

# Student loans to cost more in 1987

by Ken Bosman

The new formula for calculating debt relief to graduates of Alberta's post-secondary institutions will cost students a lot of money.

The formula, originally proposed by the U of A Students' Union, will see students eligible for a maximum of 40 percent of each year's loan to be repaid by the government.

The first \$1,000 of each year's loan will be exempt from any remission.

The old formula saw students get up to 50 percent repayment in their first year, 40 percent in their second, and 25 percent in subsequent years.

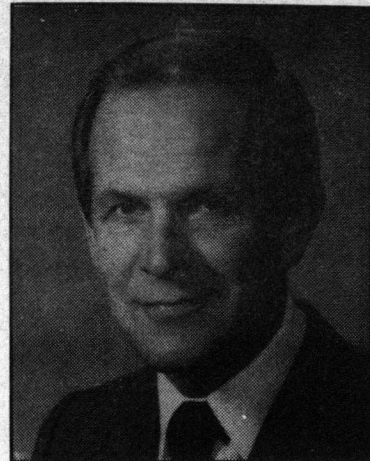
The new formula will apply to all students taking their first loan after May 1st, 1987. The old formula will continue to apply to all students currently in the system.

When the new formula is fully implemented, the government expects the cost of repaying its portion of student loans will drop by about 31% or some \$15 million a year.

U of A students will absorb about

\$2.1 million of the \$4 million annual cost the new formula will impose upon university graduates. Colleges and technical institutions will lose the remaining \$11 million.

Overall, the net percentage of student loans repaid by the government in the form of remission will drop from the current 40 percent to about 28 percent. The old rate



Minister of Advanced Education Dave Russell

for university students was approximately 35 percent, while that for colleges and technical institute students was roughly 45 percent.

The government is also planning to crack down on fraud in the system. Currently, about 5 percent of loan applications are audited.

According to the Student Finance Board (SFB) head, Fred Hemmingway, this rate will "increase significantly, including all applications in certain categories." A similar enforcement drive in 1978-79 resulted in a 25% drop in loan demand.

It may be vital to "do more with less" according to Advanced Education Minister Dave Russell.

Russell confirms that the total money available for the combined Advanced Education Capital grant budget and the Student Aid budget will be "less than last year."

Although the exact division of funds between these two budgets has not yet been determined, SFB head Hemmingway suggests that the total loan dollars available next year will be reduced.

## Russell debates funding

by Greg Halinda

Advanced Education minister Dave Russell repeated his government's intent to cut education funding by three per cent on a radio open-line show Tuesday morning.

SU VP Michael Hunter was to debate the topic with Russell, but presented few challenges to the minister.

The two politicians were guests on the *Talkback* radio show on radio station CJCA. Host Ron Collister said Hunter and Russell were to "debate the planned cuts in education."

Hunter stated his concerns to Russell on the future of education quality and putting a limit on tuition fee increases.

Russell gave justification for cutbacks.

"We've enjoyed an incredible 15 years, a Utopia where we had the biggest, best, most of everything,"

he said. "We're now biting the bullet, reducing expenditures, and trying to increase revenue."

Russell said he intends to maintain Alberta in the position of having the second lowest tuition fees in the country.

He also said he doesn't feel it's a bad thing for students to borrow to pay for their education.

At one point in the show, Hunter said to Russell, "Many students I've talked to say if the government holds the line in terms of funding, students will look at a bit of an increase in tuition fees to help offset the inflation costs."

Host Ron Collister interjected, "Dave, Michael just made you an offer, I think."

Russell replied, "It's a good offer and I'd keep it in mind when we're putting the ceiling on tuition fees."

Hunter asked Russell how long the "cap" on tuition fee increases would stay in effect.

Russell said it should continue to

be reviewed annually, and that he proposes to let it go higher than six per cent next year.

A caller to the show challenged Russell with: "Why pick on education, yet give the ministers a 10 per cent increase in their salaries?"

Russell answered, "We get an increase every four years... I really don't see what my salary has to do with the cost of education... I believe the personal income tax I pay supports three university students for a year."

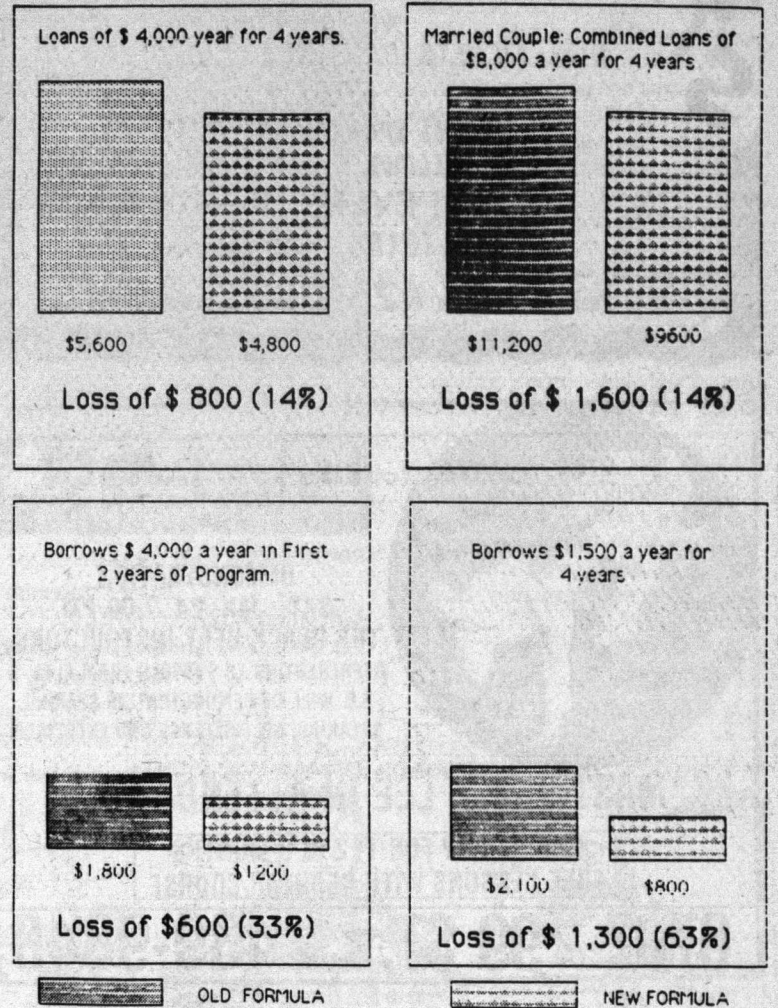
Other callers thought students spent more time partying than they did studying, that education is a privilege, and that students are living beyond their means.

Hunter and Russell defended students as being responsible.

Russell didn't deny education was a privilege and not a right.

"Maybe it's a good time to ask the question: Should the university system be open to everyone that

EFFECTS OF THE NEW REMISSION FORMULA.



## Degree is refused

VANCOUVER (CUP) — Responding to pressure from students and faculty, B.C. billionaire Jimmy Pattison has decided not to accept the honorary degree offered him by the University of British Columbia.

While Pattison refused to elaborate on his decision, he was apparently influenced by the possibility of protests at spring convocation, by demonstrators objecting to his ownership of a local company distributing pornographic magazines.

Since the senate decided to award the degree last fall, in recognition of Pattison's role as chair of

Expo '86, the Vancouver entrepreneur had come under criticism by university senators, students and student council.

Senate vice-chair Jean Elder resigned Nov. 3 over the award and the four other academic women on senate sent a protest to UBC president David Strangway.

Elder, an associate history professor, said in her resignation letter: "While it is certainly true that anyone may be in any business within the law, to honor persons engaged in businesses which exploit and humiliate women seems to be more than I can countenance."

Before Pattison's decision to reject the degree, law student Christina Davidson was calling on students to organize against the award.

debates cont'd.

wants to go? Maybe we should be making some choices," he said.

At the show's close, Hunter praised Russell for being very accessible.

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