and the National Endowment for the Arts.

Last week, Representative Robert L. Livingston, the Louisiana Republican who heads the House Appropriations Committee, said the deal "does not prevent my committee from attempting to terminate or cut programs of questionable worth."

Among the programs he specifically mentioned: AmeriCorps and the N.E.A.■

15. The Chronicle of Higher Education

May 30, 1997

New Reports Show Political Influence on Student-Aid Regulation

By Stephen Burd

For the second time in recent weeks, reports have surfaced that a top Education Department official allowed political pressure to interfere with the department's ability to safeguard federal student-aid funds.

Roll Call, a weekly newspaper that covers Congress, reported this month that the department gave the Caribbean island of Dominica extra time last year to respond to a negative accreditation report after Representative Dan Burton, an Indiana Republican, had complained to department officials.

The department's decision came after a meeting last August between Representative Burton and David A. Longanecker, Assistant Secretary for postsecondary education, in which the lawmaker urged Dr. Longanecker to grant the extension. Also at the meeting were Democratic Representatives Peter Deutsch of Florida, Eliot L. Engel of New York, and Robert Menendez of New Jersey, and former Republican Representative David Funderburk of North Carolina.

Dr. Longanecker is being investigated for his conduct in another case, involving Jordan College, a Michigan institution that closed in 1995. A May 1995 report by the department's Inspector General, which recently came to light, concluded that he had allowed Jordan to remain in the student-aid programs — despite evidence that it was misusing federal student-aid funds — under political pressure from Democratic Senator Carl Levin of Michigan (The Chronicle, May 9).

The Office of Special Counsel, a government agency charged with protecting federal employees from reprisal for whistle blowing, is investigating whether Dr. Longanecker demoted Arthur L. Hardwick, a 22-year civil employee of the department, because Mr. Hardwick had complained to the department's Inspector General about the Assistant Secretary's failure to punish Jordan College.

Dr. Longanecker denies the charges in both cases. But according to a letter to him from Representative Peter Hoekstra, a Michigan Republican, the Federal Bureau of Investigation is investigating Dr. Longanecker's conduct in the Jordan College case as well. A top department official said in a letter to Mr. Hoekstra that the department is "unaware of any F.B.I. investigation of which Dr. Longanecker is the subject." The F.B.I. had no comment.

In the Dominica case, according to Roll Call, Mr. Burton called a meeting with Dr. Longanecker to help a campaign contributor who runs a medical school on the island.

The newspaper reported that the meeting came soon after the wife of Robert Ross, the founder of the medical school, had contributed $1,000 to Mr. Burton's Congressional campaign.

The subject of the meeting was a negative report on Dominica by the National Committee on Foreign Medical Education and Accreditation, which the department established in 1994 to assess whether foreign medical schools meet standards comparable to those required of U.S. schools.

"The Dominica standards for governance fall short of the intended mark of examining whether a program is housed with other professional programs to foster scholarly inquiry," the report states.

If Dominica's accreditation had been denied, students at Mr. Ross's medical school would not have been able to receive federal student loans.

The accreditation committee originally was scheduled to make a decision about the island's status last November. After the meeting with the lawmakers, the department agreed to push back the deadline until March. The committee still has not made its decision.

Representative Burton's office denies that he called the meeting to help a supporter, saying he was simply concerned that the cutoff of aid to the Caribbean school could harm Indiana students interested in pursuing a medical education.

Education Department officials say Dr. Longanecker did not feel pressured. They said he agreed that the island was not given enough time to respond to the report before the accreditation committee was due to act.

"One man's pressure is another's legitimate inquiry," Dr. Longanecker said. "This was nothing out of the ordinary."■

LOCAL

16. Associated Press

05-27 9:59a

Governor to propose HOPE scholarships for home-schooled students

ATLANTA (AP) - The governor wants to mae home-schooled students eligible for HOPE scholarships at public colleges.

To start the ball rolling on Gov. Zell Miller's plan, the student finance commission planned to meet this afternon to adopt regulations authorizing the scholarships.

Money to pay for the scholarships would have to be include in the supplemental budget, which the Legislature will adopt next year, said Miller spokesman Rick Dent.

A bill to allow children taught at home to be included in the lottery-funded scholarships was introduced in the General Assembly this year, but it was rejected.The House Education Committee sent the matter to a summer study committee for reconsideration next year. Currently, home-taught students cannot earn HOPE scholarships until their last twoyears of college if they maintain a B average during the first two years.

Under Miller's new proposal, hoe-taught students would be eligible for HOPE scholarships if they pass four specialty versions of the SAT test, known as SAT II. Students must ass the SAT II exams in English writing, math, American history and social studies and either chemitry, biology or physics to qualify.

Although students entering school this summer wll be eligible, home-schooled students who qualify for the scholarship must wait until the budget is passed in ealy 1998 to actually get reimbursed.■

17. Baltimore Sun

May 27, 1997

Curriculum blend provides acute angle in understanding algebra and geometry

"The real world doesn't deal with a row of problems that come out in whole numbers all the time."

Janie Zimmer,math coordinator for Howard County schools

Howard Libit

SUN STAFF

The mathematical barrier between algebra and geometry is about to be torn down in Howard County's schools.

In a new program being tested at three county high schools, the traditionally separate, yearlong classes of Algebra 1, Geometry and Algebra 2 are being merged into a three-year course that mixes numeric, algebraic and geometric concepts — along with a heavy dose of statistics and probability.

Quadratic equations

Beginning algebra students no longer will be swamped with a year's worth of deciphering quadratic equations and solving for X.

And geometry students won't spend a year seeing nothing but isosceles triangles and obtuse angles.

"We feel this is the program we need to move into so our students will be prepared to go out into the real world," said Janie Zimmer, who oversees math instruction in the Howard schools.

In algebra, "there often aren't connections to real life. This promotes those connections."

The Howard school board received a report on the pilot program last week, and board members generally were supportive.

"My impression is that it is an excellent way of getting kids engaged in math," said board member Stephen Bounds.

The pilot program — which involves about one-third of the beginning algebra classes at Atholton, Hammond and Mount Hebron high schools — will continue for a second year at those schools, Zimmer said.

And if it continues to be successful, the new sequence will be expanded to all first-year eighth-and ninth-grade algebra classes in 1998-99.

By then, more than 75 percent of Howard's Algebra 1 students will be enrolling in the new program, called "Integrated Algebra/Geometry."

The only students who may not be affected are those who begin algebra in seventh grade or earlier through the county's gifted-and-talented program, Zimmer said, though the new sequence may eventually spread to that program, too.

While there's concern that the program reduces the time on basic drills, teachers and students who have spent the year testing it praise its use of different ways to understand the same concept and puts more emphasis on applying math skills to real-world situations.

For example, in determining the area of a square, teachers show students how to use both the algebraic formula and geometric shapes to achieve the same answer.

National standards

The theory of teaching algebra and geometry together — rather than dividing them into separate classes — fits with the standards recommended by the National Council of Teachers of Mathematics.

It also is expected to prepare students better for the high school math could be several more years before consensus is achieved. And the state, which is spending billions on class-size reduction in the early grades, simply cannot wait that long to discover whether the investment is cost-effective.

Wilson, who is partly to blame for the CLAS fiasco, seems determined to get legislative approval for a statewide test that will indicate for the first time how students at different grade levels are faring academically. Parents, students and taxpayers should expect nothing less from a state that has seen its once highly regarded education system deteriorate to the point that fourth-graders rank among the nation's worst in reading comprehension. ■

71. New York Daily News

May 27, 1997

Cut Student Aid, Lose Fine Minds

Bill Cosby had them rolling in the aisles at George Washington University during graduation. President Clinton used his turn at Morgan State University to rev up the nation's scientific engines to find a cure for AIDS in the next decade.

But, in my book, Antonio Freitas had them beat hands down as a commencement speaker last week.

Who is Antonio Freitas?

He is a 28-year-old survivor of the school of hard knocks, who, with personal drive and the help of a state-supported financial aid and tutorial program, finished No. 1 in his class at Columbia University's School of General Studies. Indeed, the five A's he earned his last semester — instead of his usual A-pluses — actually brought his average down to 4.14!

Freitas, class valedictorian, hails from a family that, as he put it, "never really had that much." When he was 4, his mother was stabbed to death by a mugger near the family's lower East Side apartment. His father, a struggling jazz musician with a substance abuse problem, was away a lot.

Still, despite the unstable home life, he did okay in school until his sophomore year at Bronx Science, when a rebellious streak kicked in, he dropped out and his family hastily moved to Philadelphia to hide from his father's enemies. Father-son battles escalated; son turned to the bottle.

One day, he said, neighbors called the police in the midst of a loud argument between the two. The younger Frietas, drunk, "got belligerent" with the cops and found himself under arrest for assault. After a month in juvenile detention, he said, he escaped during a court appearance and made his way back to New York City.

After living with friends for a couple of months, he snared a construction job that came with a room in an SRO, "a depressing kind of place for a 15, 16-year-old kid to be," he said. His drug problem worsened. Fisticuffs became more routine.

"Then I hit rock bottom. I had to sell my tools," he said. "That's when I realized I couldn't go on like that."

Freitas cleaned himself up and spent the next few years turning his life around. A former girlfriend of his father told him about a program at SUNY-Purchase, where she worked, that would cover his tuition.

He enrolled and did well. Then, in a chance conversation in the gym, he learned about a similar program at Columbia. He came to investigate the Ivy League campus he had visited before as a bicycle messenger.

"So, climbing the Lewisohn steps to apply here," he said at graduation, "I wondered: Whom am I kidding? How could I have believed that this elite institution would want an uneducated, unwealthy someone like me?"

The rest is summed up thusly: He has his bachelor's degree, is Phi Beta Kappa and is on his way to Yale for a Ph.D. in a clinical psychology program that accepted five applicants out of a pool of 400.

He now counsels at-risk kids, trying to help them "picture a life different from the one that exists for them now." But even he knows that conveying that message — and persuading kids to act upon it — is but one piece of the solution.

Another piece involves reshaping the thinking of lawmakers who see higher education for all New Yorkers as a luxury the state can no longer afford. While raising tuition at SUNY and CUNY, Gov. Pataki has presided over cuts to financial aid programs that benefit students at both the public institutions of higher learning and private ones like Columbia. But this year, unlike in past years, there's a revenue surplus, and the pressure is mounting on lawmakers to increase spending for higher education.

As Freitas accepts his accolades, he makes it clear that state-supported initiatives like the Tuition Assistance Program and Higher Education Opportunity Program "allowed me the chance to pursue a life I previously never could have imagined for myself."

That's a lesson for the governor and legislators to add to their subtraction.■

69. The Dallas Morning News

May 25, 1997

Parent performers

Waco group urges improvement, not flight

Waco public schools face the same challenges Dallas schools confront: many kids from low-income families, too few students passing state achievement tests, too many dropouts and more and more students with limited English skills.

But Waco has one thing Dallas doesn't: a chapter of the fast-growing national organization called Parents for Public Schools. Founded six years ago in Jackson, Miss., the group's original mission was to reverse white flight from urban school districts. The group now focuses mainly on school reform and on convincing middle-class families of all races to stick with public education.

Members of Parents for Public Schools may question the policies and standards of a district, but they do not question the value of public education. They believe democracy cannot sustain itself without high-quality public education.

"There's no better educational opportunity than in Waco ISD," says Waco Parents for Public Schools president Rob Gibson. "We're not going to gamble with our son's education."

Parents for Public Schools tries to transform parental frustration with a district into constructive reform, rather than allowing parents to simply yank their children from the schools.

"If a parent or a small group of parents wants to make an impact, how do they do it?" asks Waco lawyer Charles Olson, who has served as president of the national board of Parents for Public Schools. "There's no traditional mechanism."

Unlike parent-teacher associations, which tend to focus on individual schools, Parents for Public Schools addresses districtwide reforms. Waco's chapter has pushed for a more customer-friendly central administration, improved fine arts offerings and better training for parents who serve on site-based school management teams. It sponsored meetings to solicit parents' comments about a proposed return to neighborhood schools.

Parents for Public Schools has critics. "I don't think Parents for Public Schools has been an advocate for minority or special-needs children, or for economically disadvantaged children," says Lawrence Johnson, a Waco City Council member and president of the local NAACP. He says the district continues to fail those kids. But, he acknowledges, he doesn't know of any other group in Waco pushing for school district reforms.

Rob Gibson readily admits his group's shortcomings. It is predominately white in a school system that isn't. Standardized test scores remain low.

But Waco parents have a voice they didn't before. And schools always improve when more parents get involved.■

70. San Diego Union-Tribune

May 27, 1997

A learning yardstick

State needs standardized test for public schools

When former Chrysler Corp. Chairman Lee Iacocca spoke to a convention of educators in San Diego a few years ago, he marveled at how billions of dollars were being spent on public schools without any reliable measure of what students were learning. If a business operated blindly like that, he concluded, it soon would go broke.

Although some might argue that the word bankrupt best describes the state of public education, Californians who care about their children's future cannot dismiss the situation so cynically. Intuitively, they understand that schools must have a yardstick to determine whether children are learning. The problem is approving such a measurement tool and then implementing it statewide.

It has been seven years since Pete Wilson pledged as a gubernatorial candidate to come up with a statewide test so that parents could determine how their kids are doing compared with other California students. Yet today, California remains one of the few states without such a test.

It has not been for want of trying.

In 1991, the California Learning Assessment Test was approved by the Legislature and signed into law by Wilson. But CLAS was scuttled after two tumultuous years, partly because of state bungling and partly because of political bickering.

It initially came under fire for freezing out school districts and parents during the process of creating the test. Then the department caved into critics who wanted to censor some literary passages by controversial writers. Education officials compounded the problem by first refusing to acknowledge CLAS's shortcomings and then by dismissing many of the critics as religious fanatics.

Legislative attempts to fine-tune the test were unsuccessful, and CLAS ceased to exist. Now, Gov. Wilson is making another run at the problem by proposing to spend $83 million on an existing standardized test that would be administered to all California students in grades two through 11.

Better to administer a ready-made test statewide than to wait for the 21-member commission to hold public hearings and then laboriously ponder what students should be learning at each grade level.

At the rate the commission is going, it

71. The Kansas City Star

05/17/97; Edition: JOHNSON COUNTY; Section: ZONE/BLUE VALLEY-LEAWOOD; Page 2

Teacher support should be more than once a year

By LAURA SCOTT

One of the most influential persons in a child's life will be a teacher. That is almost guaranteed. A teacher - or more than one teacher - will have a lasting impact on a child as he or she grows into adulthood.

Sometimes the influence is not a good one; a bad experience with a teacher also can affect a person for many years to come.

But for most adults, the influence of a teacher - or several teachers - has enhanced the quality of our lives. Often a particular teacher is remembered fondly for the reasons of support, encouragement and help that she or he gave us.

Often a teacher was the inspiration to try harder, to learn things we didn't think we could learn, to be proud of ourselves for our achievements. For some of us, a teacher did those things when they weren't done at home.

During this past week, as well as at other times this month, many area schools have been celebrating Teacher Appreciation Week. Through activities organized largely by parents and some administrators, teachers have been honored with small gifts, luncheons and breakfasts, assemblies and thank-you cards from their students.

This special week is set aside each spring in many area schools to help students and their parents say a special thank-you for all that teachers have done throughout the year. It is good that we remember the teachers for they are the people who make the schools what they are.

Teacher appreciation should take another form, however. It should be practiced by parents talking regularly to their children's teacher about concerns, joys or needs in the classroom. It should involve parents reinforcing at home what the teacher is doing in the classroom, in showing an interest in homework, and helping to keep classroom behaviors positive.

Teacher appreciation should be shown by attending a child's school program or concert. It should be shown by volunteering to help with field trips or classroom projects.

Teacher appreciation should be for more than one week a year. It should be an ongoing partnership between parent and teacher every week of the school year.

Editorials are written by members of the Editorial Board of The Star.■

72. Christian Science Monitor

May 19, 1997

Wrong Sort of Student Aid

By Claire L. Gaudiani

Imagine the scene. An upper-middle-class family, the mother a doctor, the father a lawyer, sitting at the kitchen table with their college-bound daughter. A fat envelope lies before them. They do not yet know that it conceals more than their daughter had hoped for. She has been awarded a $4,500 merit scholarship, $18,000 over four years. Wow! They didn't even apply for aid. They don't need it. Their daughter is just getting the recognition she deserves.

This scene is being repeated across the nation. A small proportion of these families are African-American; most are white. What is really happening here, and why is it wrong?

Unlike past merit aid - which was awarded for extraordinary prowess in academics, the arts, or athletics - the new "merit" aid is simply a discount to entice parents of means to enroll a son or daughter at a particular college.

For many decades, tax-deductible gifts for need-based scholarships enabled the nation's most selective colleges and universities to create opportunities for the percolation of merit throughout our society. Students of all races and ethnicities - from lower and mid-level income families - achieved the elite education that positioned them for leadership. Opera star Jessye Norman and scholars Henry Louis Gates Jr. and Cornel West were scholarship students, among thousands of other African-Americans successful in business and the professions. Society has benefited from the contributions of scholarship students' achievements, and from the witness each student is to American ideals of justice and opportunity made real.

Through the 1980s, two trends appeared. The cost of higher education continued to climb, and a generalized resistance to income redistribution grew. Many expensive colleges found fewer families willing or able to pay tuition. Colleges had to meet budgetary, enrollment, diversity, and cost-reduction goals. Part of the solution was turning need-based financial aid into so-called "merit" awards.

The $540,000 dividend

Simple mathematics shows these awards are smart business. An investment of $27,000 a year pulls in $135,000 a year or $540,000 over four years. Here's how:

* The same $27,000 that used to meet a year's tuition, room, and board for one full-need student now becomes six $4,500 "merit" scholarships. These flatter and bring in six students who can afford to pay the remaining cost of $22,500 each, totaling $135,000.
* By contrast, a $27,000 full-need scholarship to one full-need student costs the college $27,000 a year or $108,000 over four years.
* In dollar terms, the no-need students given "merit" aid turn what would have been a loss into a productive investment.

The merit approach helps the college meet (a) budget goals, (b) enrollment goals, filling six beds instead of one, (c)

Mr. Bivins responded that college and university officials can go to student bulletin boards and get the names, addresses and phone numbers of those violating the law.

In other action, the Senate approved a bill that would allow cities in the state to raise - with voter approval - the local sales tax by up to .375 cents on the dollar to pay for creation of a crime control and prevention district.

The measure by Sen. Chris Harris, R-Arlington, would allow the new levy only if the total sales tax did not exceed the current statutory minimum of 2 cents in local sales taxes.

Local officials would use the sales tax revenue to hire more police officers or take other action to combat crime within the district.

Dallas would not qualify because its sales tax is already 8.25 cents: 2 cents for local government and mass transit and 6.25 cents collected for the state.

The bill passed on a 26-4 vote and must return to the House for concurrence in Senate amendments.

Sen. Carlos Truan, D-Corpus Christi, objected to the bill because of the additional sales tax it would allow. "I am concerned that we continue to impose so much sales tax on the citizens of Texas," he said.

By Terrence Stutz / The Dallas Morning News■

COMMENTARY

70. The New York Times

05/17/97; Edition: Late Edition - Final; Section: Section 1; Editorial Desk; Page 19, Column 2

Cheating the Child to Save the 'System'

By Chester E. Finn Jr

WASHINGTON — Maybe next they'll build jagged fences. Bring in fierce dogs. Anything to keep out those 8-year-olds whose offense is wanting to learn the three R's in a safe school, one that is outside the city where they live.

The hearts of suburban authorities are turning to stone — and their pocketbooks are snapping shut. Children who live in troubled cities with wretched schools and whose families cannot afford to move to leafy suburbs or pay for private schools are not wanted. Their parents, no matter how desperate they are to obtain a decent education for their kids, do not pay local property taxes. (And they're also likely to be of a different color from most people who live in these towns.)

Suburban communities are spending astonishing amounts of energy and imagination on containment strategies. A Queens couple were charged with criminal fraud for enrolling their 12-year-old in a Nassau County school. Morrisville, Penn., pays a $500 bounty to security guards for each nonresident urchin they turn in.

A Cleveland mother went to jail for placing her son in kindergarten in suburban Euclid, Ohio. "I put my child in the Euclid school system because I wanted him to have a better life and a better education," she explained. Unmoved, school authorities have hired a former police detective to find similar culprits. He boasts of having referred five more "fraud" cases to the prosecutor.

In Illinois, "illegal school registration" is now a misdemeanor punishable by fines, jail and reimbursement of the unpaid "tuition." Said State Representative James Durkin, a chief sponsor of the law, "Our hope is that the new law will provide some type of chilling effect on those who are undermining the system by falsely enrolling their children and not paying their share."

There we have it: undermining "the system." It's the system that must be protected, not the kids victimized by that system's failures.

Save the system. Let the children rot. Is that public education's motto?

Not, fortunately, everywhere. More than a dozen states have enacted open enrollment laws that permit children to attend any public school in the state, with the state's share — and sometimes also the local portion — of the education dollar accompanying students into whatever district they enter. It's a kind of public-sector voucher. On average, states pay half the cost of a public school education, and local communities pay most of the rest.

Minnesota has led the way on open enrollment. Arkansas and Colorado, among other states, have followed, though such policies are typically limited by how much space is available in schools and, sometimes, court desegregation orders.

Half the states have passed charter school laws that allow new, independent public schools, which children can attend regardless of where they live. Already, there are some 500 of these schools.

Milwaukee and Cleveland even have full-blown voucher programs that help low-income families escape bad public schools to better private ones. More than 30 cities have similar programs financed by philanthropists. In New York City, John Cardinal O'Connor last year offered to place 1,000 failing public school students in Catholic schools; private donors have agreed to pay for that program.

Meanwhile, the "system" is fiercely battling Gov. George Pataki's charter school proposal for New York State. Public school "authorities" think they own the kids. The money belongs to them, to their system.

Fortunately for children, school choice is spreading despite the system's efforts to stop it. And spread it should. There is no reason to confine children, against their families' wishes, in a bad school when there's a good alternative on the next block, in the next town or even in the next state.

About the Author: Chester E. Finn Jr. is a senior fellow at the Hudson Institute.

04:02 EDT May 17, 1997■

diversity goals if it selects students of color for merit aid, and (d) cost reduction goals, since no-need students are statistically less likely to drop out, more likely than high-need students to graduate on time, and less likely to cost the college's budget the counseling services needed to help students adjust to college.

Some parents in the merit-gaining families not only have achieved professional salaries and lifestyles but have come from homes that sent them to elite schools on scholarships 25 or 30 years ago. Today, instead of being expected to pay their own way and bear witness to the strength of their success, they are being offered money - this time not for their benefit so much as for the college's. If they are African-Americans, they are losing an opportunity to push back the stereotype that wrongly equates black students with scholarship students.

Why well-off parents should care

Why should parents of means care?

First, most schools cannot afford to expand financial aid budgets, so they move dollars they would have given to need-based aid at all levels and put them toward merit-based aid. Some schools are giving as much as one-third of their financial aid dollars to merit awards.

For years, less prestigious schools have used aid money to draw students who do not need it. Now the list is expanding to the more selective colleges. When families take "merit" awards, they help colleges achieve their goals. But they make it harder for financially disadvantaged students to achieve their goal of a selective higher education.

The merit award process risks pitting successful and not-yet-successful families of color against each other, competing for limited resources. It leaves behind larger numbers of needy students of all races.

The practice may be good business for colleges. But is it in the best interests of our society?

Colleges are nonprofits and should use their assets wisely but for social transformation, not their own bottom line.

Back to the kitchen table: What should any family do? Call the college. Ask what percent of freshmen got merit awards and the range of dollars in them. Ask if all the merit award money is newly donated as such or if any funding has been moved from need-based aid to give merit awards. Ask whether families with incomes of less than $25,000 are expected to take loans.

These answers will tell the family if they are receiving funds that should have gone to a student from the projects or from a low-income working family whose son or daughter did not get in trouble, who took tough courses, did homework, and was told that he or she would have a place in one of the great colleges because they give need-based scholarship aid.

It will take tough, clear questions and courageous decisions to refuse colleges that deprive the needy for this kind of merit scholarships, but that is how to ensure that higher education keeps the dream alive.

* Claire L. Gaudiani is president of Connecticut College in New London, Conn., which gives need-based financial aid.■

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73. The Financial Times

05/19/97; Edition: London Edition; Section: NEWS: UK; Page 8

University culture 'still hostile to employment'

by Simon Targett
Education Correspondent

Britain's top universities have cultivated a culture which is unhelpful, even hostile, to employers by championing academic achievement above all else and by counselling students to concentrate on exams rather than finding a job, according to a report published today by High Fliers Research, the graduate employment consultants.

In a survey of more than 12,000 finalists at 24 leading universities, High Fliers Research said barely a quarter (26 per cent) believed that they would be starting a graduate job after university — even though graduate employers predict a 12 per cent rise in job vacancies.

The findings suggest the scale of the resistance to the world of work in traditional universities — which Sir Ron Dearing is attempting to address in his review of higher education — is greater than ever.

Fewer than half (44 per cent) of the finalists had made any job applications and one in 10 had not made any career plans at all, even though their final exams were less than three months away.

Mr Martin Birchall, director of High Fliers Research, said: "The survey shows that job hunting and career planning are low priorities for students in 1997, and is particularly disappoint-ing for the hundreds of leading major employers who invest considerable funds in recruiting and developing the UK's top graduates."

He blamed the culture of many universities which "does not encourage students to plan their careers".

Graduate Careers, High Fliers Research, 11 Murray Street, London NW1 9RE.■

74. The New York Times

05/19/97; Edition: Late Edition - Final; Section: Section C; Cultural Desk; Page 14, Column 1

TELEVISION REVIEW

Fair Warning to Teachers Who Dare Fail Students

By JOHN J. O'CONNOR

As human-potential movements and sophomoric talk shows continue to seduce the gullible public with questionable expectations, the question of entitlement becomes dangerously distorted. Education is one hot spot. A few months ago, Garry Trudeau's "Doonesbury" comic strip featured a college student threatening his professor with a lawsuit because he wasn't given a grade needed for his carefully planned career. Funny, in a ludicrous way, and a bit frightening.

Tonight on ABC, a movie called "Detention: Siege at Johnson High" takes the same entitlement attitude to murderous lengths that are anything but funny. The story, we are informed, is "inspired by an actual event."

Played by Rick Schroder, the actor who started out as the adorable kid in a remake of "The Champ," Jason Copeland is one of life's losers. At 20 he has flunked out of school and has just lost his job, all the while desperately trying to cope with an insensitive mother. Jason has had it. Our little Ricky turns into Mad Dog.

Returning to Johnson High with high-powered weapons, Jason blows away the teacher (Pat Finn), a witheringly sarcastic type whose failing grade got Jason thrown out of school. He then takes a group of terrified students hostage. The police move in, and Skip Fine (Henry Winkler), a police officer who has some self-esteem problems of his own, is put in charge of hostage negotiations, something he knows little or nothing about.

Some of the students, most notably Aaron Sullivan (Freddie Prinze Jr.), try their best to calm down the dangerously agitated Jason as he bitterly describes the penalties of not graduating. ("No job, no money, nothing.") But even as he gathers a measure of sympathy among the students, Jason is clearly doomed, trapped in a confrontation that can end only in disaster.

Mr. Schroder's performance stays, harrowingly, at a level of excruciating tension. The point of this exercise in violence? Hard to say, but one hopes it doesn't turn out to be a primer for other students who feel slighted by teachers doing their job.

'David Blaine: Street Magic' ABC, tonight at 8

Magic turns on a dime tonight, away from extravaganza to simple basics in close-up. The ABC special "David Blaine: Street Magic" simply bops along with a personable young man in a T-shirt who loves to entertain complete strangers in public places ranging from Manhattan to Atlantic City to Dallas. Unlike the elaborate acts of Siegfried and Roy in Las Vegas or David Copperfield on television, Mr. Blaine's is offered, quite cleverly, without smoke and mirrors.

In what is described a bit too slickly as "in your face magic — pure," Mr. Blaine simply walks the streets (followed, of course, by a hard-to-miss cameraman) and offers to do his stuff free of charge. His repertory is largely limited at this point to card tricks, some mind-reading routines and a levitation exercise. But all of them are done with smooth expertise, enhanced by a winning personality. Mr. Blaine has clearly impressed people with clout. You do not get a prime-time showcase with just a bag of fairly simple tricks.

But Mr. Blaine has another trick up his sleeve. Instead of ornate props and gorgeous showgirls, he shares his act lovingly with ordinary men and women in the street, all of whom are invariably delighted with his magic. There are squeals of disbelief from a young woman who exclaims in awe that "this is a shock — that man made my heart beat fast." The Dallas Cowboy stars Emmitt Smith and Deion Sanders stagger away grinning and shaking their heads.

There are no language barriers. Mr. Blaine leaves a group of elderly Asians laughing uproariously. As he tells a guest star, Leonardo DiCaprio, it's all a matter of going back to simplicity.

The material needs fleshing out. There is barely enough here to fill an hour without repetition. But Mr. Blaine has that special something that television covets. He could be sitcom material. We're told that "Everybody Loves Raymond." I suspect a lot of people will adore David. DETENTION: SIEGE AT JOHNSON HIGH ABC, tonight at 9 Leonard Hill and Joel Fields, executive producers; Ardythe Goergens, Bernie Caulfield, Matt Loze and Steve Natt, producers; Michael Watkins, director; Larry Golin, writer. A production of Hill/Fields Entertainment.

WITH: Rick Schroder (Jason Copeland), Freddie Prinze Jr. (Aaron Sullivan), Katie Wright (Samantha Eckert), Alexis Cruz (Frankie Rodriguez), Patrick Y. Malone (Travis McGill), Pat Finn (Mr. Kroft), Troy Bryant (Matt Eckert), Ren Woods (Mrs. McGill) and Henry Winkler (Skip Fine).

04:30 EDT May 19, 1997■

The New York Times 11/14/96

Columbia U. to Offer Cheaper, Simpler Loans

By KAREN W. ARENSON

Persuading bankers to treat its students as preferred customers, Columbia University announced a new student loan program yesterday with lower rates, more flexibility in repayments and one-stop shopping for loans. Financial aid experts said the program was likely to be used as a model by other expensive private colleges.

Several lenders, apparently accepting Columbia's argument that its students get good jobs and pay back their loans reliably, have agreed to give the discounts.

The university said that an undergraduate who now pays more than 11 percent interest would, under the program, pay about 9 percent. The university estimated that such a student would save more than $3,000 in interest and fees on a $20,000 loan.

"We wanted to use our good name and our low default rate as a way to get lower interest rates and better terms for our students," said Mark Burstein, vice president for student services at Columbia. The university is not assuming any risk for defaults on the loans.

Other loan programs like direct scholarship aid from the Federal Government and from Columbia, as well as subsidized student loans from the Government, will continue. But Columbia and other colleges typically expect families to pay some of the cost themselves, and families who want loans to cover their share -- or want more than the amounts the Federal Government offered -- can now turn to the university for a single, simplified loan at better-than-market rates, as well as for a variety of payment programs.

Many private colleges are re-examining financial aid, trying to devise programs to deal with the problem of rising tuitions. Columbia is one of the first to introduce a program that tries to help middle-class students as well as the most needy.

Financial aid experts said they had been waiting to see the Columbia program, because all are feeling the same pressures to help their students, who are borrowing record amounts at the same time that Federal and state officials are moving to reduce their role.

"This is the future of student aid at private institutions," predicted Brian Fitzgerald, staff director of the Advisory Committee on Student Financial Assistance, which was established by Congress to monitor financial aid trends. "Everyone is re-examining all the

more...

Cheaper, Simpler Loans continued...

assumptions behind financial aid."

Ellen Frishberg, director of student financial services at Johns Hopkins University, said Hopkins was looking at a similar program.

"The Government loan limits are just not high enough for our students," she said, noting that the Stafford program, the major Federal loan program, limits freshmen to $2,625 in loans, sophomores to $3,500 and juniors and seniors to $5,500, far below the $25,000 cost of a year at Hopkins. "We're finding we need additional loan resources we can package for our students. Now schools are saying, 'Maybe we have to offer our own loan programs.' "

The Consortium on Financing Higher Education, a group of 31 elite educational institutions, has also been exploring putting together such a program for its members.

"Columbia has done something very innovative," said Kay Hanson, the consortium's executive director. "They have sought out the best loan purveyors and made available a loan package in the most seamless way possible."

Some experts noted that the Columbia model would be more appropriate for some colleges than others -- for private schools rather than public, for instance -- depending on whether their students are good credit risks or not.

"Other large, very solid prestigious institutions whose students have a record of repaying their loans on time will be able to do this," said Terry Hartle, vice president at the American Council on Education, which represents more than 1,700 colleges. "But if this were the auto industry, this is like a new program for financing Mercedes, Lexuses and Jaguars."

Columbia, which charges undergraduates nearly $30,000 a year for tuition, room, board and other fees, said that about half of them received need-based financial aid and that about 25 to 30 percent of all its students and their families borrowed.

Mr. Burstein said that when students want to borrow now, the university hands them a folder bulging with brochures from 30 or more private loan programs. The students, helped by advisers, then compare rates, fees, repayment terms and other loan characteristics.

Columbia has now narrowed those options to about seven, including direct loans for undergraduate and graduate students, as well as prepayment and installment plans, a line of credit that operates like a credit card, and tuition insurance.

Mr. Burstein said that a typical undergraduate now pays a fee of about 5 percent and an interest rate equal to the prime rate plus 3 percentage points, or 11.25 percent currently. Under the new program, he said, the student would pay a fee of 4 percent and the interest rate would be set at the rate on one-year Treasury bills plus 2.85 percentage points, or about 9 percent currently.

higher ed - scholarship

63. Orlando Sentinel

May 7, 1997

Grad gift: Scholarships still available

By Linda Kleindienst
TALLAHASSEE BUREAU

TALLAHASSEE — If you thought report cards were important before, consider this: Starting with this year's class, high school graduates who have a B average, score well on their college assessment tests and have stayed out of trouble with the law can get a scholarship — compliments of the Florida Lottery.

And there's still time to apply.

The state Department of Education has extended the deadline for Bright Futures Scholarship applicants to July 1.

"We want to assist as many students as possible to continue their education," Education Commissioner Frank Brogan said Tuesday.

The original deadline was April 1. But the Legislature didn't approve the scholarship program and set aside the $75 million to pay for it until the 1997 session adjourned Friday.

"The House and Senate this year realized that if they want the public to think the lottery is doing something for education, they've made a very good beginning," Brogan said.

The state has received 42,000 applications from students who anticipated passage of the program.

The scholarships may be used at any Florida public or private university, community college or vocational school. Students may attend school full or part time.

High schools throughout the state have been provided with applications and information about the scholarships. But parents and students also may contact the state Education Department at (904)-487-0049 or (904)-487-3260.

Bright Futures provides for three scholarships:

— Florida Merit Scholars: for any high school student with a 3.0 grade-point average in a college preparatory program and a minimum Scholastic Assessment Test (SAT) score of 970. The college preparatory program is a course load at each high school that ensures students are ready for college-level work when they graduate. Parents should contact school officials to find out whether their children are taking the courses that would qualify them for the scholarship.

Merit scholars will receive 75 percent of tuition and required fees for a state university (about $1,900 a year) or community college (about $1,200 a year).

— Florida Academic Scholars: for students with a 3.5 grade-point average in a college prep curriculum and a minimum 1270 SAT score. National Merit Scholars and students completing an International Baccalaureate program are eligible automatically. Scholarships are for tuition and fees plus $600 for books.

— Florida Gold Seal Vocational Scholarships: for students with a 3.0 overall grade-point average in all subjects required for high school graduation, as well as a 3.5 GPA in vocational and technology education courses, completion of at least a two-year sequential vocational or technical education program and a passing score on the Florida College Placement test. Scholarships are for 75 percent of tuition and required fees.

All GPA requirements are based on four years of high school — not just the senior year.

The $75 million set aside by the Legislature is estimated to be enough to cover nearly 43,000 students. Although about 42,000 have applied, Brogan said, some of them will drop out of contention because of final grades that don't meet the requirements, and others will choose to attend school in another state or opt out of going to college right away.

"When we first contacted the high schools, we asked them to sign up everyone who might possibly get the grades," he said. "Our challenge now is to see the numbers go up."

Students who get the scholarships may continue to receive them as long as they maintain good grades. Those who get 100 percent of their tuition would have to maintain a 3.0 GPA, while those getting 75 percent of tuition would have to maintain a 2.75 GPA.

Parents who have purchased the state's pre-paid tuition program will not lose out under the new scholarship program. Money from both programs will be combined to pay a student's tuition and fees — with leftover dollars going to other college costs, such as meal programs and housing.

Who can apply?

Only Florida's graduating seniors — including home-schooled students — can apply. The GPA requirement for merit and academic scholars is the cumulative average from a four-year high school. Applicants cannot have been convicted of a felony or have pleaded no-contest to a felony, unless they have been granted clemency by the governor and Cabinet. There is no income requirement.

What can the scholarship be used for?

Undergraduate studies — full time or part time — at a public or private university, community college or vocational/technical school.

Can the scholarship be renewed?

Yes, but only through undergraduate school and only if the required GPA is maintained. If a student's grades fall off, he may re-apply once after boosting his grades to the required level. (An academic scholar whose grades fall below a 3.0 can receive money through the merit scholarship program until his grades are back at the higher level.)

What happens if there are more scholarships than money?

Each scholarship would be reduced by a certain percentage to keep the program within budget.■

Deploring the labor "fury" that has erupted over the bill's exclusion of prevailing wage from school projects, sponsoring Sen. Nancy Chiles Dix, a suburban Columbus Republican, said yesterday that the most important thing was to respond to the March court ruling by rebuilding schools as fast and inexpensively as possible.

"We're supposed to be about doing more with less," she said. "We're talking about having more money to spend on construction projects."

After expected Senate approval, Dix's bill will go to the House.

Ohio's prevailing-wage law requires that construction workers receive union-scale wages on all public building repair projects exceeding $15,000 and on new construction exceeding $50,000.

Last week, hundreds of construction workers descended on the Statehouse brandishing a Utah professor's study of nine western states. His study found five prevailing-wage states had lower school-construction costs than four states without the laws.

"My studies indicate that nothing good comes from eliminating prevailing-wage laws, whether you look at it from a cost, quality of construction or work force basis," said Professor Peter Philips.

Dix disputed that argument yesterday by describing what happened when the Cincinnati school system did not apply prevailing wage last year to a contract to upgrade lighting in 20 schools.

The project cost $112,000. When state wage-and-hour officials later ruled prevailing wage should have applied and ordered payment of back wages to the workers, more than $67,000 was added to the bill.

Dix said that's proof that the prevailing-wage law adds unnecessarily to the cost of repairing and building schools.

"I don't know what could weigh more significantly than real-life experiences," she argued. "I'm hearing from real people in real situations."

Senate Democrats are expected to offer floor amendments today to keep using the prevailing-wage law for school construction. Minority Leader Ben Espy already suggested a compromise to exclude prevailing wage from smaller repair projects but keep it for large construction, but Senate President Richard Finan dismissed the idea.■

62. The Plain Dealer Cleveland, OH

05/06/97; Edition: FINAL / ALL; Section: NATIONAL; Page 1A

CLEVELAND SCHOOLS' LOAN OK'D STATE ACCEPTS PLAN TO REFINANCE DEBT

By JOE HALLETT PLAIN DEALER BUREAU

State approval yesterday of a $139.3 million debt-restructuring plan for the Cleveland public schools was hailed by education officials as the finishing touch on a two-year financial turnaround for the district.

"This is a major day in the recent life of this school district," Superintendent Richard A. Boyd said following unanimous approval of the plan by the State Controlling Board.

Considered the nation's most financially troubled big-city school system on March 3, 1995, when a federal judge ordered the state to take it over, the Cleveland district will operate in the black this year, thanks largely to a 13.5-mill operating levy local voters approved last November, Boyd said.

Controlling board approval of the debt-refinancing plan "brings stability to a school district which was out of control," Boyd added.

Under the plan, Cleveland schools will borrow $90.1 million to help meet the May 16 payroll, and combine that amount with $49.2 million in old debt into a bond issue to be repaid over 10 years. James T. Van Keuren, assistant superintendent of the Ohio Department of Education, estimated the refinancing would save the district $70 million a year.

"It gives the district the flexibility to provide additional programs for students. We believe this community deserves that," Van Keuren said, noting that the Cleveland School District has the 10th-highest poverty rate in the nation, with 62 percent of students' parents on welfare.

Along with the levy, 13 school buildings have been closed and 500 jobs cut to improve the district's finances, Boyd said.

Under questioning from lawmakers on the controlling board, Van Keuren and Boyd assured that the new debt issue would be competitively bid.

Van Keuren acknowledged board members' concerns that before the state took control, Cleveland school officials had negotiated bond sales with a "select group" of underwriters, resulting in hundreds of thousands of dollars in higher costs.

"We have put in accountability into the practice of financing the Cleveland public school system," Van Keuren said.

Although anticipated property tax receipts and state aid should generate sufficient money to repay the $139.3 million debt, Boyd acknowledged that an additional 9-mill levy in November 2000 was included in the repayment plan in case revenues do not meet expectations.

"Whether it's needed or whether it's less than 9 mills depends on the economy and the level of state support in the future," he said.

In the last month, controlling board action on the Cleveland schools' request was twice delayed as Gov. George V. Voinovich sought clarification from the Ohio Supreme Court on portions of its March 24 landmark school-funding decision, which gave the General Assembly one year to devise a new financing system.

The court ruled that the state must adequately fund schools so they do not have to borrow money to stay open. In a clarification issued April 25, the court said "the status quo exists for a year," and that districts could continue to borrow until March 24, 1998.■

Loan Deferment

TRADE

22. Chronicle of Higher Education - Academe Today
May 5, 1997

Budget Pact Includes Increased Spending on Education and Tax Breaks for Tuition

By KARLA HAWORTH

The budget agreement reached Friday between President Clinton and Congressional leaders would provide significant spending increases for education and new tax breaks for college tuition.

The plan, which would provide the largest increase in education spending in 30 years, would increase the maximum Pell Grant from $2,700 to $3,000, and would expand the program to include nearly 350,000 additional students. The increase would be in place for the 1998-99 academic year. The White House on Friday lauded the plan as providing the largest Pell Grant increase in two decades.

The deal also would set aside $35-billion over five years to provide tax breaks for college students. President Clinton has proposed a $1,500-a-year tax credit for two years of college tuition and a family tax deduction of up to $10,000 a year to help middle-income families pay for college and training programs after high school.

Details of the tax breaks are not yet final, and it was unclear whether President Clinton's plans would be accepted. Republicans have criticized those plans as being too costly and cumbersome to manage. But Administration officials said they expected some form of the President's plan to be enacted.

Mr. Clinton's $5-billion plan to build new elementary and secondary schools was scrapped in the agreement, but Congressional leaders agreed to a $2.7-million plan to recruit reading tutors for the President's "America Reads" program. The program would mobilize one million tutors, many of them college students who would participate through work-study programs, to help three million children learn to read by the end of the third grade.

In announcing the agreement on Friday, Mr. Clinton called the appropriations for education "perhaps the most important" part of the plan.

"This budget meets my goal of making education America's No. 1 priority on the edge of the 21st century," he said.

Robert Shireman, a senior policy adviser for the White House National Economic Council, said that higher education had emerged from the budget talks in great shape.

"The Administration's budget was a great one for higher education, and basically, Congress decided to go along with it," Mr. Shireman said. "It's clearly beneficial and helps low- and middle-income people pay for college and have access to the college of their choice."

Although President Clinton had proposed only small spending increases for scientific research and development at universities — not quite enough to keep up with the rate of inflation in some cases — Mr. Shireman said it was unlikely that the National Institutes of Health or National Science Foundation would suffer. Congress and the President have not yet agreed on many details of the appropriations, he said.

"I don't think there's any question that the N.I.H. has strong support and will get an increase, whether it's for a cost-of-inflation increase or above that," Mr. Shireman said. "The important thing is that there's not going to be the kind of downward pressure on discretionary spending that could cause a real problem for science funding."

The budget deal, however, may force some teaching hospitals to tighten their financial belts. The budget would lower payments to Medicare providers to help squeeze out $115-billion in savings. Teaching hospitals participate in a number of programs that are likely to see significant cuts.

Terry Hartle, the vice-president for governmental relations at the American Council on Education, said that the cuts would have a disproportionate effect on teaching hospitals, particularly those in urban areas that care for indigent patients.

"Sharply reduced spending on Medicare is especially bad news for teaching hospitals," Mr. Hartle said. "We'll be taking a very close look over the next six weeks or two months as Congress fleshes out these proposals."■

23. Chronicle of Higher Education
May 5, 1997

Clinton Plan Would Link Service to Deferral of Loan Payments

By Karla Haworth

About 12,000 recent college graduates would benefit over the next five years from President Clinton's proposal to polio—in 1952, almost 60,000 children were stricken with the disease. Older male teens had to join the military, and often risked their lives in Korea and later, in the 60s, in Vietnam—as opposed to enlisting chiefly to receive training or scholarship aid, as youth do today. More than 11,000 of the names on the Vietnam Veterans Memorial wall are those of 18- and 19-year-olds.

To be sure, some social ills have worsened in the last quarter century. The mushrooming of the teen out-of-wedlock birth rate, and the spread of divorce and unwed motherhood has damaged many young people. Studies, for example, show that the incidence of child abuse and neglect almost doubled from 1986 to 1993. Perhaps the single most disturbing trend is the 67 percent jump in juvenile violent-crime arrests between 1987 and 1995. In 1994 there were some 2,800 juvenile homicide offenders, almost triple the number in 1984. (Even these dismaying figures can be exaggerated. In 1995, less than one half of one percent of all juveniles were arrested for a violent crime. Some 90 percent ofjuvenile arrestees are not charged with serious violent crimes.)

Some of the summit's five goals for aiding youth seem well-targeted to the inner-city adolescents who have been most hurt by the rise in juvenile violence and broken families. The goal of providing an ongoing relationship with a caring adult, such as a mentor or tutor, could prove invaluable to children who grow up in ghetto communities without many live-at-home fathers. Seeking to ensure that children have safe places during nonschool hours to play and learn could help in urban neighborhoods with few recreational opportunities. Other goals, such as encouraging youth to do more community service, or trying to develop marketable skills for children, seem more global and less likely to chiefly aid those at risk.

Perhaps lawmakers who paint youth problems as epidemic will inspire more volunteer efforts to aid the needy. But it is a shame that policy makers feel compelled, in effect, to trick the public into caring about at-risk youth by tarring a whole generation of adolescents. A comparatively small number of teens, black, white and Hispanic, desperately need help. Saying just that might persuade voters to aid truly disadvantaged teens—and leave fewer adults shaking their heads about "kids today."■

allow people who perform community service to defer interest payments on their student loans, Administration officials said last week.

Bruce Reed, the President's domestic-policy adviser, said the loan deferrals would go to those who performed full-time community service for any tax-exempt, non-profit organization and be valid for up to three years of service. Each participant's average benefit would be $600, the interest assessed for deferring the average loan; participants would continue to be liable for the principal and the actual interest on their loans. The proposal, he said, would be included in the President's plan for the 1999 federal budget, at a cost of about $7-million over five years.

Students who receive federally subsidized loans may already defer paying interest on the loans, Mr. Reed noted. The new proposal, which is aimed at middle-class students, would expand the benefit to those with unsubsidized loans.

In a speech last week at the Presidents' Summit on America's Future, in Philadelphia, Mr. Clinton said the new plan would complement the AmeriCorps national-service program, which gives students $4,725 in aid for each year of full-time community service. The program also provides each AmeriCorps participant with a $7,000 living allowance.

Mr. Clinton also announced a plan to award 50,000 new AmeriCorps scholarships over the next five years. They would be created at no additional cost to the federal government, he said, if charities, community groups, and businesses that benefited from the students' work paid their cost-of-living expenses. The money the government saves by not having to provide those living allowances would be plowed into more scholarships.

Community groups and businesses paid the living expenses of 1,600 AmeriCorps participants last year, and 1,750 more scholarships have been awarded this year, Mr. Reed said. The program's current approach of paying for both the scholarships and living expenses will continue for communities and organizations that cannot afford to pay the students' living expenses, he said.■

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24. Chronicle of Higher Education
May 5, 1997

House Committee Backs Changes in Financing of Job Training

By Douglas Lederman

A House of Representatives committee approved a sweeping change last week in the way the government finances job-training programs, many of which are run by community colleges.

The House Committee on Education and the Workforce endorsed by a voice vote a bill that would merge dozens of federal job-training programs into a single block grant to states. The bill would also consolidate existing federal programs for adult education and vocational rehabilitation for disabled adults into their own block grants.

Under the proposed job-training arrangement, displaced workers would get vouchers that would allow them to choose what type of training they wished, and to decide whether they received it from a community college, a trade school, or some other group. Under the current system, local job-training boards contract with colleges, schools, and businesses to provide training. Backers of the proposal aim to promote competition among providers of job training.

Two-year colleges receive about a third of the roughly $2-billion that the government now spends on training programs. The institutions expect to fare about the same under the proposed system as they do now.■

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25. Chronicle of Higher Education
May 5, 1997

Scholarship for White Students Challenged in Alabama Lawsuit

By Patrick Healy

A court-ordered scholarship program for white students at Alabama State University violates the constitutional rights of black students, one black student has charged in a lawsuit.

Jessie J. Tompkins, a black graduate student at Alabama State, applied last year for one of the new grants that were created in 1995 to diversify the historically black university. Mr. Tompkins says he was told that the money he sought had been set aside for whites.

"It's state-supported discrimination," said Mr. Tompkins, who sued the university in federal district court in March. Black students must earn good grades and meet other criteria to be eligible for aid from Alabama State, while most white students need only be admitted to receive a scholarship.

The grants were established in 1995 after a ruling by U.S. District Judge Harold L. Murphy in the state's college-desegregation case.

Judge Murphy directed Alabama to pay up to $1-million annually for 10 years to each of the state's two historically black campuses, which would use the money to enroll more non-black students. At the time, 93 per cent of the students at Alabama State were black; this spring, 88 per cent were black.

Lawyers for the state have asked a federal judge to dismiss Mr. Tompkins's suit or transfer it to Judge Murphy. Robert D. Hunter, the state's lead lawyer in the desegregation case, said he believed the court-ordered scholarships would be upheld. But voluntary aid programs that use race as a factor could come under judicial scrutiny, he said, and may not fare well because of recent court decisions restricting affirmative action.

"All race-based scholarships could end up being on trial in the Tompkins case," Mr. Hunter said.

Mr. Tompkins and other black students at Alabama State have lodged a civil-rights complaint about the scholarships, which the U.S. Justice Department is now considering.■

26. Chronicle of Higher Education

May 5, 1997

Bill to Avoid Budget Impasse Would Cut Education Funds

Education and research programs would suffer under a bill designed to avoid another shutdown of the federal government.

The measure would set government spending in 1998 at 98 per cent of what is being spent this year, if the Republican-led Congress and President Clinton failed to agree on an overall budget plan or on individual appropriations bills. Attempts to strike a budget deal continued last week.

Budget politics shut down the government twice in 1995. The G.O.P. drew most of the blame, and paid a heavy price in the 1996 elections.

Under the bill passed by a Senate panel last week, which President Clinton has vowed to veto, student aid would be cut by $1.8-billion, and more than 1,350 biomedical-research projects would lose federal support, according to the Office of Management and Budget.■

27. Chronicle of Higher Education

May 5, 1997

Probe Asks Whether Education Dept. Whistle Blower Was Demoted

Federal investigators examine the intersection of politics and student aid in the case of default-ridden Jordan College

By Stephen Burd

Federal investigators are examining whether top political appointees at the Education Department retaliated against Arthur L. Hardwick, a 22-year civil employee, for complaining to the department's Inspector General about their failure to punish a college in Michigan.

The investigation is being conducted by the U.S. Office of Special Counsel, a government agency charged with protecting federal employees from reprisal for whistle blowing.

Its primary target is David A. Longanecker, the Assistant Secretary for postsecondary education. In October 1994, Dr. Longanecker removed Mr. Hardwick from his position as head of the division that oversees colleges and trade schools that participate in the government's student-aid programs.

In his complaint to the Office of Special Counsel, Mr. Hardwick said that Dr. Longanecker had retaliated against him for providing evidence to the Inspector General that the Assistant Secretary had allowed Jordan College to remain in the student-aid programs because of political pressure from Democratic Senator Carl Levin of Michigan.

His complaint noted that he was removed from his post "only days after" the Inspector General began investigating the department's handling of Jordan College. The Inspector General's report, which was issued in May 1995, generally backed Mr. Hardwick's charges.

Dr. Longanecker says he did nothing wrong. He says he removed Mr. Hardwick and other members of the oversight division because they had done "shoddy" work. "I got rid of a bunch of bad managers," he said.

Because of the Office of Special Counsel's continuing investigation, neither Mr. Hardwick nor Dr. Longanecker would talk extensively about the allegations. Others who worked closely with Mr. Hardwick at the time also refused to comment because, they said, they feared reprisals by department officials.

But documents in the case underscore

higher ed loans

THE DAILY TEXAN, Jan. 29, 1997 page 1
(Student newspaper of The University Of Texas at Austin)

Clinton proposals would aid students

DEREK ROWAN
Daily Texan Staff

President Bill Clinton announced several proposals that will affect college students at a press conference Tuesday in Washington, D.C.

In the new budget being sent to Congress next week, Clinton said he plans to cut student loan fees, increase Pell Grants and Work Study jobs, and make a college education accessible to more Americans than ever before.

Clinton's budget would increase higher education funding to $58 billion per year by the year 2002, he said. The president said he plans to make a college education as universal as a high school diploma by offering a $1,500 per year tax credit for students in their first two years of college.

Also included in the proposed budget, a 25 percent increase in Pell Grant funding and an increase in the grant's maximum award from $2,700 to $3,000. Clinton noted that this is the largest ceiling increase to the Pell program in 20 years.

The Clinton administration also expanded eligibility for Pell Grants so that any student from a low-income family can receive a grant, making 218,000 more students, generally aged 24 or older, eligible for Pell funds.

More efforts to reform the student loan program have been suggested for making the loans easier for students to obtain and repay, Clinton said.

A plan to cut interest rates on loans to students while they are in college will reduce the loan fees from 4 percent to 2 percent, giving aid to 4 million low- and middle-income students, and dropping loan fees to 3 percent for 2.5 million more students, Clinton added.

"Taken together, these two steps will save American families $2.6 billion over five years," Clinton said.

The Work Study program, targeted for a funding increase, will offer 300,000 more positions, bringing the level of available positions to 1 million, Clinton said.

The increase in positions should facilitate the reaching of his goal of 100,000 Work Study students participating in literacy-tutor programs, he said.

UT System Chancellor William Cunningham was unavailable for comment on the proposed changes late Tuesday. Other initiatives in the president's budget are designed to fund forgiveness for student loan debt.

Those students using their education to serve the community by becoming teachers or providing medical care in remote rural areas as well as other forms of community service, will be eligible to have all or part of their debt removed, Clinton said.

To help families afford the cost of college, households with incomes up to $100,000 per year could become eligible for individual retirement accounts, and the heads of these households could make tax-free withdrawals to fund higher education, Clinton said.

Middle-income students may benefit from a proposed $10,000 maximum tax deduction which will also be made available for job training, he said. This initiative could impact 8.1 million middle-income students in 1998, Clinton said.

The budget plans also propose one year $1,000 scholarships for the top 5 percent of all high school graduates in the country and extend tax exclusion from employer-provided undergraduate and graduate education assistance through the year 2000, according to White House press information.

"Altogether, these proposals will move us closer to our clear national goal: an America where every 8-year-old can read, where every 12-year-old can log on to the Internet, where every 18-year-old can go to college, where all Americans will have the knowledge they need to meet the challenges of the 21st century," Clinton said.

The Chronicle of Higher Education, February 7, 1997
Section: Government & Politics, Page: A34

Clinton Proposes 25% Increase in Spending on Pell Grants

New plan wins praise from educators who urged the President to do more for low-income students

By Stephen Burd and Douglas Lederman

Washington – Seeking to rally support among college leaders for his plan to provide tax breaks to help students pay for college, President Clinton last week unveiled an expanded package of proposals that would provide more aid to the neediest students.

The President's plan still includes the $1,500 tax credit and $10,000 tax deduction for college expenses that Mr. Clinton put at the center of his re-election campaign. But his new package, which he outlined at the first press conference of his second term, would also increase spending on Pell Grants by 25 per cent.

Taken together, the President said, the proposals represent an "unprecedented commitment to higher education" that would "open the doors of college education wider than ever before."

Among other things, the plan would:

* Increase the maximum Pell Grant to $3,000 in fiscal 1998, up from $2,700 in fiscal 1997, at a cost of about $1-billion.
* Make Pell Grants available to more than 200,000 single, independent students and increase the size of grants for nearly 900,000 others, by changing the government's formula for deciding who is eligible for the grants. The change would cost the government about $3.9-billion over five years.
* Cut to 2 per cent from 4 per cent the fee that most borrowers pay on their federal student loans, at a cost to the government of $2.6-billion over five years.
* Extend through 2000 a provision of the tax code that allows workers to deduct from their federal taxes up to $5,250 a year in educational assistance paid by their employers.

Most student-aid experts and college leaders applauded the President for improving his original plan.

"President Clinton's proposal seems to be an aggressive plan to expand educational opportunity," said James A. White, the director of financial aid and student employment at Seattle University.

"Access to college will be significantly improved if Congress adopts the entire proposal."

Some student-aid experts remained dissatisfied, despite the sweeteners that the Administration had stirred into the brew. They noted that even as the Administration was proposing new ways to help needy students, it changed its tax-credit proposal in a way that would benefit low-income students even less than before. To ease the concerns of the Internal Revenue Service and Congressional Republicans, who were worried about potential fraud and the proposal's high cost, the Administration made the tax credit non-refundable, which means that families that do not pay taxes could not receive it.

"To save a billion dollars, the Administration took away money that would have helped those who needed it the most," said Morton Owen Schapiro, dean of the college of letters, arts, and sciences and a professor of economics at the University of Southern California.

Clinton Administration officials unabashedly acknowledge that the tax-break proposals are meant to help the middle class. They hope that they have won over the support of college leaders, however, by proposing large increases in the Pell Grant program to help low-income students.

"We've been listening to the community, and we are trying to be responsive to their concerns," said David A. Longanecker, Assistant Secretary for postsecondary education. "We're primarily focusing on helping the most needy students through the Pell Grant, rather than trying to do that through the tax reduction."

Some financial-aid experts say the plan remains too heavily weighted toward middle- and upper-middle-class families, investing more than $36-billion over five years in the new tax breaks while contributing only a small fraction of that amount in new funds for the Pell program.

"The biggest problem we face in higher education is that poor students are being priced out," said Dr. Schapiro. "But with all the money the President wants to invest in his tax-break proposals, these proposals will not bring more students into college who weren't going already."

As a counterpoint, some student-aid experts cited a proposal introduced last week by Senator Paul Wellstone, a Minnesota Democrat, that would pour $35-billion into the Pell Grant Program over five years, raising the maximum grant to $5,000.

Although he said he would support the President's plan, the liberal Senator declared that putting the money into Pell Grants would be better than financing tax breaks because the grants "are already geared" toward the neediest students.

Mr. Longanecker said that the Senator's plan was "attractive" but "unrealistic."

"The fact is that Congress is not going to pay to raise the maximum Pell Grant to $5,000, but they are going to have a tax cut," he said. "And we want to target that tax cut so it will help families send their children to college."

Mr. Longanecker said the tax proposal had been designed to provide "needed relief" to middle-income families struggling to afford the rising costs of attending public and private colleges. He said the President's plan would help ease the growing debt burden on students.

Mr. Longanecker said that college leaders must fight for the President's entire package to help low- and middle-income students alike.

-more-

Clinton Proposes cont.

But several higher-education associations, such as the American Association of State Colleges and Universities and the United States Student Association, signaled last week that they would fight only for the parts of the plan they like.

Members of the groups said they found some of the tax plans introduced last month by Senate Democrats and Senate Republicans to be preferable to the President's.

"There are three horses in this race -- the Senate Democrats, the Senate Republicans, and the President," said Edward M. Elmendorf, vice-president for governmental relations at the state-college association.

For example, Mr. Elmendorf said that his group preferred the tuition-tax-credit plan in the Senate Democrats' proposal because it is refundable and because, unlike the President's proposal, it would let students who receive Pell Grants receive the tax credit, too.

In addition, Mr. Elmendorf said his group would advocate replacing the $10,000 tax deduction -- which he said would benefit upper-middle-income taxpayers the most -- with a plan to let students deduct the interest on their loans, a proposal promoted by both the Senate Democrats and Republicans. Such a deduction, he said, "would be better targeted to middle-income Americans."

Erica Adelsheimer, legislative director of the United States Student Association, said her organization, too, would pick among the elements of the various plans. But she said she liked much of what's in the President's new plan.

Since the election, the student association has been urging President Clinton to advocate the elimination of fees that students must pay to receive federal loans. Today, to receive student loans, borrowers must pay an "origination fee" to the Treasury out of the amount they have borrowed. Students in the guaranteed-loan program must pay a 3-per cent fee to the government and often also have to pay a 1-per-cent "insurance fee" to the agencies that guarantee their loans.

Students who receive aid through President Clinton's direct-loan plan must pay the government a 4-per-cent origination fee to enter the program.

Congress imposed the fee in the mid-1980s -- supposedly as a temporary solution to budget problems -- to reduce the government's cost of running the student-loan programs. By doing so, aid experts say, Congress put the brunt of the costs of the loan programs on the backs of students who can least afford it.

The President proposed to cut in half the student-loan origination fee for those students who receive subsidized federal loans, and to cut the same fee from 4 to 3 per cent for borrowers in the unsubsidized and parental federal loan programs.

Not everyone cheered those proposals.

Representatives of the nation's loan-guarantee agencies complained that the President's plan would necessitate cuts in their subsidies. Mark Cannon, executive director of the Coalition for Student Loan Reform, said that reducing loan fees was a "laudable" idea but cautioned that the President's approach could "destabilize" the guaranteed-loan program.

Ms. Adelsheimer said she was also excited by the President's proposal to change the government's formula for deciding who is eligible for Pell Grants, to allow more independent students to benefit.

During the 1992 reauthorization of the Higher Education Act, Congress lowered to $3,000 from $6,400 the amount of money such students could earn each year and still qualify for a Pell Grant. As a result, student-aid experts say, close to a million students either lost their eligibility for Pell or had the size of their awards reduced.

Anthony F. Ceddia, president of Shippensburg University of Pennsylvania, said the President's decision to reverse the 1992 changes might do more than any of the other proposals to bring aid to those who most need it.

"Ever since 1992, older, non-traditional students have faced a Catch-22: They need to support themselves but cannot earn too much if they want to be able to go to college," he said. "It is terrific news that the President is ready to fix this problem."

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Clinton to shift more funds for grants to poorer students

By ROBERT GREENE
AP Education Writer

WASHINGTON (AP) - A program that helps poor students with their college expenses would get increased funding under a budget proposal by President Clinton, congressional and administration officials confirmed Monday.

Under the plan, some money would be shifted from tuition tax credits to Pell grants, raising the yearly amount available per student from $2,700 to $3,000. More students would become eligible as well.

Clinton planned to discuss the proposal at a news conference Tuesday. The plan is part of a larger budget proposal for the 1998 fiscal year that would raise federal education spending to $29 billion, from $26.3 billion this year.

The budget includes funding for proposals, many previously announced, that included increased support for schools trying to raise academic standards, a volunteer tutoring program to help 3 million children learn to read and financial help to build or repair school buildings.

The Pell grant proposal modifies a cornerstone proposal to make college tuition more affordable by offering families tax credits of up to $1,500 a year for the first two years of college. Clinton had dubbed the credits "HOPE Scholarships." A companion proposal would give $10,000 in tax deductions. The combined credit and deduction plans were projected to cost $44 billion over six years.

Critics, including some House Republicans, said the tax plan would benefit middle-income families more than poorer ones.

The credit is available to single tax filers earning less than $70,000 a year and joint filers with incomes under $100,000.

The Pell grant funding is increased by shifting money that otherwise would have been refunded to taxpayers under the HOPE scholarship proposal. Under the HOPE plan, for instance, a family that qualified for the $1,500 credit but only earned enough to pay $1,000 in taxes, would get a $500 refund from the government and not pay the $1,000 tax bill.

Working out refunds is hard work for the Internal Revenue Service, and the money comes too late in the year for many poorer families to benefit. The grants would make the money available sooner.

"Getting the credit doesn't help you when you have to pay the tuition," said Sen. Paul Wellstone, D-Minn. He said he was pleased by the proposal but still planned to introduce a bill Tuesday that would raise the yearly Pell grant to $5,000.

"I want to make sure there is a focus on the Pell grant program," he said.

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GRANTS TO POORER STUDENTS, continued...

The Department of Education has budgeted $6.4 billion for Pell grants this year to reach 3.6 million people.

The education budget proposal also:

-Increases funding by 26 percent, to $620 million, for Goals 2000, a program to help school districts raise educational standards.

-Provides $5 billion over four years to help cover half the interest that districts must pay for school construction. The administration says the proposal would generate $20 billion in construction - an increase of 25 percent.

-Earmarks $2.75 billion over five years for "America Reads," funding the work of 30,000 reading specialists and volunteer coordinators. One million volunteers would help more than 3 million children after school, over the weekends and through the summer.

9

Political Support Continues Strong for TRIO Programs for Disadvantaged Students

BY JEFF MCMILLAN

WASHINGTON

EIGHTEEN months ago, the TRIO programs for disadvantaged students were threatened with extinction by a Republican Congress intent on cutting the deficit.

Now the programs are not only surviving but thriving, flush with $37-million in new funds and the apparent resurrection of the bipartisan support that TRIO had enjoyed since its inception in 1965.

TRIO includes five federal programs designed to encourage college attendance, retention, and graduation among low-income and first-generation students. (The name dates to TRIO's origins, when there were three programs.) Last year TRIO helped about 680,000 students prepare for college.

The budget-balancing plan approved by the Republican-controlled House of Representatives in May 1995 proposed eliminating TRIO and more than 280 other programs.

At the time, a spokesman for the chairman of the House Budget Committee, Representative John Kasich of Ohio, said the Republicans' thinking was "real simple": "In light of the fiscal problems that we are in, having a bureaucrat teach people how to fill out student-aid forms is just not necessary."

Republicans eventually backed off the plans to kill TRIO, thanks in part to an aggressive lobbying campaign by the programs' supporters. For fiscal 1996, the programs received $463-million, the same amount they had received the year before.

"Republican legislators in the House became familiar with the TRIO programs and became supportive," said Maureen Hoyler, executive vice-president of the National Council of Educational Opportunity Associations, which works on behalf of TRIO. "Once they see that a program really affects people in their district, they support it."

This year the programs did more than get by. The Clinton Administration and Republican leaders in Congress provided TRIO with $500-million for fiscal 1997, an increase of $37-million.

TRIO officials and alumni believe the programs have endured because they offer help, not money, and are not based on race.

Budget-cutting Republicans have taken aim at Education Department programs they perceive as ineffectual and rewarded those that work, said Robert H. Bradner, a spokesman for Representative John Edward Porter, the Illinois Republican who heads the House panel responsible for education spending.

"In a nutshell, the TRIO program is, No. 1, a targeted education program, and No. 2, a program with a track record of effectiveness," said Mr. Bradner.

Representative Henry Bonilla, a Texas Republican, said TRIO should be a "model for every federal program" and called it a solid investment in the future of America. Mr. Bonilla is intimately familiar with TRIO: One of its 74 educational-opportunity centers helped him with his college application when he was attending South San Antonio High School in Texas. Mr. Bonilla is one of three TRIO graduates in Congress; the others are Democrats Albert Wynn of Maryland and Cleo Fields of Louisiana.

SUPPORT SERVICES FOR STUDENTS

The increased federal funds will be used for TRIO's Student Support Services Program, which offers tutoring and counseling to help retain students who have already entered college, said Ms. Hoyler of the National Council of Educational Opportunity Associations. Students who drop out of college waste government aid, she said, as well as their own time.

TRIO brought Rodney D. Franks to college, and kept him there. He is the youngest of seven children raised by a single mother in Leavenworth, Kan. Besides not being able to afford college, he had fallen behind in high school while his mother was ill, he said.

But during the summer of 1991, as he prepared to enter Saint Louis University, Mr. Franks took a six-week course sponsored by TRIO that brought him up to speed in mathematics, his weakness. "I learned more in that six-week period than in three or four years of high school," he said.

With the help of TRIO counselors in college, as well as other grants and loans, he graduated in the spring of 1995 with a B.A. in political science and Russian studies. Now he's a counselor at the university for TRIO's Upward Bound program, which offers after-school and weekend classes for first-generation college students.

In that job he works with Celerstine Briggs Johnson, assistant academic vice-president at Saint Louis, who oversees the university's TRIO programs. It cost her $25 a semester to attend college as a first-generation student in the 1950s, she says. With tuition much higher now, she said, TRIO is even more valuable for low-income students with questions or apprehensions.

"For me and for them, I believe that education's one way you can get yourself out of poverty," said Ms. Johnson, who headed the National Council of Educational Opportunity Associations for 17 years.

Mr. Franks hopes to enter the university's law school next fall and expects to struggle to afford it. "Yes, I am going to make it in law school, because I have that strong foundation" from TRIO, he said. ■

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Democrats' Speeches and Advertisements Turn Student Loans Into a Campaign Issue

Republicans charge that President Clinton's supporters are misleading voters

BY STEPHEN BURD

WASHINGTON

OMINOUS MUSIC plays in the background as the television image shows Carolyn Friedman sitting in her kitchen, contemplating how difficult it will be to send her two children to college.

"My husband and I both work. And next year, we'll have two children in college. And it will be very hard to put them through, even with two incomes," she says.

The scene shifts to a college campus. "But Congressman Frank Riggs voted with Newt Gingrich to cut college loans while giving tax breaks to the wealthy," an announcer says.

Back in her kitchen, Ms. Friedman asks viewers to tell Mr. Riggs, a California Republican, that "his priorities are all wrong."

The television advertisement is part of a series by the country's largest labor organization, the American Federation of Labor and Congress of Industrial Organizations. The ad targets 32 Republican members of the House of Representatives for voting, in the A.F.L.-C.I.O.'s words, "to cut student loans and other educational programs."

MIDDLE-INCOME VOTERS

As the Presidential and Congressional campaign season heats up, the ad is also part of a larger Democratic strategy to convince middle-income families, worried about the rising cost of a college education, that Republican attempts to cut student loans will make sending their children to college even harder to afford. This point is being pounded home in ads by Democratic Congressional candidates across the country.

The issue dogged the Republican Presidential candidate, Bob Dole, on the campaign trail this month. At a forum in Pittsburgh, a University of Pittsburgh senior attacked Mr. Dole for supporting the "defunding" of student loans. The question angered Dole campaign officials, because it came during a gathering in which the candidate was supposed to field queries largely from pre-selected, friendly questioners.

Vice-President Gore also took up the theme of affordability. In a speech last week, he said Mr. Dole and the Republican-controlled Congress want to slash funds for student aid and loans. " 'Abolish, bash, and cut' are not the ABC's that we think are important in an education policy," Mr. Gore said.

Republican lawmakers and officials of the Dole campaign are crying foul, saying that the Democrats' attacks on the student-loan issue deliberately misrepresent the record of the Republican Congress.

Last week, Representative William F. Goodling, the Pennsylvania Republican who heads the House panel in charge of higher-education policy, outlined his party's accomplishments. Speaking at a meeting of the National Council of Higher Education Loan Programs, which represents agencies that guarantee student loans, he said Congress had increased the maximum Pell Grant to "its highest level ever." (In fiscal 1996, the maximum Pell Grant is \$2,470, \$130 more than in 1995, and Republican lawmakers are proposing an increase to \$2,500 for 1997.) In addition, Mr. Goodling said, the House has voted to increase funds for the College Work-Study Program by \$68-million for fiscal 1997.

"If they had had their way, they would have dramatically increased the costs of the student-loan program for students and their parents."

Republicans have done nothing to limit students' access to federal college loans, he added. In fact, the seven-year plan put forth by Republican Congressional leaders to balance the budget last winter would have increased funds for student loans by 50 per cent, or \$12-billion, to \$36-billion by 2002, Mr. Goodling said.

ESCALATING LOAN VOLUME

The number of federal loans taken by students continues to escalate, the Congressman noted. In fiscal 1997, about 6.9 million students will receive federal loans, 318,000 more than in 1995, he said.

"Does this sound like a party that is trying to decimate higher education?" Mr. Goodling asked his audience from the guarantee agencies.

Representative Riggs, who sits on Mr. Goodling's committee, said on the House floor last week that the A.F.L.-C.I.O.'s ads were disingenuous. "Republicans do care about making a college education more affordable for our young people. We realize it is a good investment, a far-sighted in-

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STUDENT LOANS, continued...

vestment of the taxpayer's dollar," he said. "Those who want to continue to maintain that we are cutting taxpayer funding for student financial aid ought to go back to school, because they cannot do their math."

IMPACT OF DIRECT LENDING

Republicans say Democrats are also trying to make it appear that G.O.P. efforts to kill or limit the President's direct-lending program would harm students' ability to get loans and raise the cost of obtaining loans. Direct lending provides loan funds directly to colleges, bypassing the private banks and guarantee agencies that take part in the guaranteed-loan program.

"Direct lending is simply a method of delivering loans," a spokeswoman for Mr. Goodling said. "Eliminating the program will not jeopardize a single student's ability to obtain a loan."

Democrats and many college-aid experts, however, said the Republicans were trying to run away from their record as the elections near.

"If the noose fits, wear it," said David V. Evans, minority staff director of the Education, Arts, and Humanities Subcommittee of the Senate Labor and Human Resources Committee.

"If they had had their way, they would have dramatically increased the costs of the student-loan program for students and their parents."

Democrats discount G.O.P. claims about the growth in college loans, noting that in such an entitlement program, the number of loans awarded is dictated by demand from students.

For proof that Republican proposals hurt students, Democrats and student-aid experts point to a Congressional budget resolution approved by the House in May 1995. It would have eliminated the interest subsidy that the government now pays on student loans while the borrowers are in college, costing students who repaid loans over that time an additional estimated $18-billion.

At the time, House Republican leaders argued that taxpayers should not have to subsidize college students. "We know that college graduates will make more than a half-million dollars more, on average, than high-school graduates, and yet you are asking the hard-working men and women who don't make as much to subsidize their education," Representative Martin Hoke, an Ohio Republican, said during debate on the resolution.

The final budget resolution, worked out in negotiations with the Senate, called for eliminating the interest subsidy only for graduate and professional students while they are still enrolled. This would have increased the cost of loans for these students by about $3-billion over seven years. Congressional budget resolutions are not binding; they dictate how much money is allocated to each Congressional committee to finance the programs in its domain.

SIGNIFICANT COST INCREASES

After the Republicans approved the 1995 balanced-budget resolution, it was up to the House Economic and Educational Opportunities Committee and the Senate Labor and Human Resources panel to find the savings required by the resolutions. In drafting their plans, the two committees drew up proposals that would have meant significant cost increases for students and their parents, Democrats charged. These proposals included:

- Eliminating the six-month waiver period during which the government pays the interest on the loans of students who have graduated.
- Increasing the interest rate on PLUS loans, which parents can receive to pay for college costs.
- Imposing a tax on colleges of 0.85 per cent of their student-loan volume. Some colleges and universities calculated that the tax would cost each of them at least $1-million a year and force them to pass the costs on to their students.

Ultimately, "after intense opposition from Congressional Democrats and a threatened veto from President Clinton, Republican lawmakers dropped the provisions. Instead, in a budget deal with the White House, they cut $4-billion from the student-loan program, trimming subsidies to banks and administrative costs at the Education Department.

"Not one dollar was put on the back of students," said William D. Hansen, executive director of the Education Finance Council, an association of non-profit organizations that buy and sell student loans.

Mr. Hansen, who is a top education adviser to Mr. Dole, said the Democrats were "playing with the truth" to make it appear that the Republicans had made it tougher for students to get or afford college loans.

"They are using fear and scare tactics," he said.

Democrats and student-aid experts admit that the Republicans have not actually raised the cost of federal loans for students. But G.O.P. lawmakers tried to do so, they say, and were stopped only by resistance from Democratic lawmakers and President Clinton.

"If somebody tries to shoot me, but he misses, does that make him innocent of trying to hurt me?" asked Barmak Nassirian, an analyst at the American Association of State Colleges and Universities. ■

★ **Documents** related to this story can be found on "Academe Today," *The Chronicle*'s Internet service at:

http://chronicle.com

higher ed loans

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College student loan default rate declines

By DEB RIECHMANN
Associated Press Writer

WASHINGTON (AP) - Looking ahead to budget negotiations with the new Congress, President Clinton today touted a record-low college loan default rate in pressing for further education tax breaks.

The Education Department reported the fiscal 1994 default rate was 10.7 percent, the lowest since the department began reporting it in 1988, and a 40-percent drop since Clinton took office in 1993.

The high was 22.4 percent in 1990.

"The bottom line is this report shows our strategy of opportunity and responsibility is working," Clinton said at a news conference with Education Secretary Richard Riley.

They credited a crackdown on delinquent borrowers by the administration, Congress, schools, lenders and student loan guarantors.

As for this year's education agenda, Clinton said expanding education tax breaks was a priority and he felt sure that the Republican-led Congress would pass his initiatives.

"The atmosphere so far feels good to me and if we just keep working on it we can get there," the president said. "America needs these tax cuts to help America pay for college."

The president also expressed willingness to negotiate with the Congress on a plan to balance the budget by 2002. He refused to say whether he would propose higher Medicare premiums for upper-income taxpayers but said, "We still have to work around the edges from time to time."

Clinton said the budget will show that "I am making a clear effort to reach out to them, to meet them halfway, and to get this job done."

Clinton made his remarks in the Oval Office, where he appeared with a half-dozen college students. He noted that government-backed loans helped pay for his own college and law school education.

"I wouldn't be here without the good graces of the government," said University of Michigan junior Fiona Rose. Her student loans, she said, "made it possible for me to focus more on the textbooks and less on the bank books."

Many trade schools that had high default rates have been expelled from national student aid programs, and rules now allow wages to be garnisheed or tax refunds withheld from defaulters.

Also, more students are being counseled about their loan responsibilities, more flexible repayment options are being offered, and technological advances have helped track borrowers.

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DEFAULT RATE DECLINES, continued...

The default rate relesed today does not include money lent under the Clinton administration's new direct loan program. Under direct lending, the Education Department, not banks, collects repayments.

The department says the volume of student loans rose from $12.3 billion in 1990 to $23.1 billion in 1994, because of more borrowers, and in some cases, larger loans.

However, the amount of money collected on defaulted loans doubled from about $1 billion in 1992 to $2.2 billion in fiscal 1996.

During his re-election campaign, Clinton proposed two tax breaks to help students from middle-income families afford a college education:

-Hope Scholarships to make two years of college or vocational training as accessible as high school. In the first year, students or their parents would receive a $1,500 tax credit. Those whose taxes amount to less than that amount would get a check from the government. A second $1,500 credit would be available if the student earns a B average and is drug-fre.

-Up to $10,000 annual tax deduction for tuition costs for students not using the tax credit.

higher ed loans

THE NEW YORK TIMES, THURSDAY, JANUARY 9, 1997 P-9 B

At Center of Plans for Education: Lower Default Rate on Loans

By ALISON MITCHELL

WASHINGTON, Jan. 8 — Beginning a campaign to build Congressional support for his education proposals, President Clinton was planning to announce on Thursday that the percentage of borrowers defaulting on their Federal student loans has dropped to 10.7 percent.

As he did last year in his State of the Union Message, Mr. Clinton planned to showcase the trend as a sign of student responsibility that should pave the way for making college education more accessible.

The President has had a long-standing proposal to make tax deductible up to $10,000 a year of college tuition. Last year in the Presidential campaign, he proposed a $1,500 tax credit for the first two years of post-secondary education tied to maintenance of a B average. And he has proposed to allow money from I.R.A.'s to be withdrawn for college expenses.

The programs are central to Mr. Clinton's theme that higher education is crucial to success in the global information age. And education proved a powerful selling point for him in the 1996 campaign.

While tax cuts are likely to appeal to the Republican Congress, some education analysts have begun to express concerns that the President's proposals could lead to inflation in tuition costs or cause states to cut back on the money they put into higher education. Educators have also asked whether tying a tax credit to a B average would put the Internal Revenue Service into the position of verifying college grades.

"We are most grateful to the president for having made clear that college education is an important focus of national attention," said Barmak Nassirian, an analyst for the American Association of State Colleges and Universities. "In that sense we understand the intent is good."

But he added, "We have a number of very serious concerns about the specifics of the proposals."

Administration officials say the report that Mr. Clinton will unveil shows that for the 1994 fiscal year — the most current data available — the rate of borrowers defaulting on student loans dropped to 10.7 percent, compared with 11.6 percent in the 1993 fiscal year.

The downward trend began after the 1990 fiscal year when the default rate peaked at 22.4 percent and the Bush Administration began to tackle the problem, given new Congressional authority for sanctions.

Administration figures also show that increased collections, combined with the lower default rate reduced the net cost to the Government of defaults to $249 million in the 1996 fiscal year, compared with $1.7 billion four years earlier.

SAN DIEGO UNION-TRIBUNE, Jan. 10, 1997 P. 6

College loan default rate falls again, Clinton says

ASSOCIATED PRESS

WASHINGTON — Reviving the popular education theme of his reelection campaign, President Clinton yesterday announced another drop in the college loan default rate and promised to seek "dramatic advancements in education" in his second term.

The number of borrowers who defaulted on student loans dropped to 199,233 in fiscal 1994 from 212,052 a year earlier. It was the fourth straight year of decline, with the default rate dropping to 10.7 percent. The high was 22.4 percent in 1990.

The president credited tougher screening of schools, more stringent efforts to collect loans and a healthy economy that has created jobs for graduates. He made his comments in an Oval Office ceremony with Education Secretary Richard Riley.

Clinton said he financed his education with scholarships, loans and jobs, and had long felt that it should be easier for people to go to college. But, he added, "it ought to be harder to evade your obligation to repay the debt."

Looking ahead to his second term, Clinton said he was committed to "open the doors of college education to everyone."

"The core of my second-term efforts to build a bridge to the 21st century will be dramatic advancements in education," the president said.

The centerpiece of his effort will be a $1,500 tax credit for community college classes and tax deductions of up to $10,000 a year for college tuition.

Chances are very good that Congress will approve the program, Clinton said. "The atmosphere so far feels good to me," he said, describing preliminary talks with the Republican Congress.

More broadly, the president expressed a willingness to negotiate with Congress on a plan to balance the budget by 2002. Clinton will send his proposal to Congress on Feb. 6. He said it "will show that I am making a clear effort to reach out to them, to meet them halfway, to get this job done."

Clinton did not rule out the possibility of higher Medicare premiums for upper-income taxpayers, saying, "I don't want to remove all the suspense from my budget presentation."

CHICAGO TRIBUNE, Jan. 10, 1997 p. 5
(Best Copy Available).

Student loan default rate dips to new low

Sanctions on schools, more aggressive collection methods cited for decline

By Frank James
Washington Bureau

WASHINGTON—Americans who received federally backed loans to pay their college and vocational school bills are much less likely to become deadbeats than in the past, causing the default rate on such loans to decline to the lowest level on record, the White House said Thursday.

At an Oval Office event, President Clinton said the default rate fell to 10.7 percent in 1994, the most current available data. That was less than half the rate of four years earlier.

"We want it to go lower still, but we can be proud of the fact that more young people who go to college are showing that, along with everything else, they have learned the important responsibility to pay the loan back," Clinton said.

"That means savings of hundreds of millions of dollars to our taxpayers, savings which will make it easier for us to balance the budget, and easier for us to invest more in education," he said.

The administration also took credit for some of the decline.

It cited tougher enforcement actions, including sanctions on schools with high default rates and more aggressive collection activities.

The Education Department said collections by the federal government and guaranty agencies more than doubled to $2.2 billion for fiscal 1996, which ended in September, from fiscal 1992. Because of higher collections, the net default costs to taxpayers dropped to $249 million in fiscal 1996 compared with $1.7 billion in fiscal 1992.

While the administration took credit for much of the improved picture, it also acknowledged the economy's role. "More young people who get out of college can get good jobs and repay their loans more easily, and that's very, very important," Clinton said.

The data released Thursday indicate that Illinois had a 1994 default rate of 8.8 percent. The national average was 10 percent. Nevada had the highest rate, 19.4 percent, of any state. North Dakota ranked lowest with 2.8 percent.

The government said nine Illinois schools faced restrictions or bans from all federally funded student aid programs, as required by law, because of one-year default rates of 40 percent or more. Seven, all cosmetology schools, were in the Chicago area, including Cannella School of Hair Design, Kankakee Academy of Hair Design and Capri School of Beauty Culture of Chicago.

Many Chicago-area schools made the list of schools that faced becoming ineligible to participate in federally backed loan programs because of default rates of 25 percent or higher for three consecutive years.

They included St. Augustine College, Taylor Business Institute and the Blue Island School of Cosmetology.

Economy, Crackdown Pay Off In College Loan Default Rate

By Rene Sanchez
Washington Post Staff Writer

The percentage of college students defaulting on tuition loans, once one of the most serious problems in higher education, has declined to its lowest point.

Since the start of the decade, the percentage of students who do not repay loans has been cut in half, to 10.7 percent, a feat the Clinton administration credited yesterday to a robust economy and tougher collection tactics by the Department of Education. The substantial decline in student defaults comes at a time when paying tuition with loans is soaring. About 6 million students, nearly half the nation's college enrollment, have tuition loans, a record. Many higher education officials are alarmed by the rise in borrowing. The improving default rate is a welcome sign, they say.

In 1990, the percentage of student defaults reached a record high. About one in five student loans lapsed into default. That problem cost the federal government, which guarantees the loans for lenders, several billion dollars a year.

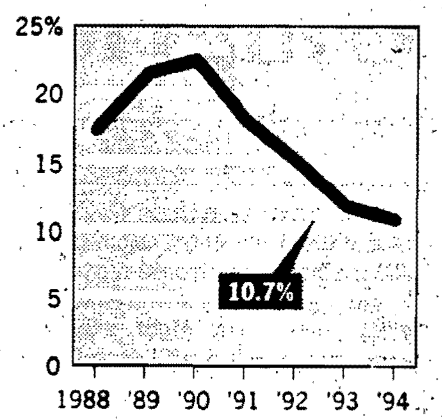
But Education Secretary Richard W. Riley said yesterday that collection of overdue student loans has improved dramatically. Since 1992, collections have doubled from $1 billion to $2.2 billion. The annual cost of covering defaults has plummeted from $1.7 billion in 1992 to $249 million last year, Riley said.

The Education Department, long criticized as inefficient, also has banned nearly 150 educational institutions with high loan-default rates from participating in federal college aid programs. More than 300 other schools with high default rates may be dropped from aid programs this year. Universities and trade schools often serve as the administrative link between lenders and students.

"We have done our part by placing tough sanctions on schools that didn't do their part to prevent defaults. . . . We have tracked down defaulters and made them pay," President Clinton said during a White House ceremony to announce the new figures. "Frankly, a stronger economy has also helped to produce today's good news. More young people who get out of college can get good jobs and repay their loans more easily."

THE BORROWERS

STUDENT LOAN DEFAULT RATE



SOURCE: Education Department

THE WASHINGTON POST

The average amount of a defaulted student loan, federal officials say, is about $3,000, and most involve students who attend for-profit trade schools.

The federal crackdown on defaults also has been aided by congressional measures passed earlier this decade, and backed strongly by then-President Bush's administration, that give federal officials more power to recover student loan debts.

More than $500 million in debts was seized last year from the federal income-tax refunds of 573,000 defaulters, and federal lawsuits against defaulters are swiftly increasing—from 200 to 8,000 accounts in the past few years. The Education Department also garnished the wages of 25,000 student loan defaulters last year.

"This is a spectacular bipartisan accomplishment," said Terry Hartle, a vice president for the American Council on Education, which represents 1,300 universities. "It is a long time coming. The system has tightened up all the way around."

Clinton yesterday also defended his controversial direct-lending program, which allows the federal government to make tuition loans and collect repayments directly from students. For the first time, banks have no role. More than 1,500 schools participate in the three-year-old initiative. Clinton and Riley predicted that the student default rate will continue to decline as direct lending expands.

The data released yesterday do not include money lent to students through that program, which has barely survived several drives in Congress to eliminate it. Lawmakers opposed to direct lending say it could be too costly, or contend the Education Department's bureaucracy is too inept to run it. Last year, 900,000 aid applications being handled by department contractors were delayed by management problems.

Clinton also reopened a campaign yesterday for two prominent tax-break programs for college costs. He has proposed giving $1,500 tax credits—dubbed "Hope Scholarships—to students for two years of college or vocational training, if they maintain a "B" average. He also wants to give families up to $10,000 in annual tax deductions for college costs.

FOR MORE INFORMATION

For a complete guide to paying for college, including information on loans, grants and how to access online aid applications, click on the above symbol on the front page of The Post's site on the World Wide Web at http://www.washingtonpost.com

UNITED STATES DEPARTMENT OF EDUCATION NEWS 11.

FOR RELEASE
January 9, 1997

Contact: Jane Glickman (202) 401-1307
Stephanie Babyak (202) 401-2311

NATIONAL STUDENT LOAN DEFAULT RATE AT LOWEST POINT EVER

President Clinton today announced that the national student loan default rate has fallen to 10.7 percent, less than half the 22.4 percent level of just four years ago and the lowest default rate ever.

The President was joined at the White House by U.S. Secretary of Education Richard W. Riley, who attributed the decline to a combination of accountability efforts by the Education Department, tough enforcement sanctions authorized by the Congress, and strong efforts by the schools themselves. "Since coming to the Department, one of my top priorities has been turning around the nation's serious default problem," Riley said. "We have used every tool available to slash the default rate and save taxpayers hundreds of millions of dollars -- and these efforts will continue."

The new national default rate is for FY 1994 -- the most current data available -- and represents a snapshot in time of borrowers scheduled to begin their loan payments in 1994, and who defaulted in either that year or the following year. The national rates are published, with the release of Federal Family Education Loan (FFEL) default rates of some 8,000 colleges, universities, and trade schools that participate in the federal student loan programs.

A significant rise in collections in the last few years has substantially reduced the net cost of defaults, which is the amount paid out by the U.S. Treasury to cover defaulted student loans minus the total amount collected by the Education Department, Treasury, and guaranty agencies.

-MORE-

Riley said both the department and the guaranty agencies have taken an aggressive approach to the collection of defaulted student loans, employing a wide range of collection tools.

Defaulted student loan collections by the federal government and guaranty agencies more than doubled from $1 billion in FY92 to $2.2 billion in FY96. As a result, the net default costs were $249 million in FY96, compared to $1.7 billion in FY92.

In addition, since March 1996, the Department has resolved a backlog of 1,476 appeals of cohort default rates filed by 525 schools between fiscal years 1989 and 1993. As a result, 144 schools are no longer eligible for the federal student loan programs (FFEL and the federal direct loan program). Until appeals are resolved, schools continue their eligibility in the loan programs. "By clearing up the backlog," Riley said, "we were finally able to eliminate schools with the highest default rates, thus helping to lower the overall default rate in the future." The Department also identified today 357 postsecondary schools that may be dropped from one or more federal student aid programs because of excessive default rates in FY1994. Schools have the right to appeal.

The Higher Education Amendments of 1992 (P.L. 102-325) mandate that schools with default rates of 25 percent or greater for three consecutive years face loss of eligibility to participate in the FFEL and direct loan programs. This year 329 schools are affected by this provision, including 108 new schools and 221 schools whose loss of eligibility was extended another year based on their 1994 rates.. Historically Black Colleges and Universities, tribally controlled schools and Navajo community colleges are exempt from sanctions until July 1998.

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In addition, under Department regulations, schools with a one-year default rate over 40 percent may have their eligibility for all federal student aid programs restricted or terminated. Based on the 1994 rates, 157 schools fall in this category.

Borrowers who default on federal loans face serious repercussions, such as the withholding of federal income tax refunds, wage garnishment, adverse reports to credit bureaus, denial of further federal student aid, and litigation. For example:

- o the Department recovered $535 million in FY96 by offsetting federal income tax refunds from 573,000 defaulters;
- o the Department's wage garnishment program increased from 5,000 defaulters in FY95 to 25,000 in FY96;
- o federal lawsuits against student defaulters increased from 200 accounts in FY95 to over 8,000 in FY96.

To avoid these sanctions, defaulters now have the option to consolidate their loans and establish an income-based repayment plan that more realistically matches their ability to pay.

Riley noted that the new Direct Loan Program will help to reduce defaults further. "All borrowers can take advantage of the income-based plan as well as other flexible repayment plans offered through direct loans, and we're confident that these options will help many borrowers avoid default in the first place," Riley said.

"President Clinton has been a strong advocate for Direct Lending since its inception," Riley said, "because it offers borrowers more repayment options after school and more control over personal finances, which enables graduates to pursue a broader range of career choices. And he knows that Direct Lending can go a long way in reducing default costs to taxpayers."

-MORE-

"Our goal is to continue to improve accountability and stewardship of all the federal student aid programs and secure access to higher education for all qualified students." Riley added.

Borrowers who believe they may be in default on a federal student loan should contact the holder of the loan for more information about available repayment options. For accounts currently being handled by the department or to locate a past due account, borrowers may call the department's Debt Collection Service Center at 1-800-621-3115.

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THE WALL STREET JOURNAL FRIDAY, JANUARY 10, 1997 P-5B

Clinton Says Defaults On Student Loans Hit Lowest Level, at 10.7%

By a WALL STREET JOURNAL *Staff Reporter*

WASHINGTON – President Clinton began a campaign for his education program by announcing that student-loan defaults had fallen to their lowest rate ever.

Of students who should have begun repaying loans in 1994, 10.7% were in default, down from the peak of 22.4% in 1992, when student defaults cost taxpayers $1.7 billion. The president attributed the decline to tougher collection and enforcement laws that dropped hundreds of schools with high default rates from federal loan programs since 1993. But he acknowledged that a strong economy had also contributed by moving graduates into jobs more quickly.

The president used the occasion to outline an education program that he sees as the cornerstone of his second term. The plan includes a tax deduction of up to $10,000 a year for college tuition and would allow withdrawals from individual retirement accounts to cover college costs.

The Department of Education is investigating 357 schools with high default rates. The government collected $2.2 billion in defaulted loans in the latest fiscal year, reducing the total at default to $249 million, the department said.

Beginning in the late 1980s, federal policy makers began getting tough on student-loan defaulters by first withholding their tax refunds, and then gaining legislation to attach their wages. Borrowing rules were toughened and the government began to move against schools.

5.

NEWARK STAR LEDGER, Jan. 10, 1997

Fewer students default on loans

By Steve Holland
REUTERS

WASHINGTON — President Clinton yesterday announced a dramatic decline to 10.7 percent in the number of college students who default on government education loans.

The default rate is down from its peak four years earlier of 22.4 percent. Clinton cited a stronger economy, better enforcement and a greater sense of responsibility among young people as reasons for the improvement.

"We want it to go lower still," he told an Oval Office ceremony. "But we can be proud of the fact that more young people who go to college are showing that along with everything else they have learned the important lesson of their responsibility to pay the loan back."

The default rate decline to 10.7 percent was recorded in fiscal year 1994, the latest figures available. It was the lowest rate since the government began monitoring it in 1986.

Education Secretary Richard Riley said his department had been aggressive in its efforts to collect on defaulted loans. Collections have more than doubled from $1 billion in 1992 to $2.2 billion in 1996. As a result, the net default costs to the government were $249 million in 1996, compared to $1.7 billion in 1992.

The department over the last four years has removed 672 educational institutions from all student financial aid programs and an additional 203 from participation in the loan program because of high default rates.

Schools with default rates of 25 percent or greater for three consecutive years can lose eligibility for loan programs. The department Thursday put 357 schools on notice because of excessive default rates. Clinton, noting he went to college and law school on scholarships and loans, said the savings to taxpayers from fewer loan defaults "will make it easier for us to balance the budget, and easier for us to invest more in education."

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College student loan default rate declines

By DEB RIECHMANN
Associated Press Writer

WASHINGTON (AP) - Looking ahead to budget negotiations with the new Congress, President Clinton today touted a record-low college loan default rate in pressing for further education tax breaks.

The Education Department reported the fiscal 1994 default rate was 10.7 percent, the lowest since the department began reporting it in 1988, and a 40-percent drop since Clinton took office in 1993.

The high was 22.4 percent in 1990.

"The bottom line is this report shows our strategy of opportunity and responsibility is working," Clinton said at a news conference with Education Secretary Richard Riley.

They credited a crackdown on delinquent borrowers by the administration, Congress, schools, lenders and student loan guarantors.

As for this year's education agenda, Clinton said expanding education tax breaks was a priority and he felt sure that the Republican-led Congres would pass his initiatives.

"~~The~~ atmosphere so far feels good to me and if we just keep working on it we can get there," the president said. "America needs these tax cuts to help America pay for college."

The president also expressed willingness o negotiate with the Congress on a plan to balance the budget by 2002. He refused to say whether he would propose higher Medicare premiums for upper-income taxpayers but said, "We still have to work around the edges from time to time."

Clinton said the budget will show that "I am making a clear effort to reach out to them, to meet them halfway, and to get this job done."

Clinton made his remarks in the Oval Office, where he appeared with a half-dozen college students. He noted that government-backed loans helped pay for his own college and law school education.

"I wouldn't be here without the good graces of the government," said University of Michigan junior Fiona Rose. Her student loans, she said, "made it possible for me to focus more on the textbooks and less on the bank books."

Many trade schools that had high default rates have been expelled from national student aid programs, and rules now allow wages to be garnisheed or tax refunds withheld from defaulters.

Also, more students are being counseled about their loan responsibilities, more flexible repayment options are being offered, and technological advances have helped track borrowers.

The default rate released today does not include money lent under the Clinton administration's new direct loan program. Under direct lending, the Education Department, not banks, collects repayments.

more...

The department says the volume of student loans rose from $12.3 billion in 1990 to $23.1 billion in 1994, because of more borrowers, and in some cases, larger loans.

However, the amount of money collected on defaulted loans doubled from about $1 billion in 1992 to $2.2 billion in fiscal 1996.

During his re-election campaign, Clinton proposed two tax breaks to help students from middle-income families afford a college education:

-Hope Scholarships to make two years of college or vocational training as accessible as high school. In the first year, students or their parents would receive a $1,500 tax credit. Those whose taxes amount to less than that amount would get a check from the government. A second $1,500 credit would be available if the student earns a B average and is drug-free.

-Up to $10,000 annual tax deduction for tuition costs for students not using the tax credit.

higher ed loans

3.

Student loan defaults plunge

Accountability, economy are cited

By Mimi Hall
and Tamara Henry
USA TODAY

The nation's student loan default rate plummeted to 10.7% — its lowest point ever — and President Clinton is set today to credit a good economy and an all-around crackdown on those who don't pay.

New statistics show defaults fell from 22.4% in fiscal 1990 to less than half that in fiscal 1994, the most recent year for which rates are available.

Clinton will announce the new numbers in the Oval Office with Education Secretary Richard Riley, Vice President Gore and six students.

White House spokesman Mike McCurry said Wednesday that a stronger economy has created more jobs and put students in a "better position to pay back the money they borrowed for college education."

Riley attributes the decline to accountability measures by the Education Department, tough enforcement authorized by Congress, and strong efforts by schools themselves.

For example:

▶ $535 million was recovered in fiscal 1996 by offsetting federal income tax refunds from 573,000 defaulters.

▶ Wage garnishment rose from 5,000 defaulters in fiscal 1995 to 25,000 last year.

▶ Lawsuits against student defaulters rose from 200 accounts in fiscal 1995 to more than 8,000 last year.

"We have used every tool available to slash the default rate and save taxpayers hundreds of millions of dollars," Riley says in a statement.

In fiscal 1996, the net default costs were $249 million, down from $1.7 billion in fiscal 1992.

Also helping to cut the default rate: 144 schools with high default rates were cut from the federal loan program between 1989 and 1993. This year, 357 more have been targeted.

Rep. William Goodling, R-Pa., points out that "the drop in the default rate is primarily due to legislation enacted during the Bush administration in 1990. Basically that eliminated many of those causing the major problems."

Rep. Bart Gordon, D-Tenn., says, "I think there's still more that can be done." He plans to propose more reforms in both the student loan and Pell Grant programs while tackling the reauthorization of the bill that determines federal spending on higher education.

Clinton announces decline in college loan default rate

By TERENCE HUNT
AP White House Correspondent

WASHINGTON (AP) - Reviving the popular education theme of his re-election campaign, President Clinton announced another drop in the college loan default rate and promised to seek "dramatic advancements in education" in his second term.

The number of borrowers who defaulted on student loans dropped to 199,233 in fiscal 1994, compared with 212,052 a year earlier. It was the fourth straight year of decline, with the default rate dropping to 10.7 percent. The high was 22.4 percent in 1990.

The highest default rate in Idaho was for student loan recipients at the Continental College of Beauty and Barber-Styling in Boise. Their rate was 35.3 percent.

The president credited tougher screening of schools, more stringent efforts to collect loans and a healthy economy that has created jobs for graduates. He made his comments Thursday in an Oval Office ceremony with Education Secretary Richard Riley.

Clinton said he financed his higher education with scholarships, loans and jobs and had long felt that it should be easier for people to go to college. But, he added, "it ought to be harder to evade your obligation to repay the debt."

Looking ahead to his second term, Clinton said he was committed to "open the doors of college education to everyone."

"The core of my second-term efforts to build a bridge to the 21st century will be dramatic advancements in education," the president said.

The centerpiece of his effort will be a $1,500 tax credit for community college classes and tax deductions up to $10,000 a year for college tuition.

Chances are very good that Congress will approve the program, Clinton said. "The atmosphere so far feels good to me" in preliminary talks with the Republican Congress, he said.

More broadly, the president expressed a willingness to negotiate with Congress on a plan to balance the budget by 2002. Clinton will send his proposal to Congress on Feb. 6. He said it "will show that I am making a clear effort to reach out to them, to meet them halfway, to get this job done."

Clinton did not rule out the possibility of higher Medicare premiums for upper-income taxpayers, saying, "I don't want to remove all the suspense from my budget presentation."

The president's comments on education highlighted one of the family-values themes he plans to emphasize in coming weeks to set the tone for his second term. On Friday he will meet with business executives to encourage them to hire people from welfare rolls.

higher ed loan

9.

01-10

One Oregon school in danger of losing loan eligibility
By The Associated Press

An equipment repair school is the only Oregon educational institution that risks losing eligibility for the government's main student loan programs because of a high loan default rate.

West Coast Training of Milwaukie had a 27 percent default rate in 1994, the last year for which figures were available. The default rates for 1993 and 1992 were 40 percent and 30 percent respectively.

A telephone message left at the school Thursday evening was not immediately returned.

West Coast Training is one of 329 schools that face losing their eligibility to participate in the Federal Family Education Loan Program and the Direct Loan Program, the nation's principal federal student loan programs.

These schools had default rates of 25 percent or more for three consecutive years - fiscal 1992, 1993 and 1994. This means that in each of these three years, 25 percent or more of the loan recipients at the school defaulted in the first or second year of repayment.

The schools can appeal this action.

President Clinton said Thursday that college loan default rates have hit a record low.

The Education Department reported the fiscal 1994 default rate was 10.7 percent.

Statewide, the highest 1994 default rate was 38.3 percent at Phagans' Beauty College of Corvallis. Academy of Hair Design in Salem had a 30.5 percent rate for 1994.

an impeachable official. Mr. Barr should be penning articles of impeachment and not columns.

Most people think impeachment only applies to the president and then only if he commits a felony like robbing a bank. Only a few people are aware that federal judges can be impeached, and hardly anyone knows that executive branch officials can be impeached. Impeachment applies to anyone appointed by the president and confirmed by the Senate. When a person is impeached, it does not mean that he or she has committed a crime and is headed for jail. It only means the Senate has withdrawn its confirmation, without which the official or judge cannot continue in office. It is a simple measure for removing the unfit as judged by the House, which brings the impeachment, and the Senate, which tries the case. The process is totally independent of bar associations and media pundits.

There is a long list of impeachable Clinton appointees. If Republicans were serious people, they would begin with the Justice Department officials who think federal agencies are not bound by federal court decisions. There is no rule of law if the will of federal officials is above the law. What Mr. Clinton has given us is a government of tyrants, and the Republican Congress must clean them out.

Alas, the Republicans are too confused to do the job. The many decades they spent in the congressional minority made them think that the only way they could check the Democrats was by moving power into the executive branch. They worship the presidency and its powers, and now that their power base has shifted to the legislature they are ducks out of water. Mr. Clinton has sized up the Republicans and sees in their reverence for the executive branch all the running room that he needs.

The Democrats are the party of government and Republicans are the party of the presidency. That leaves the people without a voice and, soon, without a rule of law.

Paul Craig Roberts is a columnist for The Washington Times and is nationally syndicated■

The Sacramento Bee

04/13/97; Edition: METRO FINAL; Section: FORUM; Page FO1

AN AFFORDABLE COLLEGE LOAN PLAN NOBODY'S TALKING ABOUT

By Nurith C. Aizenman

UNLESS YOUR last name is Rockefeller, chances are you're unnerved by the sky-rocketing cost of a college education. Perhaps you've heard that between 1981 and 1995, tuition at even traditionally affordable public colleges increased by 234 percent — almost three times as fast as median household income.

Not to worry. Help, or rather, the politicians are on the way. President Clinton has introduced a series of measures that, he claims, will make at least the first two years of higher education affordable for everyone. The good news is that Clinton's plan has sparked a spirited debate. Deep thinkers from both ends of the spectrum have come forward with proposals of their own. The bad news is that the most effective — and least costly — solution isn't even being mentioned.

The debaters fall into two camps. On one side are the tax break cheerleaders. Included in this category are hard-right Republicans, who favor a variety of measures — like allowing people to deduct part of the interest on their student loans — that are of dubious benefit unless you happen to be in a high tax bracket.

Also in the tax break camp is Bill Clinton, who is touting a less regressive plan. Still, Clinton is hardly mounting a socialist revolution. One of his main proposals, to let families with incomes of up to $100,000 take a tax deduction of up to $10,000 for the cost of higher education, is as generous a gift to the upper middle class as anything the GOP could come up with. To mollify the critics, Clinton has also suggested a tax credit to allow families to keep up to $1,500 a year for the first two years of postsecondary school. Since students would have to deduct any federal grant money they receive from the credit, the main beneficiaries would be those in the lower-middle class, who earn too much to qualify for grant assistance, but not enough to really gain from the deduction. The cost of Clinton's tax breaks: $36.2 billion over the next five years.

In the second camp are those who claim federal grants are the way to go. Members of this group include think-tanks like the Institute for Higher Education Policy, which recently co-published a report pointing out that even Clinton's tax credit is of no help to the people who really need it: low-income kids who can't afford to go to college. The meteoric rise in the cost of college, combined with the dramatic decline in government assistance, has hit these kids particularly hard. From 1981 to 1994 the real value of federal "Pell grants" fell by 22 percent.

ACCORDING TO economist Thomas Mortenson's analysis of the government's Current Population Survey, today less than 10 percent of kids from low-income families earn a college degree — compared to 80 percent of those in high-income households. Instead of wasting billions of dollars on tax breaks for middle-class students who would go to school anyway, the grant advocates argue, why not spend it on more and larger grants to the neediest students? The Clintonites counter that the point is moot. To ask for anything more than the small Pell grant increase included in Clinton's budget is hopelessly naive, sighs David Longanecker, assistant secretary for postsecondary education. "We're working with a Congress that doesn't give us that option."

But by framing the issue as a choice between tax breaks or grant increases, Longanecker and the rest ignore a crucial point: There's a third option — one which is far more effective and a whole lot cheaper than either grants or tax breaks. What's more, this plan, or at least a flawed version of it, is already on the books. All that's needed is to get rid of the defects and to implement it properly.

The idea, in its ideal form, is deceptively mundane. Instead of requiring students to pay back their college loans on a fixed schedule, give them the option of taking out long-term loans that are "income-contingent." In other words, the student's monthly repayment is set according to his ability to pay. If his income is low one year, he will pay less back. If he gets a big raise the next year, his payments will go up accordingly. This plan is hardly new: It's been advocated for years by such diverse figures as conservative economist Milton Friedman and neo-liberal writers Walter Shapiro, Mikey Kaus and Timothy Noah.

The seemingly simple "pay-as-you-can" formula has enormous potential. And unlike tax breaks or grants, it helps people in all income groups. Working-class students who take out an income-contingent loan will not be forced to repay their debt in impossibly large installments — making them far less likely to default. Middle-class graduates who want to go into useful but low-paying fields, like teaching or social work, will be able to afford that choice. Lower-income kids contemplating college will no longer be discouraged by the fear of taking on a financial burden they might be unable to carry upon graduation.

In short, if income-contingent loans were to become widely available, college could become affordable and accessible to everyone. An added bonus: Since students would increasingly be the ones paying back their loans, they might be more likely to insist on getting their money's worth, spending less time partying and more time studying, and pushing their schools to reciprocate with lower prices and better quality.

FINALLY, THERE'S the wonderful boon to taxpayers. Because unlike Clinton's tax breaks, which would set the Treasury back $36.2 billion, or grant increases, which would involve additional government spending, a fully implemented income-contingent loan plan would be relatively cheap. The majority of the loans would be financed by the banks. As for the portion financed by the government, the loans would eventually be repaid. Thus the same sum of money could be used over and over again to help successive generations go to college.

So what's the best way to make income-contingent loans widely available? Well, since these loans may involve long repayment periods that make them potentially less secure and profitable, banks are unlikely to provide them without an incentive. And what better inducement than a little competition from Uncle Sam? By getting into the student-loan business the government would not be attempting to take it over — after all, why use taxpayer money if the banks are willing to do it? Rather, the aim would be to encourage more banks to offer students the pay-as-you-can option and — in the event the banks don't bite — to ensure that all students at least have access to it through the government's program.

There's plenty of precedent here. The Tennessee Valley Authority (TVA), for example, was established in 1933 in part to make cheap electrical power available to the area's inhabitants. The result was to spur nearby private companies, which had been charging twice as much as the TVA, to offer their own customers lower rates.

To prevent borrowers from lying about their income, banks could be allowed to forward cases of suspected cheaters to the IRS for verification. The penalty for fraudulent reporting would be severe. And the IRS could ensure repayment of government loans, as well as defaulted bank ones, by taking the repayments directly out of borrowers' paychecks, as if they were just another tax. That's better than asking people to mail in checks, and helps prevent defaults — not because the IRS has been operating at optimal efficiency lately (it hasn't), but because adding a line or two to the federal income tax form is a lot more effective than other means of collection.

To further sweeten the deal for banks, the government would guarantee income-contingent loans — as it already does with the garden-variety kind. At present about 10.7 percent of students default on their loans. Clinton can be justly proud of the fact that by clamping down on abuse, his administration brought the default rate down from a high of 22.4 percent four years ago. Presumably the pay-as-you-can option would make defaults even more rare — students would have as long as they needed to pay off their debt and, since the average college graduate earns $1.4 million over his lifetime, almost all of them should be able to swing it.

UNFORTUNATELY, ALTHOUGH an income-contingent loan plan is already on the books — introduced and signed into law by Clinton in 1993 — the program has yet to fulfill it potential. That's because both the legislation establishing such loans and the Clinton administration's efforts to implement it have been problematic.

To begin with, Congress kept the IRS out of loan collection. You would think this was the result of a heated argument between our elected officials over the danger of expanding the IRS's power, or the need to protect the sacred confidentiality of taxpayer records. Think again. According to Steven Waldman in his book The Bill (Penguin Books, 1996), the measure was killed because of turf squabbling by committee staffers in the House. The Education and Labor folks worried that involving the IRS would give their counterparts in Ways and Means an excuse to grab the student loan issue. The Ways and Means staffers hated the idea of tinkering with the IRS — and were outraged that they hadn't been consulted about this incursion on their territory. Anxious not to get bogged down, and mindful of the fact that they'd soon be relying on the Ways and Means staff to get the president's economic plan through the House, the administration caved. Who says politicians have all the power?

Petty though it was, this episode had unfortunate consequences. Whether offered by the government or banks, pay-as-you-can loans are unlikely to work unless the IRS is involved. And at this stage in the game, IRS involvement will not be an easy sell. After all, it's the agency everyone — particularly the Republicans who now control Congress — loves to hate. But a firm commitment from the president could go a long way. Instead of criss-crossing the country stumping for tax deductions, Clinton ought to be using his considerable powers of persuasion to explain the benefits of IRS loan collection. After all, the purpose of using the IRS would be to crack down on deadbeats — a point which ought to warm the hearts of hard-line Republicans everywhere.

While he's beating the drum for IRS involvement, Clinton could also talk about the second flaw Congress inflicted on the student loan program. Incorporated into Clinton's original plan was a provision to forgive income-contingent loans 25 years after a student has graduated, regardless of how much he has paid back. Although the 25-year forgiveness option had been floating around for years, the decision to incorporate it was, once again, dictated by staffers and disturbingly free of thoughtful debate. According to Waldman, a 20-year provision wasthrown in at the suggestion of aides to Sens. Nancy Kassebaum and James Jeffords just before the Senate mark-up — after a discussion of no more than 10 minutes. Later, in conference committee, the amnesty was changed to 25 years — again with minimal consideration.

Proponents of the forgiveness clause maintain that if it's taking someone such a long time to pay off their loan, chances are they are repaying it in installments that are so small they're not even covering the monthly interest on the money they still owe. As a result, instead of slowly chipping away at their debt, they are actually building up an ever-larger liability. What's more, anyone who is still in arrears after 25 years would by then be burdened with the additional cost of their children's education, so their debt ought to be forgiven. Ironically, under current law the amnesty hardly provides a free ride: Borrowers must pay taxes on the amount that is forgiven, and these can be very high.

But the greatest danger is that by forgiving the loan, the government is, at worst, rewarding irresponsibility, and at best, over-compensating those who are happily pursuing their life's dream without having to worry about paying back the taxpayers who helped them accomplish it. Most importantly, the provision is fundamentally unfair to the folks who work hard to repay their loans before the cut-off.

Long-term loans of, say, 35 years are not without their disadvantages. As anyone with a home mortgage will attest, the longer the term of a loan, the greater the interest that must be paid on it. But just as long-term mortgages democratized home ownership in America, so can long-term student loans democratize higher education. Making those loans income-contingent would increase their impact still further.

As if the 25-year limit on income-contingent government loans were not troublesome enough, the banks face an even more severe restriction: a 10- to 15-year limit on the repayment period of the student loans they can offer. Although Congress took the positive step of requiring banks to give students the choice of income-"sensitive" repayment (the bank version of pay-as-you-can), it left the limit in place. This was a crippling blow, because unless a loan is long-term, repayments on it (income-sensitive or otherwise) can never be made low enough to be widely affordable. Clearly, the 10-year limit must be removed.

Clinton has proposed some remedies, like requiring the banks to offer long term "extended" loans and lifting the 10-year limit on the "graduated" loans banks must now offer. (Under the latter plan the student pays back his loan in gradually increasing installments.) However, Clinton's proposal does not call for any change in the 10-year limit on income-sensitive loans.

That's not the only thing Clinton has done wrong. The administration's well meaning but sorely misguided effort to implement the income-contingent loan plan passed by Congress has been equally damaging. The problem is actually two-fold. To begin with, instead of trying to spur banks into offering pay-as-you-can loans by providing them with government competition, the administration has attempted to take over the student loan business altogether. As for the banking industry, it has responded by doing everything in its power to keep the government out. The result has been a stalemate.

The Clintonites' initial reasoning was that the old system of heavily subsidized banking entities is expensive, enormously complex and incapable of offering income-contingent loans. The only answer, they decided, was to get rid of the banks and start from scratch. If the government were to become the sole provider of student loans, it would no longer have to waste money on industry subsidies and guarantees. Students would also benefit because the cost of capital is lower for the government than it is for banks and, since it's not out to make a profit, the government could pass all of that savings on to students in the form of lower fees and interest rates. And the system would be more user-friendly for both students and schools — who would only have to deal with one lender, instead of thousands.

But while the administration was right to focus on problems in the old bank system, it was wrong to conclude that the solution is to consign that system to the dustbin. Remember, when the banks make a loan they use their own money — instead of that of taxpayers — so it's a good idea to keep them in the game. The Clintonites also fail to appreciate the value of competition. Not only can it force the banks to offer students better service and more attractive repayment options, but competition is an excellent means of preventing the government from running a sloppy program.

AS FOR the massive subsidies currently paid out to the banking industry, all that's required is for the government to cut out the more outrageous perks, while carefully leaving intact those that are needed to keep the banks in business. Among the indispensable subsidies are those which enable banks to offer students the same low interest rates the government does. In administering these subsidies the government will have to err on the side of caution (or risk driving out the banks). Thus the banks will invariably receive at least a little more than they actually need. That's a necessary evil. However, if the banks start taking advantage of the subsidies to undercut the government by offering significantly lower rates, it should be taken as a sign that there's still too much fat.

Sadly, the administration remains determined to replace the banks with "direct" government lending. Initially, it was expected that schools would switch over to the government's more user-friendly program in record numbers. But that was before the newly elected Republicans in Congress — who were far more sympathetic to the banking industry than their predecessors — voted direct lending out of existence. Even though Clinton vetoed the measure, schools were spooked. If the government's program was in danger of extinction, why change over to it? Particularly since making the switch requires them to adopt a new system of paperwork and computer software.

By now the Clintonites have accepted that, for the foreseeable future, direct and bank lending will co-exist. But that doesn't mean the administration has started pushing for the type of competition needed to make the income-contingent plan work. Instead, it is stuck in the old mind-set of competing with the banks to get schools to sign up for direct lending — and assuming that schools can only offer one program. That is the wrong approach. The best way to ensure that students get good service, low rates and a well administered pay-as-you-can repayment option is to make the government and the banks compete directly for students' business. For that to happen, every school must be able to offer students both programs.

As a result of the administration's

misdirected strategy, income-contingent loans are still not widely available. Although in the 1996 academic year almost 40 percent of students who took out federally guaranteed loans got them directly from the government, it's important to point out that only about 20 percent of schools offer their students such loans. True, after they graduate, students do have the option of consolidating their debt into one pay-as-you-can loan from the government. But the basic problem remains that at almost 80 percent of schools, students are not presented with the income-contingent option when they are first considering whether they can afford to finance their education.

To remedy this situation, the Department of Education must stop trying to convince schools to abandon the bank program and start making it easier for them to add the government's program to their existing mix. The case could be made to schools, which already deal with hundreds of banking entities, that taking on the direct loan program is no harder than adding another bank to their roster — particularly if the department makes its procedures compatible with those of the banks.

THE DEPARTMENT must also do a better job of explaining the benefits of income-contingent loans to low-income students. Numerous studies have shown that most low-income students are unwilling to take advantage of government assistance if it comes in the form of loans as opposed to grants. Not surprisingly, they are reluctant to borrow sums that are larger than anyone they know has ever laid eyes on — let alone earned. With the pay-as-you-can option, they will never face repayments that are more than they can afford. But low-income students are unlikely to appreciate that unless a concerted effort is made to educate them about how to make wise use of the income-continent option. The textbook-style loan handbook currently distributed by the department isn't going to do the trick.

If Clinton really is committed to making higher education affordable for every American, he has much to do: Instead of fighting to get low-income students meager grant increases, he needs to focus on making income-contingent loans available. A fully implemented income-contingent loan plan offers an incredible opportunity to make higher education widely accessible, without burdening the government with huge expenses. Unfortunately, as long as the issue is framed as a choice between tax breaks and grant increases, the best answer to the college affordability crisis will continue to languish in post-legislative limbo.

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Voice of the people (letter.)

CASE FOR VOUCHERS

By Suellen Hoy.

Concerned Chicagoans, especially liberals like me, should listen to Stephen Chapman's arguments in favor of school vouchers (Op-Ed, March 30). He is absolutely correct about the great good that resulted from the GI Bill; it was, as he points out, "nothing more than a voucher program for higher education."

Had some of Chicago's South Side Catholic high schools had such support in the '50s and '60s—when they changed from white to black—a few of them might still be in business. Loretto Academy, a girls' high school in Woodlawn owned and operated by the ladies of Loretto, is one example.

In 1972, when the nuns closed their doors and merged with Mercy High School, they did so with a heavy heart. As many of them told me in recent interviews, they would have stayed longer if they had had the wherewithal to do so.

These dedicated women did not leave a school in which they took such pride because their students were black, poor or non-Catholic (as many were). They left because they could not afford to stay. And since their motherhouse was in Toronto, where the provincial government is the sole funder of Catholic schools, they wondered why the federal or state government did not find a way to assist their successful inner-city school.

Their experience coincided perfectly with the opinion of the Chicago Defender in 1972 when it said that "Roman Catholic schools have been a blessing especially to poor black families." In that year, the Illinois Supreme Court struck down a $30 million-a-year program that would have supported non-public schools. Can't we now learn from our success with the GI Bill?■

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In Search of an Anchor on Affirmative Action

By William Raspberry

"The world we have created today has problems which cannot be solved by thinking the way we thought when we created them."

A friend offered me that quote from Albert Einstein when I sought guidance on how America might rationally deal with the newest assaults on affirmative action. It's a wonderful quote except for one thing: I couldn't figure out what it means.

My friend — the Rev. Paige Chagois, a race-relations activist in Richmond — thinks it means (among other things) that

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Advisory Panel: Keep Both Student Loan Programs

A congressional advisory committee charged with analyzing the federal direct lending program has called for a truce.

The Advisory Committee on Student Financial Assistance last week sent a two-page letter to House and Senate education leaders saying that the Direct Student Loan (DSL) and the Family Education Loan (FEL) programs ought to just get along.

"Peaceful coexistence and friendly competition, at least in the short run, will serve institutions and students far better than abandoning one program in favor of the other," the Dec. 11 letter stated.

The advisory panel was charged in 1993 to report by Jan. 1, 1997 on whether DSL should become the only federal student loan program.

The letter replaces a full-blown report on DSL's feasibility and reiterates a proposal the committee made last summer that both programs should continue

"Since we are in a more competitive environment [in relation to each other], it's important that students receive the best service from both programs," said Brian Fitzgerald, the committee's staff director.

Partial Volume

Fitzgerald said the committee's initial charge became moot when schools did not join DSL at the levels ED had expected.

As a trial program, DSL only needed to reach 5 percent of all federal student loan volume in 1994, its first year. The maximum loan volume allowed for DSL to increase to 40 percent in the second year and 50 percent in year three.

The program, however, is hovering around 36 percent to 40 percent of federal student loan volume for all three years combined.

Fitzgerald said he hopes the letter will douse any argument over whether DSL should continue operating. "It would not be productive to revisit the issue," he said.

House Republicans, however, are still intent on scrutinizing DSL's administration.

The GOP leadership of the House Economic and Educational Opportunities Committee sent ED a letter in late November, asking the department to answer questions about DSL.

The probe renews criticisms that ED is ill-equipped to make student loans

The department responded that the House committee has "misperceptions" about DSL.

Fitzgerald said the inquiry is part of the natural tension between the legislative and the executive branches.

"One has to expect some level of scrutiny," he said. "They said they were going to be better than FEL."

Committee Up For Renewal

The advisory panel's charter ends when the Higher Education Act expires next Sept. 30. But Fitzgerald expects Congress to extend its mission.

Besides DSL oversight, the committee is charged with analyzing legislative proposals.
—Rebecca S. Weiner