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**Education - Financial Aid**

## TRADE

### 8. Chronicle of Higher Education

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## *Education Dept. Weighs Big Changes in Federal Student-Aid Policies*

By DOUGLAS LEDERMAN

The U.S. Education Department is weighing numerous changes in federal student-aid policies. Among them:

Changing how a family's assets are counted in gauging a student's need for assistance.

Making aid more available to students engaged in distance learning.

Giving more Pell Grant money to the neediest students as they enter their second year of college, to encourage them to continue their studies.

Those proposals — and dozens of other ideas for altering federal student-aid programs — were contained in a draft of the Clinton Administration's recommendations to Congress for legislation to extend the Higher Education Act of 1965, which is due to expire next month. Education Department officials held two meetings for college lobbyists last week to explain the Administration's proposals. The Chronicle obtained a copy of the plan.

The proposal that generated the most discussion and controversy at those meetings would factor into the calculation of a student's need a valuation of his or her family's assets based not on actual assets but on a formula using income and other factors. A median amount of assets would be calculated for each group. As a result, two families with similar taxable incomes and the same number of children would be assumed to have the same amount of money saved, even if they do not.

The Administration's proposal is aimed at encouraging families to save and to eliminate what federal officials say is unfair treatment of families that have saved and that are forced to pick up more of the cost of educating their children than are families that have not saved.

But many student-aid experts and college officials complained that while encouraging families to save is a noble goal, the Administration's proposal would punish students because their

families did not save. A student from a family that had saved significantly less than the median for its income range would be expected to pay a greater share of the costs of educating the student than it is under the current system.

"You'd be essentially taxing people for something they don't have, and assuming they don't have it because they haven't managed their lives properly," said Bryan K. Fitzgerald, staff director of the Advisory Committee on Student Financial Aid, a panel of college officials and other financial-aid experts who advise Congress.

The Administration is also suggesting that the government use two-year-old financial information in calculating a student's need for federal aid, in an attempt to fix acknowledged problems in the current system.

Right now, a student reports his or her family's income from the prior year, and because the family has not yet filed tax forms for the year at the time the student applies for aid, the college cannot double-check the estimate to insure its accuracy. A study by the Education Department's Inspector General this spring found that about 4.5 per cent of Pell Grant recipients had misreported their income in ways that inflated the amount of aid they deserved.

By using information from a year earlier, and by getting it directly from the Internal Revenue Service, the Administration suggests, colleges could insure that the information they get is accurate.

Such a change would create new problems, however, some college officials said. Tables prepared by the Education Department show that the taxable income reported by many families fluctuates significantly from year to year, so that using two-year-old data would overstate the income of some families and understate the income of others.

In 1995, for instance, 288,795

student-aid recipients reported taxable incomes of zero to \$10,000. In 1996, 62,935 of those students reported that their families' incomes had risen to between \$10,001 and \$20,000, and nearly 1,300 reported incomes of \$50,001 to \$60,000. Over all, about 45 per cent of the families of student-aid applicants changed income categories between 1995 and 1996.

If colleges were to use two-year-old data, critics say, about 1 in 8 students would qualify for less federal aid than they need and would have to appeal to their colleges for more. About 30 per cent would qualify for more federal aid than they deserve, Mr. Fitzgerald said.

College lobbyists who were briefed on the Administration's plan liked several of its other recommendations. They were intrigued by a proposal to give a \$300 "Super-Pell" award to the neediest recipients of Pell Grants in their second year. The aim is to decrease the rate at which low-income students drop out of college at the end of their first year. The standard maximum Pell Grant will be \$2,700 in the coming fiscal year and is set to rise to \$3,000 in 1999 under spending bills now before Congress.

Educators also applauded the Administration for suggesting changes that would make student aid more available to students in distance-learning courses. The proposals call for awarding financial aid to students who are taking such classes toward certificate and other programs, rather than just toward associate's or bachelor's degrees, and for including the cost of a computer and possibly other expenses in calculating the "cost of attendance" for students in distance-learning classes.

But the Administration's package also contained many proposals that are likely to anger Republican lawmakers, lenders, or certain groups of colleges. Some of those proposals would:

Limit to six years the length of time in which full-time students can qualify for

Pell Grants. The Administration's proposal is aimed at encouraging undergraduates to complete their degrees in a timely fashion, but critics fear it will hurt needy students, who often take a long time to finish college because of financial hardship. There is no current limit on how many years a student may receive a Pell Grant.

Cut off federal aid for vocational programs of up to a year in length if fewer than 70 per cent of the students complete the program and fewer than 70 per cent of them get jobs after finishing it. Such a requirement is already in place for shorter-term vocational programs, but community-college officials say it would be unfair to impose it on all year-long programs.

Allow colleges to shift a greater share

of the money they receive through the Perkins Loan Program to two other federal programs. Supplemental Educational Opportunity Grants and Federal Work Study. Colleges are now allowed to transfer as much as 25 per cent of their Perkins funds to the other programs. Many college officials fear that allowing further shifting between the programs could undercut support in Congress for Perkins Loans, by convincing lawmakers that colleges would prefer to use the money for other purposes.

Allow institutions to raise the limits on the amount of federal loans that a professional or graduate student may have, but require the institution to pay the Education Department a 10-per-cent

"insurance" premium for the amount of loans over \$18,500. The American Council on Education and other groups have opposed proposals that require colleges to share in the risk of insuring that loans will be repaid.

Impose a number of costly restrictions on guarantee agencies and lenders in the guaranteed student-loan program.

To the dismay of some college officials, the Administration did not offer any proposals for significantly changing the way the government delivers federal student-aid information to colleges, students, and their families. Several higher-education groups, and many Republicans in Congress, have suggested that the department's system be put in private hands. ■

## 9. Education Daily

August 18, 1997

# ADVANCED TECHNOLOGY CENTERS ARE HOT HUB FOR TRAINING

Community colleges are increasingly developing advanced technology centers (ATCs) to serve as one-stop system for manufacturers.

"ATCs are becoming strong members of the partnership structure in welfare reform, one-stop service centers, and vocational centers for high schools," says a new report from the national ATC group.

Since January, the group has added 15 colleges to its list of 104 members, said Robert Auld, executive director of the nine-year-old National Coalition of Advanced Technology Centers (NCATC), a division of the Center for Occupational Research and Development in Waco, Texas.

Often housing the latest technology on loan from its developers and local companies, the centers train students for local manufacturing jobs, foster entrepreneurs and make a sizable profit for the school.

Most centers' services include.

- Credit and non-credit courses, short-term and custom training, and

seminars.

- Demonstration of new technology, small business development and shared facilities with industrial partners.

- and • Technical assistance to education partners, including high schools and colleges, and local businesses.

Kalamazoo Valley Community College in Michigan, for example, periodically holds an "education for employment" conference where teachers meet with vendors.

The school also allows local high schools to use its industrial laboratories in the morning.

Not Everyone's Happy But not all two-year public schools housing the centers had an easy time setting them up, said another NCATC report.

Many community college presidents had difficulty convincing faculty that training programs wouldn't sponge money from academics.

The presidents argued that once the centers had run for a few years, they would churn out profits shared with academic programs.

Curriculum Test With a \$3 million, three-year grant from Lucent Technologies, NCATC is working with the Iacocca Institute at Lehigh University in Bethlehem, Pa., to create a curriculum that focuses on core competencies of manufacturing technology.

Five community colleges, along with eight Lucent plants, will test and evaluate the curriculum in early 1998, Auld said.

ATCs even got a pat on the back from Senate appropriators last month, who suggested that the federal Labor Department funnel some of its fiscal 1998 funds toward such projects.

"Planning and Developing the Advanced Technology Center" is \$10 from National Coalition of Advanced Technology Centers, P.O. Box 21689, Waco, TX 76702-1689, (800)231-3015; e-mail, [ncatc@cord.org](mailto:ncatc@cord.org). "Community Colleges and Economic Development" is \$10 from the same address.

For more information, contact NCATC Executive Director Robert Auld at the above address, (817)772-8756; e-mail, [rauld@cord.org](mailto:rauld@cord.org). —Matthew Dembicki ■