Changes in rules to reduce federal student grants

In Oregon, as many as 4,000 low- and middle-inome students could be affected by the new requirements

THE ASSOCIATED PRESS

EUGENE — Hundreds of University of Oregon students from low-income families will get smaller federal grants, or none at all, next year because of changes by the government in how it calculates financial need.

Similar results are likely at other Oregon public colleges and universities.

University officials say more than 1,300 of the 4,000 students who receive Pell Grants could be affected by rules that reduce the amount parents can claim for state and local taxes when figuring out their share of college costs.

They say about 100 could be cut off completely.

James Gilmour, associate financial aid director for the University, said most affected students would lose from \$100 to \$200 a year.

"Probably about a hundred of those will lose their grants altogether." he said.

Financial aid staff at Oregon State University and Portland State University don't yet know who will be affected, but similar results are expected there and at community colleges.

Gilmour said those most affected will be middle-class parents who just barely qualify for Pell Grants and struggle to get their kids through college because they don't qualify for as much aid as lower-income families.

"Depending on family size, the kind of people being affected are families whose incomes range anywhere from \$35,000 to \$50,000 (annually)," he said. "When you think about it, when you have a family like that with three or four people, there's not a lot of discretionary income. It's a group that can use all the help they get."

The change likely won't force large numbers of students to drop out but will increase the student loan burden.

At the University of Oregon the average debt load at graduation among students with loans is close to \$17,000.

The effect on Oregon's state-funded college aid program, known as the Opportunity Grant, is unclear. Gov. Ted Kulongoski wants to expand it, and a drop in Pell Grants could offset that.

Pell Grants are awarded based on family income. On average, a qualifying student receives approximately \$2,400 in Pell Grants each year, with a maximum set at \$4,050.

Need is calculated using a complex formula that takes a variety of household expenses into account.

The Department of Education is supposed to periodically update the tax tables used to calculate the expected family contribution. But law-makers who support increasing financial aid for students have blocked changes that would reduce grant awards.

Republican lawmakers got the changes through Congress this year. The updated tax tables will be used in calculating grants for the 2005-2006 school year.

Nationwide, about 1.3 million students are expected to see reductions in their Pell Grant awards, and some 80,000 who would have qualified for small grants will get nothing.

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