

Reagan to cut student aid

By Susan Skorupa

WASHINGTON (CPS) -- If rumors about the 1986 Education Department budget prove true, one of every four students who apply for federal financial aid won't get it.

Students from middle-income families and those attending private or out-of-state schools would suffer most under the proposals, financial aid experts forecast.

Trial balloons sent up by the Office of Management and Budget (OMB) in early January signal the Reagan administration may try to limit students to no more than \$4,000 a year in financial aid, and disqualify families that make more than \$30,000 a year from the Guaranteed Student Loan (GSL) and Pell grant programs.

The budget proposals should reach Congress in February. Congress will then accept, reject or approve figures of its own.

It could be months before Congress and the president actually agree on funding figures.

"If the proposals are accepted -- of course, we hope they won't be -- it means a serious restriction to graduate study loan aid and to all kinds of undergraduate aid," predicts Charles Saunders of the American Council on Education (ACE).

Financial aid directors around the country agree the proposals could hurt needy and middle-income students.

"A \$30,000 income cap would have a significant impact on our student population, on a tremendous amount of middle-income families," says Edmond Vignoul, University of Oregon financial aid director.

Under current rules, students from families earning more than \$30,000 a year must pass a "needs test" to get financial aid.

Now the administration wants to cut off such students regardless of need.

"Without the loans and grants, their options will be limited and this obviously will have a detrimental effect on our enrollment," Vignoul adds.

"As many as 25 percent of the students we process loans for wouldn't qualify with a \$30,000 income ceiling," claims Taft Benson, Texas A and M's spokesman.

"It would eliminate a great number of students who might otherwise benefit from higher education," he continues. "Students might not get an education because of lack of resources."

Benson admits the \$4,000 aid cap might not affect students at moderately-priced institutions, but students at private or out-of-state schools, who usually

receive more than \$4,000 per year, would have to find other financing or other schools.

"About 10 percent of our aid population would be adversely affected by the \$4,000 cap," estimates John Klacik of Western Washington University.

"And I was kind of surprised to hear the \$30,000 income limit would affect about 50 percent of our GSL student population," he adds.

Klacik condemns the proposals as "a direct attack on what I consider the principles of financial aid: to provide students access to higher education, encourage choice between institutions, and acknowledge the persistence to get through four years of college."

"Part of my concerns are the dichotomy," he adds. "We talk about cutting access and choice at the same time we talk about

excellence in education. If cuts need to be made, I've heard more intelligent proposals that would target funds more precisely."

Indeed, the OMB may make other drastic proposals, ACE's Saunders warns.

Educators expect the OMB to try again to eliminate \$412 million in Supplemental Grants, \$76 million in State Student Incentive Grants and \$17 million in graduate fellowships for women and minorities, he says.

Another recycled OMB plan would freeze next year's education budget, WWU's Klacik reports.

Meanwhile, the Department of Education, burdened with changing leadership and an uncertain future, is reviewing all proposals, but officials refuse comment.

"We know what the ad-

ministration has proposed," a department spokesman says. "But we can't comment until Congress is in session and we get our programs over there to weigh them against the administration's."

Education experts hope Reagan's recent nomination of William Bennett to replace outgoing Education Secretary Terrel Bell is a reprieve from the administration's plan to dismantle the department.

Whether Congress accepts those plans, of course, is open to debate.

"Some (OMB) proposals are similar to those made when Reagan was first elected," A and M's Benson comments. "Congress rejected them then, and I hope Congress continues its foresight and sensitivity to students needing money for education."

Despite Benson's memory, Congress did in fact pass many

Reagan student aid cuts in 1981. It tended to resist more cuts in subsequent years.

"Bi-partisan support in Congress for financial aid has been strong for a long time," Oregon's Vignoul agrees. "I hope their attitude won't change significantly."

"Everyone says there's a need for excellence in higher education," he says. "This flies in the face of what Reagan says. You can't take away the opportunity for a significant number of students to get an education and expect to improve the face of higher education."

Across the board domestic cuts will slice some aid dollars, ACE's Saunders concludes, but "we have as good a chance of beating it as we've had in the last couple of years. We'll face some cuts, but not the drastic meat-ax cuts the administration will propose."

Studies show long-term aid drop

WASHINGTON, D.C. (CPS) -- Students this year have more financial aid dollars to use for college than any time since the 1981-82 school year, but, after weighing inflation's effects, the total actually works out to a 15 percent drop in financial aid since the Reagan administration took office, two new studies report.

Students and their families also are shouldering more of the financial burden for their

educations because much of the aid money available must be paid back eventually, the study found.

In all, students will get nearly \$18 billion in federal, state and institutional aid this year, about the same amount as in 1981-82 and up \$1.6 billion from its 1982-83 low, according to a new student aid trend report by the College Board's Washington office.

With those funds, most

American college students have no trouble financing their educations, another survey of over 1700 colleges by Peterson's Guide concludes.

Over 97 percent of this year's freshmen are getting some kind of aid money, and they're using it to cover an average of 85 percent of their financial needs, the Peterson's survey shows.

About 65 percent of all undergraduates get some form of financial aid, a significant increase over last year in light of soaring college costs and tuition levels, notes Peter Hegener, Peterson's president.

While most of the \$18 billion in aid this year will go to students with demonstrated financial needs, over \$113 million will go toward so-called merit aid programs based on students' academic standing and performance, the survey also points out.

The average merit award increased less than eight percent over the past year -- to \$1,112 -- while the average "need based" award grew by almost 11 percent -- to \$1,377 -- the survey found.

"These statistics suggest that merit awards are not being given at the expense of needy students, as many have feared," Hegener says.

But the statistics do suggest all students, regardless of need, have suffered from the repeated federal student aid cuts in recent years.

Allowing for inflation, financial aid funding this year is

down 15 percent from its peak 1980-81 level, while college costs have grown more in the last three years than in the 17 years between 1963 and 1980, the College Board study figures.

Federal aid, in particular, has failed to keep pace with inflation.

In constant dollars, federal student aid has fallen nearly 20 percent in the last four years, the study shows, and dropped as a proportion of all aid from 83 to 78 percent.

Even more alarming to College Board officials -- as well as many other aid experts -- is the shift from grants and other non-repayable forms of aid to loans and work-study awards.

Grants now make up only 45 percent of all financial aid awards, the study reports, compared to over 80 percent in 1975-76.

The greater emphasis on loans not only means students incur sizable debts, but "way down the road loans could also end up costing (the government) more than grants," claims Lawrence Gladioux, executive director of College Board's Washington office.

If interest rates rise significantly, the federal government could lose a "significant" amount of money financing low-cost, low-interest loans, he warns, consequently spending more than if the money had been awarded as grants and scholarships.

'85 aid deadlines announced

Financial aid applications for the 1985-86 academic year are currently available in the Financial Aid Office, now located in the Undergraduate Admissions building. If you received aid during the 1984-85 school year, the applications should have been sent to you automatically. If not, the standard applications are as follows:

- Undergraduate (PA residents): 1985-86 PHEAA/PELL form and Penn State Aid application.

- Undergraduate (out-of-state): 1985-86 Financial Aid Form (FAF) and Penn State Aid application.

- Graduate (PA residents and out-of-state): 1985-86 FAF and Penn State Aid application.

The preferred filing deadline for the above applications is Feb 15, 1985.

In addition, undergraduate

students should also file for these scholarships:

- Kunkle Scholarship: applicants must have at least a 3.0 grade point average from Capitol as well as demonstrating financial need as determined by either the PHEAA/PELL form or the FAF.

- University Academic Scholarship: applicants must have at least a 3.0 grade point average from Capitol. (Note: those students beginning at Capitol in Spring 1985 are eligible if they have a sufficient grade point average from any Penn State campus.) Students must also demonstrate financial need.

Please note also that the Financial Aid Office will be located in W-105 of the Olmsted Building as of February 18, 1985.