

# College Loan Rules Should Remain, Officials Say

GREENSBORO (AP) -- The Reagan administration and Congress want to put the screws to ex-students who won't repay their federally guaranteed student loans by requiring more accountability from the schools they attended.

But such an approach has officials at many of North Carolina's historically black institutions, small private colleges, community colleges and trade schools worried and even angry.

Many of these schools have high default rates on Guaranteed Student Loans, a need-based program that is annually the largest in the nation in terms of lending volume.

Department of Education officials said Tuesday they soon expect to announce a new assault against loan defaults, which cost taxpayers more than \$1.7 billion a year.

Action also is expected in Congress.

The Senate has tacked a provision onto a trade bill now in conference with the House that would allow state agencies to refuse to

guarantee loans to institutions with default rates of more than 25 percent.

Experts have said that the loss of Guaranteed Student Loan eligibility would force some schools to close their doors.

"Whether that is true in North Carolina remains to be seen," said Chancellor Edward Fort of N.C. A&T State University. "It's certainly true nationally."

Traditionally, colleges or trade schools have had little to do with ex-students who don't repay their loans. The schools do not have to collect the loans, which are made by banks or lending agencies. And when a student defaults, the government pays off the loan.

Fort said he's upset that Congress and the administration want to change the rules in the

middle of the game.

"It's holding campuses accountable for something over which they have little control," he said. "We can urge students to pay back the loans, but that's as far as we can go."

"In effect, they are saying that when the game was first initiated, universities were not held accountable and suddenly, after the fact, they are. That is totally inappropriate. I question the morality of it. I resent it."

Many agree with Fort, saying the various proposals punish an institution for the sins of its former students.

But supporters of a crackdown on defaults point to the rising costs.

Last year, the cumulative figure in student loan defaults reached \$5.6 billion, rising from \$977 million eight years earlier.

The annual cost climbed from \$530 million in 1983 to a projected \$1.7 billion this year, boosting the price tag for defaults to one of the Education Department's biggest spending items.

According to a recent national

survey, 34 schools in North Carolina have default rates of 20 percent or more, including A&T, 32.74 per cent; Bennett College, 32.15 per cent; and Guilford Technical Community College, 20.31 percent.

The survey figures cover defaults through Sept. 30, 1986.

"The reader immediately assumes 'what is wrong with those schools.' That's not always the case," said Stan C. Broadway, executive director of the N.C. State Education Assistance Authority, an agency within the University of North Carolina system that is responsible for statewide student-assistance programs.

"You've got to look at the type of student, what the dropout rate is, how long the program lasts. It's far more complex than looking at a default rate and turning around and blaming a school."

Overall, North Carolina has a default rate of 7.7 percent, compared with the national average of 12.1 percent.

The survey, a joint project of the National Conference of State Legislatures and the National

Governors' Association, found 34 institutions across the nation that had default rates of 60 percent or more and more than \$1 million in default.

In North Carolina, only Shaw University fell into that category.

Like everyone else, Shaw officials say they have little control over the payback of guaranteed loans.

"There is a problem," said Dennis Spellman, a consultant brought in to guide Shaw through a period of financial difficulty. But "Washington ought to look at itself and Congress ought to change the rules without hassling the institutions," he said.

Spokesmen for the Department of Community Colleges and the UNC system agree.

"To punish the institutions is the wrong approach," said Jay Robinson, a UNC vice president. "I think the federal government must bear the major responsibility because they are the only ones with the leverage to force anyone to pay the loans back."

# J.C. Smith Invited To Seek Challenge Grant For Endowment Building

Johnson C. Smith University is one of only 24 historically black colleges which have been invited by the Mott Foundation to seek endowment-building challenge grants as part of the final phase of the Foundation's black college program.

Grants totaling more than \$5 million are anticipated for this final phase of the Foundation's \$20 million commitment to help nurture and strengthen the field.

The Foundation expects to make between five and 14 grants, ranging from \$350,000 to \$1 million. Announcement of those grants is expected by summer.

According to Foundation Program Associate Suzanne Feurt, endowment building was targeted following a survey of private, black college presidents who identified it as their most prevalent and pressing need.

"We believe the grants made under this program will have a significant and lasting impact on strengthening the long-term financial stability and thus the educational missions of the institutions ultimately funded," said Feurt.

"In the Foundation's judgement, these 24 colleges have demonstrated a high level of excellence and hold the promise for significant future growth."

The new program represents a significant departure from Mott's earlier grant-making efforts for black colleges. Previous efforts were primarily modest grants for a wide variety of projects to large and small, public and private, four-year black colleges.

The Foundation now plans to maximize the impact of its funds by offering large grants to a smaller number of institutions.

The Mott Foundation has supported black colleges since the late 1970's, beginning with a \$1 million grant to the United Negro College Fund's capital campaign. In 1979, the Foundation made a multi-year, \$20 million commitment to help support black colleges.

The Foundation's support of black colleges is a natural extension of its work in the fields of education and disadvantaged youth. In addition, they help transmit black culture, serve as role models for black youth and have an unmatched record of training black professionals and leaders.

Today, there are 87 historically black, four-year colleges and universities nationwide; 38 are public institutions, 49 are private. Although black colleges comprise

only three percent of all institutions of higher education in the United States, they enroll nearly 20 percent of all blacks attending four-year colleges and graduate more than 40 percent of all blacks with bachelor degrees.

Several criteria were used to identify the 24 eligible for the endowment-building program, including a review of financial and non-financial statistics, implementation of past Mott grants, site visits, discussions with other funders and institutional leadership.

Proposals may request endowment funds for endowed faculty support, including faculty chairs and faculty development funds; endowed curriculum development funds; endowed student scholarship funds, or other special purpose endowments. Deadline for proposals is January 29, 1988.



Amy Edmunds

## Davidson Black Alumni Meet

An overwhelming turnout marked the first meeting of the Charlotte-Mecklenburg Black alumni of Davidson College.

The purpose of the initial meeting was to provide a format for the alumni to become acquainted and promote fellowship and network opportunities. The group anticipates organizing itself as a resource to the community, addressing the special interest of the Black students.

Amy Edmunds serves as the Alumni contact for the group. She moved to Charlotte in March, 1987, to open the first Carolina location of Temporaries, Inc., a national temporary help service. Recently, she addressed Davidson seniors on "Job-Finding Techniques." She also serves on the college's Minority Community Advisory Board.

According to Edmunds, there are approximately 20 Black Davidson graduates in this area. They are involved within many facets of the business community, including banking, insurance, law, employment, as well as industry.

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