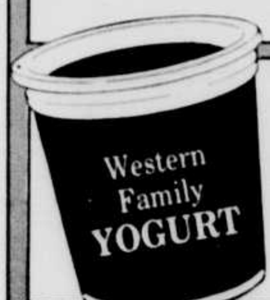

USSA

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federal government recommits itself to higher education."

The Oregon Student Lobby has also put much time and effort into making the needs of students known to Congress.

OSL is currently working on a letter writing campaign and Executive Assistant Kate Menard encourages students to write to senators and representatives.

"Students need to be aware that they don't need to know every detail about the Higher Ed Act to be effective," she said. "We encourage students to tell their own stories in their own words. Talk about how you have or have not been served by the financial aid system."

Menard said she has no indication at this point of how Oregon's senators and congressmen will vote, but said that Sen. Mark Hatfield and Rep. Les AuCoin are especially noteworthy because both sit on Appropriations Committees.

Shah said if the House bill passes as is, it will open a door now closed to many people.

"If our proposals go into effect, we'll be changing access to higher education into the end of the century," she said.

Hatfield's address is 711 Hart Senate Office Building, Washington D.C. 20510. AuCoin's address is 2159 Rayburn House Office Building, Washington D.C. 20515.

The state's other senator, Bob Packwood, can be reached at 259 Russell Senate Office Building, Washington D.C. 20510.

Congressman Bob Smith's address is 118 Cannon Office Building, Washington D.C. 20515. Congressman Ron Wyden's address is 2452 Rayburn House Office Building, Washington D.C. 20515. Congressman Peter DeFazio's address is 1233 Longworth House Office Building Washington D.C. 20515. Congressman Mike Kopetski can be reached at 1520 Longworth House Office Building, Washington D.C. 20515.

LOANS

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Although few people do it, defaulting on a student loan is serious business, said US Bank student loan officer Laurie Albrecht.

"Not only does it ruin your credit, but the government can garnish your wages or hold your income tax return," Albrecht said.

She added that once someone defaults on a loan, they can never get another government loan.

In general, student loans go into default after six months of non-payment. Default status is irreversible and once reached, the choices of the debtor become very grim. He or she must pay the full amount past due or the entire balance owed on the loan, Albrecht said.

The primary reason students default on their loans is, as one might guess, an inability to pay.

"A lot of them say they didn't get a job in their field and they don't feel that they should pay the loan back," Albrecht said.

Albrecht said this is especially true of students who attended trade schools that promise to help their graduates find jobs.

Under the proposed Income-Dependent Education Assistance Act recently introduced by Rep. Tom Petri R-Wis., former students would repay student loans based on income after leaving school.

However, the problem of student loan default is a relatively minor problem that gets more press and congressional attention than it deserves, Leyton said.

USSA Legislative Director Selena Dong said she believes attention should be focused on the way the current system discriminates against low-income students, many of whom come from groups that are traditionally underrepresented in higher education.

According to the USSA, the "Undergraduate Completion and Persistence at Four Year Colleges and Universities" report, conducted in 1989, revealed students who receive grants are more likely to stay in school than those who do not.

Out of the students who did not receive a grant during their first year, only 75 percent returned for the second semester. That rate was even lower for African-American students, who had a return rate of 60 percent.

However, according to the report, 90 percent of all students who received a grant during their first year were still enrolled during the second semester.

"We're not doing enough to keep people in school," Dong said.

Dong said that 90 percent of students who default on their loans never finished school, and for that reason were unable to find decent jobs to pay off their debts.

Dong also said that low-income people, people of color, and people who come from families without college education are often intimidated and deterred by the financial burden imposed by student loans.

According to the USSA, as grants declined in the 1980's, so did the enrollment of students of color and low-income students.

For those who do make it through on loans, post-graduation choices are often dictated by financial concerns, Dong said.

Dong believes student loan borrowers are more reluctant to go into low-paying professions such as community service and teaching.

"The loss to our country is enormous," she said.

IDEA may ease loan repayment

By Dan Eisler
Emerald Contributor

The crushing financial burdens of repaying federal loans after graduation may be lifted if Congress approves a pending reform bill.

The Income-Dependent Education Assistance Act would establish a self-financing loan program providing direct government loans to students, with after-graduation repayment based on income.

IDEA, introduced by Rep. Tom Petri, R-Wis., and cosponsored by 65 other representatives, including Oregon Democrat Mike Kopetski, is expected to soon receive a hearing before both the House Education and Labor and the Ways and Means Committees, said George Conant, Petri's legislative assistant.

The bill would provide loans up to a lifetime limit of $70,000 for most college and graduate-level students and up to $143,000 for medical students. Students entering the medical profession have an earning history that can support the higher level of borrowing, Conant said.

Undergraduates could borrow up to $6,500 a year for their first and second years at college, and as much as $8,000 a year for their third, fourth and fifth years, Conant said. Graduate students could borrow up to $11,000 a year.

A minimum of $500 could be borrowed under IDEA, with a maximum limit set by the attendance costs of a given higher education institution, he said.

The total amount of money available from IDEA is calculated by adding up the money a student could borrow from other federal loan programs, and subtracting those programs' fees, Conant said.

The Treasury Department then automatically approves the loans, as long as the request is at or below the cost of attendance or the yearly loan limits, after co-signing with the institutions and the students. This is to guarantee students are actually enrolled, he said.

Additionally, students are eligible for the program regardless of their families' income levels, Conant said.

In fact, not only are students from high-income families eligible for IDEA loans, "we actually want students in high-income brackets, because then (they make) larger loan repayments to offset the cost from students who have trouble finding a job after graduation," Conant said.

"That's the beauty of it," he said. "Right now, middle-income students are shut out, and (this arrangement) solves the problem."

Moreover, even with the expanded number of students receiving financial aid, the program will save money, at a conservative estimate of $250 million yearly, Conant said.

IDEA will cover its costs under the income-dependent approach, in which former students would repay the loans based on their incomes after leaving school. IDEA loan payments would be calculated and collected by the IRS as part of former students' income taxes.

The payments would be calculated according to graduated tax brackets, with the lowest bracket at 5 percent of income and the highest at 19 percent, Conant said.

"There would be no fixed repayment schedule. Rather, repayment would automatically be stretched out as long as people need it to be," said Petri, a member of the House Education and Labor Committee.

"Those with high incomes after leaving school would be expected to repay relatively quickly at slightly higher effective interest rates that would help to subsidize those with

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