urging that the Office of National Service, among other things, establish a minimum stipend level of $10,000 annually for national service participants. We feel that this is necessary in order to guarantee a diversity of students in the program.

Some programs, such as City Year, pay young people the equivalent of $5000 annually to participate in service. We have spoken with students in these programs and understand that most participants live at home or enjoy substantial financial support from their families. There are a few who are able to participate in these programs by simultaneously working part-time, but this is a tremendous demand on these young people.

If the Clinton administration wants low-income students to have access to this program, it is not realistic to expect young people over seventeen years of age to be supported by their parents. More and more students today are financially independent — because of difficult personal or economic family situations these young people are supporting themselves (and, in many cases, helping to support their family as well). These are the students who are in MOST need of financial assistance in affording college. They should have access to this program as much as those who still enjoy parental support. If the stipend is not enough for a single individual to survive on, we fear that the National Service program will not fulfill its promise of providing access to all students nor its desire to employ a diverse group of students.

We realize that the higher the stipend the more the overall cost of the program. However, we feel that the most important goal right now is to set up a quality, diverse, accessible program. If this is in place then the public will support the expansion of service opportunities. If this program instead proves to have some of the weaknesses of its predecessors — particularly if it does not achieve the desired diversity — it will not enjoy the same level of constituency support. For these reasons, we urge you to set the stipend level at a livable wage.

Other suggestions of USSA include varying the stipend according to region and disability or dependent related costs and allowing service programs to pay some individuals more than the federal stipend. Obviously it does not make sense to expect someone to live on the same wage in New York City as in rural Wisconsin — flexibility should be built in, as it has in the VISTA program. The Pell Grant program formula could be a model for determining disability and dependent related costs, as these were included in the 1992 Reauthorization of the Higher Education Act.

To: Bill Galston
Fr: Stacey Leyton
Re: Agenda for meeting on Thursday, March 11

Thanks for your willingness to meet with us about the issues surrounding the reform of the student loan process. The following USSA representatives will attend the meeting:

Stacey Leyton	**DOB 7/4/67**	**USSA President; attended Stanford University (California)**
Pronita Gupta	**DOB 12/28/68**	**USSA Legislative Director; Clark University (Massachusetts)**
Deepak Pateriya	**DOB 1/30/70**	**USSA Foundation Director; Miami University (Ohio)**

As you know, USSA is made up of 350 community colleges and four year institutions (both public and private) from across the country. In addition to meeting with us, we hope you will also consider utilizing the opportunity of our upcoming Legislative Conference to meet some of the 400 students who will converge on Washington D.C. for workshops and lobbying. We have previously sent you information on a National Student Town Meeting on National Service to be held Monday, March 22 at 3:30 p.m. on Capitol Hill. Eli Segal and Secretary Richard Riley have already agreed to attend, and we would also welcome your presence.

We have the following concerns and questions about reforming student loans:

(1) What model of income contingent loan repayment are you considering?

In our understanding, there are two main types of ICL repayment: cross subsidization and negative amortization. Under cross subsidization, students pay a percentage of their income multiplied by their loan amount for a fixed number of years. Our concern with this method is that you have students subsidizing other students rather than the government subsidizing students. There is a danger that middle and upper income students will select out of this program and then you will end up with low income students subsidizing other, lower income students. How will you address this?

Under negative amortization, students pay a smaller amount each month and stretch out their payments over a longer period of time. This can ultimately drive people deeper into debt because interest continues to accrue each year. It also keeps people in debt long after finishing college. What are your plans to avoid this problem? Will some people be exempted from accrual of interest if their income/ability to pay is below a certain level?

Because of such problems, the USSA Board of Directors (made up of 50 students from across the country) voted to support income sensitive repayment only as a debt management option, for students in danger of defaulting. How do you feel about this proposal?

(2) Will income contingent repayment be one of many options?

Although some such as Senator Paul Simon are recommending that all students pay back loans on an income contingent basis, we understand that the administration favors keeping the fixed, ten year repayment plan as an option. Is this in fact the case?

(3) How will you present these options to students? What guarantees will there be of adequate information?

When will the student make the choice of their method of repayment? What counseling will take place? Will this counseling include projections of total indebtedness based on different post-college salary estimations? Many students today make decisions quickly and without adequate information. We hope that you will place some guarantees in the process so that students are making informed decisions.

(4) Once a student selects a repayment method, will there be flexibility?

We hope that even if a student chose income contingent repayment, they could either pay back their loans early or choose to move back into the fixed ten-year plan. This should be an option regardless of the government assessment of their ability to pay and a student should be able to exercise this option at any time while in school or during the repayment process. Will this be the case?

(5) How will the transition to Direct Lending be implemented?

The membership of USSA voted in August 1991 to support Direct Lending as a simplification and cost savings measure. We have stayed firm on this position despite much pressure from outside forces. We do anticipate that there will need to be assessment mechanisms which judge how schools are implementing direct lending and what kind of administrative support (financial or otherwise) they need from the federal government as the transition progresses. How much has this been thought out and what are the current plans?

Furthermore, we would suggest that there need to be guarantees in the process to insure the following: that schools cannot pass additional administrative costs on to the students; that institutions cannot engage in "redlining" students they believe to be economic risks; and that states not be allowed to close down individual schools with high default rates if states are asked to share the costs of student loan defaults.

How do you respond to the criticism that the Department of Education could not handle the administrative demands of Direct Lending?

(6) Are you planning to consolidate the current student loan programs into a smaller number? If so, what will be the terms of the loans?

It does make sense to have a smaller number of loan programs since some are duplicative. We feel very strongly that the in school interest subsidy must be maintained for all low and middle income students. We also hope that if there is consolidation the favorable terms of the Perkins and Stafford loans (in particular the lower interest rates) will be maintained. How much has this been determined?

(7) How will the cost savings associated with Direct Lending benefit the students who are taking out the loans?

We would suggest that the cost savings should benefit students. One, some money should be used to strengthen the Pell Grant program. This will reduce the ever spiraling level of student loan indebtedness and help address the problem of loan default. Since 1980 the Pell Grant has fallen each year in real terms; whereas the maximum Pell Grant covered 50% of average college costs in 1975 now it covers just 25%. Last year Congress voted to cut the maximum Pell Grant for 1993-1994 from $2400 to $2300. This trend should be reversed.

And two, origination fees and insurance premiums should be eliminated. Students often receive $300 to $400 less each year than they will eventually have to pay back. HR

3553 last year proposed eliminating these outrageous fees but due to the Budget Enforcement Act's requirement that changes to entitlements pay for themselves, this provision was dropped. We hope that you will support ending these fees.

(8) Must the IRS be the agent for collection of student loans?

As students, this is one of our deepest, most strongly felt concerns. The IRS lacks the flexibility and "user friendliness" needed in the student loan system. Communication with the IRS is difficult — letters are difficult to read and phone calls are not acceptable as a method of communication. Flexibility is lacking; penalties for late payment accrue immediately and without mercy. The IRS is also highly unresponsive when mistakes are made. The recent error in Ohio, New Mexico and Missouri (where student loan defaulters found their tax refunds mistakenly garnished twice) is an excellent example of the problems with the IRS.

We fear that students facing difficult economic times will end up being treated as tax evaders rather than as people who need a flexible renegotiation of the terms of their loan. Over half of student loan defaulters never completed the degree they intended to finish. These students are not deadbeats trying to avoid payment, they are facing real economic difficulties and an unrealistic debt burden. As an analogy, the IRS does not garnish the wages of all people who must pay child support — they only become involved when there is a pattern of repeated refusal to pay. We believe a similar standard should remain with respect to student loans: only defaulters should find themselves dealing with the IRS.

We hope that you will be willing to discuss moving to a system of Direct Lending but allowing the federal government to contract with other agencies to collect student loans.

(9) How do you suggest institutionalizing the role of students in this process?

We hope to continue working with the White House and the Department of Education on these issues. We hope to hear any suggestions that you have to solidify students' continuing input into this debate.

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FAX# (202) 393-5886

USSA Recommendations on National Service

USSA has submitted a document to the Clinton Transition Team which includes the following recommendations on the National Student Trust Fund:

(1) The Trust Fund should not undermine current grant programs.
In the last decade, due to the shifting balance between grants and loans, more and more needy students have been forced to take on increasingly large loan burdens to finance their education. While grants constituted 80% of all federal financial aid in 1975, today less than half of student aid is in the form of grants — loans have taken their place. USSA is concerned the negative shift in governmental aid is causing students to mortgage their futures. Therefore, USSA hopes that the National Service Trust Fund will be another form of financial aid but will not supplant grants. We welcome President-elect Clinton's earlier statements that he does not see this program replacing or in any way diminishing the importance of the Pell Grant program.

(2) USSA proposes that the Trust Fund be accompanied by a Pell Grant Entitlement. Year after year the money appropriated to the Pell Grant has diminished although the number of students qualifying and the amount of the awards they are told they deserve have both been growing. The maximum Pell Grant, which goes to the neediest students, has only been funded at its authorized level three times since the inception of the program. In the Fiscal Year 1993 Appropriations the maximum Pell Grant was significantly reduced to $2300 (it was $2400 in FY'92) though, ironically, it was authorized at $3900 in the 1992 Reauthorization of the Higher Education Act. A Pell Grant Entitlement would ensure that all students that qualify for a Pell Award receive the full amount of their award and would reinforce your commitment to ensuring access to higher education for all Americans.

(3) USSA proposes that the National Service Trust Fund loan be subsidized for low and middle income students and that the interest rate be kept low as it has been for the GSL program. Currently, the Stafford loan program is subsidized by the Federal government for low and middle-income families and the new unsubsidized Stafford loan (which is open to all students) gives wealthier families an opportunity to receive a loan. When a loan is subsidized, the federal government pays the interest while the student is in college so interest does not accrue. This is a critical aspect of making loan repayment manageable. We hope the National Service Trust Fund would operate on a similar policy. In addition, one of the salient features of the GSL program is that the interest rate on the loans is kept low, so many students are able to afford loan payments after graduation. Therefore, we hope the National Service Trust Fund also offers low interest rates so that loan repayment is not barrier for those students who choose the income-contingent repayment path. This is particularly important for the large segment of non traditional students who may not be able to take two years out in order to perform service.

(4) USSA recommends that the National Service Trust Fund be one of many loan options, which should also include some of the current loan programs such as the Perkins Loan (or National Direct Student Loan) or the Stafford Loan (or Guaranteed Student Loan). This would ensure that many students, especially non-traditional students who may not be able participate in the National Service Trust Fund have other financial aid options. Furthermore even those who participate in the program may not be able to cover the entire costs of their college education.

(5) USSA would like to see a flexible income sensitive loan repayment program as one of three repayment options. In addition to the income service plan and community service, the current repayment structure should be kept for those students who may not be able to repay their loans through service or an ICL. Under an income contingent loan program, some borrowers will still be paying off their loans while in their forties and fifties, when many are trying to purchase homes and raise families. Moreover, a student who takes longer to pay back their loan ultimately can end up paying a much higher total amount; while the payments are more manageable, they will end up paying twice as much. Therefore, USSA believes that students should have a conscious choice whether to commit themselves to such a prolonged repayment period that means ultimately that they owe a huge amount to the federal government. Additionally, we recommend that students who are still repaying their loan after a certain period of time (i.e., 20 years) should have their remaining debt forgiven.

(6) USSA recommends that the income sensitive loan program allow hardship forbearance and deferment. An income contingent loan program should be flexible to the ever-changing needs of students. Often problems can arise, such as family illness, which could change a student's ability to repay the loan on a predetermined schedule even if the payment is sensitive to their income. If the ICL remains flexible and allows hardship deferment or repayment options in emergency situations, the loan default rates will remain low.

(7) USSA recommends that the IRS not be the agency charged with management and collection of the loan. Though the current system is far from perfect, students having difficulty paying their loans can work with their lending institutions to chart out a payment schedule and can receive some counseling or guidance from these institutions. However, this is not the proper role for the IRS. The IRS, is a large bureaucracy, and would not be able to give such personalized attention to students. It may leave a large number of students without options and potentially lead to increased default rates.

There is a strong misconception that student borrowers have inordinately high default rates. In actuality, students who complete an undergraduate degree within a four to six year period have lower default rates than students who fail to complete degree requirements due to increased financial burdens, insufficient institutional support or other academic and non-academic reasons.

(8) USSA recommends that the areas currently specified as community service jobs (law enforcement, health care, teaching and drug counseling) be expanded to include other vital community service positions such as working in battered women's or rape crisis programs, community advocacy programs and other programs that may not fall within the categories mentioned above. Many people work in community service areas outside of those mentioned in the preliminary National Service Trust Fund proposal. Many people provide extremely necessary assistance through legal work, counseling for different types of abuses, working to clean up the environment, and giving a voice to the underrepresented. These vital positions should not be overlooked as possible Community Service careers. These career paths, along with many others are very crucial to the community. Student applicants with no long term commitment to the profession should be given alternate fields in which to perform their community service.

(9) USSA recommends that the proposed living allowance amount be determined according to local cost of living in placement area, dependent-care or disability-related expenses, and other social factors. The $10,000 dollar living allowance may be enough for someone in a rural setting, but it is extremely low for those living in major urban centers. It also does not take into account the needs of those with dependents or disabilities. A $10,000 living allowance would prevent a large number of people, especially non-traditional students and students of color, from participating in the community service repayment program.

In addition to these recommendations, USSA would like to submit additional proposals regarding the Trust Fund:

(10) The stipend amount should be no lower than $10,000. Some entities and individuals are proposing that the program be modeled after City Year, which gives students $100 per week. While this might be acceptable for young people who are still able to live at home and enjoy financial support from their parents, this represents no real option for those who do not have this privilege. The intent of this program is to involve people from a variety of socioeconomic backgrounds and to give those without real hope for higher education a chance to better themselves. Making the wage unlivable will ultimately prevent the success of the program. We would also like to reaffirm our suggestion that the stipend be adjustable according to area cost of living and be sensitive to dependent or disability related care expenses.

(11) Each year of service should earn a student a $10,000 voucher. Some model programs such as City Year give a student $5000 for each year of service. Given today's college costs, on average $5000 will pay only for one year of a public institution's tuition and only a semester of an annual private institution's tuition. Moreover, a student who is working in a regular job for a year could probably earn $10,000 to live on as well as save $5000 for college. Thus this program would be of little benefit in enhancing educational access, and many students will feel they are unable to do service if it is financially disadvantageous. Most students are expecting — from President-elect Clinton's promises during the campaign — that two years of service would result in the forgiveness of ALL of one's student loans (which often amounts to $20,000 to $40,000 by the end of college). A plan which only allows students to earn up to $10,000 total will be seen as a betrayal of many of the expectations from the campaign.

(12) The voucher should be usable for tuition, fees, books at colleges or universities or for vocational education and training. This program is designed for educational access and for use in bettering oneself. Participants should be able to use the voucher for the full range of educational options — including apprenticeship or vocational education programs. Allowing the voucher to be used for the purchase of a house or small business loan will put pressures on young people to give their vouchers to their families instead of using it to better their educational opportunities. The program was promised as a way to achieve an education, and its reality should reflect this intent.

(13) A residential option should be available at a minimal cost. Because the $10,000 stipend will not cover the costs of living in some areas, especially cities, we suggest that participants have the option of living in dormitory like settings with others participating in service. This, however, should not be mandatory. Different kinds of service programs may require different residential situations.

(14) Options should exist for non-traditional students, particularly those with families. The number of traditional and non-traditional students in four year schools is **equal** today and in community colleges non-traditional students outnumber traditional students by almost **5 to 1**!! A student with a dependent will not be able to live in a dormitory and will not be able to subsist on $10,000 per year. This is particularly important in allowing single parents to take part in the program and achieve a higher education. We suggest the following:

- Childcare be made available at no cost or a minimal cost. In areas with large numbers of service participants, childcare could be made available. In other areas the childcare could be subsidized so that it is affordable.
- Residential options include family housing.
- The stipend be adjusted when an individual has a dependent(s).
- Programs not be allowed to discriminate against individuals with children or older individuals in their selection process.

(15) Emphasis should remain on flexibility of options regarding when service takes place and how loans are repaid. We support allowing students to perform their service and earn a voucher either before college or during college. Yet many — such as those who plan careers in teaching — will want to take advantage of this program after they receive their degree. The greatest number of options will guarantee that this program is the most responsive to the real needs of students. Moreover, we wish to reaffirm our suggestion that students who do not pay back the full amount of their loan through service be allowed to repay them in an income sensitive plan or through the standard ten-year repayment plan.

(16) Pre-college participation in national service and earning of a voucher should not affect Pell Grant eligibility. A student who earns a voucher before college should not see this eliminate her/his eligibility for a Pell Grant or reduce the amount of the award. This would constitute a disadvantage to participation in the program and would make many students feel that they were "tricked" into participating with the understanding that it would make college easier to afford. The voucher should not be considered in determination of Expected Family Contribution, but should be treated as if the student received this amount in the form of a loan. Regardless of the cost of a particular institution, most students will need additional financial aid in order to cover living and educational expenses (books, fees, etc.).

(17) Certification of local programs should have priority over the creation of new federal programs. We agree with the recommendations coming from those in the service community — such as Public Allies and Youth Service America — that rather than duplicate efforts the government should support and facilitate the expansion of existing programs. This will allow for innovation, for programs that truly meet local needs and for decentralization of the bureaucracy. Conditions of certification should include some amount of accountability or control by the local community, the inclusion of National Service participants in decision making about the program and participation in a federally certified training program.

(18) Training should be provided. This training should include awareness of the conditions of the local community, issues of community empowerment, multi-cultural sensitivity and skills building. Such training will guarantee that the program is beneficial both to the service giver and to the community. USSA's foundation has run a training program called GrassRoots Organizing Weekends (GROW), which has trained over 5000 students and young people in the past three years, and we plan to work with others to develop a model training.

(19) The selection process should be either controlled or monitored by the federal government and should insure access for all students regardless of race, ethnicity, socioeconomic class, disability, age, gender, sexual orientation and familial status. We are concerned that if students apply to individual programs, these programs will prefer young people who do not have families, those with superior education and/or higher socioeconomic class and those without disabilities; and selection may be tainted by other biases. We suggest that the federal government adopt guidelines for selection and closely monitor this process if applications are not federally approved.

(20) National service participants should have guaranteed minimum working and living conditions outlined explicitly. This could include working hours, protection against forced overtime, participation in program governance, sick leave, time off and handling of workplace grievances. Such rights and protections could be in the form of a personnel policy that all programs must adopt or a more general "Bill of Rights" guaranteed to participants. Participants should have a mechanism to lodge complaints and to see action taken if working conditions are unacceptable. This program, designed to educate young people and provide us the opportunity to give service, should not become exploitative or it will undermine support for the program.

(21) National service participants should receive health insurance coverage. An individual making $10,000 per year will be unable to afford health insurance. We suggest that a decent plan be provided for those who are not otherwise covered.

(22) The Department of Education should maintain jurisdiction over the loan aspect of the program. Proposals have circulated that would place the entire program under a separate agency. USSA believes that the Department of Education must have extensive involvement with the development and implementation of this program.

USSA "Organizing and Advocating for Students Across the Country"

United States Student Association / 815 15th St., NW Suite 838 / Washington D.C. 20005 / (202) 347-USSA
FAX# (202) 393-5886

December 10, 1992

Dear Robert Gordon,

Enclosed you will find a copy of a letter and recommendations sent to President-Elect Bill Clinton. We hope that you find these to be useful.

These recommendations were developed in consultation with student leaders from student governments, student organizations and state student associations all over the country. Students are extremely excited about the prospects of working with a new administration that has a real commitment to offer the opportunity to go to college to all those who seek to better themselves. We look forward to engaging in further discussions and dialogue on these issues.

USSA, the nation's oldest and largest student association, represents 3.5 million students at over 350 colleges and universities. We represent students at public and private institutions, community colleges and four-year schools. USSA brings students from different backgrounds, experiences and perspectives together in order to advocate for educational access and for student rights. While we do have a strong working relationship with the U.S. Congress, we have had difficulty working with the Department of Education under President Reagan and President Bush. We look forward to the change in direction that will come on January 20.

Thank you for your time and consideration,

Stacey Leyton — Tchiyuka Cornelius — Pronita Gupta

Stacey Leyton	Tchiyuka Cornelius	Pronita Gupta
President	Vice President	Legislative Director

USSA "Organizing and Advocating for Students Across the Country"

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FAX# (202) 393-5886

December 9, 1992

Dear President-Elect Clinton,

As the representative of 3.5 million students at over 350 colleges and universities throughout the country, we wish to congratulate you on your victory and welcome you to Washington D.C. The United States Student Association (USSA) — the oldest and largest student organization in the country — has been around since 1947, and we welcome the opportunity to work with a President who is friendly and responsive to the needs of young people and students.

Throughout this nation's history, students have had close relationships with U.S. Presidents. Franklin D. Roosevelt held regular informal discussions with students in the 1930's. USSA (then named the National Student Association, NSA) worked with Sargeant Shriver and President Kennedy in the development of the Peace Corps program. Vice President Humphrey met with NSA on a monthly basis to discuss both student and educational concerns. USSA held meetings with President Carter and played a key role in his work in the Department of Education. We look forward to meeting with you and your administration, to working with you on the development of the National Service Trust Fund and to being a part of the motion to change the direction of this country. Attached you will find some of our specific proposals and concerns.

Polls of young people and students demonstrate that you received our votes in 20-point margins. This 1992 election reverses the twelve-year trend of young people voting for Republican candidates. We thank you for your visionary campaign which captured the aspirations and the hopes of so many students. We also are proud of our role in this election campaign; through our **Students Are Voting Everywhere (SAVE)** campaign (t-shirt enclosed — we hope you can use it in your morning jogs), USSA was able to register over 200,000 students in key states such as Wisconsin, Ohio, Michigan, Colorado, New York, Illinois, California, New Jersey, Connecticut and others.

Throughout this campaign we were fortunate enough to work with you and your campaign on a number of occasions. Most notably, as part of our voter education efforts, USSA activists were able to organize candidate visits to our member campuses including Bill Clinton and Al Gore on October 1 at UW Madison, Bill Clinton on September 22 at Michigan State University and Hillary Clinton on September 18 at CU Boulder. In addition, USSA Vice President Tchiyuka Cornelius had the honor of introducing you at Montgomery Community College in Maryland and traveled personally to your election eve Get Out the Vote Rally in the Meadowlands in New Jersey.

This student voter registration campaign took place at a time when USSA has a well respected role in the nation's Capitol. Our organization has testified before Congress over 70 times in the past two years, organized students to write over 100,000 letters to their Congressional representatives, and seen our proposals written into Congressional legislation.

We have a very serious agenda: our mission is to save educational access in a time of diminishing opportunity and declining hope. Our student leaders work on college campuses all around the country every day to accomplish this mission. We welcome the opportunity to build a relationship with a positive, friendly administration and to work with a President who will not threaten to veto every piece of legislation that seeks to expand educational access.

As an organization whose primary goal is expanding educational access, we are excited about the potential of utilizing the National Service Trust Fund to open the doors of higher education to many. We seek input in defining the program because we would like to see it develop into something that we can present to our 3.5 million members as a program that takes into concern and addresses the real financial aid problems that students face as well as addressing the desire that young people have to serve our communities.

As a former student leader yourself, we know you will understand the importance of investing young people in your administration. We see you as our nation's best chance for a hopeful future. We would like to be a part of formulating your agenda for change. USSA's involvement will ensure that the voices, opinions and concerns of this country's student leaders and activists are included in shaping the future of the nation that our generation will inherit. We hope to have the opportunity to meet with you soon in order to launch this working relationship. Feel free to have your staff contact us at any time.

Congratulations and, again, *welcome*,

Stacey Leyton   Tchiyuka Cornelius   Pronita Gupta

Stacey Leyton
President

Tchiyuka Cornelius
Vice President

Pronita Gupta
Legislative Director

cc: Vice President-Elect Al Gore
Vernon Jordan
Warren Christopher
The Honorable William Ford
The Honorable Senator Pell
The Honorable Senator Kennedy
The Honorable Senator Wofford
Al From
Johnnetta Cole
Gordon Ambach
John Brademas
Melanne Verveer
Bill Galstone
Margaret McKenna
Michael Cohen

US SA 'Organizing and Advocating for Students Across the Country'

United States Student Association / 815 15th St., NW Suite 838 / Washington D.C. 20005 / (202) 347-USSA
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RECOMMENDATIONS TO OPEN THE DOORS TO HIGHER EDUCATION

To launch the process of dialogue on issues of importance to students, USSA wishes to present the following recommendations organized into four areas:

I. Student Representation in the Department of Education
II. Student Role in the White House
III. Student Financial Aid and the Proposed National Service Trust Fund
IV. Recommendations for Presidential Action

I. Student Representation in the Department of Education

1) USSA recommends a renewed commitment to the student liaison position within the Department of Education so that students have the opportunity to truly understand, work on and impact policy decisions that affect both our access to and the quality of higher education. This position, which was left unfilled during much of the 1980s, can serve to make the Department more responsive to the needs of students and to make students feel more vested in the decision making process which often feels very distant from our realities.

President Carter originally established a student liaison position after the National Student Association (the predecessor to USSA) met with President Carter and Commissioner of Education Dr. Ernest Boyer. The student liaison's responsibilities included working with the Department to ensure the representation of the student perspective in all major education policy decisions and production of a newsletter sent regularly to national student organizations and student governments. The student liaison was selected from a list of individual students recommended by NSA. USSA hopes to play a similar role in the selection of the liaison.

The student liaison was originally placed in the Inter-Governmental, Intra-Agency Department and then later moved to the Postsecondary Education Department. We suggest that the liaison be based in Postsecondary Education but maintain a working relationship with both departments. You may want to speak with Gary Hanna in the Department's Intra-Agency Department who previously supervised the student liaison.

2) USSA recommends student representation on other Department of Education Boards and Commissions. In the spirit of student participation in decisions that affect our lives, USSA asks that a student representative be included on boards and commissions such as the following: the Advisory Committee on Student Financial Assistance, the National Board of the Fund for the Improvement of Postsecondary Education, the National Advisory Committee on Indian Education, the President's Advisory Commission on Educational Excellence for Hispanic Americans, the President's Board of Advisors on Historically Black Colleges and Universities and the National Council on Disability (an independent organization affiliated with the Department of Education). USSA could participate in determining mechanisms to solicit nominations and to select the students who would serve as such representatives.

3) USSA proposes that students play a part in the selection of the Secretary of Education. The Department of Education under the Reagan and Bush administrations have been generally unresponsive to student needs and to student perspectives. The involvement of students on the ground floor — in the selection of the individual and the formulation of their agenda for the next four years — would set a new trend of giving students and young people a direct role in working with those who lead the formulation of education policy.

4) USSA recommends quarterly meetings with the Secretary of Education, so there is a strong and continuous exchange of information between the Secretary and students. These meetings would provide the Secretary the opportunity to see what issues are of concern to students and to solicit feedback on upcoming issues and proposals. In addition, it would allow students a chance to voice their concerns and ideas to the Secretary and would allow them to gain more information from the education field.

II. Student Role in the White House

1) USSA recommends regular quarterly meetings with either the Education Staff person or the Domestic Affairs Director regarding education policy so that the White House is aware of student issues and concerns. This kind of relationship will facilitate the coordinated efforts of the White House, the Department of Education, and students across the country.

2) USSA recommends regular meetings with President Clinton, as Franklin Roosevelt had with student leaders in the 1930s, so that the President and students have meaningful dialogues on the state of higher education and so that we can build the kind of partnership you seek to create in order to make real changes in this country.

III. Student Financial Aid and the Proposed National Service Trust Fund

USSA welcomes President Clinton's innovative proposal to restructure the postsecondary financial assistance programs. Currently the student aid system is extremely unresponsive to student needs and is often more of a barrier than an aid in opening up access to higher education. USSA testified over 70 times in Congressional hearings on the Reauthorization of the Higher Education Act and has outlined many inequities within the system.

Restoring the federal financial aid system — which has been decimated in the past decade — is critical to restoring hope in our nation's future. Studies clearly demonstrate the importance of a college education:

- Just 42% of women with 9 to 11 years of education have jobs while 83% of women with a college education are employed;
- A college education increases the wages of white males by 42%, African American males by 66%, white females by 89% and African American females by an astounding 209%!![1]

Yet declining federal financial aid has destroyed the hope of higher education for many students.

- For families in the lowest quartile of family income levels, college costs increased from 17% of their income in 1980 to 23% by 1990.
- While college costs in the 1980s rose by 30.2% at public schools and 56% at private institutions, family income rose by only 16% and student aid by just 10.5%!!
- Although more students received institutional and state aid, the number of full-time students receiving any form of financial aid actually dropped between 1986 and 1989, from 60.4% to 56.4%.
- The biggest culprit in this decline was the federal government, as 46.6% of students received federal aid in 1986 but only 41.9% did in 1989.[2] We suspect that the percentage of students receiving federal aid for 1992 will be even higher.

Your administration represents a hope in reversing these trends. We hope that in developing the Trust Fund and other policies regarding financial aid your administration will work closely with USSA, as we represent students from all backgrounds — students at public and private institutions, community colleges

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[1] The Condition of Education, 1992

[2] The Condition of Education, 1989.

and four year schools; traditional students along with parents, older students and veterans; students of color, students with disabilities, gay, lesbian and bisexual students. We will bring to the table current student experiences and perspectives, backed by 45 years of experience in representing students needs and concerns in the formulation of the specifics of the plan as well as judging its possible effects.

You might notice that we are especially committed to making the program responsive to the needs of non-traditional students. This is because many policy makers operate under the misconception that today's college students are 18 to 22 years of age and are supported by their parents. In fact, the number of traditional and non-traditional students in four year schools is **equal** today and in community colleges non-traditional students outnumber traditional students by almost **5 to 1**!!

We take this opportunity to share some of our initial recommendations and concerns regarding the National Service Trust Fund.

A. GRANTS

1) **Primarily, USSA's concern is based on the increasing imbalance between grants and loans.** In the Higher Education Act of 1965, the U.S. government explicitly committed itself to the equalizing of college opportunities for traditionally underrepresented populations in higher education. From the beginning, 80% of federal financial aid was in the form of grants.

After World War Two, Congress recognized the need for investing and therefore established grant programs to educate and train citizens to meet the challenges this country would be facing in an ever changing post war world. Today America faces the post cold war challenge of making the same commitment to investing in the future by investing in higher education.

In recent studies researchers have found that for every dollar spent on education in the form of student financial assistance (grants) will yield an estimated $4.30 in future net present value tax returns.[3]

Congress established programs to facilitate access for low-income individuals by providing grants when the family contributions were not available. Low interest subsidized loans were provided to supplement middle income family contributions.

However, in the last decade, due to the shifting balance between grants and loans, more and more needy students have been forced to take on increasingly large loan burdens to finance their education. While grants constituted 80% of all federal financial aid in 1975, today less than half of student aid is in the form of grants — loans have taken their place.

USSA is concerned the negative shift in governmental aid is causing students to mortgage their futures. Therefore, USSA hopes that the National Service Trust

[3] St. John, et al., *The Impact of Student Financial Aid: A Review of Recent Research,* Journal of Studnet Financial Aid, Vol.21, No.1, Winter 1991, pg. 26.

Fund will be another form of financial aid but will not supplant grants. We welcome your earlier statements that you do not see this program replacing or in any way diminishing the importance of the Pell Grant program.

2) To ensure that disadvantaged students receive their full Pell award, USSA proposes a Pell Grant Entitlement. Year after year the money appropriated to the Pell Grant has diminished although the number of students qualifying and the amount of the awards they are told they deserve have both been growing. The maximum Pell Grant, which goes to the neediest students, has only been funded at its authorized level three times since the inception of the program. In the Fiscal Year 1993 Appropriations the maximum Pell Grant was significantly reduced to $2,300 (it was $2,400 in FY'92) though, ironically, it was authorized at $3,700 in the 1992 Reauthorization of the Higher Education Act. A Pell Grant Entitlement would ensure that all students that qualify for a Pell Award receive the full amount of their award and would reinforce your commitment ot ensuring access to higher education for all Americans.

B. <u>LOANS</u>

1) USSA proposes that the National Service Trust Fund loan be subsidized for low and middle income students and that the interest rate be kept low as it has been for the GSL program. Currently, the Stafford loan program is subsidized by the Federal government for low and middle-income families, and the new unsubsidized Stafford loan program (which is open to all students) gives wealthier families an opportunity to receive a loan. When a loan is subsidized, the federal government pays the interest while the student is in college so interest does not accrue during these years. This is a critical aspect of making loan repayment manageable. We would like to see the National Service Trust Fund operate on a similar policy. In addition, one of the salient features of the GSL program is that the interest rate on the loans is kept low, so many students are able to afford loan payments after graduation. Therefore, we hope the National Service Trust Fund also offers low interest rates so that loan repayment is not barrier for those students who choose the income-contingent repayment path. This is particularly important for the large segment of non traditional students who may not be able to take two years out in order to perform service.

2) USSA recommends that the National Service Trust Fund be one of many loan options, which should also include some of the current loan programs such as the Perkins Loan (or National Direct Student Loan) or the Stafford Loan (or Guaranteed Student Loan). This would ensure that many students, especially non-traditional students who may not be able participate in the National Service Trust Fund have other financial aid options. Many non-traditional students, especially those with dependents, may not be able to participate in the Community Service repayment program because of the low living allowance and their other responsibilities such as families and children. Also, many non-traditional students are returning to school in order to retrain themselves for a career change or advancement, and may not be able to afford taking two years out of their careers to do community service. In addition, many non-traditional students may not want an income-contingent repayment schedule, especially if they are older students and do not want to be burdened by a debt which may take up to 25 years to repay. Therefore, if the National Service Trust Fund is one of many options, a larger number of students will be able to access a postsecondary education.

C. INCOME CONTINGENT LOANS (ICL)

1) **USSA would like to see a flexible income sensitive loan repayment program as one of three repayment options. In addition to the income service plan and community service, the current repayment structure should be kept for those students who may not be able to repay their loans through service or an ICL.** Under an income contingent loan program, some borrowers will still be paying off their loans while in their forties and fifties, when many are trying to purchase homes and raise families. Moreover, a student who takes longer to pay back their loan ultimately can end up paying a much higher total amount; while the payments are more manageable, they will end up paying twice as much. Therefore, USSA believes that students should have a conscious choice whether to commit themselves to such a prolonged repayment period that means ultimately that they owe a huge amount to the federal government. Additionally, we recommend that students who are still repaying their loan after a certain period of time (i.e., 20 years) should have their remaining debt forgiven.

2) **USSA recommends that the income sensitive loan program allow hardship forbearance and deferment.** An income contingent loan program should be flexible to the ever-changing needs of students. Often problems can arise, such as family illness, which could change a student's ability to repay the loan on a predetermined schedule even if the payment is sensitive to their income. If the ICL remains flexible and allows hardship deferment or repayment options in emergency situations, the loan default rates will remain low.

3) **USSA recommends that the IRS not be the agency charged with management and collection of the loan.** Though the current system is far from perfect, students having difficulty paying their loans can work with their lending institutions to chart out a payment schedule and can receive some counseling or guidance from these institutions. However, this is not the proper role for the IRS. The IRS, is a large bureaucracy, and would not be able to give such personalized attention to students. It may leave a large number of students without options and potentially lead to increased default rates.

There is a strong misconception that student borrowers have inordinately high default rates. In actuality, students who complete an undergraduate degree within a four to six year period have lower default rates than students who fail to complete degree requirements due to increased financial burdens, insufficient institutional support or other academic and non academic reasons.

D. COMMUNITY SERVICE

USSA is extremely excited at the prospects of rewards for community service. Students and young people are already engaged in innovative, active community service at most of our nation's colleges and universities. USSA itself works with students who seek to go into communities in order to increase the enrollment of people of color and low income students in colleges and universities. We know that many students today are unfortunately unable to enter into careers of public service because their loan debt is too burdensome. We would like to express the following recommendations in this area:

1) USSA recommends that the areas currently specified as community service jobs (law enforcement, health care, teaching and drug counseling) be expanded to include other vital community service positions such as working in battered women's or rape crisis programs, community advocacy programs and other programs that may not fall within the categories mentioned above. Many people work in community service areas outside of those mentioned in the preliminary National Service Trust Fund proposal. Many people provide extremely necessary assistance through legal work, counseling for different types of abuses, working to clean up the environment, and giving a voice to the underrepresented. These vital positions should not be overlooked as possible Community Service careers. These career paths, along with many others are very crucial to the community. Student applicants with no long term commitment to the profession should be given alternate fields in which to perform their community service.

2) USSA also recommends that the proposed living allowance amount be determined according to local cost of living in placement area, dependent-care or disability-related expenses, and other social factors. The $10,000 dollar living allowance may be enough for someone in a rural setting, but it is extremely low for those living in major urban centers. It also does not take into account the needs of those with dependents or disabilities. A $10,000 living allowance would prevent a large number of people, especially non-traditional students and students of color, from participating in the community service repayment program.

IV. Recommendations for Presidential Action

1) USSA urges President Clinton to recommend the full funding of Student Financial Assistance in your proposed budget for Fiscal Year 1994. During the past twelve years, federal appropriations for student financial aid has not kept pace with the increases in the numbers of eligible students. If the United States is to have a competitive work force ready to meet the challenges of an increasingly technical and global economy, education must be accessible to all. This demands a renewed commitment to Pell Grants, State Student Incentive Grants, Supplemental Educational Opportunity Grants, College Work-Study, Perkins and Stafford Loans, TRIO, and other financial aid programs. This can best be accomplished through funding the aforementioned programs *at their authorized levels.*

2) USSA recommends that President Clinton affirm the legality of Minority Scholarships. USSA urges President Clinton and the new Secretary of Education to formally rescind the Department of Education's proposed policy to make most minority scholarships illegal. While people of color will represent 31% of the U.S. work force by the end of the 1990s, they constitute only 19.2% of the total higher education enrollment in the U.S.

Minority scholarships provide critical opportunities to 40,000 students of color every year. USSA hopes that President Clinton and Congress will explicitly reaffirm the legality of minority scholarships. While the President has already indicated his plans to rescind the proposed policy, it is crucial that this take place quickly as many institutions have already or are currently eliminating minority scholarships due to fear about potential future rulings.

3) USSA urges President Clinton to give support to affirmative action policies in institutions of higher education. USSA urges that President Clinton and the Department of Education Office on Civil Rights support college and university affirmative action programs in hiring and in admissions. Recently universities such as the Boalt Law School at UC Berkeley have given in to pressure from the Department of Education to weaken affirmative action programs. We hope to see an affirmation of the importance of affirmative action as a tool to diversify our nation's campuses and make them look more like the population of America.

4) USSA recommends that President Clinton support stronger tax incentives for individual investment in higher education. USSA supports H.R. 4418, which would revoke the taxation of scholarship and fellowship monies. USSA also urges President Clinton Congress to support legislation providing a tax credit or deduction for interest paid on student loans. We further hope that President Clinton will support legislation extending the allowance of employer assistance in paying for employees' educational expenses without adverse tax effects on the employee. Education represents an investment in the future and tax policy should encourage, rather than discourage, this kind of spending.

5) USSA recommends that President Clinton reaffirm his support for the Violence Against Women Act (H.R. 1502 and S.15), the Freedom of Choice Act (H.R.25 and S.25) and the National Voter Registration Act (S.250). As President Clinton has already expressed his willingness to sign these three bills into law, we hope that the President will publicly acknowledge his support in order to move these more quickly through the 103rd Congress.

6) USSA supports President Clinton's promise to rescind the policy of discrimination against gays, lesbians and bisexuals in the military. A recent GAO study shows this policy to be wasteful and ineffective, resulting in the dismissal of 2000 qualified individuals each year. This policy also affects the ROTC program and denies military scholarships to gay, lesbian and bisexual students. In fact, many student ROTC members have been dismissed and forced to pay back scholarships once their sexual orientation was disclosed. USSA further hopes that President Clinton will give support to the bill in Congress which extends civil rights protections to gays, lesbians and bisexuals.

We thank you for your consideration of these recommendations and look forward to engaging in dialogue with your administration in the future as we all seek to open the doors of higher education to those who are striving to better themselves and their society.

USSA "Organizing and Advocating for Students Across the Country"

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To: Office of National Service
Fr: Stacey Leyton, United States Student Association
Re: Outline for National Service program

I wanted to thank you for inviting me to attend the meeting at the Office of National Service on Friday, February 26, which previewed President Clinton's announcements the following Monday. I also wanted to give some written feedback from the student perspective on some of the proposals you outlined.

Compensation

We are pleased that it appears that the Office of National Service is taking seriously the need to pay participants enough to be self sufficient. While we would hope that the stipend amount would be a little higher, we feel that paying participants minimum wage is fair and gives people enough to live on in many areas. Moreover, we feel that the provisions for health care and child care are critical (especially to allow non-traditional students to participate in the program) and we appreciate the commitment to these benefits despite their costs. At the same time, we have the following additional recommendations:

- The stipend should vary somewhat according the region where the participant works. Costs of living vary a great deal and it is fair to allow for some differentiation.
- The stipend should take disability related and dependent care costs into consideration to allow all students to participate in the program.
- Individual service programs should have the option of paying participants above the recommended amount. This is so that the programs may attract individuals in service jobs requiring more competitive training (such as a Law or Education degree).

Post-Service Benefit

While some may raise concerns about the differential in reward, we feel that the outline offered is an overall fair mechanism for compensation. After earning a college degree students will have more options for higher paying jobs and it therefore makes sense to offer a slightly higher post-service benefit. Moreover, offering $10,000 per year in loan forgiveness will allow those who graduate with truly high loan debt (often $20,000 to $30,000) to participate in this program. We also agree with allowing the post-service benefit to be used for education or job training (and not for other purposes).

Service Program

We are very excited about three aspects of the National Service program:

(1) The focus on critical, targeted national and community needs;
(2) The emphasis on autonomy of local programs; and
(3) The commitment to training.

file USSA

The focus on identified needs will help guarantee that this program has measurable, significant results which will solidify public support for the continuation and expansion of the program. Giving local programs the autonomy to recruit and select participants and run their own programs will allow community based, innovative programs to develop and grow under this program. Training students will allow for a unified National Service experience despite the variation in programs and will increase the quality of service provided. We do have a few concerns:

• In the certification process there should be some attention to providing funding for programs which currently lack resources and can therefore not prove prior concrete results. Otherwise the bias in selection can tend toward already existing programs that have the resources needed.

• The federal government should make a financial commitment to recruitment of participants. Currently with the nation's financial aid programs many young people lack the knowledge necessary in order to apply. Special attention should be given to training high school counselors and doing outreach in low income communities. In the 1992 Reauthorization of the Higher Education Act Congress authorized a publicity and information campaign geared at high school students but it has not yet been funded — this might also be the appropriate vehicle for publicizing National Service opportunities.

• There should be some monitoring of the selection process to guard against discrimination and to help guarantee diversity of participants.

• We recommend consultation with youth and student organizations who currently give trainings in the development of this aspect. USSA runs a training program called GrassRoots Organizing Weekends (GROW) which trains over 1000 students each year. Other notable training programs include the Black Student Leadership Network and Public Allies.

Income Contingent Loan Repyament

USSA has very serious concerns about income contingent loan repayment. While it may appear to make payments more manageable, in the long run this program can drive low income people deeper and deeper into debt. Moreover, we are very much opposed to collecting student loans through the IRS. The IRS is notoriously inflexible and difficult to communicate with, it is unclear how students would receive appropriate counseling and would renegotiate the terms of their loans and we do not believe that turning students having difficulty paying back their loans into tax evaders solves anything. Because of these concerns, at this point we cannot support this aspect of the National Service program.

We are attaching a set of questions and concerns which we sent over to Bill Galston regarding this issue. On Thursday, March 11 we are meeting with Bill Galston and hope to be able to express our concerns with him in detail at that point.

Overall, we feel that the most necessary reform to student financial aid is to strengthen the Pell Grants program. Rather than attempt to make overwhelming debt manageable, the federal government should make a commitment to give students grants so that we aren't forced to take out such huge loans. We understand that President Clinton's budget — while allocating the $2 billion necessary to cover the Pell Grant shortfall — may result in a further erosion of the amount of the maximum Pell Grant (from $2400 in 1992-93 to $2300 in 1993-94 to even lower in 1994-95). As advocates for service and for access, we hope that you will advocate for the importance of grants.

Additional Concerns

• We hope that part-time service will be allowed for those who cannot take off two years for full-time service. This will allow more flexibility in particular for low income and for non-traditional students.

• We assume that the age limit of the summer program will not also be implemented in the larger National Service program. This is very important.

• Participants' rights must be protected in this process. We recommend a "Bill of Rights and Responsibilities," perhaps to be developed by the Youth Summit following the Summer of Service, which would govern individual participants and certified programs. Programs and individuals should also have a clear process to follow when the outlined expectations have been violated.

• Pre-college participation in service should not affect Pell Grant eligibility. The voucher should not be considered in determination of Expected Family Contribution because this will mean that students will lose aid due to participating in National Service.

• We expect that there will be some provisions to allow for student and youth participation in the governance of this program. So far the Office of National Service has proven very receptive to our perspective. We hope that this will be institutionalized in the future and that in particular National Service participants themselves will be actively involved in the running of both the local programs and the national system.

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March 5, 1993

To: Kate Frucher
Fr: Stacey Leyton
Re: USSA recommendations on stipend level

Students involved with USSA are currently writing letters urging that the Office of National Service, among other things, establish a minimum stipend level of $10,000 annually for national service participants. We feel that this is necessary in order to guarantee a diversity of students in the program.

Some programs, such as City Year, pay young people the equivalent of $5000 annually to participate in service. We have spoken with students in these programs and understand that most participants live at home or enjoy substantial financial support from their families. There are a few who are able to participate in these programs by simultaneously working part-time, but this is a tremendous demand on these young people.

If the Clinton administration wants low-income students to have access to this program, it is not realistic to expect young people over seventeen years of age to be supported by their parents. More and more students today are financially independent — because of difficult personal or economic family situations these young people are supporting themselves (and, in many cases, helping to support their family as well). These are the students who are in MOST need of financial assistance in affording college. They should have access to this program as much as those who still enjoy parental support. If the stipend is not enough for a single individual to survive on, we fear that the National Service program will not fulfill its promise of providing access to all students nor its desire to employ a diverse group of students.

We realize that the higher the stipend the more the overall cost of the program. However, we feel that the most important goal right now is to set up a quality, diverse, accessible program. If this is in place then the public will support the expansion of service opportunities. If this program instead proves to have some of the weaknesses of its predecessors — particularly if it does not achieve the desired diversity — it will not enjoy the same level of constituency support. For these reasons, we urge you to set the stipend level at a livable wage.

Other suggestions of USSA include varying the stipend according to region and disability or dependent related costs and allowing service programs to pay some individuals more than the federal stipend. Obviously it does not make sense to expect someone to live on the same wage in New York City as in rural Wisconsin — flexibility should be built in, as it has in the VISTA program. The Pell Grant program formula could be a model for determining disability and dependent related costs, as these were included in the 1992 Reauthorization of the Higher Education Act.

To: Bill Galston
Fr: Stacey Leyton
Re: Agenda for meeting on Thursday, March 11

Thanks for your willingness to meet with us about the issues surrounding the reform of the student loan process. The following USSA representatives will attend the meeting:

Stacey Leyton	**DOB 7/4/67**	**USSA President; attended Stanford University (California)**
Pronita Gupta	**DOB 12/28/68**	**USSA Legislative Director; Clark University (Massachusetts)**
Deepak Pateriya	**DOB 1/30/70**	**USSA Foundation Director; Miami University (Ohio)**

As you know, USSA is made up of 350 community colleges and four year institutions (both public and private) from across the country. In addition to meeting with us, we hope you will also consider utilizing the opportunity of our upcoming Legislative Conference to meet some of the 400 students who will converge on Washington D.C. for workshops and lobbying. We have previously sent you information on a National Student Town Meeting on National Service to be held Monday, March 22 at 3:30 p.m. on Capitol Hill. Eli Segal and Secretary Richard Riley have already agreed to attend, and we would also welcome your presence.

We have the following concerns and questions about reforming student loans:

(1) What model of income contingent loan repayment are you considering?

In our understanding, there are two main types of ICL repayment: cross subsidization and negative amortization. Under cross subsidization, students pay a percentage of their income multiplied by their loan amount for a fixed number of years. Our concern with this method is that you have students subsidizing other students rather than the government subsidizing students. There is a danger that middle and upper income students will select out of this program and then you will end up with low income students subsidizing other, lower income students. How will you address this?

Under negative amortization, students pay a smaller amount each month and stretch out their payments over a longer period of time. This can ultimately drive people deeper into debt because interest continues to accrue each year. It also keeps people in debt long after finishing college. What are your plans to avoid this problem? Will some people be exempted from accrual of interest if their income/ability to pay is below a certain level?

Because of such problems, the USSA Board of Directors (made up of 50 students from across the country) voted to support income sensitive repayment only as a debt management option, for students in danger of defaulting. How do you feel about this proposal?

(2) Will income contingent repayment be one of many options?

Although some such as Senator Paul Simon are recommending that all students pay back loans on an income contingent basis, we understand that the administration favors keeping the fixed, ten year repayment plan as an option. Is this in fact the case?

(3) How will you present these options to students? What guarantees will there be of adequate information?

When will the student make the choice of their method of repayment? What counseling will take place? Will this counseling include projections of total indebtedness based on different post-college salary estimations? Many students today make decisions quickly and without adequate information. We hope that you will place some guarantees in the process so that students are making informed decisions.

(4) Once a student selects a repayment method, will there be flexibility?

We hope that even if a student chose income contingent repayment, they could either pay back their loans early or choose to move back into the fixed ten-year plan. This should be an option regardless of the government assessment of their ability to pay and a student should be able to exercise this option at any time while in school or during the repayment process. Will this be the case?

(5) How will the transition to Direct Lending be implemented?

The membership of USSA voted in August 1991 to support Direct Lending as a simplification and cost savings measure. We have stayed firm on this position despite much pressure from outside forces. We do anticipate that there will need to be assessment mechanisms which judge how schools are implementing direct lending and what kind of administrative support (financial or otherwise) they need from the federal government as the transition progresses. How much has this been thought out and what are the current plans?

Furthermore, we would suggest that there need to be guarantees in the process to insure the following: that schools cannot pass additional administrative costs on to the students; that institutions cannot engage in "redlining" students they believe to be economic risks; and that states not be allowed to close down individual schools with high default rates if states are asked to share the costs of student loan defaults.

How do you respond to the criticism that the Department of Education could not handle the administrative demands of Direct Lending?

(6) Are you planning to consolidate the current student loan programs into a smaller number? If so, what will be the terms of the loans?

It does make sense to have a smaller number of loan programs since some are duplicative. We feel very strongly that the in school interest subsidy must be maintained for all low and middle income students. We also hope that if there is consolidation the favorable terms of the Perkins and Stafford loans (in particular the lower interest rates) will be maintained. How much has this been determined?

(7) How will the cost savings associated with Direct Lending benefit the students who are taking out the loans?

We would suggest that the cost savings should benefit students. One, some money should be used to strengthen the Pell Grant program. This will reduce the ever spiraling level of student loan indebtedness and help address the problem of loan default. Since 1980 the Pell Grant has fallen each year in real terms; whereas the maximum Pell Grant covered 50% of average college costs in 1975 now it covers just 25%. Last year Congress voted to cut the maximum Pell Grant for 1993-1994 from $2400 to $2300. This trend should be reversed.

And two, origination fees and insurance premiums should be eliminated. Students often receive $300 to $400 less each year than they will eventually have to pay back. HR

3553 last year proposed eliminating these outrageous fees but due to the Budget Enforcement Act's requirement that changes to entitlements pay for themselves, this provision was dropped. We hope that you will support ending these fees.

(8) Must the IRS be the agent for collection of student loans?

As students, this is one of our deepest, most strongly felt concerns. The IRS lacks the flexibility and "user friendliness" needed in the student loan system. Communication with the IRS is difficult — letters are difficult to read and phone calls are not acceptable as a method of communication. Flexibility is lacking; penalties for late payment accrue immediately and without mercy. The IRS is also highly unresponsive when mistakes are made. The recent error in Ohio, New Mexico and Missouri (where student loan defaulters found their tax refunds mistakenly garnished twice) is an excellent example of the problems with the IRS.

We fear that students facing difficult economic times will end up being treated as tax evaders rather than as people who need a flexible renegotiation of the terms of their loan. Over half of student loan defaulters never completed the degree they intended to finish. These students are not deadbeats trying to avoid payment, they are facing real economic difficulties and an unrealistic debt burden. As an analogy, the IRS does not garnish the wages of all people who must pay child support — they only become involved when there is a pattern of repeated refusal to pay. We believe a similar standard should remain with respect to student loans: only defaulters should find themselves dealing with the IRS.

We hope that you will be willing to discuss moving to a system of Direct Lending but allowing the federal government to contract with other agencies to collect student loans.

(9) How do you suggest institutionalizing the role of students in this process?

We hope to continue working with the White House and the Department of Education on these issues. We hope to hear any suggestions that you have to solidify students' continuing input into this debate.

USSA

"Organizing and Advocating for Students Across the Country"

United States Student Association / 815 15th St., NW Suite 838 / Washington D.C. 20005 / (202) 347-USSA
FAX# (202) 393-5886

March 3, 1993

Susan Stroud
Office of National Service
Old Executive Office Building 145
Washington, D.C. 20005

Dear Susan Stroud,

The United States Student Association (USSA), the country's oldest and largest national student organization, will be holding its **24th Annual Legislative Conference** here in Washington, D.C. from March 19-22, 1993. The conference will reflect USSA's commitment of 45 years to equalizing access to higher education and building coalitions in the student movement. Four hundred students will come to D.C. for this weekend of issue-related and skills-building workshops and speakers. On the final day of the conference, students will lobby their Congressmembers and congressional staff on issues of concern, including National Service and Education Appropriations.

We would be honored to have you address our workshop on **National and Community Service and Higher Education.** This session will examine President Clinton's plan to offer loan forgiveness or vouchers in return for community service. Other speakers include Frank Slobig, Executive Director of Youth Service America; Marty Rogers from the office of Senator Harris Wofford; Stacey Leyton, USSA President; and Foluke Adewole, Student Government President at Borough of Manhattan Community College, as moderator. **This workshop is scheduled for Sunday, March 21, 1992, at 11:45am-1:00pm.**

The workshop will be held at the Quality Hotel — Capitol Hill in Washington D.C. Each workshop will feature speakers as well as time for discussion and so we ask that you plan your remarks to take approximately 5 to 10 minutes.

Thank you for considering this request, and for your work in fostering community service in institutions of higher education. We will call your office next week to further discuss this request. Thanks.

Sincerely,

Pierre R. Barolette
Workshop Coordinator

To Robert / Susan

Date 3/11 Time 4:20

WHILE YOU WERE OUT

M Stacy Lepton

of USSA

Phone 347-8772

Area Code Number Extension

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Message re: workshop on 3/21

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FAX# (202) 393-5886

March 4, 1993

Ms. Susan Stroud
Office of National Service
OEOB 145
Washington D.C. 20500

Dear Susan Stroud,

We are writing to invite you to be present at the United States Student Association's **All-Student Town Meeting on National Service**, to take place on **Monday, March 22, 1993 from 3:30 to 5:00 p.m.**, in conjunction with USSA's annual Legislative Conference. As you will recall, on March 18, 1991 the Senate and House subcommittees held a joint hearing where USSA organized ten students from across the country to testify on the reauthorization of the Higher Education Act. We would like to model a town meeting after this successful event in order to solicit student viewpoints on President Clinton's proposed National Service Trust Fund. Secretary of Education Richard Riley and Office of National Service Director Eli Segal have already agreed to attend. We expect over 500 students from all over the United States to attend this hearing.

It appears that President Clinton plans to move very quickly on proposals to dramatically revamp the current student loan system and create a National Service Trust Fund. USSA organized discussions of National Service at our Board meeting of fifty students from across the country, submitted recommendations and held numerous meetings with members of the transition team and with others concerned about the development of this program. We feel that it is *imperative* that student viewpoints are foremost in the development of National Service, and are especially concerned about the following: the impact of the program on already existing student aid programs; the potential exacerbation of the grant to loan imbalance; insuring access to the program for all students, including those who are non-traditional; guaranteeing that students' rights are protected and educational access is enhanced through service; involving students at all levels of decision making in the program; and developing a community service experience that is educational and meaningful.

As the representative of 3.5 million students at 350 colleges and universities across the country, USSA feels that we are the most appropriate vehicle for organizing students to voice our concerns and our recommendations. We include students from community colleges and four year schools, both public and private. Our membership includes some of the most devoted community volunteers in the country as well as student leaders dedicated to fighting for educational access. We feel that we could cooperate with your office to select ten students who could fairly represent the diverse student body of this country.

We will be contacting your office soon to determine your level of interest in this town meeting. Please feel free to call either of us at (202) 347-8772 with questions or a reponse.

Thank you for your consideration,

Stacey Leyton
Stacey Leyton
President

Pronita Gupta
Pronita Gupta
Legislative Director