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# Edwardsville Bulletin

To the Faculty, Staff and Students of Southern Illinois University at Edwardsville

Vol. 13, No. 2  
February 26, 1982

MEMO TO: The University Community  
FROM: Earl Lazerson  
SUBJECT: Proposed Reductions in Federal Student Aid Programs

On February 8, President Reagan sent to Congress his proposed budget for federal fiscal year 1983. The President's budget proposes cuts in student financial aid to be effective in 1982-83 and 1983-84 additional to those enacted for implementation in 1981-82 and 1982-83.

The cuts the administration proposes in major aid programs are detailed in the attached table. These programs would be cut 48% during the next two years, with a 42% cut occurring between 1982-83 and 1983-84.

During 1981-82, we anticipate that about 3600 aid awards will be granted to SIUE students through the programs shown in the table. These awards support the education of 30% of SIUE undergraduates. Our best estimate of the effect of these new proposals is that about 1500 student aid awards (valued at over \$1.4 million) would be lost during the next two years. The American Council on Education estimates that the proposed cuts would eliminate students in families with incomes over \$10,000, as well as many self-supporting students, from eligibility for aid from these programs.

The administration has also proposed substantial changes in the Guaranteed Student Loan Program: placing the program on a need basis and limiting borrowing eligibility to a student's unmet need, a 100% increase in the applicant fee for the loan; eliminating graduate and professional students from eligibility; and requiring students to repay soon after graduation and at market interest rates. Through February of 1982, 2135 SIUE students have borrowed nearly \$5,410,000 under the G.S.L. program. Of that number, 435 graduate and professional students borrowed about \$1,900,000. We also estimate that about 1275 undergraduate students would no longer be eligible for loans valued at nearly \$2,650,000.

Reductions are also proposed in other aid programs. Proposals to reduce aid to SIUE nursing and dental students would mean the loss of about 10 loans or scholarships valued at over \$46,500. These would be lost through cuts in the Nursing Loan, Nursing Scholarship, Health Professions Loan, and Exceptional Financial Need Grant programs.

The administration proposes to eliminate federally funded graduate fellowships and traineeships. In 1981-82, 31 SIUE graduate students are receiving support of about \$162,600 from such awards.

In total, the proposed reductions outlined above would mean the loss of about 3,251 awards to SIUE students valued at over \$6,150,000. Additionally, continuing reductions in Social Security benefits will cut aid to over 700 SIUE students now receiving such assistance.

The need to reduce federal spending and reestablish economic stability is clear to everyone. As the President and Congress this past year proceeded with spending reductions, the higher education community expressed its willingness to contribute its fair share to the cause of reducing federal spending.

The contributions that higher education and an educated populace make to the stability and economic vitality of the nation have been well documented. The government's own statistics show that, in general, as educational levels rise, income levels rise as well, and unemployment rates decline. Realization of the President's goal to revitalize the American economy will be difficult if, during the period of development, we remove the opportunity for vast numbers of people to further their education and to prepare themselves for roles in the economic system.

During the coming months, the administration's proposals will be debated in Congress. I intend to do everything I can to let Congress and the community we serve know the effects these proposals will have on our students, their families, and on the region we serve. I both welcome and urge your assistance in letting Congress and the community know of the need to continue adequate levels of funding to support the education of our citizenry.

Attachment

COMPARISON OF FY81 FEDERAL STUDENT AID PROGRAM  
 APPROPRIATIONS WITH PRESIDENT REAGAN'S FUNDING  
 PROPOSALS FOR FY82 AND FY83

	<u>FY81 Appropriations</u>		<u>President's Proposed FY82</u>		<u>President's Proposed FY83</u>		<u>% Change From Proposed FY82</u>
			<u>\$</u>	<u>% Change From FY81</u>	<u>\$</u>	<u>% Change From FY81</u>	
Pell Grants	\$2.346	Billion	\$2.187 B	-6.8	\$1.4 B	-40	-36
Supplemental Educational Opportunity Grants	370	Million	278 M	-25	0	-100	-100
College Work Study	550	Million	484 M	-12	397.5 M	-28	-18
National Direct Student Loans	<u>186</u>	<u>Million</u>	<u>178 M</u>	<u>-4</u>	<u>0</u>	<u>-100</u>	<u>-100</u>
	\$3.452	Billion	\$3.127 B	-9.4	\$1.7975 B	-48	-42
State Student Incentive Grants	\$76.75	Million	67.5 M	-12	0	-100	-100