Majority oppose development funding

By Stephanie Averill
Staff Reporter

Although many Nebraskans favor economic development for the state, most aren't sure how it should be financed, a recent study by the UNL Bureau of Sociological Research showed.

The survey asked Nebraskans whether they favored helping existing state businesses to grow or favored attracting new businesses to the state. Using both approaches was favored by 35 percent of respondents.

37 percent supported money just for attracting new businesses and 27 percent supported money for helping local businesses.

The survey included a representative sample of 1,870 Nebraskans 18 or older living in households. Those surveyed were interviewed by telephone in the fall of 1986.

While many Nebraskans support using tax dollars for economic development, most oppose it.

Forty-seven percent favored a slight increase in property, income and sales tax to give tax breaks to new or expanding businesses. Fifty-three percent said they disagreed.

Fifty-six percent of professionals, managers and sales people favored a tax increase, while clerical, skilled service and other occupations did not (40 percent).

Professionals in the state stand to benefit directly from such an increase, said Alan Booth, co-director of the bureau and UNL sociology professor. The survey indicated that people in southeastern Nebraska (56 percent) favored a tax increase, while those in other parts do not (40 percent). Booth said people in the other parts of the state are probably more economically depressed than those in the southeastern section. Southeastern Nebraska is the urban area of the state and is generally less concerned about the size of the tax load, he said.

Booth said he had expected to see a larger majority interested in cultivating existing Nebraska businesses.

Much talent is here already, Booth said, and it is often difficult to introduce new businesses to the state.

This year marked the first time that questions about economic development have been part of the Nebraska Annual Social Indicators survey.

Funding for the survey comes in part from the university, and from agencies that purchase space on the survey to ask their own questions, Booth said. Faculty members with research grants often buy space too.

GSL eligibility getting tighter

Education is a gamble for minority students

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gram," said Bruce Carnes, deputy undersecretary of education. "We think it is the single biggest advance in financing higher education for students in the last 15 years.

Carnes said that college debt is worth the investment because the average college graduate can expect to earn $640,000 more than a high-school graduate over a lifetime.

"Who should pay the bill — the student or the cab driver who didn't even go to college?" Carnes asked. "Nobody's holding a gun to these people's head and saying, 'You will take this loan, and you will go to this expensive school.' "

But education officials fear the graduates may be overburdened with debt, more likely to default and less likely to contribute to their schools after graduation.

Ed Hirsch, president of the NU Foundation, agreed that high debt would reduce contributions. He said that most would want to pay off their debts first and may considerably delay contributions.

Dallas Martin, executive director of the National Association of Financial Aid Administrators, which represents 3,100 colleges and universities, said, "At some point it (changes in student-loan programs) will push people over the brink of unmanageable debt."

Richard Hoover, UNO vice chancellor of Educational and Student Services, said that the Department of Education is being unfair. Hoover said he is disturbed by the change from federal-government investment and society's investment in education to an attitude of "if you want an education, you have to pay for it." Families now have the burden and the federal government is saying that the whole business of taking on high debt is all right, he said.

With average debt loads between $6,500 and $9,000, even middle-class families with good incomes and experience in debt handling are frightened. For lower-income parents, it could be terrifying.

'If I tell you I'm going to cut your aid, it frightens a lot of students from even trying to be able to attend school.'

— Arthur Jackson

"The general tide of need is going up and blacks are more likely to be poor than Caucasians," said Richard Black, director of financial services at the University of California-Berkeley.

Because many ethnic minorities are in the lower-income categories, they, along with other low-income individuals, can not afford the financial risk of trying to succeed in college.

Real declines in enrollment of blacks and Hispanics have been documented since 1975, while the number of minority high-school graduates has been rising.

"If I tell you I'm going to cut your aid, it frightens a lot of students from even trying to be able to attend school," said Financial Aid Director Arthur Jackson of the University of Massachusetts in Amherst.

Hoover said, "The federal government is giving a triple whammy to minorities" because minorities don't have many role models that they can look to as a hope they will succeed. They are told that they have to take on significant debt to obtain a career, he said. Society has never made it easy for minorities, and the benefits of attending college are a high risk for them, Hoover said.

Hoover said that colleges and universities already struggling with maintenance and salary costs, must compete with the private sector and with each other to keep good faculty. To raise faculty salaries, schools must seek increased student and state support, he said.

Students who take the gamble on higher education may end up in trouble. Student default on loans has increased dramatically.

In 1972, loans in default totaled $50 million. By 1978, the figure had increased to $225 million. Secretary of Education Bennett estimated that total default costs could reach $12 billion by 1992.

O'Meara of the Higher Education Assistance Foundation said that the net default rate for Nebraska students, including loans made by lenders to college students, was about 8.21 percent in 1985.

"There are some students who do walk out of school with high debt, but they are not the ones who are defaulting," O'Meara said. O'Meara said the biggest default rate is among those who attend school for one year or less. If those people were eliminated, the default rate would be negligible, he said.

Recent changes in the tax structure contribute to the financial-aid problem because interest paid on student loans is no longer deductible.

But UNL officials say the threat may not be as monsterous as it seems. UNL Financial Aid Director McFarland said that although the proposed cuts by the Reagan administration look severe, similar proposals made consistent during the Reagan years have been weakened or defeated. He said that through debate and compromise, financial aid has not suffered that much. Next year's tentative allocations for NU are about equal to this year's.

The change that may affect students most — in qualifying for aid — has gone unrecognized.

Severs, UNL assistant director of scholarships and financial aid, said that as many as 3,000 NU students may have to do without Guaranteed Student Loans next school year because of tougher eligibility guildelines, Reagan signed in October.

Under the old rules, students could declare financial independence by living away from home for one year and not being claimed as a dependent on their parents' federal income-tax forms. Under the new rules, students must be 24 years old to declare financial independence unless they are married, orphans, wards of the court, veterans or have dependents of their own, Severs said.

"We've had some students who thought they were going to get $2,500 and ended up with $1,000," Severs said.

Severs said UNL officials urged those students to apply for other forms of financial aid to supplement or replace Guaranteed Student Loans.