Student loans: Banks claim GSL program threatened by delinquencies, administrative probs

By BRENDA TABOR
Of the Emerald

Citizens' Bank's discontinuance of the Guaranteed Student Loan (GSL) program may be the beginning of a national trend. Delinquency in repaying the loans could kill the program — or seriously restrict it.

That's the reason Citizens' Bank dropped the loan program. Craig Robinson, bank president, says the student delinquency rate for the program made up half of the delinquencies for all loans combined while only 1/74th of the money allocated for loans were made to students.

The bank's loans currently total $74 million. Robinson says the management had decided to allocate $1 million to student loans "But being new in the program, didn't know what the results would be," he says.

Upon making an analysis, Robinson says the bank found the GSL was the most costly program to administer and had an "incredible delinquency rate. The amount of paperwork for the program is 10 times what it is for other loans," he says.

Another state-chartered bank, Oregon Bank, has adopted less extreme measures to deal with delinquencies. The bank no longer grants loans to freshmen, says Gene Moore, manager of the Eugene branch. If the delinquency rate continues, institutional criteria could restrict all but seniors from applying for the loans, Moore says. "If the losses continue nationally, we have the potential of losing the program," he says.

Moore blames the delinquency rate on the University. He believes that most of the financial aid counselors are "not qualified to advise students on financial matters."

The University has failed to counsel students on the responsibility involved in taking out loans and do not adequately screen applicants, he says. "Everyone who walks through our door is not a good credit risk; sometimes they are sent here and don't even qualify for a loan," Moore adds.

The Oregon Bank had a 50 per cent drop out rate among students taking out GSL's before the restriction was made, Moore says. Most of those loans were delinquent, he adds.

Unlike Citizens' Bank, Moore says the Oregon Bank hasn't found paperwork a major liability of the program, but a "necessary evil."

Nor does the Oregon Bank have a specific amount allocated to GSL's. Instead, it grants loans according to need and qualification. Applicants must be bank customers, have completed their freshman year and meet Oregon State Scholarship criteria, he says.

The Citizens' Bank president disputes the ASUO contention that his bank serves local students who later return to become active members of the community. "Most of the relationships are short-term," he says.

Robinson says he doesn't know what the impact of discontinuing the loan program will be, but adds that the decision is not "irrevocable," and expressed willingness to talk about the decision. The only concern expressed has been that of the ASUO, he says.

ASUO representatives plan to meet with Robinson Friday morning to present support and evidence they hope will result in resumption of the loan program. The ASUO has also planned a press conference after the meeting. Robinson said he was unaware of the conference and will not participate in it.

OSEA arrives at tentative plan

Classified employes and the University have reached a tentative contract agreement.

The employes, represented by the Oregon State Employes Association (OSEA), and the Univeristy, represented by Al McKenzie from the chancellor's office, came to an impasse in October and the Employment Relations Board (ERB) called in a mediator from the State Conciliation Board to aid in the negotiations.

Classified employes are defined as non-academic employes.

The mediator, Ken Brown of the Conciliation Service, said the mediation went smoothly and the negotiations were resolved after one session.

Jack Stewart, who worked with Al McKenzie on the negotiating team for the University, said he felt they had reached a very workable understanding with OSEA.

Mina Beavers, chairer of the OSEA negotiating team, said it was a good contract, "something we can build on in the future."

Both negotiating teams are now in the process of formulating the contract on paper. After the contract is presented to both sides, it only needs to be ratified by University Pres. William Boyd and a majority vote of the classified employes on this campus. The central

OSEA meets today at noon in the EMU to work out the ratification procedure

This contract is the only "agency" contract affecting employes on this campus. The central contract protecting OSEA members statewide expires July 1, 1977. Negotiations for that contract will begin soon, according to Bentley Gilbert of the OSEA.

Police

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they often release would-be criminals, Murphy says. Police claim, too, that they demoralize their staff. But Murphy thinks that, like the Miranda rule which forced police to inform suspects of rights before an arrest, these search and seizure restrictions may upgrade police practices by emphasizing responsible, investigative work.

Before Murphy concluded his presentation, he left listeners with one more piece of advice: never resist arrest, the percentages are not with the individual.

Murphy informed the group that free legal referral exists at White Bird Sociomedical Aid Station (345-8255) and Legal Connections (686-3829). For more information about People's Law School, call 342-7948.