

today. Perhaps 22 Cinco de Mayos from today, you too will be able to look back and remember what an important beginning this really was.

And let me say in general, I am trying to make this administration one of new beginnings. I'm doing my best every day to get up and go to work with people like Henry and Federico, knowing that we don't have all the answers and knowing that you can't just turn the ship of state around overnight, but believing that our solemn obligation is to get up every day and try to change this country for the better and try to make it possible for Americans to honestly and maturely and with discipline and vision and

will face our problems and seize our opportunities, trying to make absolutely sure that our diversity is a cause of strength not a source of division so that every person in this country and every child, like that beautiful little girl I held up a minute ago, can grow up and live to the fullest of their God-given capacities. That is our job.

Thank you, and God bless you all.

NOTE: The President spoke at 10:35 p.m. at the Sequoia Restaurant. In his remarks, he referred to Gilbert Cardenas, executive producer of "Latino USA."

## Message to the Congress Transmitting Proposed Legislation on National Service and Student Loan Reform

May 5, 1993

*To the Congress of the United States:*

I am pleased to transmit today for your immediate consideration and enactment the "National Service Trust Act of 1993" and the "Student Loan Reform Act of 1993." These Acts represent innovative public policy founded on traditional American values: offering educational opportunity, rewarding personal responsibility, and building the American community. In affirming these values, the Acts reject wasteful bureaucracy—instead reinventing government to unleash the ideas and initiative of the American people. Also transmitted is a section-by-section analysis.

Throughout the Presidential campaign last year, Americans of all backgrounds and political persuasions responded to national service like few other ideas. The reasons are clear. Higher education is fundamental to the American Dream, but complex procedures and inflexible repayment plans have created serious problems for many students with education loans to pay back. Defaults are too high today—and taxpayers are left to foot the bill. Americans are yearning to reaffirm an American community that transcends race, region, or religion—and to tackle the problems that threaten our shared future.

The two Acts are designed to meet these basic American needs. The National Service Trust Act of 1993 establishes a domestic Peace Corps, offering hundreds of thousands of young people the opportunity to pay for school by

doing work our country needs. The Student Loan Reform Act of 1993 overhauls the student loan system. Through a one-stop direct student loan program, the Act will save taxpayers billions of dollars, lower interest rates for students, and simplify the financial aid system. And through new EXCEL Accounts and other repayment options, the Act will offer borrowers greater choice and lower monthly payments while reducing the chance of defaults.

The National Service Trust Act of 1993 establishes a definition of national service that is clear but broad. National service is work that addresses unmet educational, environmental, human, or public safety needs. It enriches the lives of those who serve, instilling the ethic of civic responsibility that is essential to our democracy. And national service does not displace or duplicate the functions of existing workers.

Building on the National and Community Service Act of 1990 and the flourishing community service programs of nonprofit organizations and States, the initiative rejects bureaucracy in favor of locally driven programs. In the spirit of reinventing government, the Act will empower those with the greatest expertise and incentives to make national service work.

The Act enables citizens of all backgrounds to serve and use their educational awards where they see fit. While many participants will be recent college graduates, Americans will be eligi-

ble to enter the program at any time in their adult lives. Both full-time and part-time service will be encouraged. And whatever their education level, those who complete a term of service will receive an award of \$5,000. The award will be payable toward past, present, or future educational expenses in 4- and 2-year colleges, training programs, and graduate and professional schools.

The Act demands that programs meet tough guidelines for excellence and requires measurable performance goals and independent evaluations. Within these limits, however, the Act enables the people who run programs to design them. The smallest community-based organizations and largest Federal agencies will be able to compete for funding. A variety of program models will be eligible, ranging from youth corps that enable at-risk youth to meet community needs, to preprofessional programs that give college students ROTC-like training and then placements in specific problem areas, to diverse community corps that involve Americans of all backgrounds in meeting common goals.

With the economic market as a model, there is competition at every level of the system: programs compete for State approval, States compete for Federal approval, and programs at the national level compete against each other and States for Federal approval. To build public/private partnerships that earn support far beyond government, the Act requires programs to make a cash match and to increase nongovernment support as time passes.

The Act is designed to reduce waste and promote an entrepreneurial government culture. The Act establishes a new Government Corporation for National Service that combines two existing independent agencies, the Commission on National and Community Service and ACTION. With flexible personnel policies and a small, bipartisan Board sharing power with a Chairperson, the Corporation will operate as much like a lean nonprofit corporation as a Government agency.

The State level will mirror the Federal level and build a strong partnership between the two. Bipartisan State commissions on national service will be responsible for selecting programs to be funded by States. To ensure genuine Federal/State cooperation, a representative of the Corporation will sit on State commissions and a representative of the States on the Corporation Board.

The National Service Trust Act of 1993 encourages Americans to join together and serve our country—at all ages and in all forms. The Act enhances the Serve-America program for schoolage youth; extends and improves the VISTA and Older Americans Volunteer Programs authorized under the Domestic Volunteer Service Act; supports the Civilian Community Corps and Points of Light Foundation; and pulls these efforts under the new Corporation. The Act will help instill an ethic of service in elementary and secondary school students, encourage them to serve in their college years, and give them further opportunities later in their lives.

The Student Loan Reform Act of 1993 will taken an important first step toward comprehensive reform of the student loan system. It saves money, makes loan repayment more affordable, and holds students more accountable. The measures in no way replace the Pell Grant program, which will remain the cornerstone of financial aid for millions of students.

The Student Loan Reform Act of 1993 replaces the current Federal Family Education Loan program with the Federal Direct Student Loan Program over a 4-year period. By eliminating subsidies to private lenders and making loans directly to students, direct lending will save taxpayers \$4.3 billion through Fiscal Year 1998 and still allow interest rates to drop for student borrowers. Many schools will make loans directly to students on campus, though none will be forced to do so. In addition, no institution will service or collect loans. This reform simplifies the system for many students, enabling most to receive all their aid through “one-stop shopping” at their institutions’ financial aid offices.

The lending reform expands choice and reduces burdens for all student borrowers by offering a variety of repayment plans—including fixed, extended, graduated, and income-contingent schedules. In the same way that multiple financing options help homeowners, these plans offer real choice to all and lower monthly payments to those who want them. Income-contingent repayments—through the new EXCEL Accounts—also encourage service by students who do not participate in service under the National Service Trust Act. With more manageable monthly payments, more students will be able to take jobs that pay less but do more for their communities, without risking default. And whatever plan they first choose, students will be able

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to change their repayment schedule as their circumstances change.

The Student Loan Reform Act of 1993 will also reduce default rates. By electing income-contingent repayment schedules, students with lower incomes will be able to repay their loans on a manageable plan, without defaulting. Through cooperation with the IRS, the Act will improve collection and monitoring of student loans. And for those who are able to pay but do not, the Act will give the Secretary of Education authority to require payment on an income-contingent basis.

Opportunity, responsibility, and community go beyond politics. They are basic American ideals. Enactment of these two Acts will express the Nation's commitment to these ideals and to our shared future. I urge the Congress to give the legislation prompt and favorable consideration.

WILLIAM J. CLINTON

The White House,  
May 5, 1993.

NOTE: This message was released by the Office of the Press Secretary on May 6.

## Remarks to the Export-Import Bank Conference *May 6, 1993*

Thank you very much. Good morning everyone. I'm delighted to see all of you here in such large numbers. I want to thank my good friend Ken Brody for inviting me to come and speak with you for a few moments. He's the President-designate of the Ex-Im Bank. That's a delicate way of saying that it takes a long time to get confirmed in today's Washington. *[Laughter]* I know a little about that in another context.

I have thought a good deal about what I wanted to say to you today about the subject which brings you here. I hope you will understand if I ask for a few moments to address the situation in Bosnia first, not only because the national press is here but because you are very much a part of the world which will be affected by what happens there and how that impacts our friends and neighbors in Europe and particularly in the Mediterranean area.

Over the past week we saw some very encouraging progress toward a negotiated settlement of the tragic conflict in Bosnia and Herzegovina. Two of the three Bosnian parties signed the Vance-Owen agreement. The third party, the Bosnian Serbs, signed contingent on approval by their self-styled parliament. Progress unfortunately was stopped by the Bosnian Serb assembly's de facto rejection yesterday of the Vance-Owen agreement. Their action is a grave disappointment to all of us who seek an early and peaceful resolution to what has been a very brutal conflict. It abrogates the earlier approval of

the peace plan by the Bosnian Serb leader Karadzic.

Their call for a referendum on the peace plan can only be seen as a delaying tactic to further consolidate the gains they have made because of the enormous advantage they have in heavy artillery coming as it does from the former Yugoslav army. It ignores the reality that everybody else in the world has recognized: Sooner or later, an enduring peace can only come from good-faith negotiations that lead to a peace plan acceptable to all the parties.

The international community, I believe, must not allow the Serbs to stall progress toward peace and continue brutal assaults on innocent civilians. We've seen too many things happen, and we do have fundamental interests there, not only the United States but particularly the United States as a member of the world community.

The Serbs' actions over the past year violate the principle that internationally recognized borders must not be violated or altered by aggression from without. Their actions threaten to widen the conflict and foster instability in other parts of Europe in ways that could be exceedingly damaging. And their savage and cynical ethnic cleansing offends the world's conscience and our standards of behavior.

Therefore, I have this morning directed Secretary Christopher to continue to pursue his consultations with our allies and friends in Europe and Russia on tougher measures which can