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Lawmakers Move to Halt Cuts in Aid for College

By GREG WINTER

A change in the government's financial aid formula that would force millions of students to pay more for their college educations will probably be suspended while lawmakers look for other options, Congressional leaders said yesterday.

Democrats and Republicans in a House-Senate conference committee said they had agreed to halt the new financial aid rules for at least a year.

"We were able to stop these punitive changes," said Senator Jon Corzine, a New Jersey Democrat who introduced legislation that ultimately yielded a deal.

"We need to be looking for ways to expand access to college education, not restrict it," Mr. Corzine said.

Late last May, in a bureaucratic move that caught colleges and legislators off guard, the Department of Education revised the formula by which billions of dollars in financial aid are distributed every year. The department defended the changes as a legal necessity, but members of Congress quickly took the offensive, characterizing them as a backdoor way of cutting education aid without facing the public.

Drawing from the department's own figures, the Congressional Research Service reported that the new formula would effectively bar about 84,000 students from receiving Pell grants, the federal government's largest scholarship program.

Beyond that, government scholarships would be reduced by about \$270 million, because hundreds of thousands of other students would probably receive smaller awards. Countless state grants and scholarships given by universities themselves could also be affected, educational experts warned, because they are often governed by the federal formula as well.

At issue is a seemingly small modification to the way the government decides how much students should pay for college.

For the most part, a series of simple calculations lie at the heart of it all, responsible for determining how

much of a family's income is discretionary, and therefore free to cover college expenses.

Much as with federal income tax, families can deduct some of what they pay in state and local taxes when calculating their available income. But this year, for the first time in almost a decade, the Department of Education reduced those deductions, even though state taxes have recently gone up, not down.

Reducing the deduction would make it seem, on paper, that families had more money to pay for college. As a result, many students would receive smaller scholarships because they theoretically need less help, while others would no longer qualify for grants at all because their families suddenly appeared to earn too much.

Senator Tom Harkin, an Iowa Democrat who helped negotiate the deal, said he would have preferred to see Congress increase higher education spending to bolster access to college. Barring that, Mr. Harkin said, the deal "will at least save Pell grants for the 84,000 students who depend on them."

Senator Arlen Specter, the Pennsylvania Republican who also helped work out the deal, said he was "very much concerned" that the government's formula for calculating financial aid might be flawed, particularly in its assessment of how much families truly pay in state taxes.

The Department of Education's most recent data come from 2000, near the end of a booming era when state taxes had been cut every year since the mid-1990's, according to the National Conference of State Legislatures.

By this fall, however, state taxes had been raised for two years in a row, making for what some members of Congress have called a different economic reality than the one on which the federal financial aid formula is based.

Some disconnect between the formula and the current economic climate is inevitable, the department contends, because accurate data are slow to be compiled.

Nonetheless, Congressional leaders said that under their deal they will appoint an independent commission to study whether the government's methodology is sound, reflecting what families actually pay in taxes. If better alternatives exist, Congressional leaders say, they are determined to find them.

"It was too complicated to decide by the seat of our pants," Mr. Specter said on Wednesday. "I think that we're now in position to talk about it intelligently."