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PRESIDENT'S PROPOSAL FOR CHANGES IN FEDERAL STUDENT-AID
TERMED "DEVASTATING" BY UM FINANCIAL AIDS DIRECTOR

MISSOULA--

Passage of President Richard Nixon's proposal for sweeping changes in Federal student aid programs "would have a devastating effect on the economic stability of Montana college youths and their families," according to Donald J. Mullen, director of financial aids for the University of Montana.

Mullen said the President's bill, now in committee in both the U.S. Senate and House of Representatives, would provide drastic cutbacks in Work-Study funds and Educational Opportunity Grants for undergraduates, and would completely eliminate the National Defense Student Loan program along with any type of Federal aid for graduate students.

The bill also proposes, Mullen reported, a new loan program through establishment of a National Student Loan Association which would make loans available only to undergraduates, and which would obligate the borrower to payments over a 20-year period at market interest rates. Interest on a National Defense Student Loan is three percent whereas the new program would require 8½ percent based on present interest rates.

Mullen further explained that funds from Educational Opportunity Grants and Work-Study combined could not exceed one-half of an undergraduate's aid package. The remaining assistance would be provided by the new program which proposes an annual maximum loan of \$2,500.

"With the proposed limitations on Work-Study funds, an undergraduate would have no other alternative than to accept the long term loan obligation," said Mullen. "Consider the plight of a young, newly-married graduate who faces this obligation on top of house and car payments and other expenses. And, the situation becomes tragic if this individual

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has selected a mate having the same loan obligation. In this case the combined obligation could exceed the cost of a middle income home."

Mullen said the plan would have heavy impact on UM students, especially those seeking employment under the Work-Study Program. The University's Work-Study payroll of \$1-million for 1969-70 would be reduced to no more than \$200,000. New eligibility requirements, placing the cut-off point for Work-Study aid at a \$6,000 family income, would eliminate approximately 50 percent of the 843 students currently eligible. The \$3,000 family income allows for a maximum annual award of \$700, while \$150 would be the maximum for the \$6,000 income. In past years, UM students demonstrating extreme need have received allocations up to \$1,900.

The total UM Work-Study payroll of \$1 million for 1969-70 included \$63,557 paid to 63 graduate students who would be ineligible under the new plan. Approximately \$500,000 of the total was paid to on-campus student employes. The other \$500,000 went to UM students who served city, county, state, federal and other non-profit agencies in Summer Work-Study which also would be abolished with passage of President Nixon's bill.

The bill is labeled S3636 in the Senate, HR 16621 in the House of Representatives.

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