

**KERRY OUTLINES RECORD EXPANSION IN NATIONAL SERVICE**  
*500,000 in National Service Within Decade—  
National Call to Help Children Learn—Pays for Every Penny*

America is built on simple principles: Everyone should have the same opportunity to get ahead, and everyone has a responsibility to give something back. The men and women who serve in our military take the greatest risks and make the ultimate sacrifices. John Kerry honors their service, and he also believes that Americans who are not in the military want to serve and ought to have opportunities to do so.

Since September 11, Americans have been searching for ways to contribute to our country. But President Bush has broken promise after promise to rally “armies of compassion,” even causing cuts in AmeriCorps because of bureaucratic failures.

Today, John Kerry calls on all of America’s young people to serve, especially meeting education challenges, and he outlines his agenda for domestic service. John Kerry would engage **500,000 more Americans** in national service each year within a decade, compared to 75,000 in AmeriCorps this year. As part of his commitment to the fiscal responsibility this administration has recklessly abandoned, John Kerry will **pay for every penny** of his service initiatives with resources to spare. At the same time as he is making the hard choices required by the reckless Bush deficits, John Kerry is proposing the largest increase in domestic national service in our history.

**JOHN KERRY’S PLAN:**

1. **200,000 Americans serving full-time** for two years and getting four years of college aid in return. These Americans will serve in some of America’s toughest jobs, including:
  - 75,000 young people helping educate children in troubled schools;
  - 25,000 young people improving our homeland security;
  - Some 100,000 young people serving in other critical areas, from building affordable housing, to helping seniors live independently, to keeping our water and parks more clean.
  
2. **300,000 Americans in college serving part-time and teaching our children** while at the same time earning help to pay for school, including:
  - 100,000 more young people preparing toddlers for school;
  - 100,000 more young people helping children learn to read;
  - 100,000 more young people helping older students find the path to college.
  
3. **Every penny paid for, with money to spare.** John Kerry’s plan requires roughly \$13 billion in new resources over 10 years and is paid for by his new initiative to eliminate the subsidized and guaranteed profits for banks making student loans. Today, bank profits are set in statutes written by lobbyists. John Kerry will require banks to bid in an open auction for the business of student loans. He will take billions that now pad banks’ earnings, and instead direct those resources to young people who want to serve America and pay for college, with money left for other service and education initiatives.

**1. AT LEAST 200,000 AMERICANS EACH YEAR IN “SERVICE FOR COLLEGE” WITHIN A DECADE.** John Kerry’s “Service for College” initiative will offer a simple deal to hundreds of thousands of America’s young people: If you will serve for two years in one of America’s toughest and most important jobs, we will pay for four years of tuition at the typical public university. Young people will also be able to use their educational awards to pay off student loans if they have already finished college or to enter job training, start a small business, or buy a first home. As part of this initiative, which will build on the success of AmeriCorps:

- **At least 75,000 young people will help educate** young people by serving as teachers, teachers’ aides, or tutors and mentors to students inside the classroom and in afterschool programs. These students will serve in the urban and rural communities where schools have the fewest resources and students face the largest obstacles to success. Research shows that skilled and dedicated teachers with the right support and aid inside and outside the classroom make an enormous difference in educational outcomes.
- **At least 25,000 young people will protect our security** by serving as police officers through the decade-old Police Corps, which has helped young people become police officers and pay for college, and by assisting other first responders in preparing for, and dealing with, emergencies.
- **Some 100,000 young people will meet other critical needs:** for example, at-risk youths can build low-income housing and get needed training through successful programs like YouthBuild; young people can help older Americans to continue to live independently; and Americans can contribute to keeping our water and parks clean. While there is no substitute for trained professionals, national service efforts like these can make enormous contributions to our country.

**2. AT LEAST 300,000 MORE COLLEGE STUDENTS HELPING AMERICA’S CHILDREN LEARN.** As President, John Kerry will call on America’s college students to join a national crusade to help America’s children succeed in school and get to college. Already today, about 35 percent of college students engage in community service. Yet many more students would like to serve but cannot because they must do paid work for too many hours each week. And many other students aren’t able to contribute as effectively as they could because of limited training and support. As President, John Kerry will give nonprofit organizations and campus service-learning initiatives the training and support to achieve real progress for children. Young people who make a sustained part-time effort in service will receive help paying for college as well, up to \$2,000 per year. For example, under John Kerry’s plan:

- **At Least 100,000 More College Students Will Prepare At-Risk Preschoolers for School.** Trained college students working with the most at-risk children in Head Start and other early childhood programs can provide one-on-one attention and support classroom teachers. Studies show that these programs achieve

sustained, measurable results in improving children's outcomes. One hundred thousand students could help 200,000 children per year get ready for school.

- **At Least 100,000 More College Students Will Tutor Young Children in Reading.** Studies have shown that college students who tutor young children three times a week as part of a structured classroom intervention or afterschool program achieve measurable improvements in children's reading achievements. These tutors can help America meet its commitment to help every child read fluently by the end of the third grade.
- **At Least 100,000 More Students Will Mentor At-Risk Teens So They Can Reach College and Succeed There.** Many poor teens feel they have no chance to go to college—only 7 percent of low-income young people finish college by age 26. But many schools have made great strides with interventions targeted to teenagers, such as those now supported by the GEAR UP program, which combine mentoring, tutoring, and aid negotiating the confusing path to college. Having recently made the transition to higher education themselves, college students can play a unique role in helping at-risk teens find their way to college.

### **3. PAY FOR COLLEGE AND SERVICE BY REQUIRING THE MARKET, NOT THE GOVERNMENT, TO SET INTEREST RATES FOR STUDENT LOANS.**

Today, the student loan program effectively guarantees billions in profits to banks at taxpayer expense. Banks receive student payments, government subsidies, and a government guarantee against default. Political forces in Congress, not competitive forces in the marketplace, set bank subsidies at rates as high as 9.5 percent. Studies have shown that the rates are substantially greater than banks need to make student loans at a profit. John Kerry will overhaul guaranteed student loans to save taxpayers billions, without making students pay one penny more. He will introduce market forces by requiring banks to win student loan contracts by bidding at an auction, getting taxpayers the best deal at the lowest price. Low costs and high-quality service will be rewarded; political clout will not be. Many government agencies have successfully used auctions in similar situations. In addition to other savings, John Kerry's loan reform will:

- **Eliminate \$12 Billion in Windfall Profits from Changing Interest Rates:** The government guarantees lenders a certain interest rate on student loans, currently 3.4 percent. When student interest payments fall short of this rate, the government makes up the difference. Currently, however, when student payments exceed this rate, lenders get to pocket the extra money. This is a windfall that creates excess profits for banks. Kerry will eliminate these windfall profits—saving \$12 billion according to the Congressional Budget Office.
- **Eliminate \$2 Billion in Excess Subsidies on Tax-Exempt Funding:** Some lenders are able to manipulate the Higher Education Act to receive a 9.5 percent interest rate. In 1992, Congress began phasing out these large subsidies, given to loans backed by tax-exempt bonds, but their cost continues to rise. Kerry will end these extra subsidies once and for all, saving \$2 billion according to CBO.