

New Pell formula reduces grants • Pell cuts won't hurt University students

BY ERIC JOHNSON
ASSISTANT STATE & NATIONAL EDITOR

Just two days before Christmas, the federal Department of Education unveiled a revised formula for calculating financial aid.

The new guidelines, updated for the first time in more than a decade, will eliminate Pell Grants for more than 80,000 low-income students. While the neediest participants in the federal government's largest scholarship program will remain unaffected, as many as 1.3 million others will see their awards reduced.

The education department provides Pell Grants, which do not have to be repaid, based on financial need. During the 2003-04 academic year, more than 5 million students received awards ranging from \$400 to \$4,050.

To determine eligibility, officials rely on tax data to find the amount of discretionary income each student or family has available to spend on college. In order to estimate how much money families can contribute on their own, federal officials need to know how much income is taken by state and local taxes.

The old formula was based on IRS tax tables from 1988, while the updated version uses data pulled from itemized income tax returns filed in 2002.

"Federal law requires that the Department of Education use the most up-to-date information avail-

able," said Alexa Marrero, press secretary for the House Committee on Education and the Workforce. "By using the best information, we're going to make sure the funding is targeted where it's most needed."

Marrero said Congress and the Bush administration were simply carrying out a long-overdue revision, but critics contend that the new formula shortchanges students and doesn't give a true measure of financial need.

"If it were really accurate, then it would be the right thing to do even if people lost some money," said Sandy Baum, a senior policy analyst with the College Board. "But the fact is that they're not accurate."

The new data seem to show a decreased tax burden for most families, which increases their expected contribution and decreases eligibility for aid. That's the reason many students currently receiving grants will no longer be eligible, and others will face reduced awards.

Under the new guidelines, students receiving the maximum amount of aid will not be affected, but those with family incomes over \$15,000 could see reductions.

Baum contends that gathering information from itemized tax returns provides a skewed picture because higher-income families tend to itemize more often than those of lower income. The formula also fails to take into account sales taxes, and Baum fears the new num-

bers already might be outdated.

"They're from 2002, and many state and local taxes have gone up since 2002," she said.

Janet Hansen, a senior policy researcher at RAND Education, said recent fiscal troubles in many states might have rendered the updated formula obsolete before it even goes into effect.

"I think the concern is that because of economic conditions, a number of states raised taxes in 2003 and 2004," she said. "If there have been tax increases since the data that the government is using, then people would actually be paying more tax than those calculations are assuming."

The decision to go ahead with the new model for the 2005-06 academic year is expected to trim \$300 million from the projected increase in the cost of the Pell program.

"The reason that they're making the change is that they want to save some money," Baum said.

Congressional Republicans are quick to point out that the overall number of grant recipients is projected to increase for the next academic year, and the overall budget for the program will continue to rise.

With more eligible students than ever, the \$12.5 billion program already is facing a severe budget shortfall, projected at about \$4 billion for 2005.

"The goal, ultimately, is to increase the maximum award for the

Pell Grant program," Marrero said.

The focus should be on helping the neediest students, she added, and that means raising the current cap of \$4,050. "By continuing to use outdated information and wrongly adding hundreds of millions of dollars to the shortfall, it's going to postpone any hope of an increase in the maximum award."

Democrats on the Education and Workforce Committee contend that the Bush administration is responsible for creating the shortfall by consistently underestimating the number of students eligible for the grants.

"It seems to us that the Bush administration does a really lousy job of projecting this," said Tom Kiley, press secretary for Rep. George Miller, D-Calif., the ranking minority member on the committee. "I think it's fair to say that by running a shortfall in this program every year, it gives them political cover to say the money isn't there."

Kiley said the updated formula wouldn't provide a good measure of student needs, and he was straightforward about the result of the change.

"The bottom line is that making this cut means students that previously had this money and need this money for college are going to lose it."

Contact the State & National Editor at stntdesk@unc.edu.

Will cost \$175K to cover shortfall

BY ERIC JOHNSON
ASSISTANT STATE & NATIONAL EDITOR

About 1,500 UNC-Chapel Hill students will see a reduction in federal aid next year as a result of recalculated Pell Grants, but the University and the state should be able to offset those losses.

That's the finding of preliminary calculations by Shirley Ort, associate provost and director of scholarships and student aid for the University.

"It probably won't be felt directly by the students because we're expecting that through a combination of state grants and some private money, we should be able to cover most of this," she said.

Ort estimates that about 1,400 Chapel Hill students will lose \$100 in Pell money, and another 90 stand to lose \$400. None of that, she said, should translate into an increased burden on those students because the financial aid office should be able to make up the difference.

"I've been doing this for 30-plus years, and these things happen all the time," she said. "We try and manage our resources so, if it's an adjustment on the margins, we can handle it."

Ort said she maintains a reserve of about \$300,000 — out of a total budget of \$183 million — and the projected shortfall from the Pell changes is estimated at \$175,000 for UNC-CH.

Across the UNC system, the impact of the Pell Grant change will depend heavily on whether the state can come up with extra funding.

Steve Brooks, executive director of the state education assistance authority, said that under the state's formula for distributing aid, students who apply early should not see any overall reduction in funds, even if their Pell Grants are reduced.

"The way the UNC need-based grant is structured, it will make up for that loss for students that apply on time," he said.

The trouble arises for students who wait too long to submit aid applications. Each year, the state distributes aid money on a first-come, first-serve basis until it runs out. By compensating for the lost federal aid money, the state risks running out of its own pool of funds earlier than usual.

To keep that from happening, Brooks wants the governor to include a request for about \$10

million extra in this year's budget proposal. While he acknowledged that the budget will be tight, Brooks said the governor and the legislature have been supportive in past years.

"They seem to be very sensitive to the fact that it costs money to go to school, and we want to make sure people can do it," he said.

Financial aid directors at a number of system schools said they are looking at ways to use their own resources to help address a potential shortfall for Pell recipients. Most had not yet calculated how many students would be affected.

"As a school, we will try to fill the need with our funds," said Emily Bliss, director of financial aid at UNC-Wilmington. "It's probably going to be a minimal change to our students."

At N.C. State University, officials are projecting a loss of \$700,000 in Pell funds. Julia Mallette, director of scholarships and student aid, said her office will be examining ways to minimize the student impact if the state funding doesn't come through.

"Certainly there are other resources we can pull together to cover the shortfall as best we can," she said.

Ort and Mallette both said they understood the need to update the formula, even if they aren't terribly pleased with the impact.

"I think it's probably something the federal government should have been doing all along," Mallette said. "When you wait 10 years to make the update, it's a more significant impact."

While she doesn't expect any further funding disruptions in the near future, Ort said she'd be keeping "a careful eye on what the White House and the Department (of Education) are doing vis-à-vis funding levels."

"This is an era of tight money in Washington, and domestic programs are really going to be closely scrutinized."

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Librarian to turn the page on time at UNC

BY JOSEPH R. SCHWARTZ
ASSISTANT UNIVERSITY EDITOR

Each day, UNC library officials comb through intellectual texts amassed over two centuries, but they soon will lose one of their most valuable resources.

Deputy University Librarian Larry Alford will end his 30-year tenure at UNC on Jan. 31 to become the vice provost for libraries and university librarian at Temple University in Philadelphia.

Alford, whose salary as of October 2004 was \$124,000 a year, began working at the library in 1970 as a UNC sophomore and jokes that he "never left college."

Despite being passed over for UNC's top librarian post, Alford told Temple officials that he wasn't inter-

ested in leaving UNC when they first contacted him last summer.

But after some prodding, he decided to consider the post seriously. After a yearlong, nationwide search that was narrowed down to four finalists, Alford accepted Temple's invitation.

"I was really impressed in the vision that the (Temple) president and the provost have and the resources that they're willing to commit," he said.

With his new title in hand, Alford is the focal point of that new vision. He will be Temple's first vice provost for library affairs and the first to oversee all 17 campus libraries.

Richard Englert, chairman of the search committee, said Alford's qualities aligned perfectly with his



Deputy Librarian Larry Alford will leave UNC on Jan. 31 and move to Temple University.

expectations for the position.

"We wanted to go for someone who came from an outstanding research university," he said. "We also wanted someone who could come in and look at the university from a vantage point of the future."

UNC Librarian Sarah Michalak said those qualities will make Alford tough to replace.

"He's a very hard worker, and it's hard to imagine how you could just

choose one person to fill his shoes," she said, noting that officials will likely create several new positions in the wake of his departure.

Although Michalak stepped into her position in September, she said she had looked forward to working with Alford, who is well-known throughout the library community.

"I just think that he is just a marvelous librarian," she said. "The number of people who know him and admire him and love him that I've encountered here ... just demonstrates that he's made so many great contributions."

Alford was quick to note his respect for and appreciation of Michalak and all of his colleagues.

"(UNC) is such a great institution. ... There are great students and faculty here that I've really enjoyed working with," he said. "It's been a really wonderful experience being here, and I will miss it."

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Primary Area of Achievement

Humanitarian contribution (one male, one female)
Character, scholarship, leadership (female)
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Improving quality of life of the University community through principles of equality, dignity, and peace
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Member of the graduating class whose leadership and selfless dedication have strengthened the class pride and University loyalty, enriching the lives of seniors, and made the most significant contribution to the University
Student self-governance
Recognizes the greatest contribution to the preservation and enhancement of the feeling of loyalty and goodwill
Recognizes the principle of honor as one of the University's most hallowed ideals

Primary Area of Achievement

Character, scholarship, leadership (female)
Character, scholarship, leadership (male)

Primary Area of Achievement

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Primary Area of Achievement

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