

years of graduating from high school.<sup>1</sup> Just under half of those students would be expected to still be enrolled by the fourth year of college.<sup>2</sup> With a successful early intervention program, the Education Department's estimates assume that college enrollment rates for this population could be increased so that they matched the enrollment rates for students at schools with 31-50 percent low-income students -- an increase of 8 percentage points, to 53 percent.)

While this increase in enrollment may seem low, college is only one of the intended outcomes of early intervention programs. They also seek to promote high school completion, job readiness, and lower incidence of drug abuse and delinquent behavior.

Rep. Fattah introduced his bill on February 13. As of August 21, he had 103 cosponsors, including nine Republicans (Christopher Shays, Ken Calvert, J.C. Watts, Jr., Richard Baker, Joe Scarborough, David McIntosh, David Dreier, Zack Wamp, and James Greenwood). On June 5, he testified before the House Education and the Workforce Committee's postsecondary subcommittee and received a warm reception from both sides of the aisle. The House hopes to move a bill reauthorizing the Higher Education Act by the end of this year. No companion for the Fattah bill has been introduced in the Senate.

An article in the *Chronicle of Higher Education* on July 11 noted the bipartisan support for the concepts in Rep. Fattah's bill, but also cited specific concerns that:

- it does not provide funding for the support services (tutoring, mentoring, etc.) that are needed for the proposal to be successful;
- it may guarantee help to too many non-needy students; and,
- it is a new entitlement, which many would oppose solely on that basis.

## ANALYSIS

There are a number of issues and concerns to consider with respect to the Fattah legislation:

### 1. Inefficient targeting and higher-than-expected cost

Supporters have argued that virtually any student at a high-poverty school probably would have qualified for a full Pell Grant anyway, even without the guarantee -- therefore, the program only costs money if it is *successful* in encouraging youth to go to college. The data do not bear this out: more than half of the cost of this program would be for students who would have gone

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<sup>1</sup> 21 percent at four-year colleges, 19 percent at less-than-4-year public institutions (mostly community colleges), and 5 percent at less-than-4-year private institutions (mostly proprietary trade schools).

<sup>2</sup> 83 percent would be retained in the second year, 67 percent in the third year, and 48 percent in the fourth year, based on data from the Beginning Postsecondary Student Survey.

to college anyway but wouldn't have gotten as much aid as the guarantee is providing. It appears that many families who are poor when their children are in middle school, improve their financial situation somewhat by the time their children graduate from high school. In addition, the students who go to college are more likely to be from the relatively higher income families. The Education Department estimates that the outlays associated with the first cohort of sixth graders would be \$2.45 billion. These outlays (which begin in the 2005-6 school year and are spread over the following three years) would be composed of:

- \$761 million, or 31%, for Pell Grant amounts that would have been spent anyway on these students who would have gone to college anyway;
- \$370 million, or 15%, for students who attend college **because of** the promised aid (students induced by the program); and,
- \$1,320 million, or 54%, for additional aid provided to students who would have gone to college anyway but would not have been eligible for the full \$3,000 (or would not have received a Pell Grant at all).

The *added* cost, therefore, from this first group of sixth graders, is \$1.7 billion over four years. (Viewed on an annual budget basis rather than by cohort, as each of the first four cohorts get phased in, the added annual outlays will increase to \$1.7 billion by the fourth year after the first group graduates high school and attends college, then will increase each year roughly by inflation.) *More than three times as much additional money is spent on students who already would have attended college than is spent on those who attend college because of the aid.*

## 2. Need for additional support services

Research has shown that mentoring, counseling, tutoring and support services are *essential* to prevent students from dropping out of school and to increase their academic preparation and aspirations that lead to college. Rep. Fattah's proposal does not expand the availability of early intervention services (it simply makes participants eligible for the few programs we fund now, which serve only a small fraction of the current eligible population and concentrate on students in high school). But without those services, the early Pell Grant promise *probably will not have a significant impact*. The I Have a Dream program estimates that the support services for each new cohort, provided primarily by volunteers, cost about \$150,000 for a coordinator and other expenses. For the 7,300 high-poverty schools, the cost of this type of program of support services would be \$1 billion (per year). Education thinks this estimate is low.

## 3. The issue of a new entitlement

The Fattah legislation is written as an entitlement, and in order to comply with the budget

agreement, the proposal would at least need to remain on the mandatory side of the budget.<sup>3</sup> As an entitlement, the proposal could be portrayed as (1) another potential area of runaway spending, and (2) a gimmick to provide promises now for spending that is outside the 5-year budget window.

#### 4. Inequities and perverse incentives

As with empowerment zones and any other effort to draw a line around a "very" poor area, there will be some apparent inequities. A school with 76 percent poverty will get the benefit, while a 73 percent poverty school nearby will be denied it. In addition, school populations change, so a school may be part of the program one year, then be denied the next.

In addition, there would be inequities among students at a school: Most sixth graders attend a different school within 1-3 years. At most of the higher-poverty junior high and high schools, not all of the students will have come from the highest-poverty elementary schools. There could be some odd incentives as well. If a student who attends a particular school for one part of one year can get a promise of at least \$14,000 in grant aid, someone will find a way to game the system. It may even create incentives for further concentration of poverty in order to provide the Pell Grant promise to poor students who had attended a school with a lower concentration of poverty.

#### 5. Entitlement without Accountability

Some of your advisors object to providing expanded college aid without demanding more from students (and schools) before they reach college. The Fattah proposal does not require any particular level of achievement or high-skill curriculum. Indeed, it does not even require high school graduation (since Pell Grants are available to non-high school graduates for job training and remedial courses in some circumstances).

### OPTIONS

We have been in constant communication with Rep. Fattah. He is aware of some of the problems with his legislation, and he agrees that it needs to be better targeted. He has suggested that the "promise" of aid consist of both grants *and loans*, so that it does not go beyond an amount that virtually any student would be eligible for already. If that is the goal, then a total of "at least \$21,000" over four years is plausible.<sup>4</sup> The poorest students might receive \$12,000 in

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<sup>3</sup> The "promise" of aid would count as budget authority in the year that the promise is made, even if the student never uses the promised aid. If the program was on the discretionary side, this BA would need to be counted within the Function 500 limits. Given that much of the BA will never result in outlays, this would not be a priority use of the scarce funds.

<sup>4</sup>The \$21,000 minimum is derived as follows: Dependent students are eligible for \$17,125 in loans over four years (independent students are eligible for more). The family would also be eligible for either (1) two \$1,500 HOPE Scholarships and two \$500 Lifetime Learning Credits (on \$2,500 tuition in each of the junior and senior

Pell Grants and could borrow up to \$17,000 more, for a total of \$29,000. Higher income students would be eligible for \$17,000 in loans and at least \$4,000 in tax credits.

Using that idea of a grant-loan mix, the options below present progressively more intensive efforts to deliver a strong message about college opportunity to children at high-poverty schools.

**1. SPECIAL TARGETING IN A NATIONAL CAMPAIGN.** As part of the State-of-the-Union process, we already plan to propose a national campaign to deliver the message to *all* Americans that through the new tax breaks, the Pell Grant increases, and the improvements in the loan programs, *everyone* has access to college. This campaign might include: identifying a dollar amount to publicize (such as the \$21,000); public service announcements; easy worksheets for estimating aid eligibility; satellite town halls; kits for schools; more information on the web, and other ideas. The overall message would be that anyone who wants to go to college or get job training, can. I will be working with DPC and the Education and Treasury Departments on the possible details of that national campaign.

**Targeting to poor schools.** As a part of the national campaign, this option would adopt Rep. Fattah's idea of zeroing in on students at *high-poverty middle schools* for special attention. This approach might involve:

- **21st Century Scholars.** Students at these high-poverty would be designated as "21st Century Scholars" *if* they and their parents or guardians participate in a college-aid workshop that informs families of both financial aid opportunities *and* the classes they need to take to be eligible for, and to succeed in, college. Personalized certificates, signed by you or Secretary Riley, would indicate the student's eligibility for at least \$21,000 in student aid for four years of college. The attendance at a workshop is consistent with the Education Department's booklet, *Getting Ready for College Early*, which you mentioned in your back-to-school radio address, and ensures that students are taking responsibility when they are designated as 21st Century Scholars.
- **Workshops.** We could contract with national or regional organizations to make a sweep of the country's neediest schools with a personal but high-tech presentation for school and/or parent assemblies. A lower-cost approach would provide schools with videos and materials to make provide the workshops themselves, and to reward participation (and the signing of pledges) with the 21st Century Scholars certificates.

**Cost:** Much could be done with current resources and with private sector partners. Some additional funding, on the order of \$20 million, would help to make sure that some of the more people-intensive efforts (such as presentations at schools) could occur.

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years), or, in the case of a poor family, at least \$4,000 in total Pell Grants over four years.

**2. GUARANTEEING AID TO STUDENTS.** This is the same as option 1, except that the \$21,000 is not simply a statement about current programs, it is a *guarantee* that the funds will be there in 6-10 years when the student goes to college.<sup>5</sup> In my conversations with Congressman Fattah, he has made it clear that he feels there needs to be an “absolute guarantee, without equivocation,” for the effort to be most meaningful to poor families.

A promise that does not exceed current loan eligibility does eliminate some of the budgeting problems (most notably, the need to count budget authority on the discretionary side, since loans are an entitlement). While the budget authority for a firm promise would appear in the budget, it would not affect the deficit, so it would not be subject to PAYGO rules. There could be some consequences as far as Congressional budget rules, but if the change is made in the context of the reauthorization of the Higher Education Act, it would not present a major hurdle.

On the other hand, a promise could require significant record-keeping for many years and complex budgeting to determine which borrowers were using a promise and which weren't. Given that there is virtually no chance that loan limits will be lower after 2005 than they are today, this involves a great deal of work with no actual payoff for the students. Furthermore, pushing for a “promise” could undermine our message that we have *already* guaranteed universal access to higher education through HOPE and the financial aid programs.

**3. MENTORING AND SUPPORT.** This option would combine option 1 or 2 with grants to promote strong partnerships between colleges and high-poverty schools. Through these partnerships, colleges can encourage students (and their families) to choose a demanding academic program, while the college provides academic enrichment and intensive mentoring, tutoring and other support services.

There is no question but that intensive intervention programs work. At the high school level, the largest of the Education Department's “TRIO” programs, Upward Bound, provides grants to colleges and community groups for small programs that provide high school students with academic enrichment, a summer college experience, and other services. The investment pays off: a scientific (random assignment) evaluation shows that Upward Bound increased academic preparation for college. **And the results were particularly impressive for Hispanic students.**

Eugene Lang, the founder of the I Have a Dream program, has found that while the promise of college aid is a good hook, the mentoring that his programs provide is critical to success. Other evaluations, and recommendations from the College Board and others, echo this view.

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<sup>5</sup>If used in the context of a guarantee, the \$21,000 might need to be a five-year promise so that it could include loans only. (I would want to involve Treasury in the discussion of whether a tax credit could be guaranteed for a future year).

The main drawback of these intervention programs is that they are costly -- to reach a large number of schools requires an investment in the hundreds of millions of dollars. (An initial investment of \$200 million, growing in later years, would reach the 7th grade cohort at an estimated 1180 schools).<sup>6</sup> Rep. Fattah agrees that this type of an effort is very important, but he did not include it in his legislation because he did not feel in a position to ensure the funds would be appropriated. Financing options are presented separately in the appendix at the end of this memo.

*If* you decide to go this route, we would recommend promoting strong partnerships between colleges and high-poverty schools. Through these partnerships, colleges can encourage students (and their families) to choose a demanding academic program, while the college provides academic enrichment and intensive mentoring, tutoring and other support services.

College involvement is important because they have the tools, the expertise, and the stability to commit to a long-term project, and to provide the monitoring needed to ensure its success. Furthermore, in light of our efforts to address *Hopwood*, it is important to present colleges with a challenge to work with high-poverty (often high-minority) schools to expand the pool of minority students who are well-prepared for college.

Colleges know the type of academic preparation they need, so they are in a good position to work with high-poverty schools to improve and supplement their curriculum, to prepare students for success in college. While in some cases mentoring might be provided by undergraduate students, universities also can tap alumni, businesses, and other community resources to get serious commitments of time for the effort. Finally, it is critical that there always be a full-time, serious and energetic coordinator running the efforts. (Because some areas of the country may have difficulty finding a college partner, the program would need to have an exception for extraordinary circumstances, or for businesses and non-profit organizations with a clear record of success).

Under this approach, the Federal government would promote partnerships between colleges and high-poverty schools or school districts. These would consist of:

- **Partners:** Each partnership would at least include a high-poverty high school, its feeder schools, and a degree-granting institution of higher education. Most would also include businesses and/or a community groups which may provide supplemental funds and/or

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<sup>6</sup>The average high-poverty school with a seventh grade (middle schools, junior high schools, and some K-8 and 7-12 schools) has 113 students in the seventh grade class. An intensive program without the residential summer component of Upward Bound, and focusing on *all* students rather than a select group, would cost roughly \$2,000 per student at the middle school level. Average first-year funding for a partnership that focuses on just the seventh grade cohort would cost about \$226,000. Adding a second cohort in the eighth grade would double the cost to \$452,000. After eighth grade, the number of participants would drop substantially for a variety of reasons, so it would be possible to ramp up funding more slowly each year (perhaps \$100,000) until all cohorts are being served (grades 7-12) at a cost of \$852,000 per year. If colleges or private sector partners are asked to absorb at least one-fourth of the cost of the program in the first year, \$200 million in FY 1999 would cover 1180 schools (with more than 133,000 students, or one-third of the students in schools with more than 75 percent poverty).

may be a source of mentors and other assistance for the children.

- **An Academic Plan:** The middle and high schools would agree to offer a curriculum that prepares students for college.
- **Support Services:** The college would agree to provide structured, long-term supplemental academic enrichment, mentoring, tutoring, and other assistance to all students starting not later than the eighth grade.
- **Financial Aid information and bonus:** The partnership would provide financial aid counseling, and could provide financial incentives for students to stick with the program, take the right classes and/or to get good grades. (In some existing programs, colleges guarantee admittance and aid if students reach certain goals in high school).

## PROs and CONs

### 1. TARGETED INFORMATION CAMPAIGN

#### Arguments for option 1:

- An education effort has never really been tried. Personalized certificates and creative, helpful workshops would go a long way in making families realize they can go to college, and understanding what it takes to get there.
- The campaign could begin without any additional Congressional action (although ultimately some funding would be needed).

#### Arguments against option 1:

- It's not enough.
- Rep. Fattah, the lead proponent of this type of effort, strongly feels that it takes a true *guarantee* of aid to really make a difference with poor families.

### 2. A GUARANTEE OF AID

#### Arguments for option 2:

- The aid is an iron-clad guarantee, enforceable in court, allowing us to tell families that they can *absolutely* count on the help.
- A guarantee is more likely to bring with it the strong support of Rep. Fattah and

his 103 cosponsors. If there are technical issues that need to be addressed, it can be modified later.

#### **Arguments against option 2:**

- Families are not likely to focus on the subtle difference between an absolute guarantee and the promise-like certificate under option 1. (Federal employees don't have an *absolute* guarantee to their retirement benefits, but most still consider it a promise. Conversely, even if Social Security was turned into an iron-clad promise, many would still question whether it will be there for them).
- Offering a "guarantee" detracts from our message that we have *already* opened up college opportunity to *all*. If this aspect drew significant attention, a push in Congress to lock in aid for some would create the impression among those who don't get the promise that financial aid is not secure.
- It would require Congressional action to begin any campaign that include a guarantee as a component.

### **3. MENTORING AND SUPPORT**

#### **Arguments for option 3:**

- We know these programs work. Most of our focus has been on young children or college students. This targets kids 12-16 years old in a way designed to encourage them to seriously consider, and prepare for, college.
- Because minorities are more prevalent in high-poverty schools, this provides a race-neutral way of building the pool of qualified minority applicants for college.
- A real investment of resources would help secure Rep. Fattah's support and would please core Democrats as well as pundits (perhaps even some conservatives who see this type of approach as preferable to affirmative action).
- This would be a good demonstration of the Democratic agenda for improving public schools.

#### **Arguments against option 3:**

- Reaching even one-third of the high-poverty schools identified by Fattah requires a significant investment of resources.
- Some would suggest that if we have an extra \$200 to \$400 million a year we should add it to existing initiatives such as reading, standards, or Head Start.

## RECOMMENDATIONS

### *Issue: Guarantee or no guarantee:*

All of your advisors support an information campaign targeted to high-poverty schools, including providing a personalized certificate indicating financial aid eligibility.

DPC, Education, and OMB do *not* support the guarantee. They argue that pushing for the promise would detract from the message of universal access, and would add administrative complexity. They feel that a strong statement can be made about universal eligibility for a specific amount of money without the need for a guarantee.

Given that we have been working with Rep. Fattah on this topic, my view is that we should present our proposal in a way that he supports so that he works to bring on his 103 supporters to our plan enthusiastically. We can emphasize our investment in early intervention, and not push the technical "guarantee" very hard in the press. If it proves to be problematic or unpopular once the legislation starts to move, it could easily be dropped later.

### *Issue: Timing and nature of an early intervention announcement/decision*

Normally, consideration of a large new initiative would be done during the budget process, when it can be weighed against competing alternatives. However, you have expressed a desire to announce a proposal like this during the Fall. The options and recommendations are:

(A) Announcement in December-February. Wait until the State of the Union and the FY 1999 Budget process to announce anything on early intervention. OMB wishes to stress the difficulty of making this decision outside of the budget process, and recommends waiting until this can be weighed against other pressing items. Saving it for the State of the Union would also allow you to reach a broader audience.

(B) Announcement in the Fall with specific policies. Commit to the 21st Century Scholars approach and funding for early intervention that is significant (such as \$150-\$200 million), but could fit in the FY 1999 Budget without too much danger. The advantage is that you could show action on education in the Fall, and it fits with the race initiative. The disadvantage is the difficulty of deciding amounts outside of the budget process.

(C) Announcement in the Fall without a specific dollar commitment. Announce that the FY 1999 Budget will include "a significant investment" in early intervention, and that we will spend the next three months working with college presidents to determine how to maximize the involvement of their campuses and the effectiveness of the effort.

## APPENDIX: FINANCING APPROACHES FOR EARLY INTERVENTION

There are several ways that we could require or encourage colleges to reach out to schools to create partnerships. These options are not mutually exclusive.

(a) **FY 1999 Funding of at least \$200 million.** As described under option 3, an appropriation of \$200 could fund the first year of an effort reaching 1180 middle schools. Colleges would need to cover 25 percent of the costs of the programs in the first year (rising in later years), but could use work-study to satisfy that matching requirement. There would be a waiver of the match for colleges in some circumstances.

(b) **A Mandate.** Colleges benefit enormously from their participation in the Federal student aid programs. Since they use the Pell Grant program to attract and retain low-income students, it is not unreasonable to expect that they make at least a minimal effort to help ensure that the pool of Pell recipients are prepared to succeed *before* entering college (so as to help maximize the federal Pell investment). While we could not easily require any particular level of effort or type of program, we could **require that they have some sort of effort to reach out and provide support to low-income students and families.** This would symbolize our position that colleges have a responsibility to do more.

(c) **Using the Perkins Loan funds.** 2600 institutions of higher education<sup>7</sup> currently administer a total of \$6.8 billion in Perkins Loan revolving funds (formerly known as NDSL, National Defense Student Loans). These funds have built up from Federal contributions and matching funds over the past 40 years. Each year, about \$900 million is repaid by students and becomes available to lend again. With the expansion of loan limits and eligibility in the Direct and Guaranteed programs over the past few years, Perkins has diminished in importance (the other programs are 30 times larger), but political inertia has kept it alive. Your budgets have alternately proposed cutting or straight-lining any new Federal contributions (for FY 1998 you proposed level funding at \$158 million).

**Colleges could be allowed to spend these funds to create or expand early intervention partnerships with schools.** Many might choose to do so, because (1) the program is not as needed as it used to be, (2) it is expensive to administer (the colleges pay for collection of the loans), and (3) the colleges give lip service to early intervention and this would give them the opportunity to put money where their mouths are.

Like the work-study component of America Reads, you could challenge colleges to participate, while also providing a way for them to more easily pay for it. We could start with a steering committee of college presidents who pave the way and encourage their colleagues to sign on. If we got colleges with half of the funds (much is concentrated in some of the large universities) to commit half of that to early intervention, that would represent more than a \$200

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<sup>7</sup>Most of the funds -- \$6.4 billion -- are with four-year public and private institutions. The remainder is with trade schools and community colleges.

million investment in the first year (with the available funds diminishing over time).

THE WHITE HOUSE  
WASHINGTON

September 23, 1997

EK/Mike — (1st page only)  
I don't find this  
very convincing. Shd  
only do on the cheap.  
-BR

**MEMORANDUM TO:** SECRETARY RILEY  
DIRECTOR RAINES  
BRUCE REED

**FROM:** GENE SPERLING

**RE:** TWENTY-FIRST CENTURY SCHOLARS ACT

As you know, the President has expressed interest in Rep. Chaka Fattah's legislation that would guarantee Pell Grants to sixth graders at high-poverty schools. The attached draft memorandum is a reply to the President's request for an analysis and recommendations. Based on very good input we have received from members of the NEC, DPC, Education, and OMB, we have come up with policy-vetted options, some more narrow and some broader than Rep. Fattah's initial proposal.

I will be contacting you shortly to set a time for us, and those listed below, to discuss the memo before it is finalized.

CC: Mr. Bowles  
Secretary Rubin  
Dr. Yellen  
Ms. Mathews  
Mr. Podesta  
Mr. Klain  
Mr. Hilley  
Deputy Secretary Summers  
Acting Deputy Secretary Smith  
Mr. Lew  
Ms. Kagan  
Ms. Winston  
Mr. Cohen  
Mr. Shireman

ca EK  
Jose  
Tom

[SPERLING DRAFT: 9/23]

## INTRODUCTION

A number of private programs have had success in improving educational outcomes for impoverished youth by guaranteeing -- at an early age -- that the money will be there for college if they choose to go. These programs are based on the theory that middle- and upper-class families benefit enormously from the family and school expectation that they will be graduating from high school and attending college. At high-poverty schools, where dropout rates are high and few parents have college degrees, these expectations are absent. These early intervention programs aim to change those expectations. Many of the programs stress that, while the financial aid is an important hook for the child and family, additional mentoring, tutoring, and other support services are a key to success.

Rep. Chaka Fattah (D-Penn.) has introduced legislation to establish a large-scale, national effort of this type. He would guarantee a maximum Pell Grant to all of the children graduating from high-poverty elementary schools (at least 75% poverty). The "21st Century Scholars Act" would provide these students with:

- an entitlement to four years of the maximum Pell Grant at the time the promise is made or at the time the student attends college, whichever amount is higher;
- an annual notice from the Department of Education reminding the student and family of the future availability of the college aid; and,
- automatic *eligibility* for services under current (TRIO) early intervention, mentoring, counseling and other services.

The Education Department estimates that the Fattah legislation would apply to 7,300 schools with about 500,000 sixth graders each year (approximately 15% of the national total). Assuming inflation-based increases in the maximum Pell Grant, each of these students in the sixth grade in 1998-99 would be promised a total of almost \$14,000 in aid over four years.

The Department estimates that on average, this type of program could increase college participation rates by this population by about 8 percentage points, meaning that just over half of the students would use all or a portion of the promised aid. (Without this program, 45 percent of these students would be expected to enroll in some type of postsecondary education within two

## FY 1998 APPROPRIATIONS BILLS: LANGUAGE ISSUES

### ***AGRICULTURE/RURAL DEVELOPMENT***

Research Function Transfer: The Conference report contains the objectionable House provision that would transfer the Food Stamps and child nutrition research and policy analysis function from the Food and Consumer Service (FCS) to the Economic Research Service (ERS). The FCS function deals with analysis of poverty programs and issues and plays a vital role in maintaining and improving the operation of these programs. The ERS function deals with farm issues.

Dairy Study: The Conference report requires OMB to undertake a comprehensive study of the Northeast Dairy Compact by December 31, 1997. The provision does not take into account OMB's workload associated with preparing the President's FY 1999 Budget, lack of funding for such a study, and incompatible parameters for the study given by competing factions in Congress.

Agriculture Questions/Responses: The Conference report prohibits use of funds made available to the Department of Agriculture to transmit or otherwise make available to any non-Agriculture employee questions or responses to questions that are a result of information requested for appropriations hearings process.

### ***COMMERCE/JUSTICE/STATE***

Decennial Census - Sampling/Fencing Resources: House prohibits sampling and fences resources pending authorization.

Reimbursement of Legal Fees: Hyde amendment expected striking Murtha language requiring payment for Members and staff upon acquittal or dismissal and substituting language requiring Justice to pay legal fees (up to a reasonable level) in certain Federally litigated criminal cases of any defendant who is not convicted, unless the judge determines that case was "substantially justified."

Judiciary - Ninth Circuit: Senate bill requires the split of the Ninth Circuit.

FBI Personnel Requirements: Senate bill exempts FBI from Title 5 personnel laws and regulations and from OPM oversight.

INS Political Appointees and Legislative Affairs/Public Affairs Offices: Both the House and Senate versions of the bills lower permissible INS political appointees. Also, the House and Senate reports accompanying the bill reduce INS' Legislative Affairs/Public Affairs offices.

Restrictions on ATP Awards/Manufacturing Centers : House language caps new awards; House language does not allow Federal funding for six manufacturing centers.

## ***DEFENSE***

Bosnia: House bill contains objectionable language (section 8102) including requirement to withdraw from Bosnia by a date certain. Senate has no limitation.

## ***DISTRICT OF COLUMBIA***

Abortion: Both the House and Senate prohibit the use of both Federal and District funds for abortions except in cases of rape, incest, or endangerment to the life of the mother.

School Vouchers: The House authorizes the use of Federal funds to pay for private school (and other) vouchers and provides \$7 million for this purpose. A similar Senate amendment is expected.

Restrictions on D.C. Funding: (House bill and report language not yet available.) The House Subcommittee bill contains a number of provisions that condition or restrict the use of District funds. Specifically, the House Subcommittee bill contains language that would require a 10-percent cut from the FY 1997 FTE level and cap expenditures to provide \$300 million for deficit financing and a taxpayer relief fund. The House Subcommittee bill would also waive the application of the Davis-Bacon Act to construction and repair work for District of Columbia schools.

Repeal Closure of Pennsylvania Avenue: The House Subcommittee bill would repeal the May 1995 Treasury decision to close Pennsylvania Avenue between 15th and 17th Streets, N.W.

D.C. Courts and Offender Services: The House Subcommittee bill includes language funding courts and offender services as a pass-through using OMB's budget, rather than either the State Justice Institute or the Administrative Office of the U.S. Courts.

D.C. Court Fines and Fees: Neither House nor Senate provides for the use of fines/fees collected by D.C. Courts to supplement appropriations for operating expenses (estimated at \$7-8 million).

## ***ENERGY/WATER DEVELOPMENT***

New Generation Internet: There is a House and Senate prohibition on Department of Energy participation.

## ***FOREIGN OPERATIONS***

"Mexico City" Population Planning Restrictions: House bill includes prohibition on U.S. funds from going to any family planning organization conducting or promoting abortions even if it uses its own funds and effectively terminates assistance to the UN family planning program.

Earmarks: The Senate bill has numerous funding earmarks and sub-earmarks, particularly for programs in the New Independent States and for development assistance.

Restrictions on Aid to Russia: Both House and Senate bills condition obligating aid for Russia on its not transferring nuclear and missile technology to Iran, with the House bill allowing a national security interest waiver for 50% of the assistance. The Senate bill also conditions aid to the Russian government on there being no law discriminating against religious minorities.

Restrictions on Assistance to the Palestinian Authority: Both House and Senate place restrictions on obligating aid to the Authority. Secretary Albright is preparing a position on this issue.

Restrictions on aid to Ukraine: Both House and Senate bills condition obligating aid to Ukraine on steps to reduce corruption, privatize agribusiness and settle commercial disputes with U.S. firms.

Restrictions on Aid to Cambodia: House bill bans all aid to Cambodia, and Senate bill sets numerous conditions on non-humanitarian aid (e.g. must have freely elected government).

Bosnia-Related War Crimes Restrictions: Both bills deny aid to governments that harbor persons indicted by the Bosnia war crimes tribunal.

Diversion of Narcotics Aid: House report language diverts \$25 million in narcotics and crime funds for use in Bosnia.

NIS funding transfer to Eximbank: The Senate bill provides the requested authority to transfer NIS funds to Eximbank for lending to those countries but undesirably caps the amount at \$22 million.

## ***INTERIOR***

Native American Riders: In Tuesday, 9/16, Floor action, Senate removed two riders: requiring means-test distribution for Tribal Priority Allocation funds and waiving sovereign immunity. The Senate replaced means-testing with a task force to make the distribution of TPA funds over the FY 1997 level (an improvement, but Interior is still reviewing for potential problems). Language remains that would limit the ability of sovereign Alaskan tribes to exercise their self-determination rights as to how health services are provided.

Land Acquisition (BBA issue): Budget agreement included \$700 million; House does not fund; Senate funds fully with two authorization requirements (Headwaters/New World Mine).

Environmental Riders: House includes a rider requiring additional analyses on Columbia Basin project. Senate bill includes prohibition on Forest Service land management plan updates, and a prohibition on reintroduction of grizzly bears. The Senate replaced a prohibition on an ongoing rule-making on hardrock mining with a requirement that Interior consult with governors of potentially-affected States prior to amending the rule (an acceptable alternative).

Timber Roads: Administration proposed to eliminate "Purchaser Road Credit Program;" House reduces obligation limitation to \$25 million (\$50 million in FY 1997); Senate contains report language requiring program to continue "without change."

Deficit Reduction Lockbox: House bill includes provision establishing a lockbox ledger, resulting in discretionary cap reductions based on CBO scoring of savings.

### ***LABOR/HHS/EDUCATION***

Education Block Grant: A Senate Floor amendment (Gorton) creates two block grants, the effect of which is to eliminate most elementary and secondary programs, including Title I, Goals 2000, Charter Schools, and Safe and Drug-free Schools. The block grants weaken targeting and accountability. A similar amendment was withdrawn in the House.

National Testing Initiative: House Floor amendment (Goodling) adopted Tuesday, 9/16, prohibits the use of funds for the National Testing Initiative.

Pell Grants: Neither the House nor the Senate bills authorizes the Administration's proposed independent student policy. Authorizing the independent student policy is no different from the annual procedure of authorizing a maximum grant award.

Teamsters Reelection: Senate (Nickles) amendment adopted requiring Presidential certification that Teamsters had insufficient funds to pay for reelection and Teamsters must repay Government any funds used for reelection. House approved Hoekstra amendment prohibiting use of funds in Act for Teamsters reelection supervision.

Abortion: House and Senate expand existing "Hyde" language limiting abortion services under managed care plans.

Needle Exchange: House language modifies current law; Senate maintains current law.

America Reads: House language shifts FY 1999 America Reads funds to Special Education if America Reads is not authorized by April 1, 1998. House and Senate also include language that conditions the funds on a separate authorization. This language should be modified to make funds available under current law on April 1, 1998, if separate authorization is not approved.

Youth Opportunity Areas: The Senate contingency date for enactment of a separate authorization should be changed from April 1, 1998, to June 1, 1998.

## ***TRANSPORTATION***

FAA User Fees. House prohibits use of FY 1998 appropriations to plan, finalize, or implement any regulation to promulgate new fees, thereby preventing fee collection in FY 1999.

## ***TREASURY/POSTAL SERVICE***

Abortion/FEHBP: House and Senate include current law language prohibiting FEHBP participating plans from covering abortions except in cases of rape, incest, or when the life of the mother is endangered.

Cooperative Purchasing: The Senate bill would repeal section 1555 of the Federal Acquisition Streamlining Act (FASA) of 1994.

FEC: House includes objectionable language conditioning the availability of \$4.2 million on filling current Commission vacancies and on enactment of legislation prohibiting the reappointment of Commissioners.

Commercially-Available Goods and Services: Senate bill includes language prohibiting any Federal agency from providing another agency commercially available products or services, unless a cost comparison is conducted.

EOP/Information Technology (IT): Both House and Senate include language for WHO, VP's office, OPD, and OA fencing nearly \$3 million of FY 1998 funds, pending receipt of an acceptable five-year IT architectural blueprint. Plan submitted 7/18/97.

Reprogramming Guidelines: The House Report contains new, more restrictive reprogramming guidelines that would involve the Appropriations Committees in a much higher level of micromanagement of EXOP operations as well as the operations of other agencies funded through the Treasury/Postal Service appropriations bill.

Congressional Review Act: The House bill earmarks \$200,000 of the OMB budget for implementation of Congressional Review Act.

## ***VA/HUD/INDEPENDENT AGENCIES***

Council on Environmental Quality: Senate bill includes restrictions on use of funds outside of CEQ's appropriation. House language, as requested, would change size of Council (from three to one).

THE WHITE HOUSE  
WASHINGTON

April 1, 1997

**MEMORANDUM FOR BRUCE REED, KEN APFEL, MIKE SMITH**

**FROM: GENE SPERLING**

**CC: BOB SHIREMAN, MIKE COHEN**

**RE: Pledging College Aid to Impoverished Sixth Graders**

Rep. Chaka Fattah has put forward an interesting new idea to provide America's most impoverished children with the hope of a college education. Too many low income youth, by the time they reach high school, have decided that college is financially out of reach. Most of them are simply not aware, or not convinced, that Federal aid that is available through the Pell Grant and other programs. Targeting the most impoverished schools in the Nation, Rep. Fattah's proposal would put the Pell Grant in children's hands in sixth grade, providing them with hope for the future and a reason to keep their academic sights high.

Since these children would be eligible for a maximum Pell Grant anyway, the budget impact should be minimal -- except to the extent that we succeed in getting more impoverished children to go to college in years to come.

I expect that the President would be enthusiastic about this proposal, and I would like to be prepared to move quickly on it. I am calling a small meeting for ~~Thursday~~ to discuss it. I hope you will be able to attend. I have attached copies of materials describing Rep. Fattah's proposal.

*Friday*

12:30  
Friday  
Educ - Pell Grants

CHAKA FATTAH  
2ND DISTRICT, PENNSYLVANIA

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Congress of the United States  
House of Representatives

COMMITTEES:  
ECONOMIC AND  
EDUCATIONAL OPPORTUNITIES  
EARLY CHILDHOOD, YOUTH  
AND FAMILIES SUBCOMMITTEE  
OVERSIGHT AND INVESTIGATIONS SUBCOMMITTEE  
GOVERNMENT REFORM  
AND OVERSIGHT  
HUMAN RESOURCES AND  
INTERGOVERNMENTAL AFFAIRS SUBCOMMITTEE  
EXECUTIVE COMMITTEE  
DEMOCRATIC STUDY GROUP  
WHIP  
CONGRESSIONAL BLACK CAUCUS  
CO-CHAIR  
DEMOCRATIC TAX POLICY TASK FORCE

February 28, 1997

Mr. Gene Sperling  
Assistant to the President For Economic Policy  
National Economic Council  
The White House  
West Wing, 2nd Floor  
Washington, D.C. 20001

Dear Mr. Sperling:

I am transmitting to you a piece of legislation which can make the difference between success and failure in so many young lives: ~~The Twentieth-Century Scholars Program.~~ This legislation is a perfect fit with the President's education agenda in that it offers the Administration a way to extend benefits to truly low-income families.

The Twentieth Century Scholars program is patterned after the very successful "I Have a Dream" private initiative in that it provides advance notification to very low income grade school graduates that they are eligible for a Pell Award to pay for college if they graduate from high school. It is revenue neutral for six years, and then the only revenue impact is a function of the success of the program. It will provide Pell awards to people who would be eligible for them anyway, but who might not have made it to college but for the encouragement provided by this program. The material in this package includes a copy of the bill and a concept paper which provides more detailed information about the proposed program.

I invite your comment and your support of this legislation. The President's State of the Union Address created a renewed national commitment to education which bodes well for the future of this country. Let's make sure that in the process, we leave no child behind.

Very truly yours,

Chaka Fattah  
Member of Congress

CF:ccp

CHAKA FATTAH  
2ND DISTRICT, PENNSYLVANIA

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HB. 777

# The 21st Century Scholars Program

It is observed that students who receive advance notification that their college education will be paid for, make different decisions about their lives, and are far more likely to graduate from high school and go on to college. *The 21st Century Scholars Program* informs students in their last year of grammar school, and their families, that if they stay in school and get the grades necessary for admission to a postsecondary program, they will be guaranteed Pell Grant funds. In order to concentrate efforts to populations with the least access to postsecondary education, participation will be limited to students in schools serving a school attendance area in which the concentration of children from families whose income is below the federal poverty level, exceeds 75 percent.

*The 21st Century Scholars Program* is modeled on successful private initiatives such as the "Tell Them We Are Rising" Program founded by my constituent Dr. Ruth Hayre, and the "I Have A Dream" (IHAD) Programs originated by Eugene Lang in East Harlem. The "I Have A Dream" (IHAD) Programs identifies grammar school classes of students who attend schools in areas of high concentration of low-income families, and promise them funds for postsecondary education. Statistically, IHAD's results have been impressive. Class, by class these programs have made astonishing changes in the percentage of children who complete high school and attend postsecondary schools. In Eugene Lang's original class of students, 90% eventually graduated from high school or earned GED's -- in a school where the projected graduation rate was 25%. Moreover, 60% of those students pursued higher education. Three Chicago IHAD Projects which reached their high school graduation in 1993 and 1994 showed a cumulative graduation rate of 69% -- in schools whose *dropout* rate has been estimated at 60%. Of those students, 66% went on to college; 22% got jobs; and 10% went into vocational programs. Additional projects in other areas including Washington, D.C. and Denver have proven equally successful. As a result of IHAD's efforts, more than 1,250 students are now enrolled at more than 300 colleges and universities.

These past private efforts, although wonderful, reach only a small number of the almost one-half million children attending school in areas of highest poverty, who often don't consider postsecondary education as one of their life options. Federal grants are more critical to students of low-income families in their access to college, accounting for an average of 25% of their postsecondary tuition, as compared to 2% for middle income, and only 0.2% of high income children. Federal grants often make postsecondary education possible for students from low-income families. As we continue our change from an industrial and manufacturing based economy, to a services and information based economy, education will be the single largest factor in a person's ability to remain gainfully employed. A federal program can start to address the needs of the growing number of our citizens at risk for being marginalized in our changing economy through a promise and commitment to catalyzing their education. *The 21st Century Scholars Program* is such a catalyst.

**CHAKA FATTAH**  
**PUBLIC SERVICE PROFILE**

Chaka Fattah is a second term Congressman representing the Second Congressional District of Pennsylvania, which includes neighborhoods of Philadelphia and its suburbs. He serves on the Education & the Workforce Committee. And he is a ranking subcommittee member on the Government Reform & Oversight Committee.

Congressman Fattah has been nationally acknowledged for his achievements: The Hill Newspaper, ranked him as one of six *Rising Political Stars of the Democratic Party*; Time Magazine recognized him as one of *America's 50 most promising young leaders*; and Ebony Magazine identified him as one of *100 most influential African Americans in the nation*. As an effective commentator on public policy in the 104th Congress, he was featured regularly on the News Hour with Jim Lehrer and National Public Radio's *Talk of the Nation* Show. He has addressed national audiences for the National Urban League, the National Association of Social Workers, the National Black Caucus of State Legislators, the National Baptist Convention, AFL-CIO and the National Dental Association.

Chaka Fattah is an experienced lawmaker who served six years in the Pennsylvania State House of Representatives and six years in the State Senate. While in the Senate, he was Chairman of the Senate Education Committee, Chairman of the Pennsylvania Higher Education Facilities Authority, Chairman of the Executive Board of the Pennsylvania Higher Education Assistance Agency (PHEAA), and a member of the Pennsylvania State Board of Education. For the past decade, he has sponsored the annual Graduate Opportunities Conference which offers information, motivation and scholarships to aspiring minority graduate school students. He is a Trustee of Lincoln University and Community College of Philadelphia, and also served as a Trustee of Temple University and Penn State University.

As a legislator, Congressman Fattah's innovative approach to leadership has resulted in numerous honors. He received an Honorary Degree from St. Paul's College of Lawrenceville, Virginia, and he is a recipient of the Excellence in Education Award for distinguished service from the Philadelphia Board of Education, the Philadelphia Jaycees 1995 Outstanding Young Leader Award and the Pennsylvania Public Interest Coalition's State Legislator of the Year Award. He has also achieved international recognition as a member of the British/American Project for the Successor Generation.

Congressman Fattah attended Philadelphia public schools, Community College of Philadelphia, the University of Pennsylvania Wharton School, and the University of Pennsylvania Fels School of State and Local Government, where he earned a Master's Degree in Government Administration. Additionally, he completed the Senior Executive Program for State Officials at Harvard University's John F. Kennedy School of Government.