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Students withdraw after loan audits

by Joe FitzPatrick
Co-News Editor



Students receiving notice of their loan audit, unaware of the dangers.

SU President Kelly Lamrock "know[s] of fifteen UNB students who have withdrawn following an audit of their student loans." In addition, according to Lamrock, members of the audit committee are considering sending "their ten worst cases to the RCMP for fraud charges."

This threat angered Lamrock, who responded with some irritation. "It's not like welfare, these are loans." After meeting with the new Minister of Advanced Education and Labour, Roly McIntyre, Lamrock remains skeptical about the rationale behind the audits. "So far, the best argument [for audits] has been 'we don't want to give them loans they can't pay back.'" Lamrock asserts that a high default rate for student loans has no merit, because the rates are actually very low.

"Over the course of the history of the Canada Student Loans program, the default rate is 4.8%. This means 95.2% of students receiving student aid have paid their loans on-time, in-time, and in-full." Even a default rate of 4.8% is misleading contends Lamrock, because "it counts people who miss payments as 'defaults' but several of these people go on to later pay off the loan. The true rate is closer to 3%."

This new hard-line from the government puzzles Lamrock, especially given the recent transfer of the loans from the government to banks who have become "participating lenders." This caused Lamrock to ask "Why this year? Maybe there's something in that secret agreement with the bank that we don't know about."

One might assume that audits would allow for a certain degree of accountability or some reduction in defaults. Linda Gionet, Chair of the New Brunswick Student Alliance disagrees. "Not only is there no evidence that this saves money, there's no evidence that these people [who get reductions] would have defaulted."

Gionet also expressed concern about

the appeals process. "There is one, but it's not written down." According to Gionet, the department's response was that this allowed for "flexibility." "Not only is the process not written down, but neither is the criteria." Lamrock learned that the guidelines of the audit committee were not written guidelines from the Minister of Advanced Education and Labour. In essence, there is a process without written guidelines driven by unwritten policy with an under publicized and unwritten appeals process which depends on unwritten criteria.

In response, the Lamrock has contacted legal counsel, and drafted a counter-proposal endorsed by the Student Union Council. His intention is to join with the New Brunswick Student Alliance and launch a province-wide campaign next week. "We've heard some terrible stories from around the province," Lamrock told Council.

The document contains five items of concern and ten possible solutions. As outlined in the document, the major concerns of students are slow response,

stringent reporting of income and expenses, delays in loan approvals, penalties for extra income which discourage students from earning more, and unpublicized consequences for extra income.

Given the pressures of the beginning of the year, Lamrock feels it is imperative that students' loans be handled quickly. The department has identified "lack of resources" as the reason for slow responses. Lamrock's response: hire students. "The student advocacy centre will provide free training for students to work the month of September. We will also answer calls and provide counselling."

Some of the demands of the audit are not taking students' lives into account. "I'm sorry, I don't know about you, but I just don't have monthly breakdowns of income and expenditures lying around," Lamrock told Council. The solution: allow for period reporting, such as by term and allow students to waive information they cannot provide.

Another major area of concern was the penalties for income "overawards."

Lamrock told Council, "one of the most bizarre stories we've heard of is having your loan cut because you were left money in a will." In effect, the student is penalized twice. In addition, says Lamrock, "the rules were not published." Students were not aware that they could be penalized for honouraria or unexpected income. Lamrock also contends this is counter-productive, "it penalizes students for working." The solution, according to the proposal, is to "restore" a \$1,000 "grace" and "correct overawards by adding interest to overall debt, not docking awards while still in school."

These recent actions by Lamrock are only the latest in a pitched battle against several provisions of Student Aid legislation which limit access. Council has previously endorsed Lamrock's bid to fight the government calculating on an 80% contribution for student's summer income in determining the size of their loan. "The government seems to think," said Lamrock, "that if students have the advantage of getting a summer job, they should cheerfully fork over 80% of it."

SU credit cards

CANCELLED

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Council clashed over the receipts from the Student Union credit cards on Tuesday, October 24. Following the one-hour closed session of Council during the report of the VP Finance and Administration, copies of the Student Union's credit card statements were distributed.

Debate centered around two problems: the credit cards were overdue, and some expenditures raised questions about inappropriate use of the Union cards. During an earlier interview on Thursday, October 19, VP Finance and Administration, Nahie Bassett revealed she "had canceled and destroyed the cards."

According to Bassett, the cards went unpaid because the statements "had not been reconciled." She explained that before they could be paid, the charges needed to be divided among the different budget

items. During Council, Bassett replied to a direct question from Shona Bertrand (Law) indicating that the bills were addressed to President Kelly Lamrock. Lamrock explained the delay in paying the credit card as a series of miscommunications with the credit card

company. After the cards were issued, the bills were coming addressed to him. "As they were Union cards, I didn't expect the bills [to come to me] and so I wasn't looking for them. I phoned the credit card company and asked them to change it. They didn't until the next statement," Lamrock told



Council.

The nature of some of the expenditures left Council searching for answers. Shona Bertrand (Law), Rodney Chiasson (Student At-Large), Anoushka Courage (Student At-Large), and Sarah

Mullaly (Arts) asked repeated questions of the Executive. Unfortunately, many of the questions were in regards to expenses of Pat FitzPatrick, VP (External) who is attending the CASA National Conference in Saskatoon, and then CASA "Real Choices" Plebiscite Press Conference in Ottawa. Contributing to the problem is FitzPatrick's role as CASA Regional Director and the agreement with CASA regarding spending. Council has called on the VP (External) to distinguish between CASA and UNB expenses, in writing, and to do so by fax for the next meeting of Council. FitzPatrick will not receive his regular \$125 biweekly checks as an Executive until he has done so.

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Bull Bits

Scariest things than ghosts and goblins:

1. The results from your first mid-term.
2. That mysterious lump on the side of your neck that keeps pulsating.
3. Gamers without Magic cards.
4. Student Union Council in 17th century Salem, Mass.
5. Rodney Johnston in a dark Seattle alley.