

SAVING FOR YOUR CHILD'S COLLEGE EDUCATION

If your child is still in diapers your probably think that you have all the time in the world to start building college funds. Think again. The Department of Education expects the average cost for attending a four-year private college to soar to almost \$200,000 in the next 18 years. The cost at public college may be nearly \$60,000.

To afford such exorbitant expenses, the Oregon Society of CPAs suggests that parents begin saving for their child's college education as soon as possible, by starting early, following should tax strategies, and choosing smart investments, you should be able to build an adequate college fund.

Time's on Your Side

The more years you have to save, the less you need to save each year. For example, you can build a \$100,000 nest egg in 15 years by investing \$289 a month in an account earning eight percent interest. But if you reduce your savings period by just five years, you will have to invest \$547 a month at the same rate to yield the same \$100,000.

Another advantage of early planning is that you can afford to take greater investment risks which traditionally pay off in substantially higher interest rates.

CHOOSE LESS TAXING WAYS TO SAVE

To make the most of what you save, try to minimize the amount of tax you must pay on unearned income, such as interest or dividends. In the past, the easiest way to accomplish this goal was for parents to shift income to a child. While this strategy still has merit, tax reform has reduced the benefits of income in excess of \$1,000, the excess amount is taxed at the parents' top marginal rate. However, children age 14 or older pay tax on unearned income at their own lower rate. Keep these rules in mind when making any investment decisions.

BUY SERIES EE BONDS

You can purchase Series EE bonds for as little as \$25 or as much as \$10,000. Buy them in your own name and you can defer taxes on the interest earned for up to 12 years. As an alternative, you can buy the bonds in your child's name with a maturity date that defers taxes until after your child reaches age 14. Then, when he or she redeems the bonds, the interest will be taxed at his or her lower rate. In either case, you receive an acceptable rate of interest and a guaranteed minimum return.

For EE bonds purchased after December 31, 1989, the tax benefits will be even greater. Under a law passed last fall, the accumulated interest on Series EE bonds will be totally tax-free if you redeem the bonds to pay for your own or your dependents' education expenses. To qualify for the interest exclusion, the bonds must be issued after December 31, 1989, and you must be at least 24 years old at the time of purchase. Be aware that the exemption is available only if the bondholder pays qualified higher education expenses in the same year that the bonds are redeemed. If the amount redeemed exceeds the year's qualified educational costs, the amount of tax-free interest will be reduced proportionately. One last point: the break is phased out for joint filers with an adjusted gross income (AGI) of \$60,000 to \$90,000 and for single filers with AGI of \$40,000 to \$55,000. **ZEROS CAN ADD UP**

Another type of bond to consider is the "zero coupon" bond, which is offered at a price substantially lower than its face value. What makes these bonds a good investment is their high rate of return when they mature. Note that while these bonds pay no interest to the holder, the investor is nevertheless taxed as if interest were paid out annually. For this reason, you may prefer zero-coupon municipal bonds. The interest is exempt from federal taxes, and also from state and local taxes if you buy bonds issued by the state in which you live. Certain municipal bond funds can also offer triple tax-free returns.

TAKE A STAKE IN GROWTH STOCKS

If you are an adventuresome investor with a child under age 14, consider purchasing nondividend-paying growth stocks in your child's name. Remember, as long as the stocks are sold after your child turns 14, the gain will be taxed at your child's lower rate rather than yours.

Growth mutual funds typically

provide larger gains over a long period of time. But, beware that any stock-market investment involves risk. You could lose all or a portion of your money with stocks. And the sooner you need to use the funds, the greater the risk is that you may have to sell them at a loss.

CONSIDER NEW FINANCING OPTIONS

Finally, you should carefully consider some of the new techniques for financing a college education. For instance, some states and private colleges now offer tuition prepayment plans. The plans, available to parents with children up to age 17, allow you to prepay four years of tuition for your child at a substantial discount. The college will invest the money during the years that the child is not attending. You won't have to deal with inflation or the investment risk.

The obvious disadvantage to prepaid tuition plans is that your child may not want to attend the college you choose, or worse, might not be admitted. If so, in most cases you will get your money back, but not any of the interest. Some schools may allow you to transfer the money to another school, as long as the child attends the college you picked for at least his or her freshman year. Other colleges are joining together and allowing prepaid tuition to apply to several schools.

CPAs point out one other serious drawback to prepaid tuition plans. The IRS has ruled that the prepayment represents a gift to a trust, but does not qualify for the \$10,000 annual gift exclusion. In addition, while you won't pay tax on the fund as it accumulates, the trust will. As a result, the fund will grow at a slower rate. What's worse, when your child begins attending college, he or she will have to pay tax on the difference between the actual cost of tuition and

PCC Cascade Schedules Classes for Business People

Small Business Services of Portland Community College has scheduled two summer courses, designed for owners of small businesses, at the PCC Cascade Campus, 705 N. Killingsworth St.

Teaching both classes will be Jean Drew, long-time instructor in the PCC Small Business Management program. Tuition for each class is \$8.50.

Credit and Collections for Small Business, a three-week course, will meet from 6:30 to 8:30 p.m. Wednesdays, starting June 28, in Room 201 of Jackson Hall. Drew will show students how to set up credit accounts and collect money due to them.

Getting Financing - Alternatives to Banks, will meet from 6:30 to 9:30 p.m. Wednesdays, July 19 and 26, in Portable Building 10. The class will study non-bank loans, promissory notes, cash flow analysis, credit and collections analysis and related issues.

PCC Cascade Offers Variety of Summer Classes

A variety of special interest classes will be offered this summer by the Portland Community College Community Education department at Cascade Campus, 705 N. Killingsworth St.

Sailing - Basic and Intermediate will be taught by instructors from the Portland Sailing Center. The six-week, coeducational class will start with an orientation session from 9 to 11 a.m. Saturday, June 24, in Portable Building 3. During orientation, students will schedule days and times for their 2-1/2-hour weekly classes. Cost is \$10 PCC tuition, plus \$120 payable to Portland Sailing Center.

Beginning Sign Language will meet from 7 to 9 p.m. Wednesdays for eight weeks, starting June 28, in Room 104, Jackson Hall. Cleo Arne, a sign language instructor in the PCC Interpreter Training for the Deaf Program, will teach the class. Cost is \$22.50.

Traveling: Long-Term Overseas Adventures, a one-session mini-course, will meet from 6:30 to 9 p.m. Wednesday, June 28, in Room B35, Cascade Hall. Mark Pengilly, an experienced traveler, visits overseas. Cost is \$4.

Herbs: Nature's First-Aid Kit will be offered in two sessions this summer, starting June 28 and August 2. The three-week course will include herb identification, gathering and medicinal uses. Each section will include a field trip. Students are advised to wear walking shoes to each class, said instructor Judy Siegel, an experienced herb grower and gatherer. The class will meet from 6 to 8 p.m. Wednesdays in Portable Building 10. Cost is \$16.

Sketching Historic Buildings will meet from 6:30 to 8:30 p.m. Wednesdays for four weeks, starting June 28, at various locations in the Portland area. First class will be held in Portable Building 5. Instructor Julia Spence will teach the elements of architectural sketching, using historic Portland buildings as models. Previous drawing skill is not necessary. Students are to bring soft pencils to class. Cost is \$11.

Comic Book Making/Simple Animation, taught by Lewis Harris, will meet from 9 to 11 a.m. Saturdays for eight weeks in Room 213, Jackson Hall. Cost is \$22.50.

Pet Grooming and Health Care, a three-week class, will meet from 6 to 9 p.m. Thursdays, starting June 29, at Wildwood Pet Grooming, 4423 N.E. Fremont St. The class will offer grooming techniques for use at home and health care tips for dogs and cats. Instructor will be Teresa Wallace, long-time animal groomer and owner of Wildwood pet Grooming. Cost is \$12.50.

Further class information is available from the Cascade Campus Community Education office, 244-6111, ext. 5205.

1-day Blue Print Reading Class For Building Construction

Cost: No Charge to Certified Disadvantaged and Women Business Enterprises \$110 for non-certified firms

Sponsor: Tri Met Office of Civil Rights Programs

Date: June 30, 1989 - 8:30 a.m. to 4:30 p.m.

Location: Tri-Met Administration Building - 3rd floor 4012 SE 17th Avenue, Portland, Oregon 97202

To Register: Call (503) 228-6731 Register by June 27, 1989

Due to limited class size, pre-registration is required.

CALL
PORTLAND OBSERVER
FAX #
503)288-0015

Portland, all of Portland.

The award program was developed by the Sears-Roebuck Foundation in response to a need to recognize excellence among college educators at the nation's private colleges. It represents an innovative partnership with independent higher education.

"With this new program we are recognizing the importance of teacher competence as a critical element in strengthening undergraduate teaching and learning," said Paula A. Banks, president of The Sears-Roebuck Foundation.

"We salute The Sears-Roebuck Foundation for recognizing one of society's most fundamental needs, excellence in teaching," said John P. Blessington, president of the Foundation for Independent Higher Education. "These grants will provide a well-deserved showcase for some of our nation's best private college educators and hopefully will spur others to follow their example."

The Foundation for Independent Higher Education, a consortium of 39 state and regional associations, represents independent colleges across the country.

The Oregon Independent College Foundation seeks funds from businesses and foundations to help pay operating costs of eight Oregon private colleges and universities. Almost \$1.5 million will be distributed in the 1989-90 school year.

REED COLLEGE ANNOUNCES \$250,000 GIFT TO SUPPORT SCHOLARSHIPS FOR DISADVANTAGED STUDENTS

Reed College has received a gift of \$250,000 to support a scholarship program for academically qualified students from lower income families, Reed College President James L. Powell announced at the May meeting of the Reed College Board of Trustees.

The gift was made by Reed College alumnus ('50) and trustee Walter Mintz. The fund, known as the Walter Mintz Opportunity Scholarship, will be used primarily to replace the loan and work-study components of the financial aid packages being offered to financially disadvantaged students.

"Not only would these students find it difficult or impossible to attend Reed because of inadequate family financial resources, but the additional burden of satisfying loan obligations and work-study requirements would further compromise their ability to focus on their education," Powell said.

"Walter's generous gift is but the latest in an impressive display of support for the College. We are profoundly grateful to him and his wife, Sandy, for their selfless commitment to Reed," Powell concluded.

Mintz has served on the Reed Board of Trustees since 1971.

At least twenty-one students will benefit from the Walter Mintz Opportunity Scholarship during the ten years that the scholarships will be awarded, beginning with the 1989-90 academic year and ending with the 1998-1990 academic year.

The average annual award for the 1989-90 academic year will be approximately \$3,000. Each student is eligible to receive the award annually, for a maximum of four years at Reed.

Walter Mintz was born in Austria, the son of a Viennese lawyer. After earning his B.A. from Reed in economics in 1950, he went to do graduate work in economics at Columbia University.

USA Today recently called Mintz a "brilliant investor" for successfully building one of Wall Street's great investment firms, Cumberland Associates. The firm, which he co-founded in 1971 after leaving his position as executive vice president with Shearson, Hammill, now manages more than \$600 million.

Mintz, who is no longer active in the day-to-day management of Cumberland, serves as part-time consultant in the firm. He is currently writing a book on economics and finance.



GRANTS FOR TUITION AVAILABLE AT CONCORDIA COLLEGE

Grants which pay for a large percentage of tuition are now available from Concordia College in N.E. Portland. These grants are for people working in a health care field who are interested in getting a B. S. degree in Health Care Administration. These are not loans that have to be paid back. A grant will cover at least 50% of tuition in the B.S. degree program in Health Care Administration, and students may also be eligible for additional PELL grants and loans based on financial need. Many local hospitals, HMO's, and long term care facilities pay a percentage of tuition for this program. There are HCA students presently attending Concordia College for less than \$150 tuition per 12 hour quarter. The professional grant is available for any student accepted into the health care administration degree program.

Students admitted to the program usually have at least 1 year of college coursework and 2 years experience working in a health care field. Block transfers are done on community college and associate degrees and a process called career assessment/Prior Learn Experience can help a person get college credit for past work experience.

There are many careers available in health care administration for bright enthusiastic people in hospital, long term, home, and community based care. INFORMATION IS AVAILABLE ABOUT HOW TO GET THESE GRANTS AND OTHER FINANCIAL AID BY CALLING CONCORDIA COLLEGE OFFICE OF ADMISSIONS FOR A FREE PACKET. 288-9371.

SCHOOLS STILL HAVE MUCH TO LEARN

by Ron Harris

President Bush recently pointed out that we spend more per capita on education than many of our toughest overseas competitors.

"America's \$300 billion-a-year education tab, he called "staggering" and he said urgently needed educational improvements were now not a question of more money and more resources, but rather a question of how our current resources are utilized.

It has been 6 years since the National Commission on Excellence in Education issued its alarming report. "A Nation at Risk." And after 6 years of nation-wide efforts to reform education, American schools are far from making the grade. "Our schools are in trouble -- real trouble," President Bush told the Business Roundtable Conference on Education early in June.

To discover just how much trouble, one only need look at some of the goings-on in Inner City schools. (It is in Inner City Schools particularly where, according to the Carnegie Foundation for the Advancement of Training, there is "a disturbing gap between reform rhetoric and results.")

In such schools, many of the students complain bitterly (when they aren't skipping classes). Teachers break down or burnout. School administrations frantically try to keep things running in some semblance of order with, they say, too little money and not enough parent involvement.

Talking with the students themselves can be highly revealing. High schools today appear to be a very different universe from those institutions we of older generations remember. Take, for instance, what "successful" students say the successful student needs to know to get along.

"The best way to skip classes is not to show up at school at all," says one Los Angeles high school student who compares his school to jail. "Notes from parents aren't usually looked at too closely. The teachers don't really care."

In other high schools, students find out when roll call is to be taken for official purpose and leave after that.

Missing classes, of course, can have a disastrous effect on grades -- unless you know how to beat the system. The trick is to become the teacher's pet, says a student who brags she managed to miss 74 days last year and still graduated with a 2.9 grade point average (based on a 4 point system). "Be polite, friendly, and laugh at all the teacher's jokes,"

she advises those who want to get good grades.

According to another student, some kids even supplement their allowances by signing up to be teachers assistants, and then change their friends' grades for money.

"You do as little as possible, just what you need to do to get through," is the common attitude encountered. Writer Ivan Illich has argued that the basic function of education in today's society is to make people feel stupid, thereby cowering them into submission. But based on at least some of the evidence, the system has disintegrated beyond even this level of control.

High school has become something many students try to beat with a minimum of effort, frequently managing it with almost Tom Sawyer ingenuity. And, in response, the business of administering schools has become, in no small part, the art and science of devising systems that students can't cheat.

Remarkably few students seem to honestly consider high school a realistic preparation for a useful and satisfying life. And a great many students still drop out from high school before graduating. Estimates of the numbers run high as 30 or 40 percent in some areas.

"We have an army of drop outs, and army of unskilled," said Siobhan Oppenheimer-Nicola, president of the Hispanic Policy Development Project, after the non-profit organization conducted a national survey and discovered that the high school dropout problem continued to span most ethnic groups, including large numbers of White, Black and Hispanic kids. And, as one might expect, the survey found that high unemployment plagues these dropouts in later years.

Where does our educational system continue to go wrong? "Probably the first place to start is the realization that a few band-aids are not going to fix things," says Marg Harris, dean of Delphi Academy in Los Angeles, one of a growing number of private schools which utilize new educational methods developed by L. Ron Hubbard, now one of the most acclaimed and widely read authors of all time.

"In most of the efforts to fix public education, there isn't even a clear workable definition of what education really should be doing for students."

A visit to the Delphi school presents one with hundreds of bright, eager, highly literate students who, by the time they reach high school level, are seriously working to prepare for successful careers. Here a pass in any academic examination is 85 percent, 100 percent after supplementary "cramming." Yet the students are eagerly inquisitive and almost as excited about learning as they are oriented toward problem solving. Comparing Delphi to public schools is the contrast between day and night.

But what is the real difference in the way this school approaches education? "As a society declines, it more and more resorts to authoritarian teaching and attempts increasingly to impress upon the individual that he must adjust to his environment and that he cannot adjust his environment to him," writes Hubbard, whose best-seller Dianetics -- "the operators manual for the human mind" -- has become the most widely used self-improvement book in the world. "The educational process becomes one of semi-hypnotically receiving doughy masses of data and regurgitating them upon examination papers. Reason and self-determination are all but forbidden.

"...Education might be said to be the process by which the individual is given the accumulated data of a long span of culture. It can, no less validly than personal experience, solve many of his problems... An education which invites reason and the comparison of taught data with the real world can raise the individual..."

That is just what is not happening for most students in public schools. Most high schools now tend to rampanly manifest, in microcosm, all that is wrong with modern society. Drugs, cheating, lack of motivation, shiftlessness and purposelessness are all there in full force.

America's first failing in "modern education" is the wide-spread acceptance that this is all somehow an inevitable natural state of affairs. It isn't.

The reality is that in our schools lies the hope of tomorrow. But the sad truth, as things continue to stand, is that this hope grows dimmer year by year.