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S	I	L	O	S	A	Y	S	O	S	A	K	E		
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G	E	E	K	T	Y	P	E	S	R	E	S	T		

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# Budget plan will cut \$2.23 million from student grants

It has been estimated that at least 2,000 Oregon students will be affected by the cuts

By Brook Reinhard  
Oregon Daily Emerald

Thousands of low-income students are likely to lose their grant money under the Legislature's latest budget balancing plan, including hundreds of University students.

The Oregon Student Assistance Commission doles out \$40 million dollars every biennium to low-income students in the form of Oregon Opportunity Grants, but the latest budget plan will cut \$2.23 million in grant money, which OSAC spokesman Gene Evans estimates will impact at least 2,000 Oregon students.

"We know that it's going to mean fewer students getting opportunity grants," Evans said. The

commission helps students receive both private and public funding, but 84 percent of the students it services rely on public money. More than 1,900 University students receive the grants, which offer students \$1,254 a year for public universities in Oregon.

Evans said that as many as 4,000 more students may be affected indirectly by the Legislature's budget. OSAC gets roughly \$6 million in interest payments from the Education Endowment Fund, but with the Legislature's latest initiative that asks voters to use \$220 million of the money to fund K-12 education, those interest payments will all but disappear.

State Board of Higher Education student representative Tim Young said students cannot afford to lose their scholarship money.

"This cut strikes at the heart of student access," he said. "Reduc-

ing the Oregon Endowment Fund will have a long-term effect on scholarship programs."

But Evans acknowledged the cuts must come from somewhere.

"There's nobody who isn't in this boat," he said. "There are no good choices to be made."

Students must come from a household that makes less than \$38,000 a year to be eligible for the grants, or \$7,400 a year if they're on their own. Evans said OSAC will process students on a first-come, first-serve basis, and expects the money to go fast. Last year 127,000 Oregon Students filed a Free Application for Federal Student Aid. This year, the number is expected to top 140,000.

"This is a tough time for students in Oregon," he said.

E-mail reporter Brook Reinhard at [brookreinhard@dailyemerald.com](mailto:brookreinhard@dailyemerald.com).

# Greenspan says United States may be heading toward economic recovery

By Robert Manor  
Chicago Tribune

(KRT) — Amid a shower of surprisingly good news, the normally taciturn Federal Reserve Chairman Alan Greenspan said Thursday that the nation is en route to economic recovery.

"The recent evidence increasingly suggests that an economic expansion is already well underway," Greenspan told the Senate Banking Committee, in unusually direct language. He sounded a more optimistic note Thursday than during his testimony before the House Financial Services Committee last week.

"It is unmitigated good news," said Sherry Cooper, global economic strategist for the Bank of Montreal. "Greenspan has gone from saying 'There will be a recovery' to saying 'This is a recovery.'"

If Greenspan is right, then the United States is pulling out of the mildest economic downturn since World War II.

For example, the Labor Department said new claims for unemployment benefits over the past month fell to 372,750. That is the lowest level since mid-August.

At the same time, worker productivity grew at a 5.2 percent rate in the final quarter of last year, much higher than the initial estimate of 3.5 percent. Rising productivity typically translates into economic growth, higher wages and corporate profits without inflation.

And manufacturing, in a deep recession for two years, is showing signs of vigor.

The nation's jobless rate is to be released Friday, and in his testimony Greenspan did not alter the Fed's forecast that unem-

ployment could peak at 6 percent to 6.5 percent.

Cooper doesn't believe it will rise that high. "But if it happens, it would be very short-lived," she said, as a healthier economy creates jobs for displaced workers.

In any case, unemployment is a lagging indicator — it shows where the economy was, not where it is heading. Businesses often are reluctant to hire new workers at the end of a recession, so unemployment can rise for a time even after the economy begins to strengthen.

*"Greenspan has gone from saying 'There will be a recovery' to saying 'This is a recovery.'"*

Sherry Cooper  
global economist

The Federal Reserve cut interest rates 11 times last year, bringing them to a 40-year low in an effort to revive the economy. This allowed homeowners to refinance mortgages and save money, cut the price of most other loans, and even allowed automakers to make loans at zero percent interest.

The good news on interest rates appears to be over, economists say, as the Fed worries more about inflation than about economic weakness. The Fed raises interest rates when inflation is a threat, to slow the economy.

"The next move is likely to be higher," said Paul Kasriel, chief economist of Chicago-based Northern Trust. "I would say that by the end of June or mid-August, they are going to raise rates."

The Fed meets again March 19, and the consensus among economists is that it will hold rates steady.

Kasriel said he believes the Fed is too pessimistic about the future unemployment rate. He said that depleted inventories of goods and stronger than expected auto sales all point to better times ahead. "We could very well top out at 5.8 percent" unemployment, he said.

Kasriel said the recession has not been gentle with everyone, however. Businesses bled money for much of last year, with the hemorrhaging increasing after the terrorist attack on Sept. 11. Financial reports for the first three months of 2002 will be out shortly, indicating whether corporate America's losses have eased.

If companies are returning to profitability, or at least losing less money, they likely have the American consumer to thank. Consumer spending makes up about two-thirds of the nation's economic activity. Consumers continued to buy homes and cars and clothes and a myriad of other goods, despite last year's weakening economy. Greenspan said that strength continues.

"Sales have receded somewhat, but they have remained surprisingly resilient," he said. "Other consumer spending appears to have advanced at a solid pace in recent months."

But, as is typical for Greenspan's public utterances, there is a caveat.

"The dimensions of the pick-up remain uncertain," he told the senators.

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**Oregon Daily Emerald**  
P.O. Box 3159, Eugene OR 97403

The Oregon Daily Emerald is published daily Monday through Friday during the school year and Tuesday and Thursday during the summer by the Oregon Daily Emerald Publishing Co. Inc., at the University of Oregon, Eugene, Oregon. The Emerald operates independently of the University with offices in Suite 300 of the Erb Memorial Union. The Emerald is private property. The unlawful removal or use of papers is prosecutable by law.

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