

# Students could lose tuition aid

WASHINGTON (AP) — More than 900 colleges and trade schools stand to lose their eligibility to participate in the federal student loan program because too many of their students have defaulted.

The Education Department released figures Tuesday showing the default rates for every school in the United States that participated in the Federal Family Education Loan program, formerly called the Guaranteed Student Loan program.

Most of the schools in danger of losing their eligibility are one- or two-year, profit-making career schools. They commonly have much higher default rates than more traditional academic institutions.

The Education Department, armed with a 1989 law designed to drive down the number of defaults, has been dropping schools with default rates of at least 30 percent for three consecutive years from federal aid programs, including the Pell Grant program. The cutoff default rate drops to 25 percent next year.

In 1991, taxpayers lost an estimated \$3.6 billion on bad student loans.

The department announced last month that overall default rates were decreasing because of the tougher collection methods.

The number of defaults declined from 22.4 percent in the 1990 fiscal year to 17.5 percent in 1991, the latest year for which figures are available.

Last year, about 1,000 schools were handed suspensions, which can last a year or more depending on the school's corrective actions.

The government bases a school's default rate for a particular year on the number of borrowers scheduled to begin paying on their loans who defaulted either in that year or the following year.

Students apply for loans through the schools, which verify the student's eligibility. Banks furnish the money.

The government pays the interest on the loan while the student is in school. If the student defaults, one of 47 guarantor agencies repays the lender and then tries to collect. If they are unsuccessful, the government pays off the loan.

Schools, faced with the loss of a major—sometimes primary—source of revenue, have been using collection agencies to go after the delinquents.

## State Wire

### Barnes charged with murder

PIERCE (AP) — The sheriff who opposed releasing a Plainview man in a child sexual assault case said Tuesday it shouldn't surprise anyone that the same man is charged with murdering a Pierce boy.

Many friends and acquaintances were shocked that Richard C. Barnes, 23, was charged with first-degree murder in Friday's stabbing death of Mitch B. Ziemer, 10, of Pierce.

Ziemer was stabbed to death in a restroom in a city park.

Barnes faces a November trial on charges of sexually assaulting a 12-year-old Laurel girl in June. His bond had been set at \$45,000, but he was freed from jail July 12 when he signed a promise to show up for the trial or pay the bail, said Cedar County Attorney Mark Behm.

The promise was backed by

Barnes' parents, Gary and Vayle Barnes of Plainview.

Cedar County Sheriff Elliott Arens said he was uneasy about releasing Barnes, but wasn't in a position to fight it. He said Barnes' arrest Sunday in the Pierce death came as no surprise.

"I interviewed him several times and it didn't surprise me a bit," Arens said.

Barnes was being held without bond in the Ziemer murder.

About two hours before the little boy's funeral, Barnes was charged in Pierce County Court with first-degree murder and use of a weapon to commit a felony.

He asked Judge Philip Riley for a court-appointed attorney. The judge said he would try to appoint one before the end of the day.

### Funds sought for flood aid

By The Associated Press

Flood waters across Nebraska have subsided but several agencies, banks, businesses and government bodies are staying busy dealing with storm and flood leftovers.

The U.S. Small Business Administration has extended the deadline to Nov. 15 for Nebraskans to apply to the agency for flood-recovery loans.

The original deadline was Sept. 17, but the extension will give residents and business owners more

time to evaluate damage and plan for recovery, said Raymond Chatham, SBA disaster program director for the region that includes Nebraska.

Loans of up to \$100,000 are available to homeowners for repairs and up to \$20,000 for personal property loss. Businesses and nonprofit organizations can apply for loans up to \$1.5 million.

Norwest Bank Nebraska also set aside \$5 million for a special low-interest loan fund for flood victims in the state.

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### Student loan default rates

More than 900 colleges and trade schools stand to lose their participation in the federal student loan program because their students too frequently default. In 1991, taxpayers lost an estimated \$3.6 billion on bad student loans.

Loan default rates (all institutions):

1986	21%
1987	17.6%
1988	17.2%
1989	20.1%
1990	22.4%
1991	17.5%

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