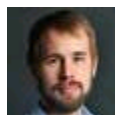


Colleges brace for potential grant cuts



Written by

WADE MALCOLM

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Along with college classes, Victoria Kelsey juggles three jobs.

The University of Delaware junior tutors in the campus writing lab and has a work-study job in the financial aid office and a weekend gig at a water park in her hometown of Ocean City, N.J.

For a little more help, she received a \$5,550 grant from the federal government this year.

"I wouldn't be able to go to UD without it," said the 20-year-old. "I might be able to go somewhere else, but I really love it here."

In March, Congress passed a law aimed at funding grants for low-income college students like Kelsey far into the future.

Almost a year later, needy applicants have increased. But federal lawmakers face an unexpected \$20 million shortfall for Pell grants, the federal financial aid program that helps thousands of Delaware students pay for college. And local financial aid

officers have started preparing to make last-minute changes to students' financial aid packages if cuts occur.

"We're under budget constraints already, and this could be one more thing," said Melissa Stone, director of student financial services at the University of Delaware. "If we start hearing this kind of chatter at the federal level, it's in our best interest to assume there might be changes."

House Republicans have put the program on the budget chopping block, proposing to cut the maximum Pell award from \$5,550 to \$4,705.

President Barack Obama has proposed keeping the grants the same, but with tuition expected to spike across the country, most students would have higher expenses either way.

"The Pell grant at best is going to be flat, and if Republicans have any influence, they will be cut," said Mark Kantrowitz, a financial aid analyst and publisher of

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FinAid.org. "So either way, the grants won't keep up with the cost of college."

The First State's three public institutions -- University of Delaware, Delaware State University and Delaware Technical & Community College -- will announce 2011-12 tuition rates later this year. But their students have until April 15 to apply for assistance, and all three institutions have received cuts in their proposed state operations funds.

Delaware institutions collect millions of dollars each year through Pell grants. Nearly half of all students at DSU, which strives to serve many first-generation college students, receive the aid, worth \$7.7 million to about 1,700 students this academic year, according to the Dover school.

"Our lower-income students are going to have a tremendous impact if [a cut] goes through," said Lynn Iacono, executive director of student financial services at DSU. "If it drops, we will have to regroup ... and do some shifting around to make sure our neediest students are prepared."

UD awarded about 2,350 student grants totaling \$8.5 million in 2010-11. Delaware Tech had about \$18.3 million in Pell grants benefitting about 6,550 students in 2009-10.

Obama's plan stabilizes the Pell program funding by cutting other student aid benefits. Currently, federal Stafford loans provide up to \$8,500 per year for

graduate students and do not accrue interest until after they complete their degrees. That would be eliminated, a change Kantrowitz predicts would add about 20 percent to the average grad student's loan balance. Eleanor Kelly, director of financial aid at Widener School of Law, said the majority of students at the Brandywine Hundred campus take out Stafford loans.

"It is a point of concern because it would in effect increase the overall debt levels that a graduate student graduates with," she said. "Debt levels are always a concern for us."

Many Democrats and college-access advocates say the grants are the most effective way to make sure a higher ratio of students get degrees.

But fiscal conservatives, such as policy analyst Neal McClusky of the Cato Institute, say Pell grants and other forms of financial aid serve only to drive the cost of college higher. Schools should tighten their belts, cut back on extra amenities for students

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and staff, and focus on their core academic mission, McClusky said.

"They have to cut out all this junk that makes college more like Carnival cruises," he said. "That's why tuition goes up much faster than family income."

Kantrowitz said House GOP leaders will likely compromise on cutting the Pell program by accepting cuts elsewhere and avoiding a political risk.

"If they cut Pell grants by \$845, that's 1.7 million families that would then vote Democrat," Kantrowitz said. "I don't think they want that."

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