But what I was going to say is, one thing the taxpayers need to know is that we have cut the loan default rate in half since I've been President—the loss to the taxpayer. And part of it is because the system is different. If you're running a bank, right, and you loan me 10 grand and you've got a 90 percent guarantee from the Government, and I don't pay you back, if you don't lift your finger to get $9,000. If you hire a lawyer you've already spent more than $1,000, right? So the whole thing—that's another thing—the whole system is organized to maximize default.

Our system is organized to make it easy for everybody and to be tough on getting the money back. I mean, it's very different.

Q. Here is another point. [*Laughter*]

The President. I'd better take her back to Washington with me. [*Laughter*]

[*Several students explained the problems they have had with receiving their loans.*]

The President. This has been unbelievable. I don't want to leave you guys. You're great. Thank you.

Ms. Britton. We thank you very much for all you do for us.

The President. Thank you.

NOTE. The President spoke at 10:51 a.m. in Pulliam Hall.

Remarks to the Community in Carbondale

September 11, 1995

Thank you, Jason. Thank you, Ted Sanders. I want to thank Senator Paul Simon and Senator Carol Moseley-Braun for being here and Representatives Jerry Costello, Glenn Poshard, and Dick Durbin, the SIU Carbondale President John Guyon, and I want to welcome all of the colleges and universities that are connected to us by satellite all around the country. Mayor Dillard, I thank you for being here, and I want to compliment the Saluki Marching Band and the pep band. Thank you for your music. Great job. I know that we have a lot of schoolchildren here, but I've got an especially large number of invitations from one middle school that marched here as a group, the Lincoln Middle School. There they are over there. Thank you very much. [*Applause*] I also want to thank all the national service AmeriCorps members who are here and who are working in southern Illinois.

Ladies and gentlemen, I am glad to be back here at SIU, a place which has a very warm place in my heart. I spoke here in 1991 just before I declared as a candidate for President of the United States. It was a memorable evening. I've been back here since then. This is the first time I've been as President, and I am very, very glad to be back here. I've had a wonderful day, and I thank you for making me feel so welcome.

I came here today to talk to you about the future of education in America, the role of the student aid programs in that future, and the decisions that will be made about the national budget in the next 60 to 90 days that will affect your future and the future of all Americans.

One hundred and thirty-seven years ago this week in Jonesboro, just down the road here about 20 miles, Abraham Lincoln and Stephen Douglas held one of their famous debates According to a newspaper report at the time, interest in the event was not what it should have been. When the candidates arrived in town, they were met, and I quote, by "two yoke of steers and a Stephen Douglas banner hanging bottom-upwards." [*Laughter*] Well, I didn't see any cattle on my way in, and all of the banners I've seen today are rightside-up, and there seems to be a good deal of interest. So I thank you for that, and I'm glad to see you.

It's appropriate that we're here talking about the student loan issue because, as I'm sure all of you know, about halfway between here and Jonesboro is Senator Paul Simon's hometown of Makanda. Senator Simon is retiring from the Senate this year, but I want everybody in this audience to know that more than anyone else in the United States Congress, he was instrumental in supporting our efforts to pass the direct loan program in 1993, and no one has done more to make the dream of a college education a reality for all American students than Paul Simon of Illinois.

The Lincoln-Douglas debates were historic because they occurred at an historic

time over an historic issue. The issue then was slavery and whether our country would remain united or be divided, and everyone knew the whole future of the country depended on how it was resolved.

Today at the dawn of a new century, we are in the midst of another period of historic change. The issue today is the end of the cold war and traditional industrial society and the growth of the global economy, the information and technology age and whether we can preserve the American dream for all Americans in this new world. And the whole future of the country depends upon how we answer that great issue, just as it did in 1858.

How do we keep the American dream alive in a world where jobs and capital, technology and ideas can travel across borders as fast as the satellite signal that right now is beaming this speech to colleges and universities all around this country? How do we make sure in this age of information where what you can learn depends on what you can earn—determines what you can earn? How can we make sure that there's really opportunity for all people in this country without regard to where they live or what their racial or economic background is?

How can we make sure that your country gives you the chance to make the most of your own life, a gift that was given to me and most other people my age that helped us to make the most of our own lives?

This is a period of intense change, with a lot of wonderful things going on. I honestly believe that the young people in this audience will grow up into an America that will have its best days. I think the future is still going to be better than the past but if, only if we meet the challenges of this time.

Let's face it, folks, these changes that are going on are awfully good for people who have an education, people who can be in the forefront of the change. They're pretty tough on millions and millions and millions of hard-working families that are being discarded by big companies as they downsize, forgotten by economic units for which they worked for 10, 20, sometimes 30 years; people who don't have a very good education and can no longer get the kind of jobs they used to or if they get a job never, ever, ever seem to get a raise; not so good for the million Americans who are working every year who lose their health insurance. Why? Because all these changes are uprooting people, uprooting companies, uprooting ties that used to bind. We know—we know—that unless we can better educate our people, too many of them will be left behind in the global economy of the 21st century. We know, today, that for 20 years most Americans earning hourly wages have been working harder and harder for the same or lower wages—for 20 years. And we know that if we want to preserve the American dream for all of you, we have got to turn that around. And we know how to do it.

At the end of World War II when the GI's came home 50 years ago, the GI bill gave people who fought in the war a chance to go to college and the chance to buy their own home. And it made us the strongest, economic power in the world by educating our people. In the 1950's, when we got into a race with the then-Soviet Union into space, national defense education loans and other investments in higher education gave a whole new generation of Americans a chance to go to college and broaden their horizons. And it made a real difference.

I was the first person in my family to go to college. I had scholarships and loans, a job in college, and six jobs in law school. I paid all my loans back, but if it hadn't been for those loans, I might never have been given the opportunities that brought me to the point where I am today. And I am grateful to the people in my country who gave me that chance.

Now when I became President, my goal was to get this economy ready for the 21st century and to open opportunity for you, to create more jobs and to set the conditions which will allow us to raise incomes and raise the stability of American families. And in 1993, we passed an economic program that reduced the deficit from $290 billion a year to $160 billion, that cut taxes on the lowest income of our working people and made 90 percent of our small businesses eligible for lower taxes, and that invested more money in education, research and development, and the technologies of the future to create more high-wage jobs.

And in 2½ years, we've got 7 million more jobs, 2½ million more homeowners, nearly

2 million more small businesses. But average incomes have still not gone up. You cannot turn around 20 years of trends in 2 years. But I am telling you, folks, there is no way to do it unless we continue to increase the number of Americans of all ages who are going on to colleges, from the community colleges to the 4-year colleges to the graduate schools of America.

Listen to this: In 1980, a worker with a college education earned 36 percent more than a worker with only a high school degree—1980. Today, 15 years later, that 36 percent gap has grown to 74 percent. The difference in earnings between high school graduates and college graduates has more than doubled in only 15 years. Every year of higher education today increases earnings by 6 to 12 percent, and in many cases, guarantees the right to get a job in the first place, something which is increasingly rare for people who don't have a good education.

The unmistakable faultline in America over who makes it and who doesn't today, more than ever before, is education. So as we go back to school and the Congress goes back to work, the question is, will your country continue to help those who want to help themselves? Will your country do what it ought to do now, which is what it did for me when I was your age? Will your country meet the challenges of the 21st century, or will we cut off our nose to spite our face by cutting back on educational aid at the time when we need to invest more in it?

Let me be clear on this. In this great debate to balance the budget, I am on the side of balancing the budget. Our country has no business running a permanent deficit. We never had a permanent deficit before 1981. We quadrupled the debt of the country in the 12 years before I became President. We have taken the deficit down from $290 billion a year down to $160 billion a year in only 3 years. It is important that we continue to work to balance the budget.

It is important because if we can get a balanced budget, we will spend less of your taxes on debt and we can spend more of it on education, the environment, and the elderly. It is important because, if we have less debt, people in private business will be able to borrow money at lower interest rates to create more jobs. It's important to balance the budget. But you want to do it to strengthen the economy and strengthen the incomes of the American people. Therefore, I say we should not balance the budget by cutting education, because we do not have to cut education to balance the budget.

We have worked hard in the last 2½ years to expand scholarships like Pell grants for deserving students, and we have worked very, very hard on the direct loan initiative. I see the students from Indiana University out here holding up their sign. This year I learned at this campus, you went to the direct loan program and 11,000 students got direct college loans. And they didn't have to spend so many hours filling out forms or a day waiting in line for the loan at the bursar's office this year because the program works.

The direct loan program gets rid of red-tape, bypasses banks and middlemen, sends the student loan directly to the school where the student gets it in a hurry. I talked to a student just a few moments ago who told me that the difference in this year and last year was a difference in 4 months and 1 week in getting the student loan. This program is better for the students, better for the schools, and believe it or not, it costs the taxpayers less money. It has been a good investment for America, and I thank, especially, Paul Simon and all these other Members of Congress for supporting the direct loan program.

For many of you, perhaps the most important feature of the direct loan program is that you can now pay back your loans as a percentage of the income of the job you have when you leave college. This is very important because a lot of people go to school to get jobs that will not make them wealthy but that will be very important for society. They want to be teachers or nurses or social workers or do something else that's profoundly important to our country. And they borrow money that is so great that if they had to make the loan payment back on traditional terms, they couldn't do it. But if they can make the loan payment back as a percentage of their income, then there will never be a disincentive to go to school. There will never be a disincentive to staying in school. No one will ever have to drop out of school just because they think their loans are getting too

big. We should keep the direct loan program and keep the scholarship programs going.

I also favor retaining the policy that does not charge students for interest on their loans while they're in school and gives a 6-month grace period after school before you begin making those repayments. You have to have a job before you can repay the loans.

But make no mistake: With the opportunity of the loan comes the responsibility to repay it. I was appalled when I became President and I realized the size of the college loans default. I was absolutely appalled that there were that many people that would take money from their Government for a college education and not repay it. And I am proud to say we have cut the loan default rate in half in our administration, and we're going to cut it some more.

I just want to mention a couple of other things. One of my proudest moments as President was having the opportunity to sign the bill that created AmeriCorps, our national service initiative. AmeriCorps is giving thousands and thousands of young people the chance to earn and save up money for college while serving their communities.

In Carbondale, we have AmeriCorps members working in the local elementary schools, 20,000 this year, up to 50,000 next year could be serving their country if the Congress will continue to fund the AmeriCorps program. It is a great investment, and it's making America stronger.

There are two other proposals that I have made that I hope this coming Congress will adopt. Since there will be a tax cut, the question is: What are we going to cut taxes for, and who will get it? I favor as my number one priority giving a tax deduction to hard-working American families for the cost of education after high school, for their children or for themselves.

The second proposal that I have asked the Congress to adopt is one which would basically reflect the new reality of unemployment in our country. Thirty years ago when a person went on unemployment, the chances were 8 in 10 that person would be called back to the same job, that unemployment was a matter of the business cycle, and the unemployment check, therefore, just tided people over until they were called back to the same job.

Today, just 30 years later, the chances are when you're laid off, 8 in 10, that you won't be called back to the old job, and you've got to find a new one. Therefore, I have recommended that the Congress consolidate about 70 separate training programs in the Government and just create a fund that will give a voucher to an unemployed American for $2,600 a year for up to 2 years to take to the nearest community college or other community education institution to get the training that he or she needs to get back in the work force and on the road to progress.

Under all these reforms I've just mentioned, if we stick with them by the year 2002, as many as 20 million more Americans will be able to get less expensive and more flexible college loans. We will be able to award over 3 million more Pell grant scholarships. And if we maintain our commitment, we're on target to increase the number of Americans who are going to college by over one million by the end of this decade, and we need it; all of us need it for the strength of the United States. That means better jobs, higher incomes, a stronger America.

All this progress is now threatened by the budget debate now going on in Congress. The congressional majority proposes to balance the budget a little faster than I do and to give a tax cut much larger than the one I propose. Much of it goes to people who are already doing very well and don't really need the money.

To do this, they have been willing to cut education and training by $36 billion below the present budget, which is $76 billion less than I propose to spend while we balance the budget, too. They've proposed to get rid of AmeriCorps. They've proposed to get rid of the direct lending program and go back to the old system which was more cumbersome, which will cost the students more money, which will lead to fewer people taking advantage of the loan program which will mean more headaches to the colleges and universities, but the banks will make their money back. That's all that will happen.

They propose to make changes in the interest payments on college loans so that the cost of college loans could be raised by as

much as $3,000 for undergraduates and over $9,000 for graduate students. I'm not even talking now about the risks to the education programs that help kids get ready for college. Under these proposals, there will be 50,000 fewer children in the Head Start program. All the public schools in our country that are participating in our Goals 2000 program will lose their money. The Safe and Drug-Free Schools program will be denied to millions and millions of American children.

Two million American children would face roadblocks on the road to college between now and the end of this decade, the beginning of the next century, if the proposals of the Republican Congress become the law of the land. That is penny-wise and pound-foolish. We shouldn't cut education to balance the budget. We don't have to do it, and we shouldn't do it.

Folks, before I came out here, I spent a fascinating hour or so talking to 11 students from the various States that are represented here, from Indiana and Kentucky and Tennessee, and I met some people from Missouri here earlier, as well as from Illinois, students, people who are starting their own lives. They're behind me today. Every one of them could not have pursued his or her education without the benefit of student financial aid.

I'd like to ask the people who were with me before I came out here to stand up and be recognized. Would you all stand up? [*Applause*] They range in age from 21 to 51. One is a community college student; one is in graduate school. They go to public and private universities. They have different life stories. One has worked her way off welfare and into a position in college leadership. One was an Upward Bound student who is going to be very upward bound, who will become a doctor. All these people are America. They are what this is all about, not the organized forces that lobby in Washington. These 11 people—I am doing my best to represent them and their future in your Capital. That is what this is all about, your future.

I only wish that every American—every American—could have heard these 11 people tell their stories, talk about the loan programs, the scholarship programs; talk about how our direct loan program works; talk about what it means to have hope and a new life, and to be working like crazy to make that life; understand that we're not talking about welfare here; we're not talking about giving people something they don't need; we're not talking about giving anybody something for nothing. We're talking about helping people to make the most of their own lives.

And if you don't believe that it will hurt America to walk away from student financial aid, let me just ask you to consider this: In the last 4 years, in the State of California, the State that was hit hardest by the recession, because they lost so many defense-related jobs, higher education was cut by 19 percent. And over a 2-year period, enrollment dropped by over 10 percent. We need to be increasing enrollment in this country, not decreasing it. We need more people in all of these community colleges and colleges and universities in all these programs that are critical to our future, not fewer people.

The American dream depends upon our ability to not only create new jobs, but to raise wages and enable our people to compete and win in the global economy of the 21st century. I have been in factory, after factory, after factory since I've been President. We are now the most productive economy in the world. It is wrong for our economy to be growing and the American people's incomes to be stuck. And education is the way out. I am determined to see that you get it.

Let me just say this in closing. Education in my lifetime has never been a partisan issue. When I asked the Congress to create the national service program, Democrats and Republicans supported it. When I asked the Congress to expand Head Start, Democrats and Republicans supported it. When I asked the Congress to invest in all of these other educational programs, just 2 years ago, Democrats and Republicans supported it. Never before has this been a partisan issue.

Do not be fooled by the smokescreen of balancing the budget. We are all for balancing the budget. You do not have to balance the budget by cutting college aid. You do not have to balance the budget by shortcutting the future of America. We can do better than that. Help me. Stand up. Write your Members of Congress. Tell them

to balance the budget and increase investment in education and America's future.

Thank you, and God bless you all.

NOTE: The President spoke at 11:58 a.m. on the Pulliam Hall lawn. In his remarks, he referred to Jason Ervin, student, and Ted Sanders, chancellor, Southern Illinois University; and Mayor Neill Dillard of Carbondale.

Remarks on the First Anniversary of AmeriCorps and an Exchange With Reporters

September 12, 1995

The President. I am glad to be here today with Senator Pell, Congressman Reed, Congressman Kennedy, Eli Segal, Senator Wofford, and the remarkable representative group of leaders from the State of Rhode Island, including leaders of the majority of the institutions of higher education there; business leaders, Mr. Fish, Mr. Romney, thank you for coming from Massachusetts; and young AmeriCorps volunteers; and of course, Senator Wofford. And Nick Lowry has been a great supporter of AmeriCorps from its beginning.

We are here to mark AmeriCorps' first year of accomplishment and to find ways to make it better in the second year when 25,000 Americans will be out serving their country and earning some money for their higher education.

AmeriCorps members have helped children to do better in school. They've helped to close crack houses. They've helped communities team up with police to keep themselves safe. They've cleaned mountain trails and urban waterways. And from Oklahoma City to south Florida, from the banks of the Mississippi to the streets of Los Angeles, whenever our people were faced with disaster in these last couple of years, AmeriCorps members have been there to help.

AmeriCorps has truly brought out the best in America. Behind this success is a partnership that cuts across every line and sector in our country, where young people and others who work in the communities, leaders in business, education, community service, and public service, work together to make lives better for ordinary Americans.

AmeriCorps members help our Nation as they help themselves. They earn money to help pay for college. And of course, some colleges are going even further. The Rhode Island colleges and universities here represented and those who are not here will be matching AmeriCorps scholarships and college loan repayments. And I want to thank all of them.

Meanwhile, CEO's, like Mitt Romney of Bain Capital in Boston, have urged others to follow their examples of support for AmeriCorps participation. Foundations like the Ford Foundation, which has contributed $3 million as a challenge pool to community foundations, have also helped to stretch our Federal investment.

An investment in AmeriCorps goes far. A team of noted conservative economists found recently that every dollar of Federal money invested returns at least $1.60 to $2.60, and maybe even more, for the taxpayers in public benefits. And of course, that doesn't calculate the long-term benefit of the increased education of the young people who participate in AmeriCorps. AmeriCorps is about personal responsibility and community, about giving young people positive avenues to opportunity.

Now, the majority in Congress threatens to cut college scholarships and college loans and AmeriCorps. But in AmeriCorps we have a program that lifts our values and solves our problems; it helps send civic-minded, hard-working young people to college. That's the kind of thing America should do to build up and not tear down.

Tens of thousands of young Americans are lining up to serve their country in AmeriCorps. And I don't want Congress to close the door on them. I want the Republican majority to learn what the rest of our country now knows. Without regard to party, AmeriCorps works. If the congressional majority really wants to build more personal responsibility and expand opportunity only for those who are willing to help themselves, if they really want to rebuild a sense of community in America, then their principles and our common future should be put above politics. AmeriCorps should grow. It should not die.

I want to reemphasize that it is not necessary to balance the budget to destroy