

FOIA MARKER

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

Collection/Record Group: Clinton Presidential Records

Subgroup/Office of Origin: National Service

Series/Staff Member: Jim Kreidler

Subseries:

OA/ID Number: 1285

FolderID:

Folder Title:

Information Packs to Congress and Public

Stack:

S

Row:

66

Section:

2

Shelf:

5

Position:

2

THE WHITE HOUSE

WASHINGTON

May 4, 1993

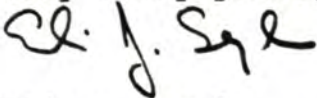
Dear Member of Congress:

As you know, on Friday, April 30, in a major address in New Orleans, the President described two legislative initiatives, to be introduced in Congress on May 6. One bill will establish the President's national service program; the second will reform the student loan system. This letter, and the attached materials, describe the national service initiative and are provided as part of our continuing dialogue on this legislation.

You will find attached a detailed outline of the National Service Trust Act of 1993, together with a copy of the New York Times' May 1 story about the proposal. I also enclose a transcript of the President's remarks in New Orleans.

It has always been the President's hope (and that of our office) that the national service legislation would receive broad Congressional support. Please feel free to contact me or our legislative counsel, Jack Lew, at (202) 456-6444 at any time with questions or comments.

Very truly yours,



Eli J. Segal
Assistant to the President
Director, Office of National Service

THE WHITE HOUSE
WASHINGTON

April 30, 1993

OUTLINE OF LEGISLATION

NATIONAL SERVICE INITIATIVE

President Clinton's national service program will expand educational opportunity, reward individual responsibility, and build the American community by bringing citizens together to tackle common problems. The President's support for service extends from the youngest elementary students to our oldest citizens, and includes everything from part-time volunteer activities to full-time public service jobs.

The centerpiece of the President's initiative to support service is a new program to offer educational awards to Americans who make a substantial commitment to service. In addition to this program, which builds on the youth corps and demonstration programs of the National and Community Service Act of 1990, the National Service Trust Act includes:

- Extension and improvement of programs in the National and Community Service Act of 1990 that enhance elementary and secondary education through community service in schools, support after-school and summer programs for school-age youth, and fund service programs on college campuses.
- Support for the Points of Light Foundation, to support volunteerism.
- Extension and improvement of VISTA and the Older American Volunteer Programs authorized by the Domestic Volunteer Service Act.
- Creation of a new Investment Fund for Quality and Innovation to support model service programs and activities designed to ensure the development of high quality national service programs.

NATIONAL SERVICE TRUST ACT

Focus of Service

- National service must address unmet educational, environmental, human, or public safety needs. National priorities may be established within these areas.
- National service must improve the life of the participants, through citizenship education and training.
- Participants may not displace or duplicate the functions of existing workers.

Corporation for National Service

Structure

- The national service program will be administered by a new government Corporation for National Service, created by combining two existing independent federal agencies, the Commission on National and Community Service and ACTION.
- The corporation will be responsible for administering all programs authorized under the National and Community Service Act and Domestic Volunteer Service Act, including VISTA and the Older American Volunteer Programs. The Corporation will also fund training and technical assistance, service clearinghouses and other activities.
- The investment division of the corporation will administer the new trust program and programs currently administered by the Commission on National and Community Service.
- The operating division will administer programs currently run by the ACTION agency, including VISTA and the Older American Volunteer Programs.
- Flexible and quality-driven personnel policies will include pay-for-performance and a 5-year limit on most tenures.
- The Corporation may solicit and accept private funds.

Governance

- The corporation will have an eleven-member volunteer Board of Directors appointed by the President and confirmed by the Senate. It will be bipartisan and include persons experienced in national service and experts in providing educational, environmental, human, or public safety service.
- The first Board members will be appointed primarily from the Board of Directors of the Commission on National and Community Service. Seven Cabinet secretaries will serve as non-voting ex-officio members.

- The Board will develop the corporation's strategic plan, approve grant decisions, review other policy and personnel decisions, receive and act on reports from the Inspector General, supervise evaluations, and advise the Corporation on all issues.

- A Chairperson of the Board and a Managing Director for each division will be full-time employees appointed by the President and confirmed by the Senate.

Oversight

- An Inspector General will oversee programs to guard against fraud and abuse.

- Programs must arrange for independent audits and evaluations, and may also be required to participate in national or state evaluations.

State Commissions

Structure

- In order to receive a grant, each state must establish a commission on national service. The corporation will provide funding for the state commission.

- Commissions will have members appointed by the governors on a bipartisan basis from among the following: youth, educators, representatives of youth corps, older American volunteer programs, and other nonprofit service providers, labor, business, and experts in meeting particular unmet needs. No more than 25 percent of voting members may be state officials, although additional state agency representatives may sit on the commissions as non-voting ex-officio members. Commissions will elect their own chair.

- A representative of the corporation will sit on each commission as a voting member and act as liaison between the commission and the corporation.

Duties

- State commissions will be responsible for selecting programs to be funded under the state formula allocation, and in any competitive grant states may request.

- State commissions must also design strategic plans for service in the states, recruit participants, and disseminate information about service opportunities.

- State commissions may also support clearinghouses, training and technical assistance, and other initiatives to support service. They may not operate national service programs, but may use a portion of funds to support programs run by state agencies.

Transition

- For a period of one year, existing state agencies may assume the responsibility of the state commissions.

- The Corporation may approve an alternative agency in place of a commission at a state's request, if the agency ensures diverse participation in policy making.

Allocation of Funds

- States submitting plans approved by the Corporation will receive one-third of funds according to a population-based formula and one-third on a competitive basis.
- One-third of funds will be allocated directly by the corporation. Programs eligible for priority consideration include federal programs, national nonprofit organizations operating multiple programs or competitive grant programs, national service initiatives in more than one state and meeting priority needs, proposals to replicate successful programs in more than one state, professional corps, and innovative national service programs.

Programs

Goals

- Programs must set measurable goals regarding the impact of the service on the community and on participants.

Eligibility

- Programs eligible for national service designation include diverse community corps, youth corps, specialized service programs focusing on a specific community need, individual placement programs, campus-based service programs, programs that train and place service-learning coordinators in schools or team leaders in corps programs, intergenerational programs, national service entrepreneurship programs, and professional corps.
- Programs may be run by non-profit organizations, institutions of higher education, local governments, school districts, states, or federal agencies.
- Programs may not provide direct benefits to for-profit businesses, labor unions, or partisan political organizations, or involve participants in religious activities.

Selection

- Selection criteria include quality (based on criteria developed in consultation with experts in the field), innovation, sustainability, and replicability of programs.
- Past experience and management skills of program leadership, involvement of participants in leadership roles, and the extent to which the program builds on existing programs will also be taken into account.
- Programs serving and recruiting participants from communities of need, including those designated as enterprise zones, community redevelopment areas, areas with high poverty

rates, environmentally distressed areas, and communities adversely affected by decreased defense spending will also receive special consideration.

Funding

- All participants will receive educational awards.
- To develop programs, one-year planning grants will be available. To support national service participants, three-year renewable grants will be available for program demonstration, expansion, or replication.
- Administrative costs will be limited to five percent of all grants other than planning grants.
- Programs must pay 15 percent of the stipend and health care benefits in cash and 25 percent of other program costs receiving federal support. The 25 percent match may be in cash or in kind from any source other than programs funded under the National and Community Service or Domestic Volunteer Service Acts.
- Federal funds must supplement, not supplant, state and local dollars.

Participants

Eligibility

- Individuals may serve before, during, or after post-secondary education.
- In general, participants may be age 17 or older. Youth corps participants may be age 16 or older.
- Participants must be high school graduates or agree to achieve their GED prior to receiving educational awards.

Selection

- Participants will be recruited and selected on a nondiscriminatory basis and without regard to political affiliation by local programs designated by states or the federal government.
- A national or state recruitment system will help interested individuals locate placements in local programs. Information about available positions will be widely disseminated through high schools, colleges and other placement offices. A special leadership corps may be recruited, trained, and placed to assist in the development of new national service programs.

Term of Service

- To earn an educational award, a participant one year of full-time or two years of part-time service in a program designated by a state or the federal government. An individual may serve up to two terms and earn up to two educational awards.

Educational Awards

- Educational awards of \$5,000 will be provided for a term of service. Educational awards may be used to repay loans for higher education or to pay for higher education or training.
- Educational awards will be federally funded and deposited into a national service trust on behalf of all participants accepted into the program. Organizations and individuals may donate funds to support national service participants in the donor's community.
- Payments will be made directly to qualified post-secondary educational institutions, including two- and four-year colleges, training programs, and graduate or professional programs.
- In the case of participants with outstanding loan obligations for qualified educational activities, awards will be paid directly to lenders.
- Awards will not be taxable and must be used within five years of receipt.

Stipends

- Programs will set stipends within program guidelines. However, federal support will be limited to a match of 85 percent of an annual stipend equivalent to benefits received by VISTA volunteers. Programs may provide additional stipends up to twice this amount, with no federal match for the portion of the stipend in excess of the VISTA benefit.
- In the limited case of designated professional corps in areas of great need, such as teaching and public safety in underserved areas, participants may be paid a salary in excess of the guidelines and receive an educational award. However, no federal support will be available for a stipend.

Health and Child Care

- All participants without access to health insurance will receive health coverage. Federal dollars will pay up to 85 percent of the cost of these benefits.
- Participants may receive child care assistance, if needed.

Serve-America

The proposal extends and expands the existing Serve-America program for school-age youth and Higher Education Innovative Projects for Community Service. Modifications to these programs are described below.

Service-Learning Program

Program Goals

- To build a foundation for service among the nation's youth, inspiring them to serve and instilling in them the values and attitude to serve effectively after graduation.
- To create opportunities for all American children to serve our country.

Types of Programs

- Programs may be partnerships of local education agencies and community-based organizations.
- Local educational agencies may receive planning grants to hire service-learning coordinators.

Types of Funding

- School-based programs will be eligible for funding through state educational agencies, partly based on formula and partly through competition.
- State educational agencies must develop state plans that indicate programs to be funded and detail 3-year strategies for service-learning in their states. The Corporation must approve state plans.
- Programs may receive one-year planning grants for school-based programs. Subgranting to experienced institutions for school-based programs will also be allowed.
- All local programs will be required to provide at least 10 percent of total program costs in the first year of funding, increasing to 50 percent in the fourth. Local programs may utilize other federal education funds to meet the match requirement.

Training and Technical Assistance

- Clearinghouses will be expanded to further enable them to disseminate information and curriculum materials; train teachers, service sponsors and participants; and provide needs assessments or technical assistance.

- States will also receive additional resources to train and educate state educational personnel.

Community-based Program for School-Age Youth

- Community-based organizations working with school-age youth may receive grants from the State Commission for programs to involve such youth in community service.
- National non-profit organizations may apply to the Corporation to make subgrants or run multi-state community-service programs for this population.

Higher Education Innovative Projects

- Higher Education institutions, consortia of such institutions, or partnerships of higher education institutions and non-profit institutions may receive grants from the Corporation for student community-service programs or programs to train teachers in service-learning methods.
- Funds may supplement College Work-Study funds being used for community service placements.

Extension of the Domestic Volunteer Service Act of 1973

The proposal extends and expands VISTA and Older American Volunteer Programs authorized by the Domestic Volunteer Service Act. Following a transition period, these programs will be administered by the corporation for national service.

VISTA

- Extends authority for the VISTA program and increases number of VISTA volunteers.
- Authorizes new VISTA Summer Associate program.
- Authorizes a University Year for VISTA program to encourage student volunteer efforts addressing the needs of low-income communities.
- Removes restrictions limiting the flexibility to manage VISTA, while reaffirming commitment to recruiting a diverse group of VISTA volunteers including young and older adults.
- Increases post-service stipends by \$30 for each month of service. Such stipends are not available if VISTA volunteer accepts an educational award under the national service trust.
- Continues support for VISTA Literacy Corps.

Special Volunteer Programs

- Provides broadened authority under the Special Volunteer Programs to supporting demonstrations and innovations, provide technical assistance, and promote other entrepreneurial activities. Eliminates specific authority for student community service and drug programs, which are covered under the broadened demonstration authority and under the National and Community Service Act.

Older American Volunteer Programs

- Renames the Older American Volunteer Programs as National Senior Volunteer Corps and the Retired Senior Volunteer Program as the Retired and Senior Volunteer Program (RSVP).
- Lowers eligibility age for participation in the RSVP program to 55.
- Clarifies that Foster Grandparents may work with children with special and exceptional needs in Head Start programs, schools, and day care centers.
- Provides for a new demonstration authority to enrich and strengthen older American volunteer programs across the country.
- Eliminates restrictions that limit the flexibility to administer the program.
- Increases the stipend for low-income Foster Grandparents and Senior Companions once over the next five years to account for inflation.

Administration

- Encourages relationships between ACTION and other federal agencies where ACTION volunteers might help further the purposes of other Federal programs.
- Authorizes a Center for Research and Training on Volunteerism to strengthen volunteer programs across the country.
- Provides a technical amendment to restore the crediting of VISTA service for federal pensions.
- Provides copyright protection for the programs authorized under the Act.

CLINTON PROPOSES SERVICE PROGRAM TO AID STUDENTS

ALSO URGES LENDING

6/195/70/
\$10,000 Grants Planned
in Return for 2 Years
in Community Jobs

By THOMAS L. FRIEDMAN
Special to The New York Times

NEW ORLEANS, April 30 — President Clinton outlined a plan today to overhaul the way Americans pay for college, offering students up to \$10,000 for college or vocational training in return for two years of community service. In addition, he would change the student loan program to allow students to borrow money directly from the Government.

Mr. Clinton unveiled the aid program — a central promise of his campaign, with great appeal to middle-class voters — to a cheering audience of students at the University of New Orleans, saying that if adopted by Congress, it would "revive America's commitment to community and make affordable the cost of a college education for every American."

G.I. Bill of the 90's?

He said his National Service Trust Act would be to the 1990's what the G.I. Bill was for the 1950's and the Peace Corps was for the 1960's — the place "where higher learning goes hand in hand with the higher purpose of addressing our unmet needs."

If Congress passes the national service bill this year, Mr. Clinton said, the program can start in 1994. The National Service budget calls for \$400 million in 1994, which would cover about 25,000 community service jobs, rising to \$3.4 billion a year for 150,000 participants in 1997.

They would do minimum-wage jobs in education, the environment, public safety and human services. On top of their wages, about \$8,500 a year, they would get \$5,000 a year to repay college loans or otherwise pay for education and training.

Bypassing Banks

The other major component of the aid program, to be introduced as a separate bill, is direct student loans from the Federal Government. Such loans are now guaranteed by the Government but made by banks, which earn a profit on the interest. The President said direct aid would eliminate bank profits, making loans available at lower rates.

In 1992, banks made \$13.6 billion in federally insured student loans. Administration officials estimate that demand for such loans could rise to \$20 billion to \$25 billion a year after five years. The Government would raise the money it lends in the bond market,

not from taxes.

The legislation will include a proposal to allow graduates to repay tuition loans at a monthly rate linked to their income, thereby reducing defaults and encouraging graduates to take low-paying community service jobs. The payments would be collected through the Internal Revenue Service, Mr. Clinton said, most likely through payroll deductions or as part of income tax filings.

Contrary Opinions

Administration officials said they were cautiously optimistic that the plan would have bipartisan support in Congress, but early reaction was mixed.

"The President's plan gets two A's from me because it makes a college education or better job training more affordable and accessible to our young people and our workers," said Representative William D. Ford, of Michigan, chairman of the House Education and Labor Committee.

But Representative Marge Roukema of New Jersey, the senior Republican on Mr. Ford's committee, said the President "should be concentrating on reducing the deficit, instead of proposing new multibillion-dollar entitlement programs."

The night before his announcement, Mr. Clinton decided to slash the compensation for community service from a maximum of \$13,000 for two years' work to \$10,000, in hopes of pre-empting complaints from Republicans about costs, and to deal with Pentagon concerns that too much cash would lure young people away from the military which has its own scholarship program in return for service.

Mr. Clinton said his proposal, which is the work of Eli Segal, the director of the White House national service bureau, had been designed to put as much of the bureaucratic burden as possible on state and local institutions.

Bones of the Program

It would work as follows: A National Service Corporation would be set up by the Government to allocate National Service slots to states, which would allot them to community service groups and municipalities.

The number of a state's slots would be based on population, but the Administration hopes to encourage competition by giving states the opportunity to get more if they come up with creative ideas. The states would decide which groups would get slots and the National Service Corporation in Washington will simply ratify the choices.

A community service program authorized for three slots, for instance, can make this offer to three people ages 17 years or older: If they will work for the minimum wage of \$4.25 an hour for one year, the national service trust fund will provide up to \$5,000 toward their tuition, room and board. That money, if used for tuition payments, would be paid by the Government directly to the college of the student's choice; money for loan repayment for former students would be made directly to the bank.

Anyone could volunteer for national service and receive the grants regardless of family income. If a volunteer works for two years, the government would pay \$10,000 toward his education, the maximum available under the

program. The money must be used for education within five years of the service work. The Federal government would also pay 85 percent of the \$4.25 minimum wage — roughly \$6,000 a year per person — with state and local authorities expected to pick up the rest.

The states would be responsible for monitoring the local service organizations to prevent fraud, and the National Service Corporation would also have its own inspector general to monitor the programs. Any program caught in fraud would be removed.

As for the student loan programs, Mr. Clinton proposed two fundamental changes. The first is the establishment of what is being called one-stop direct student loans. Student loans are now provided by commercial banks at below-market interest rates and guaranteed by the Government. When students default, the Government pays the banks, defaults cost the Government about \$3 billion a year.

Under the new program detailed by Mr. Clinton today, the Federal Government would provide a pool of public money for student loans, replacing the private capital being provided by commercial banks. The government would grant student loans, with colleges and vocational schools working as the middlemen. Mr. Clinton said he would like to phase in this program, beginning with roughly \$500 million in loan capital for fiscal 1994 and eventually growing to cover all loans by 1997.

The commercial banking industry is expected to fight this proposal.

Mr. Clinton argued that in the long run this program would save taxpayers money, primarily because the gov-

National Service Plan

\$10,000 per student in school grants would be available in return for community work (\$5,000 per year of service).

Students would also be paid at least the minimum wage, and receive health care and child care assistance if needed.

25,000 students would take part in 1994, working in human services, education, the environment and safety.

Student Loan Overhaul

MONEY would be lent to students directly by the Government.

REPAYMENT would be based on a percentage of a worker's income. Those with lower-income jobs would have longer to pay.

WAGE WITHHOLDING might be used by the Internal Revenue Service to enforce loan collection.

2 of 2

The National Service Plan



Who is eligible?

High school graduates and those with a General Equivalency Diploma, 17 or older, can qualify for school grants in return for community service.

How long will participants serve?

At least one year of full-time service.

How much are the awards worth?

Awards of \$5,000 will be paid for each year of service; students can choose one or two years. The money could be used to repay college loans, or to pay for other education or training. Students would also receive at least minimum-wage stipends, along with health care and child care assistance if needed.

What kinds of jobs will be available?

Service will be in four broad areas. Here are examples:

Education: Assisting teachers in Head Start or in classrooms.

The Environment: Working on recycling or conservation projects.

Human services: Providing care to homebound elderly. Helping to build housing for the homeless.

Public safety: Teaching drug education seminars. Serving as a community service officer with a police department.

ernment will no longer have to extend a subsidy to commercial banks to keep the loans below market rate, because bank profits will be taken out of the equation and because the Government can borrow money for student loans more cheaply than banks can. The loan program is intended to pay for itself.

In the 1991-92 school year, annual costs — tuition, room, board, books and expenses — at four-year public institutions averaged \$7,584, according to the College Board, while the costs of four-year private institutions averaged \$16,292.

The last program Mr. Clinton unveiled is called Excel Accounts, under

which the Government would provide all students with the opportunity to pay back their student loans as a percentage of their income over time; the less the graduate makes, the more time he has to pay off the loan. The value of this program, he said, is that graduates, freed from the pressure of large loan payments, would be encouraged to take low-paying public service jobs.

Mr. Clinton directed the Secretaries of the Treasury and Education to come up with a plan for I.R.S. collection of student loans, through wage withholdings or some other means, to reduce defaults and simplify the system for borrowers.

THE WHITE HOUSE

Office of the Press Secretary
(New Orleans, Louisiana)

For Immediate Release

April 30, 1993

REMARKS BY THE PRESIDENT
IN ADDRESS TO THE COMMUNITY OF THE
UNIVERSITY OF NEW ORLEANS
ON THE PRESIDENT'S NATIONAL SERVICE INITIATIVE

Health and Physical Education Center
New Orleans, Louisiana

2:10 P.M. CDT

THE PRESIDENT: Thank you very much. I ought to quit while I'm ahead. (Laughter.) It is wonderful to be back in New Orleans and in Louisiana and to have the first chance I've had since the election to thank you for your support, your electoral votes and the education you gave me on my many trips here during the campaign last year. I'm glad to be back on this campus. (Applause.)

I want to thank your Student Body President, Robert Styron. And I thought he gave a good speech. I think he's got a future in politics, don't you? (Applause.) And Chancellor O'Brien. I want to thank Senator Breaux for his kind remarks and for his leadership of the Democratic Leadership Council. And I want to acknowledge the presence here of Senator Johnston and many members of the Louisiana House and many other members of the United States Congress, along with many others who are here with the Democratic Leadership Council, including my good friend and former colleague, the Governor of New Mexico, Bruce King, who's here. (Applause.) There are two members of my Cabinet here, the Secretary of Education, Dick Riley, and the Secretary of Agriculture Mike Espy, also a DLC Vice Chair. (Applause.)

I want to thank all the people who are here representing volunteer organizations. I met with some young people just before I came in here who are scattered around near me from Benjamin Franklin High School just across the way. (Applause.) Absolutely no enthusiasm in that place. (Laughter.) From the Delta Service Corps. (Applause.) From VISTA, from Summerbridge. (Applause.) From Teach for America. (Applause.)

We also have some students here apart from all of you from UNO, we have some students here who have worked in service projects at Xavier University -- (applause) -- and at Tulane. (Applause.) We also have people here who have been involved in service for a long time from ACTION, from the Older Americans Volunteer Program, from the National Association of Senior Companions and Foster Grandparents and the National Association of Retired Senior Volunteers. All these people I am very grateful to.

I'd like to just acknowledge in general who are here from law enforcement organizations and firefighters' organizations and public employees and teachers' groups who have helped us on this national service project. And I want to say a special word of thanks to three other people. First of all, General David Jones, a former Chairman of the Joint Chiefs of Staff who has worked very hard, helping us put together this program who is here. General Jones, thank you for being here. (Applause.)

Secondly, a remarkable gentleman from New Jersey, an immensely successful businessman who retired early and is devoting his entire life to community service, to rebuild the lives and the neighborhoods of the people in his community in New Jersey, and now helping others around the country. A founding member of the Points of Light Foundation, Mr. Ray Chambers who is here. (Applause.)

And I'd like to pay a little special attention to two members of Congress who are not here and to one who is for their long work on the whole idea of national service. The two in the Senate who are not here are Senator Harris Wofford from Pennsylvania and Senator Sam Nunn from Georgia. (Applause.) And then Representative Dave McCurdy from Oklahoma, thank you for all of the work you've done on this over the years. (Applause.)

I am glad to be here. You know, when I come down here I always sort of relax. I don't know why that is. (Laughter.) I timed it just in time for the Jazz Festival, but I left my saxophone at the White House. (Applause.)

This is the 100th day of my administration. In Washington, some say it marks a milestone. But in many ways, it's just another day at the office for what we're trying to do in changing America.

In the last 99 days, we have worked relentlessly to address the pressing and long-ignored needs of the American people, and to bring to the government something it has not seen in a long time: an acknowledgement that bold action is needed, and needed now to secure and enlarge America's future, and that in order to do it we not only have to change programs, we have to change the way the government works and engage the energies of the American people in the process.

In the last 100 days, I think we have begun to change the direction in which our country has been going for a long time, and to go toward a new direction, more like the one the American people demanded last November. We've also started an unprecedented debate in our nation's capital about big ideas and better lives across our nation -- ideas that in many cases were shaped and nurtured by some of the people who are here today, as Senator Breaux said earlier, the members of the Democratic Leadership Council, of which I am proud to be a founding member.

The DLC has -- (applause) -- unlike most organizations, the DLC has done more than just talk about the problems in our country, it has made an honest effort to develop real ideas about how to restore the American economy and make the government work and rebuild the confidence and the link that

exists between the American people and their government when things are at their best here. And it's been a laboratory for experimentation and solutions.

During my years with the DLC, we really tried to refine our philosophy of what it would mean to take not only the Democratic Party, but the United States of America in a new direction; to make our country work again; and to reward work and family; to encourage education and enterprise; to establish what I have often called a new covenant with the American people, creating opportunity but demanding responsibility from all so that once again we could be a true American community where we know and believe and live as if we're all in this together. (Applause.)

This group has conceived many of the ideas that I've advocated since I've been in Washington, from setting a limit on welfare and putting people to work, to police reform and community policing, to rewarding work of low income working people by having an earned income tax credit that would lift the working poor with children out of poverty. So we could say if you work 40 hours a week in this country, you have a child in the house, you ought not to be poor. (Applause.) These are the kinds of things that this organization has done. (Applause.)

They helped to develop the idea I want to talk to you today about that has so much to do with the future of the young people here and throughout our country -- national service. This is an organization about ideas.

Now, in Washington, as you might imagine, we don't always agree with one another. And that is good; that's why we've got a system where the government's divided up and we have two parties and we have people fighting all the time, as long as it's about ideas. But too often we've seen that the debate over big ideas gets mired in petty politics.

I know one thing: The American people are tired of gridlock and petty politics. If we're going to fight, they want us to fight over ideas and the future of this country. (Applause.)

In the past 99 days, we tried to address the problems the American people told me they wanted to be addressed. We focused more than anything else on the economy -- passing the outline of a budget that will reduce the deficit by more than \$500 billion; increase investment in education and technologies and the things that will create the economy of the 21st century that all of you need, so that you'll have good and decent jobs and a decent future; laying the groundwork for a more prosperous tomorrow.

Just in 100 days we've announced a policy to help to convert the defense cutbacks and the economic opportunities for people who are losing their jobs because of the military cutbacks; to take a new direction in technology to create more opportunities for our people; to be more aggressive in preserving the environment, but do it in a way that creates jobs, not a way that costs jobs; to have a trade policy that will really reflect our common interest with other nations and expanding jobs and

opportunities everywhere.

We've begun the long-overdue renovation of the American economic base. The question now, unlike 100 days ago, the question is now not whether we're going to reduce the deficit, but how and how much. The question now is not whether the government will have a new partnership with the private sector to shape the economy, but exactly what the details will be and how much our part will be.

We've also taken on the issue of health care, something millions of Americans cried out for last year. I am so tired of seeing people -- I got a letter today from a young woman I shook hands with whose -- literally, her life is on the line and she cannot get health insurance. It is wrong that in this nation we are the only advanced country in the world with 34 million people without health insurance. It is wrong that millions of Americans cannot change their jobs without losing their health insurance, because they or a child or a spouse has been sick. It is wrong that the price of health care goes up 2.5 times the rate of inflation every year. And it is wrong that we spend 30 percent more of our income than any other country on Earth on health care and have less to show for it.

But it is also wrong to assume that there is some magic, quick answer. That's why we've been working with a task force headed by The First Lady, and over 400 people from all aspects of health care to do something about this. (Applause.)

But now, for the American people the issue is no longer whether we're going to address the health care crisis, whether we're going to provide security to hard-working, middle class Americans, whether we're going to cover the people who aren't covered, whether we're going to control costs, but how are we going to do it and how fast, and when are we going to begin. I hope the answer is soon. And not too soon is soon enough for me. (Applause.)

We used to debate -- there was a lot of discussion last year about how bad the government was, and it didn't work, and it was bloated, it needed a change. Look at the last 100 days. I've tried to set an example by offering a budget to reduce the White House staff by 25 percent, by putting the lid on and reducing the federal bureaucratic expenses, the administrative expenses of the federal government by over \$10 billion. By moving dramatically to reduce the influence of special interest on Executive Branch appointments by having the toughest ethics laws and restrictions on people becoming lobbyists for other interests when they leave the payroll of the President of the United States. (Applause.) By asking the Vice President to share the most sweeping review of the way the federal government works in a generation, with a promise of real reform and reinventing government -- something else this organization has long believed in.

We are moving. And the Congress is moving to join. The Congress has voted to cut the administrative costs of running the Congress, something many of you never thought you would see happen. They did that. The Congress -- the House of Representatives voted yesterday to give the President of the

United States a modified line-item veto; and I hope the Senate will follow their lead. (Applause.)

I hope soon they will send to my desk the motor voter bill which will make it easier for young people and other people to vote and participate in their country's political process. (Applause.) And there will be campaign finance reform and lobby reform legislation, and a crime bill that will put more police on the street and give us the capacity we need to take our communities back. These things are going on. The question is no longer whether we're going to reform the way government works, but how fast and how much and how well. And those are the right questions, my fellow Americans -- good questions to ask. (Applause.)

And now, I come to the last, and in many ways the most important issue that we have tried to address -- the economy, yes; health care, yes; reform in the way the government works, yes. But also what about the American people. How can each American make a contribution? How can each American do the work that all Americans must, taking responsibility for himself or herself and growing up into a vibrant community? We have tried to address those issues as well.

The buzz word now people use is empowerment. I used to call it responsibility. I often have said, and I want to reiterate today, the United States government cannot create an opportunity for anyone who will not be responsible enough to seize it. Opportunity is a two-way street and requires responsibility. (Applause.) That is the only way we'll ever rebuild the American community. (Applause.)

In the days and months ahead, you will see the Secretary of Education talk about his remarkable education program to provide tougher national standards in education, but also to give people at the grassroots level more flexibility in making public education work. You will see the Secretary of Agriculture and the Secretary of Housing and Urban Development talk about how we can empower even the poorest Americans to start their own businesses, save their own money and take control of their own future. You will see other people talking about how we can reform the welfare system.

All of these things are at the core of the notion that we ought to make it possible for every American to live up to the fullest of his or her God-given ability. And that is what in the end national service is all about -- helping ourselves and helping each other at the same time. (Applause.)

On this 100th day of my administration, I want to recommit myself and those who work with me to the values that have made our nation without peer in all human history, those of opportunity, responsibility, community and respect for one another.

Today I want to propose applying those values to a revolution of opportunity for our hard-pressed families and for those who have been left out. As a first step we're going to ease the terms of college loans, helping students from middle and lower-middle income families to clear a major path to the

American Dream, the path of higher education. In return we'll demand responsibility from young people. We'll make it easier to borrow money and much easier to pay it off, but this time you have to pay it off. You can't just default on the loan. (Applause.) And we will also offer the young people of America the opportunity of paying their loans back by serving their communities in a new program of national service.

In just a few days I will send to the Congress two bills containing our proposals, first to strengthen college opportunity and to establish national service. Together they will revive America's commitment to community and make affordable the cost of a college education for every American. It's no secret that over the last 10 or 12 years the cost of a college education is about the only essential thing that's gone up even more rapidly than health care costs.

And middle class parents, and even upper middle class parents, not to mention lower income people, have borne the burden, paying now about five percent of median income just to put one child through a four year in-state public college. It costs an average of over \$5,200 a year for that education. That means families are depleting savings and many students are faced with cutting back to a part-time course load or having to drop out simply because of the cost of a college education. A college dropout is now more than twice the high school dropout rate. We cannot afford that, and we can do better. (Applause.)

I propose a new way to finance college for millions of students who seek loans every year. We call it an Excel Account. With it, students can repay the loans they take out not with a percentage of the loan they borrowed, but with a percentage of their actual earnings. Now, think about that. For students driven into debt -- driven by debt into careers with high pay and low satisfaction, this can be very liberating. Take a student torn, for example, between pursuing a career in teaching and corporate law. This student now can at least make the career choice based on what he or she wants to do, and not the size of the outstanding student loan; because we propose to let everybody have the option of paying the student loan back based on how much they earn, not just how much they owe. That is an incredible incentive. (Applause.)

However, under the current system, as many of you know, students faced with big bills or just inconvenient responsibilities have too often taken the irresponsible route and defaulted on their loans, or have been found in default because they couldn't find a job. Often times there's no serious effort to collect the loan, because the government guarantees 90 percent of it. So if the bank makes the loan, it costs more than 10 percent to go collect it. What's the result? The taxpayers every year pay about \$3 billion on other people's loans -- money that could be spent on your education, on the schools here, on the future of the children here just for bad loans. It isn't right. (Applause.)

Under our system, the Department of Education would engage the Internal Revenue Service. We would have the payroll records. And you wouldn't be able to beat the bill because you would have to pay the loan back as a percentage of your income,

if you choose, but you'd have to pay it because you pay taxes and because we have your records and because you won't be able to get out of it. And that is the right thing to do. (Applause.)

But these Excel Accounts are just the beginning. We hope they will lead more and more Americans not only to seize the opportunity of a college education, and to exert a stronger sense of responsibility, but also to seek to serve their communities through a program of national service. It was Thomas Jefferson who first told the American people in essence that the more you know, the more you owe. In his words -- and I quote -- "A debt of service is due from every man to his country proportioned to the bounties which nature and fortune have measured to him." This statement reminds us that values never go out of fashion, that civic responsibility is as good for democracy today as it was when Thomas Jefferson said that, and that if you really want to be the best citizen of your country, you have to give something back to your country. (Applause.)

With national service, we can literally open a new world to a new generation of Americans, where higher learning goes hand-in-hand with the higher purpose of addressing our unmet needs -- our educational, our social, our environmental needs, to secure the future that we all will share. National service will mark the start of a new era for America in which every citizen, every one of you, can become an agent of change, armed with the knowledge and experience that a college education brings. And ready to transform the world in which we live, city by city, community by community, block by block. I say to you, we need you.

You know, there's a lot of talk in America today -- and I spend hours every week worrying about the effect that automation and technology is having on employment. Indeed, as we see the productivity of American enterprises rise, their need for workers goes down because they can do more with computers that they used to do with people. So people ask me all the time, where will we find the jobs for this new generation of Americans? How can we drive this unemployment rate down? But if you look around this country at all the human problems, all the homeless people, all the environmental waste dumps in our cities and our rural areas, all the problems that we've got in every community in America; and see you all the kids that are in trouble -- 15 million of them at risk and needing somebody to pay attention to. You know where the work needs to be. (Applause.)

Late last night when I was preparing to come down here, I took a little time off at my desk and I read the letters that my staff had given me. And I got a letter from a woman who grew up with me. I've known her since we were in grade school. And she said -- in this letter, she said, you know, someone asked me a couple of days ago: How are we going to save all these kids in this country that are in trouble? And she said, without even thinking, I blurted out, the same way we lost them, one at a time. (Applause.)

And so today, my fellow Americans, I issue a call to national service, to Americans young and old, Democrats and Republicans, white, black, Hispanic, Asian and you name it, all of us that make up this great nation. I call you to national

'service because it is only that together we can advance a tradition rooted in our people's history, helping our people to help themselves.

And with national service, we can rejoin the citizens in communities of this country, bonding each to the other with the glue of common purpose and real patriotism.

We have many young people here today, students of this place of higher learning where we're gathered. In you, I know I see the builders of tomorrow. And I say to you, as good as the education is here, and at the other great institutions represented here today, and all across America, the power of academic learning is incomplete unless every American can share in it. That is the only way we can lift our whole country up. (Applause.)

I say to you further that our country needs you. We need your knowledge and your initiative and your energy. We need you because you are still stripped and free of the cynicism that has paralyzed too many of your parents and your grandparents, and led us to spend too much time talking about what we can't do instead of seizing what we can. You are not afflicted by that, and I pray you never will be. (Applause.)

We need to make sure that we can use your energies and your talents. One way is by making sure that the low wages that public service often offers won't be a route to the poorhouse for someone with college loans. As I said, we're going to make it easier for you to pay off your college loan. But also, if you engage in national service, we'll make it easier for you to pay off a college debt or to earn credits toward it before you got to college or while you're in college.

For each term of service, one or two years, participants in national service programs will receive benefits that can be used toward past, present or future obligations, whether for college or advanced job training. You can get a college education and, in addition, through service perhaps the best experience of your life. That's a pretty good investment.

I've talked a lot about the students here. And they do play a large part in this plan, but they're not alone. Here in New Orleans many of you already know what it means to make a difference in your community because you've just been doing that for a long time. And I'm very proud -- as I said, I'm going to get another cheer about this, but one of the models that I had a little something to do with is the Delta Service Corps, and I appreciate what they're doing. (Applause.)

There are people here working to restore housing. There are people here working in other ways. I just want to mention three. Lawrence Williams, a team leader in the Corps who has helped to restore housing for low-income people with the local Habitat for Humanity Project. Jane Sullivan, a retired public schoolteacher and a former VISTA volunteer -- (applause) -- who helps rural communities gain better access to health care, housing and other assistance. And a young person I met just a few moments ago, Parris Moore-Brown, who works with parents in housing programs for drug awareness outreach and now plans to

work with the physically challenged. She says that she has no tolerance for self-pity, and she lives what she preaches. She hasn't been slowed by what her birth dealt her -- a brittle bone disorder that has left her as an adult, and by her own measure, four feet, two and a quarter inches tall. Where are you? (Laughter and applause.) Stand up -- so we can see you. (Applause.) After my meeting with her and the other young people today, I'd say she stands about 10 feet tall in America today. (Applause.)

There are tens of thousands of people like Parris and Jane and Lawrence and those of you who are here with these service programs who are dying to be called to a new season of service, and we want to do that.

Another part of our plan is to build on the National and Community Service Act that was passed in 1990, and the already flourishing programs that are started and up and going in every state in this country.

National service is not going to be a federal bureaucracy; it's going to operate at the grassroots with the real problems of real people, and with the programs that work today. It will be locally driven, because I trust the communities in this country to make decisions for themselves. (Applause.)

I also want to say that, while we want very much to have young people in this program who are working toward earning credits for college or paying their college loans off through national service, we need so many other people in service projects. We need our older people who never will go back to college, but have a lifetime of experience and energy to give to the young people of this country. (Applause.) We need young people who may not be old enough to drive a car or to qualify for this program, but can have a dramatic impact on fellow students by helping them learn better study habits or just keeping them out of trouble. (Applause.) I've learned already that as the parent of a teenager, that the peers can have a big impact on the shape and quality of a child's life. Even a child can serve in programs that now begin as early as kindergarten. We have no upper age limit in America, or lower age limit for being a good public servant.

To be successful, this national program will need the broad-based support of all the American people -- parents and children, churches and synagogues, colleges and universities, and the potential providers and the beneficiaries of our services. In this vision of national service, everyone is a partner. And that includes, of course, the business community in this country. We need businesses to contribute to the effort, to match federal money and local programs, and to contribute at the national level, helping to make sure that the programs we choose are good ones indeed.

What will set this legislation apart from other similar efforts in the past that rewarded service to our country is that it will totally eliminate the federal government bureaucracy. And, believe me, no one will miss that. (Applause.)

We're going to set up a national service corporation that will run like a big venture capital outfit, not like a bureaucracy. And communities, as I said, will have the flexibility to make their own programs work. I think that I've seen enough today and I've heard enough of your applause to know that the American people are hungry for a chance to serve their country and to reap the rewards of civic pride and education in the process. In answering this call, our people are following a proud history. More than a century ago, President Abraham Lincoln signed the Homestead Act, and the frontier of this country was settled by countless families who took up the challenge in exchange for 100 acres to call their own.

In the 1930s, President Roosevelt enlisted millions of young people to restore the environment through the Civilian Conservation Corps. FDR gave others a chance to support themselves through the buildings made possible by the Works Project Administration. I was in the United States Justice Department just yesterday, a building built in 1934 by people who were giving service to their country, and it's still a beautiful monument to the legacy of that kind of service.

The parents of the baby boom had the GI Bill, which was one of the best investments our government ever made. A generation ago, the young people of my generation saw suffering in Latin America, Asia, and Africa, and many rushed to the challenge laid down by President Kennedy when he created the Peace Corps, which became our country's greatest ambassador -- building bridges of understanding to far off cultures. And now, three decades later, a challenge has been presented to all of you. A new challenge and an old one -- as old as America and as new as your future.

A year ago when the Democratic Leadership Council met in New Orleans, I asked -- (gap) -- the following question: I said, I want you to think about what kind of citizens you're going to be -- (gap) -- administration that this was the day the American people were empowered to renew their nation and their communities, to seize a better future for themselves, and to help all of us to be what the -- (gap) -- out of helping our fellow citizens and ourselves to become what we ought to be, this country will be all right. (Applause.)

Thank you very much, and God bless you all.

(Applause.)

END

2:44 P.M. CDT

THE WHITE HOUSE

WASHINGTON

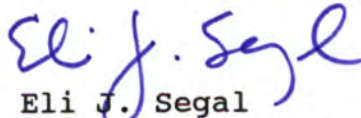
June 28, 1993

Dear Friend:

As we work toward passage of national service legislation, the White House Office of National Service wants to share with you the enclosed information about the scope, details, and benefits of this important initiative. In the weeks ahead, the President will be working aggressively to make this vision a reality - to expand educational opportunity, reward individual responsibility, and build the American community by bringing citizens together to tackle common problems.

We look forward to working with you to ensure the success of National Service.

Sincerely,



Eli J. Segal
Assistant to the President and
Director of National Service

Jim,

This is the original outreach letter. It has been saved under the title maddett.



THE WHITE HOUSE

WASHINGTON

FACT SHEET

NATIONAL SERVICE TRUST ACT OF 1993

The "National Service Trust Act of 1993" is innovative public policy founded on traditional American values: offering educational opportunity, demanding personal responsibility, and building the American community. In affirming these values, the initiative also rejects big bureaucracy -- reinventing government to unleash the initiative of the American people.

The President's support for service extends from the youngest elementary school students to our oldest citizens, and includes everything from part-time volunteer activities to full-time public service jobs.

The President's initiative will:

- Build the American community through a new domestic Peace Corps that brings Americans together to tackle pressing national problems.
- Offer educational opportunity and reward individual responsibility by providing educational awards to hundreds of thousands of Americans who serve our country.
- Reinvent government by streamlining Federal bureaucracies, relying on locally driven initiatives, and creating flexibility for students and competition among programs.

The Act will establish a Corporation for National Service that will offer Americans who do vital work in the national service initiative an educational award.

The Corporation will establish quality criteria and require measurable impacts, but within these bounds, communities will be able to design programs that meet their own pressing needs. Programs will be expected to educate their participants both in the particular skills their service demands and in the civic responsibility that our democracy requires. In all respects, the Act is designed to build partnerships -- among Federal Government, State governments, and the private sector; and within communities, among the schools, businesses, and civic organizations that seek to fight common problems. Assistance will be distributed on a competitive basis and no program will have a right to funding, but a wide variety of organizations will have a chance to establish programs that serve our country.

Definition of National Service

- Meets unmet educational, environmental, human, or public safety needs.
- Improves the life of the participant, through citizenship education and training.
- Does not displace or duplicate the functions of existing workers.

Organization

- To reduce waste and promote an entrepreneurial government culture, a new government Corporation for National Service will be established, combining the Commission on National and Community Service and ACTION.
- While maintaining existing programs such as VISTA, the new program makes investments in new initiatives; neither the Corporation nor the State commissions will operate them.
- A small bipartisan Board will share power with a Chairperson.
- Flexible and quality-driven personnel policies will include pay-for-performance and a 7-year limit on most tenures.
- The Corporation may solicit and accept private contributions.
- At the state level, commissions on national service will be established to mirror and cooperate with the Federal Corporation.
- Like the Corporation Board, commissions will be composed of bipartisan members from a variety of fields. To ensure a genuine Federal/State partnership, a representative of the Corporation will sit on the State commissions, and a State representative will sit on the Corporation Board.
- All programs will have to compete for support; none will be guaranteed funding.
- One-third of funds will be allocated by population-based formula to State commissions with approved plans for competitive distribution of funds; at least one-third to State commissions on a competitive basis for competitive distribution; and up to one-third will be reserved to the Corporation for allocation on a competitive basis.

Programs

- National quality criteria for programming will be developed for every type of program in conjunction with experts in the field.
- Performance goals and independent evaluations will be required in every program.

- An Inspector General will police fraud and abuse and perform oversight of funded programs.
- To encourage public/private partnership, programs must provide a 15 percent cash match on stipends and health care and a 25 percent match for other program support.
- Entities ranging from small community organizations to Federal agencies will be eligible to operate service programs.
- A broad array of possible programs will be eligible for funding: from youth corps for at-risk youth, to specialized service programs for college graduates, to diverse community corps for Americans of all backgrounds. Many other models are possible, and venture capital will be available for new efforts.

Participants

- To encourage wide and diverse participation, individuals aged 17 and over may serve before, during, or after post-secondary education.
- To target program participation to participant interests and community needs, participants will be recruited and selected by approved local programs. A national or State recruitment system will also be established to disseminate information and help interested individuals locate placements in local programs. Information about available positions will be widely disseminated through high schools, colleges, and other placement offices.
- To earn an educational award, a participant must complete at least 1 year of full-time or 2 years of part-time service in an approved program. An individual may serve up to two terms and earn up to two educational awards.
- Educational awards of \$5,000 will be provided for each term of service. Awards may be used for past, present or future expenses, including 2- and 4-year colleges, training programs, and graduate or professional programs.
- Programs will set stipends within a limited range based at minimum wage. Health and child care will be provided to those who need them.

Encouraging Service by All

- The Act enhances the Serve-America program for school-age youth.
- The Act extends and improves the VISTA and Older Americans Volunteer Programs.
- The Act reauthorizes support for the Civilian Community Corps.
- The Act reauthorizes support for the Points of Light Foundation.

THE WHITE HOUSE
WASHINGTON

OUTLINE OF LEGISLATION

NATIONAL SERVICE INITIATIVE

President Clinton's national service program will expand educational opportunity, reward individual responsibility, and build the American community by bringing citizens together to tackle common problems. The President's support for service extends from the youngest elementary students to our oldest citizens, and includes everything from part-time volunteer activities to full-time public service jobs.

The centerpiece of the President's initiative to support service is a new program to offer educational awards to Americans who make a substantial commitment to service. In addition to this program, which builds on the youth corps and demonstration programs of the National and Community Service Act of 1990, the National Service Trust Act includes:

- Extension and improvement of programs in the National and Community Service Act of 1990 that enhance elementary and secondary education through community service in schools, support after-school and summer programs for school-age youth, and fund service programs on college campuses.
- Support for the Civilian Community Corps, to provide service opportunities in areas adversely affected by defense cutbacks.
- Support for the Points of Light Foundation, to support volunteerism.
- Extension and improvement of VISTA and the Older American Volunteer Programs authorized by the Domestic Volunteer Service Act.
- Creation of a new Investment Fund for Quality and Innovation to support model service programs and activities designed to ensure the development of high quality national service programs.

NATIONAL SERVICE TRUST ACT

Focus of Service

- National service must address unmet educational, environmental, human, or public safety needs. National priorities may be established within these areas.
- National service must improve the life of the participants, through citizenship education and training.
- Participants may not displace or duplicate the functions of existing workers.

Corporation for National Service

Structure

- The national service program will be administered by a new government Corporation for National Service, created by combining two existing independent federal agencies, the Commission on National and Community Service and ACTION.
- The corporation will be responsible for administering all programs authorized under the National and Community Service Act and Domestic Volunteer Service Act, including VISTA and the Older American Volunteer Programs. The Corporation will also fund training and technical assistance, service clearinghouses and other activities.
- The investment division of the corporation will administer the new trust program and programs currently administered by the Commission on National and Community Service.
- The operating division will administer programs currently run by the ACTION agency, including VISTA and the Older American Volunteer Programs.
- Flexible and quality-driven personnel policies will include pay-for-performance and a 7-year limit on most tenures.
- The Corporation may solicit and accept private funds.

Governance

- The corporation will have an eleven-member volunteer Board of Directors appointed by the President and confirmed by the Senate. It will be bipartisan and include persons experienced in national service, experts in providing educational, environmental, human, or public safety service, and representatives of States.
- The first Board members will be appointed primarily from the Board of Directors of the Commission on National and Community Service. Seven Cabinet secretaries will serve as non-voting ex-officio members.

- The Board will approve grant decisions, develop the corporation's strategic plan, review other policy and personnel decisions, receive and act on reports from the Inspector General, supervise evaluations, and advise the Corporation on all issues.

- A Chairperson of the Board and a Managing Director for each division will be full-time employees appointed by the President and confirmed by the Senate.

Oversight

- An Inspector General will oversee programs to guard against fraud and abuse.

- Programs must arrange for independent audits and evaluations, and may also be required to participate in national or state evaluations.

State Commissions

Structure

- In order to receive a grant, each state must establish a commission on national service. The corporation will provide funding for the state commission.

- Commissions will have 7 to 13 members appointed by the governors on a bipartisan basis. There must be at least one representative of national service programs, one representative of local governments, and one representative of local labor organizations on each Board. The remaining members of the Board will be selected from among representatives of community-based organizations, youth who participate in service, educators, business, or experts in the delivery of particular services. Not more than 25 percent of voting members may be state officials, although additional state agency representatives may sit on the commissions as non-voting ex-officio members. Commissions will elect their own chair.

- A representative of the corporation will sit on each commission as a voting member and act as liaison between the commission and the corporation.

Duties

- State commissions will be responsible for selecting programs to be funded under the state formula allocation, and in any competitive grant states may request.

- State commissions must also design strategic plans for service in the states, recruit participants, and disseminate information about service opportunities.

- State commissions may also support clearinghouses, training and technical assistance, and other initiatives to support service. They may not operate national service programs, but may use a portion of funds to support programs run by state agencies.

Transition

- For a period of one year, existing state agencies may assume the responsibility of the state commissions.
- The Corporation may approve an alternative agency in place of a commission at a state's request, if the agency ensures diverse participation in policy making.

Allocation of Funds

- States submitting plans approved by the Corporation will receive one-third of funds according to a population-based formula and one-third on a competitive basis.
- One-third of funds will be allocated directly by the corporation. Programs eligible for priority consideration include federal programs, national nonprofit organizations operating multiple programs or competitive grant programs, national service initiatives in more than one state and meeting priority needs, proposals to replicate successful programs in more than one state, professional corps, and innovative national service programs.

Programs

Goals

- Programs must set measurable goals regarding the impact of the service on the community and on participants.

Eligibility

- Programs eligible for national service designation include diverse community corps, youth corps, specialized service programs focusing on a specific community need, individual placement programs, campus-based service programs, programs that train and place service-learning coordinators in schools or team leaders in corps programs, intergenerational programs, national service entrepreneurship programs, and professional corps.
- Programs may be run by non-profit organizations, institutions of higher education, local governments, school districts, states, or federal agencies.
- Programs may not provide direct benefits to for-profit businesses, labor unions, or partisan political organizations, or involve participants in religious activities.

Selection

- Selection criteria include quality (based on criteria developed in consultation with experts in the field), innovation, sustainability, and replicability of programs.

- Past experience and management skills of program leadership, involvement of participants in leadership roles, and the extent to which the program builds on existing programs will also be taken into account.
- Programs serving and recruiting participants from communities of need, including those designated as enterprise zones, community redevelopment areas, areas with high poverty rates, environmentally distressed areas, and communities adversely affected by decreased defense spending will also receive special consideration.

Funding

- All participants will receive educational awards.
- To develop programs, one-year planning grants will be available. To support national service participants, three-year renewable grants will be available for program expansion or replication.
- Administrative costs will be limited to five percent of all grants other than planning grants.
- Programs must pay 15 percent of the stipend and health care benefits in cash and 25 percent of other program costs receiving federal support. The 25 percent match may be in cash or in kind from any source other than programs funded under the National and Community Service or Domestic Volunteer Service Acts.
- Federal funds must supplement, not supplant, state and local dollars.

Participants

Eligibility

- Individuals may serve before, during, or after post-secondary education.
- In general, participants may be age 17 or older. Youth corps participants may be age 16 or older.
- Participants must be high school graduates or agree to achieve their GED prior to receiving educational awards.

Selection

- Participants will be recruited and selected on a nondiscriminatory basis and without regard to political affiliation by local programs designated by states or the federal government.
- A national or state recruitment system will help interested individuals locate placements in local programs. Information about available positions will be widely

disseminated through high schools, colleges and other placement offices. A special leadership corps may be recruited, trained, and placed to assist in the development of new national service programs.

Term of Service

- To earn an educational award, a participant one year of full-time or two years of part-time service in a program designated by a state or the federal government. An individual may serve up to two terms and earn up to two educational awards.

Educational Awards

- Educational awards of \$5,000 will be provided for a term of service. Educational awards may be used to repay loans for higher education or to pay for higher education or training.

- Educational awards will be federally funded and deposited into a national service trust on behalf of all participants accepted into the program. Organizations and individuals may donate funds to support national service participants in the donor's community.

- Payments will be made directly to qualified post-secondary educational institutions, including two- and four-year colleges, training programs, and graduate or professional programs.

- In the case of participants with outstanding loan obligations for qualified educational activities, awards will be paid directly to lenders.

- Awards will not be taxable and must be used within five years of receipt.

Stipends

- Programs will set stipends within program guidelines. However, federal support will be limited to a match of 85 percent of an annual stipend equivalent to benefits received by VISTA volunteers. Programs may provide additional stipends up to twice this amount, with no federal match for the portion of the stipend in excess of the VISTA benefit.

- In the limited case of designated professional corps in areas of great need, such as teaching and public safety in underserved areas, participants may be paid a salary in excess of the guidelines and receive an educational award. However, no federal support will be available for a stipend, and professional corps will be selected on a case-by-case basis directly by the Corporation.

Health and Child Care

- All participants without access to health insurance will receive health coverage. Federal dollars will pay up to 85 percent of the cost of these benefits.

- Participants will receive child care assistance, if needed.

Serve-America

The proposal extends and expands the existing Serve-America program for school-age youth and Higher Education Innovative Projects for Community Service. Modifications to these programs are described below.

Service-Learning Program

Program Goals

- To build a foundation for service among the nation's youth, inspiring them to serve and instilling in them the values and attitude to serve effectively after graduation.
- To create opportunities for all American children to serve our country.

Types of Programs

- Programs may be partnerships of local education agencies and community-based organizations.
- Local educational agencies may receive planning grants to hire service-learning coordinators.

Types of Funding

- School-based programs will be eligible for funding through state educational agencies, partly based on formula and partly through competition.
- State educational agencies must develop state plans that indicate programs to be funded and detail 3-year strategies for service-learning in their states. The Corporation must approve state plans.
- Programs may receive one-year planning grants for school-based programs. Subgranting to experienced institutions for school-based programs will also be allowed.
- All local programs will be required to provide at least 10 percent of total program costs in the first year of funding, increasing to 50 percent in the fourth. Local programs may utilize other federal education funds to meet the match requirement.

Training and Technical Assistance

- Clearinghouses will be expanded to further enable them to disseminate information and curriculum materials; train teachers, service sponsors and participants; and provide needs assessments or technical assistance.
- States will also receive additional resources to train and educate state educational personnel.

Community-based Program for School-Age Youth

- Community-based organizations working with school-age youth may receive grants from the State Commission for programs to involve such youth in community service.
- National non-profit organizations may apply to the Corporation to make subgrants or run multi-state community-service programs for this population.

Higher Education Innovative Projects

- Higher Education institutions, consortia of such institutions, or partnerships of higher education institutions and non-profit institutions may receive grants from the Corporation for student community-service programs or programs to train teachers in service-learning methods.
- Funds may supplement College Work-Study funds being used for community service placements.

Extension of the Domestic Volunteer Service Act of 1973

The proposal extends and expands VISTA and Older American Volunteer Programs authorized by the Domestic Volunteer Service Act. Following a transition period, these programs will be administered by the corporation for national service.

VISTA

- Extends authority for the VISTA program and increases number of VISTA volunteers.
- Authorizes new VISTA Summer Associate program.
- Authorizes a University Year for VISTA program to encourage student volunteer efforts addressing the needs of low-income communities.
- Removes restrictions limiting the flexibility to manage VISTA, while reaffirming commitment to recruiting a diverse group of VISTA volunteers including young and older adults.
- Increases post-service stipends by \$30 for each month of service. Such stipends are not available if VISTA volunteer accepts an educational award under the national service trust.
- Continues support for VISTA Literacy Corps.

Special Volunteer Programs

- Provides broadened authority under the Special Volunteer Programs to supporting demonstrations and innovations, provide technical assistance, and promote other entrepreneurial activities. Eliminates specific authority for student community service and drug programs, which are covered under the broadened demonstration authority and under the National and Community Service Act.

Older American Volunteer Programs

- Renames the Older American Volunteer Programs as National Senior Volunteer Corps and the Retired Senior Volunteer Program as the Retired and Senior Volunteer Program (RSVP).
- Lowers eligibility age for participation in the RSVP program to 55.
- Clarifies that Foster Grandparents may work with children with special and exceptional needs in Head Start programs, schools, and day care centers.
- Provides for a new demonstration authority to enrich and strengthen older American volunteer programs across the country.
- Eliminates restrictions that limit the flexibility to administer the program.
- Increases the stipend for low-income Foster Grandparents and Senior Companions once over the next five years to account for inflation.

Administration

- Encourages relationships between ACTION and other federal agencies where ACTION volunteers might help further the purposes of other Federal programs.
- Authorizes a Center for Research and Training on Volunteerism to strengthen volunteer programs across the country.
- Provides a technical amendment to restore the crediting of VISTA service for federal pensions.
- Provides copyright protection for the programs authorized under the Act.

BACKGROUND ON SUMMER OF SERVICE

- o On March 1, 1993, in a speech at Rutgers University, the President outlined his vision for National Service. Last week in New Orleans, he unveiled the first part of that vision -- a legislative initiative creating a National Service program. By reforming the student loan system and offering increased educational opportunity, the program will make it easier for every American to afford college. In return, National Service will demand responsibility from Americans for rebuilding our country and our communities -- city by city, neighborhood by neighborhood, block by block.
- o A second aspect of the President's vision of National Service is the "Summer of Service" -- an immediate initiative designed to meet critical needs of at-risk children this summer, while at the same time building future National Service leaders.
- o This effort will involve more than 1,500 young people (ages 17-25) across the country in serving the educational, health, public safety and environmental needs of at-risk children.
- o The Commission on National and Community Service, which is responsible for implementing the Summer of Service, received more than 430 grant applications from community service organizations in all 50 states and three territories. The White Office of National Service received more than 6,000 letters expressing interest in the program.
- o The Office of National Service and the Commission announced on Thursday, May 6, 1993, seventeen Summer of Service grant recipients from across the country. The programs range from a primary healthcare project for at-risk children, to a low-income housing safety inspection and smoke detector installation project, to a middle school tutoring and mentoring program. Groups that won grants will now choose the young people to serve in these programs. All of the initiatives will demonstrate the tangible and measurable community benefits that can result from National Service.
- o Summer of Service will kick off with a national leadership training week during the third week of June. All of these young national service pioneers will gather in one location and learn by doing. By going out into the community and serving, these leaders will learn what it takes to change a community. They will be trained by leaders from such programs as the Peace Corps, Outward Bound and Boston's City Year and learn how to bring their national training experience home to the communities in which they live.
- o The summer will end with a Summit on Service hosted by the President where he and the service pioneers will meet to discuss the challenges of the summer and lay future plans for National Service.

5/6/93

THE WHITE HOUSE

Office of the Press Secretary
(New Orleans, Louisiana)

For Immediate Release

April 30, 1993

REMARKS BY THE PRESIDENT
IN ADDRESS TO THE COMMUNITY OF THE
UNIVERSITY OF NEW ORLEANS
ON THE PRESIDENT'S NATIONAL SERVICE INITIATIVE

Health and Physical Education Center
New Orleans, Louisiana

2:10 P.M. CDT

THE PRESIDENT: Thank you very much. I ought to quit while I'm ahead. (Laughter.) It is wonderful to be back in New Orleans and in Louisiana and to have the first chance I've had since the election to thank you for your support, your electoral votes and the education you gave me on my many trips here during the campaign last year. I'm glad to be back on this campus. (Applause.)

I want to thank your Student Body President, Robert Styron. And I thought he gave a good speech. I think he's got a future in politics, don't you? (Applause.) And Chancellor O'Brien. I want to thank Senator Breaux for his kind remarks and for his leadership of the Democratic Leadership Council. And I want to acknowledge the presence here of Senator Johnston and many members of the Louisiana House and many other members of the United States Congress, along with many others who are here with the Democratic Leadership Council, including my good friend and former colleague, the Governor of New Mexico, Bruce King, who's here. (Applause.) There are two members of my Cabinet here, the Secretary of Education, Dick Riley, and the Secretary of Agriculture Mike Espy, also a DLC Vice Chair. (Applause.)

I want to thank all the people who are here representing volunteer organizations. I met with some young people just before I came in here who are scattered around near me from Benjamin Franklin High School just across the way. (Applause.) Absolutely no enthusiasm in that place. (Laughter.) From the Delta Service Corps. (Applause.) From VISTA, from Summerbridge. (Applause.) From Teach for America. (Applause.)

We also have some students here apart from all of you from UNO, we have some students here who have worked in service projects at Xavier University -- (applause) -- and at Tulane. (Applause.) We also have people here who have been

involved in service for a long time from ACTION, from the Older Americans Volunteer Program, from the National Association of Senior Companions and Foster Grandparents and the National Association of Retired Senior Volunteers. All these people I am very grateful to.

I'd like to just acknowledge in general who are here from law enforcement organizations and firefighters' organizations and public employees and teachers' groups who have helped us on this national service project. And I want to say a special word of thanks to three other people. First of all, General David Jones, a former Chairman of the Joint Chiefs of Staff who has worked very hard, helping us put together this program who is here. General Jones, thank you for being here. (Applause.)

Secondly, a remarkable gentleman from New Jersey, an immensely successful businessman who retired early and is devoting his entire life to community service, to rebuild the lives and the neighborhoods of the people in his community in New Jersey, and now helping others around the country. A founding member of the Points of Light Foundation, Mr. Ray Chambers who is here. (Applause.)

And I'd like to pay a little special attention to two members of Congress who are not here and to one who is for their long work on the whole idea of national service. The two in the Senate who are not here are Senator Harris Wofford from Pennsylvania and Senator Sam Nunn from Georgia. (Applause.) And then Representative Dave McCurdy from Oklahoma, thank you for all of the work you've done on this over the years. (Applause.)

I am glad to be here. You know, when I come down here I always sort of relax. I don't know why that is. (Laughter.) I timed it just in time for the Jazz Festival, but I left my saxophone at the White House. (Applause.)

This is the 100th day of my administration. In Washington, some say it marks a milestone. But in many ways, it's just another day at the office for what we're trying to do in changing America.

In the last 99 days, we have worked relentlessly to address the pressing and long-ignored needs of the American people, and to bring to the government something it has not seen in a long time: an acknowledgement that bold action is needed, and needed now to secure and enlarge America's future, and that in order to do it we not only have to change programs, we have to change the way the government works and engage the energies of the American people in the process.

In the last 100 days, I think we have begun to change the direction in which our country has been going for a long time, and to go toward a new direction, more like the one the American people demanded last November. We've also started

an unprecedented debate in our nation's capital about big ideas and better lives across our nation -- ideas that in many cases were shaped and nurtured by some of the people who are here today, as Senator Breaux said earlier, the members of the Democratic Leadership Council, of which I am proud to be a founding member.

The DLC has -- (applause) -- unlike most organizations, the DLC has done more than just talk about the problems in our country, it has made an honest effort to develop real ideas about how to restore the American economy and make the government work and rebuild the confidence and the link that exists between the American people and their government when things are at their best here. And it's been a laboratory for experimentation and solutions.

During my years with the DLC, we really tried to refine our philosophy of what it would mean to take not only the Democratic Party, but the United States of America in a new direction; to make our country work again; and to reward work and family; to encourage education and enterprise; to establish what I have often called a new covenant with the American people, creating opportunity but demanding responsibility from all so that once again we could be a true American community where we know and believe and live as if we're all in this together. (Applause.)

This group has conceived many of the ideas that I've advocated since I've been in Washington, from setting a limit on welfare and putting people to work, to police reform and community policing, to rewarding work of low income working people by having an earned income tax credit that would lift the working poor with children out of poverty. So we could say if you work 40 hours a week in this country, you have a child in the house, you ought not to be poor. (Applause.) These are the kinds of things that this organization has done. (Applause.)

They helped to develop the idea I want to talk to you today about that has so much to do with the future of the young people here and throughout our country -- national service. This is an organization about ideas.

Now, in Washington, as you might imagine, we don't always agree with one another. And that is good; that's why we've got a system where the government's divided up and we have two parties and we have people fighting all the time, as long as it's about ideas. But too often we've seen that the debate over big ideas gets mired in petty politics.

I know one thing: The American people are tired of gridlock and petty politics. If we're going to fight, they want us to fight over ideas and the future of this country. (Applause.)

In the past 99 days, we tried to address the problems the American people told me they wanted to be addressed. We focused more than anything else on the economy -- passing the outline of a budget that will reduce the deficit by more than \$500 billion; increase investment in education and technologies and the things that will create the economy of the 21st century that all of you need, so that you'll have good and decent jobs and a decent future; laying the groundwork for a more prosperous tomorrow.

Just in 100 days we've announced a policy to help to convert the defense cutbacks and the economic opportunities for people who are losing their jobs because of the military cutbacks; to take a new direction in technology to create more opportunities for our people; to be more aggressive in preserving the environment, but do it in a way that creates jobs, not a way that costs jobs; to have a trade policy that will really reflect our common interest with other nations and expanding jobs and opportunities everywhere.

We've begun the long-overdue renovation of the American economic base. The question now, unlike 100 days ago, the question is now not whether we're going to reduce the deficit, but how and how much. The question now is not whether the government will have a new partnership with the private sector to shape the economy, but exactly what the details will be and how much our part will be.

We've also taken on the issue of health care, something millions of Americans cried out for last year. I am so tired of seeing people -- I got a letter today from a young woman I shook hands with whose -- literally, her life is on the line and she cannot get health insurance. It is wrong that in this nation we are the only advanced country in the world with 34 million people without health insurance. It is wrong that millions of Americans cannot change their jobs without losing their health insurance, because they or a child or a spouse has been sick. It is wrong that the price of health care goes up 2.5 times the rate of inflation every year. And it is wrong that we spend 30 percent more of our income than any other country on Earth on health care and have less to show for it.

But it is also wrong to assume that there is some magic, quick answer. That's why we've been working with a task force headed by The First Lady, and over 400 people from all aspects of health care to do something about this. (Applause.)

But now, for the American people the issue is no longer whether we're going to address the health care crisis, whether we're going to provide security to hard-working, middle class Americans, whether we're going to cover the people who aren't covered, whether we're going to control costs, but how are we going to do it and how fast, and when are we going to begin. I hope the answer is soon. And not too soon is soon enough for

me. (Applause.)

We used to debate -- there was a lot of discussion last year about how bad the government was, and it didn't work, and it was bloated, it needed a change. Look at the last 100 days. I've tried to set an example by offering a budget to reduce the White House staff by 25 percent, by putting the lid on and reducing the federal bureaucratic expenses, the administrative expenses of the federal government by over \$10 billion. By moving dramatically to reduce the influence of special interest on Executive Branch appointments by having the toughest ethics laws and restrictions on people becoming lobbyists for other interests when they leave the payroll of the President of the United States. (Applause.) By asking the Vice President to share the most sweeping review of the way the federal government works in a generation, with a promise of real reform and reinventing government -- something else this organization has long believed in.

We are moving. And the Congress is moving to join. The Congress has voted to cut the administrative costs of running the Congress, something many of you never thought you would see happen. They did that. The Congress -- the House of Representatives voted yesterday to give the President of the United States a modified line-item veto; and I hope the Senate will follow their lead. (Applause.)

I hope soon they will send to my desk the motor voter bill which will make it easier for young people and other people to vote and participate in their country's political process. (Applause.) And there will be campaign finance reform and lobby reform legislation, and a crime bill that will put more police on the street and give us the capacity we need to take our communities back. These things are going on. The question is no longer whether we're going to reform the way government works, but how fast and how much and how well. And those are the right questions, my fellow Americans -- good questions to ask. (Applause.)

And now, I come to the last, and in many ways the most important issue that we have tried to address -- the economy, yes; health care, yes; reform in the way the government works, yes. But also what about the American people. How can each American make a contribution? How can each American do the work that all Americans must, taking responsibility for himself or herself and growing up into a vibrant community? We have tried to address those issues as well.

The buzz word now people use is empowerment. I used to call it responsibility. I often have said, and I want to reiterate today, the United States government cannot create an opportunity for anyone who will not be responsible enough to seize it. Opportunity is a two-way street and requires responsibility. (Applause.) That is the only we'll every

rebuild the American community. (Applause.)

In the days and months ahead, you will see the Secretary of Education talk about his remarkable education program to provide tougher national standards in education, but also to give people at the grassroots level more flexibility in making public education work. You will see the Secretary of Agriculture and the Secretary of Housing and Urban Development talk about how we can empower even the poorest Americans to start their own businesses, save their own money and take control of their own future. You will see other people talking about how we can reform the welfare system.

All of these things are at the core of the notion that we ought to make it possible for every American to live up to the fullest of his or her God-given ability. And that is what in the end national service is all about -- helping ourselves and helping each other at the same time. (Applause.)

On this 100th day of my administration, I want to recommit myself and those who work with me to the values that have made our nation without peer in all human history, those of opportunity, responsibility, community and respect for one another.

Today I want to propose applying those values to a revolution of opportunity for our hard-pressed families and for those who have been left out. As a first step we're going to ease the terms of college loans, helping students from middle and lower-middle income families to clear a major path to the American Dream, the path of higher education. In return we'll demand responsibility from young people. We'll make it easier to borrow money and much easier to pay it off, but this time you have to pay it off. You can't just default on the loan. (Applause.) And we will also offer the young people of America the opportunity of paying their loans back by serving their communities in a new program of national service.

In just a few days I will send to the Congress two bills containing our proposals, first to strengthen college opportunity and to establish national service. Together they will revive America's commitment to community and make affordable the cost of a college education for every American. It's no secret that over the last 10 or 12 years the cost of a college education is about the only essential thing that's gone up even more rapidly than health care costs.

And middle class parents, and even upper middle class parents, not to mention lower income people, have borne the burden, paying now about five percent of median income just to put one child through a four year in-state public college. It costs an average of over \$5,200 a year for that education. That means families are depleting savings and many students are faced with cutting back to a part-time course load or having to drop

out simply because of the cost of a college education. A college dropout is now more than twice the high school dropout rate. We cannot afford that, and we can do better. (Applause.)

I propose a new way to finance college for millions of students who seek loans every year. We call it an Excel Account. With it, students can repay the loans they take out not with a percentage of the loan they borrowed, but with a percentage of their actual earnings. Now, think about that. For students driven into debt -- driven by debt into careers with high pay and low satisfaction, this can be very liberating. Take a student torn, for example, between pursuing a career in teaching and corporate law. This student now can at least make the career choice based on what he or she wants to do, and not the size of the outstanding student loan; because we propose to let everybody have the option of paying the student loan back based on how much they earn, not just how much they owe. That is an incredible incentive. (Applause.)

However, under the current system, as many of you know, students faced with big bills or just inconvenient responsibilities have too often taken the irresponsible route and defaulted on their loans, or have been found in default because they couldn't find a job. Often times there's no serious effort to collect the loan, because the government guarantees 90 percent of it. So if the bank makes the loan, it costs more than 10 percent to go collect it. What's the result? The taxpayers every year pay about \$3 billion on other people's loans -- money that could be spent on your education, on the schools here, on the future of the children here just for bad loans. It isn't right. (Applause.)

Under our system, the Department of Education would engage the Internal Revenue Service. We would have the payroll records. And you wouldn't be able to beat the bill because you would have to pay the loan back as a percentage of your income, if you choose, but you'd have to pay it because you pay taxes and because we have your records and because you won't be able to get out of it. And that is the right thing to do. (Applause.)

But these Excel Accounts are just the beginning. We hope they will lead more and more Americans not only to seize the opportunity of a college education, and to exert a stronger sense of responsibility, but also to seek to serve their communities through a program of national service. It was Thomas Jefferson who first told the American people in essence that the more you know, the more you owe. In his words -- and I quote -- "A debt of service is due from every man to his country proportioned to the bounties which nature and fortune have measured to him." This statement reminds us that values never go out of fashion, that civic responsibility is as good for democracy today as it was when Thomas Jefferson said that, and that if you really want to be the best citizen of your country, you have to give something back to your country. (Applause.)

With national service, we can literally open a new world to a new generation of Americans, where higher learning goes hand-in-hand with the higher purpose of addressing our unmet needs -- our educational, our social, our environmental needs, to secure the future that we all will share. National service will mark the start of a new era for America in which every citizen, every one of you, can become an agent of change, armed with the knowledge and experience that a college education brings. And ready to transform the world in which we live, city by city, community by community, block by block. I say to you, we need you.

You know, there's a lot of talk in America today -- and I spend hours every week worrying about the effect that automation and technology is having on employment. Indeed, as we see the productivity of American enterprises rise, their need for workers goes down because they can do more with computers that they used to do with people. So people ask me all the time, where will we find the jobs for this new generation of Americans? How can we drive this unemployment rate down? But if you look around this country at all the human problems, all the homeless people, all the environmental waste dumps in our cities and our rural areas, all the problems that we've got in every community in America; and see you all the kids that are in trouble -- 15 million of them at risk and needing somebody to pay attention to. You know where the work needs to be. (Applause.)

Late last night when I was preparing to come down here, I took a little time off at my desk and I read the letters that my staff had given me. And I got a letter from a woman who grew up with me. I've known her since we were in grade school. And she said -- in this letter, she said, you know, someone asked me a couple of days ago: How are we going to save all these kids in this country that are in trouble? And she said, without even thinking, I blurted out, the same way we lost them, one at a time. (Applause.)

And so today, my fellow Americans, I issue a call to national service, to Americans young and old, Democrats and Republicans, white, black, Hispanic, Asian and you name it, all of us that make up this great nation. I call you to national service because it is only that together we can advance a tradition rooted in our people's history, helping our people to help themselves.

And with national service, we can rejoin the citizens in communities of this country, bonding each to the other with the glue of common purpose and real patriotism.

We have many young people here today, students of this place of higher learning where we're gathered. In you, I know I see the builders of tomorrow. And I say to you, as good as the education is here, and at the other great institutions

represented here today, and all across America, the power of academic learning is incomplete unless every American can share in it. That is the only way we can lift our whole country up. (Applause.)

I say to you further that our country needs you. We need your knowledge and your initiative and your energy. We need you because you are still stripped and free of the cynicism that has paralyzed too many of your parents and your grandparents, and led us to spend too much time talking about what we can't do instead of seizing what we can. You are not afflicted by that, and I pray you never will be. (Applause.)

We need to make sure that we can use your energies and your talents. One way is by making sure that the low wages that public service often offers won't be a route to the poorhouse for someone with college loans. As I said, we're going to make it easier for you to pay off your college loan. But also, if you engage in national service, we'll make it easier for you to pay off a college debt or to earn credits toward it before you got to college or while you're in college.

For each term of service, one or two years, participants in national service programs will receive benefits that can be used toward past, present or future obligations, whether for college or advanced job training. You can get a college education and, in addition, through service perhaps the best experience of your life. That's a pretty good investment.

I've talked a lot about the students here. And they do play a large part in this plan, but they're not alone. Here in New Orleans many of you already know what it means to make a difference in your community because you've just been doing that for a long time. And I'm very proud -- as I said, I'm going to get another cheer about this, but one of the models that I had a little something to do with is the Delta Service Corps, and I appreciate what they're doing. (Applause.)

There are people here working to restore housing. There are people here working in other ways. I just want to mention three. Lawrence Williams, a team leader in the Corps who has helped to restore housing for low-income people with the local Habitat for Humanity Project. Jane Sullivan, a retired public schoolteacher and a former VISTA volunteer -- (applause) -- who helps rural communities gain better access to health care, housing and other assistance. And a young person I met just a few moments ago, Parris Moore-Brown, who works with parents in housing programs for drug awareness outreach and now plans to work with the physically challenged. She says that she has no tolerance for self-pity, and she lives what she preaches. She hasn't been slowed by what her birth dealt her -- a brittle bone disorder that has left her as an adult, and by her own measure, four feet, two and a quarter inches tall. Where are you? (Laughter and applause.) Stand up -- so we can see you.

(Applause.) After my meeting with her and the other young people today, I'd say she stands about 10 feet tall in America today.
(Applause.)

There are tens of thousands of people like Parris and Jane and Lawrence and those of you who are here with these service programs who are dying to be called to a new season of service, and we want to do that.

Another part of our plan is to build on the National and Community Service Act that was passed in 1990, and the already flourishing programs that are started and up and going in every state in this country.

National service is not going to be a federal bureaucracy; it's going to operate at the grassroots with the real problems of real people, and with the programs that work today. It will be locally driven, because I trust the communities in this country to make decisions for themselves.
(Applause.)

I also want to say that, while we want very much to have young people in this program who are working toward earning credits for college or paying their college loans off through national service, we need so many other people in service projects. We need our older people who never will go back to college, but have a lifetime of experience and energy to give to the young people of this country. (Applause.) We need young people who may not be old enough to drive a car or to qualify for this program, but can have a dramatic impact on fellow students by helping them learn better study habits or just keeping them out of trouble. (Applause.) I've learned already that as the parent of a teenager, that the peers can have a big impact on the shape and quality of a child's life. Even a child can serve in programs that now begin as early as kindergarten. We have no upper age limit in America, or lower age limit for being a good public servant.

To be successful, this national program will need the broad-based support of all the American people -- parents and children, churches and synagogues, colleges and universities, and the potential providers and the beneficiaries of our services. In this vision of national service, everyone is a partner. And that includes, of course, the business community in this country. We need businesses to contribute to the effort, to match federal money and local programs, and to contribute at the national level, helping to make sure that the programs we choose are good ones indeed.

What will set this legislation apart from other similar efforts in the past that rewarded service to our country is that it will totally eliminate the federal government bureaucracy. And, believe me, no one will miss that.
(Applause.)

We're going to set up a national service corporation that will run like a big venture capital outfit, not like a bureaucracy. And communities, as I said, will have the flexibility to make their own programs work. I think that I've seen enough today and I've heard enough of your applause to know that the American people are hungry for a chance to serve their country and to reap the rewards of civic pride and education in the process. In answering this call, our people are following a proud history. More than a century ago, President Abraham Lincoln signed the Homestead Act, and the frontier of this country was settled by countless families who took up the challenge in exchange for 100 acres to call their own.

In the 1930s, President Roosevelt enlisted millions of young people to restore the environment through the Civilian Conservation Corps. FDR gave others a chance to support themselves through the buildings made possible by the Works Project Administration. I was in the United States Justice Department just yesterday, a building built in 1934 by people who were giving service to their country, and it's still a beautiful monument to the legacy of that kind of service.

The parents of the baby boom had the GI Bill, which was one of the best investments our government ever made. A generation ago, the young people of my generation saw suffering in Latin America, Asia, and Africa, and many rushed to the challenge laid down by President Kennedy when he created the Peace Corps, which became our country's greatest ambassador -- building bridges of understanding to far off cultures. And now, three decades later, a challenge has been presented to all of you. A new challenge and an old one -- as old as America and as new as your future.

MORE

A year ago when the Democratic Leadership Council met in New Orleans, I asked -- (gap) -- the following question: I said, I want you to think about what kind of citizens you're going to be -- (gap) -- administration that this was the day the American people were empowered to renew their nation and their communities, to seize a better future for themselves, and to help all of us to be what the -- (gap) -- out of helping our fellow citizens and ourselves to become what we ought to be, this country will be all right. (Applause.)

(Applause.) Thank you very much, and God bless you all.

END2:44 P.M. CDT

Slow but Sure on National Service

President Clinton promised voters "a domestic G.I. Bill that will pledge college assistance to any student who wants it." But the national service plan he recently announced falls short of that lofty goal. Only a handful of students will participate, and they will receive a fraction of what it takes to attend private colleges.

Some are urging the President to move faster. But in the current political vortex faster is probably wrong. Mr. Clinton is already trying to ram three major bills — the budget, health care reform and the Mexican trade pact — through Congress this summer. Moreover, Congress needs his strong leadership to strengthen and pass the campaign finance legislation expected to be unveiled later this week. To add an ambitious national service plan to the Congressional agenda risks overload — and gridlock.

So Mr. Clinton has decided to start national service off slowly. That's acceptable, as long as he honors his campaign promises by accelerating the plan next year.

The Clinton plan would open college gates to more students through national service and a restructured student loan program. High school graduates who volunteer for a year or two of community service would, besides earning the minimum wage, receive awards of up to \$10,000 toward post-secondary education or training.

The award isn't large enough to pay for four years at private colleges. And the program would initially accommodate only 25,000 students — a tiny fraction of the eligible population. But a slow pace may prove wise.

Mr. Clinton's vision is grand: young Americans advancing themselves as they combat illiteracy, aid the homeless or rehabilitate housing. But if it is rushed, the program could degenerate into a government bureaucracy handing out useless jobs that

wouldn't be filled by anyone other than volunteers.

The President also proposes to open college to students who don't volunteer for community service by providing affordable student loans. The current loan program is a complex myriad of options under which commercial banks extend loans with the backing of Federal guarantees and subsidies.

Mr. Clinton's would simplify the process by having the Government directly lend to students, thereby cutting out the banks and saving money. The plan would also give students the option to tie repayment to their future income — thereby eliminating the fear of bankruptcy for those who enter low-paid occupations. Whether the plan would work smoothly depends on details that have yet to be provided.

President Clinton's student loan program would be simpler than the current program. But it may not be cheaper. The money saved by eliminating bank profits could easily be swallowed up by bloated bureaucracy and less vigilant collection from deadbeats. And there are ways to cut out fat from the existing program — by reducing the subsidies paid to the banks and forcing them to bear more of the risk from student defaults.

What's odd is Mr. Clinton's decision to revamp the system even before the results of a pilot project of direct lending is studied. Surely it would make sense to see how the program works on a small scale before launching it nationwide.

The President's vision draws on the inspiring model of the G.I. Bill of Rights, which put millions of World War II veterans into college classrooms and made them the best educated, and most productive, workers American has ever had. His plan isn't up to that standard — yet. But Mr. Clinton is on to something important — an idea that is fully consistent with his campaign pledge to fashion government programs that help the needy only in exchange for performance. This worthy endeavor need not be rushed.

CLINTON PROPOSES SERVICE PROGRAM TO AID STUDENTS

National Service Plan

\$10,000 per student in school grants would be available in return for community work (\$5,000 per year of service).

Students would also be paid at least the minimum wage, and receive health care and child care assistance if needed.

25,000 students would take part in 1994, working in human services, education, the environment and safety.

Student Loan Overhaul

MONEY would be lent to students directly by the Government.

REPAYMENT would be based on a percentage of a worker's income. Those with lower-income jobs would have longer to pay.

WAGE WITHHOLDING might be used by the Internal Revenue Service to enforce loan collection.

ALSO URGES LENDING

\$10,000 Grants Planned in Return for 2 Years in Community Jobs

By **THOMAS L. FRIEDMAN**

Special to The New York Times

NEW ORLEANS, April 30 — President Clinton outlined a plan today to overhaul the way Americans pay for college, offering students up to \$10,000 for college or vocational training in return for two years of community service. In addition, he would change the student loan program to allow students to borrow money directly from the Government.

Mr. Clinton unveiled the aid program — a central promise of his campaign, with great appeal to middle-class voters — to a cheering audience of students at the University of New Orleans, saying that if adopted by Congress, it would "revive America's commitment to community and make affordable the cost of a college education for every American."

G.I. Bill of the 90's?

He said his National Service Trust Act would be to the 1990's what the G.I. Bill was for the 1950's and the Peace Corps was for the 1960's — the place "where higher learning goes hand in hand with the higher purpose of addressing our unmet needs."

If Congress passes the national service bill this year, Mr. Clinton said, the program can start in 1994. The National Service budget calls for \$400 million in 1994, which would cover about 25,000 community service jobs, rising to \$3.4 billion a year for 150,000 participants in 1997.

They would do minimum-wage jobs in education, the environment, public safety and human services. On top of their wages, about \$8,500 a year, they would get \$5,000 a year to repay college loans or otherwise pay for education and training.

Bypassing Banks

The other major component of the aid program, to be introduced as a separate bill, is direct student loans from the Federal Government. Such loans are now guaranteed by the Government but made by banks, which earn a profit on the interest. The President said direct aid would eliminate bank profits, making loans available at lower rates.

In 1992, banks made \$13.6 billion in federally insured student loans. Administration officials estimate that demand for such loans could rise to \$20 billion to \$25 billion a year after five years. The Government would raise the money it lends in the bond market, not from taxes.

The legislation will include a proposal to allow graduates to repay tuition loans at a monthly rate linked to their income, thereby reducing defaults and encouraging graduates to

Continued on Page 10, Column 1

Clinton Offers New Plan To Aid College Students

Continued From Page 1

take low-paying community service jobs. The payments would be collected through the Internal Revenue Service, Mr. Clinton said, most likely through payroll deductions or as part of income tax filings.

Contrary Opinions

Administration officials said they were cautiously optimistic that the plan would have bipartisan support in Congress, but early reaction was mixed.

"The President's plan gets two A's from me because it makes a college education or better job training more affordable and accessible to our young people and our workers," said Representative William D. Ford, of Michigan, chairman of the House Education and Labor Committee.

But Representative Marge Roukema of New Jersey, the senior Republican on Mr. Ford's committee, said the President "should be concentrating on reducing the deficit, instead of proposing new multibillion-dollar entitlement programs."

The night before his announcement, Mr. Clinton decided to slash the compensation for community service from a maximum of \$13,000 for two years'

Assistance that appeals to the middle-class.

work to \$10,000, in hopes of pre-empting complaints from Republicans about costs, and to deal with Pentagon concerns that too much cash would lure young people away from the military which has its own scholarship program in return for service.

Mr. Clinton said his proposal, which is the work of Eli Segal, the director of the White House national service bureau, had been designed to put as much of the bureaucratic burden as possible on state and local institutions.

Bones of the Program

It would work as follows: A National Service Corporation would be set up by the Government to allocate National Service slots to states, which would allot them to community service groups and municipalities.

The number of a state's slots would be based on population, but the Administration hopes to encourage competi-

tion by giving states the opportunity to to get more if they come up with creative ideas. The states would decide which groups would get slots and the National Service Corporation in Washington will simply ratify the choices.

A community service program authorized for three slots, for instance, can make this offer to three people ages 17 years or older: If they will work for the minimum wage of \$4.25 an hour for one year, the national service trust fund will provide up to \$5,000 toward their tuition, room and board. That money, if used for tuition payments, would be paid by the Government directly to the college of the student's choice; money for loan repayment for former students would be made directly to the bank.

Anyone could volunteer for national service and receive the grants regardless of family income. If a volunteer works for two years, the government would pay \$10,000 toward his education, the maximum available under the program. The money must be used for education within five years of the service work. The Federal government would also pay 85 percent of the \$4.25 minimum wage — roughly \$6,000 a year per person — with state and local authorities expected to pick up the rest.

The states would be responsible for monitoring the local service organizations to prevent fraud, and the National Service Corporation would also have its own inspector general to monitor the programs. Any program caught in fraud would be removed.

As for the student loan programs, Mr. Clinton proposed two fundamental changes. The first is the establishment of what is being called one-stop direct student loans. Student loans are now provided by commercial banks at below-market interest rates and guaranteed by the Government. When students default, the Government pays the banks; defaults cost the Government about \$3 billion a year.

Under the new program detailed by Mr. Clinton today, the Federal Government would provide a pool of public money for student loans, replacing the private capital being provided by commercial banks. The government would grant student loans, with colleges and vocational schools working as the middlemen. Mr. Clinton said he would like to phase in this program, beginning with roughly \$500 million in loan capital for fiscal 1994 and eventually growing to cover all loans by 1997.

The commercial banking industry is expected to fight this proposal.

Mr. Clinton argued that in the long run this program would save taxpayers money, primarily because the gov-

The National Service Plan



Who is eligible?

High school graduates and those with a General Equivalency Diploma, 17 or older, can qualify for school grants in return for community service.

How long will participants serve?

At least one year of full-time service.

How much are the awards worth?

Awards of \$5,000 will be paid for each year of service; students can choose one or two years. The money could be used to repay college loans, or to pay for other education or training. Students would also receive at least minimum-wage stipends, along with health care and child care assistance if needed.

What kinds of jobs will be available?

Service will be in four broad areas. Here are examples:

Education: Assisting teachers in Head Start or in classrooms.

The Environment: Working on recycling or conservation projects.

Human services: Providing care to homebound elderly. Helping to build housing for the homeless.

Public safety: Teaching drug education seminars. Serving as a community service officer with a police department.

ernment will no longer have to extend a subsidy to commercial banks to keep the loans below market rate, because bank profits will be taken out of the equation and because the Government can borrow money for student loans more cheaply than banks can. The loan program is intended to pay for itself.

In the 1991-92 school year, annual costs — tuition, room, board, books and expenses — at four-year public institutions averaged \$7,584, according to the College Board, while the costs of four-year private institutions averaged \$16,292.

The last program Mr. Clinton unveiled is called Excel Accounts, under

which the Government would provide all students with the opportunity to pay back their student loans as a percentage of their income over time; the less the graduate makes, the more time he has to pay off the loan. The value of this program, he said, is that graduates, freed from the pressure of large loan payments, would be encouraged to take low-paying public service jobs.

Mr. Clinton directed the Secretaries of the Treasury and Education to come up with a plan for I.R.S. collection of student loans, through wage withholdings or some other means, to reduce defaults and simplify the system for borrowers.