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New York Governor Proposes Delay in Some Need-Based Financial Aid as Graduation Incentive

By RICHARD MORGAN

Gov. George E. Pataki of New York proposed a controversial change to a state financial-aid program on Tuesday that would delay one-third of a state aid package for low-income college students until they have completed their degrees. Critics denounced the proposal as a gimmick that would hurt rather than help needy students.

In his budget proposal, Governor Pataki, a Republican, suggested a radical change in the state's \$481-million Tuition Assistance Program, a need-based grant program that helps some 298,000 students annually. Beginning in 2002-3, while two-thirds of each grant would be a "base award" paid in a manner consistent with the current, traditional payment schedules, the remaining third would be part of an unorthodox "performance award" whose payment would be withheld until each student completed a degree program. "While awaiting receipt of their 'performance' award, students will be expected to finance these costs through federal loans," the budget proposal reads.

In a section of the budget proposal called "New Incentives for College Graduation," the governor argues that "in too many cases, students begin a course of college study, but never earn their diploma. In these instances, the students' efforts and sacrifices are wasted."

"'Too many' can be one student. It depends on where you sit," said Blair Horner, legislative director for the student-financed New York Public Interest Research Group, who called the proposal a "financial gimmick."

"It's the dumbest idea in the budget," Mr. Horner added. "Taking money away from poor students isn't going to make it easier to graduate earlier." Mr. Horner said the restructuring of the Tuition Assistance Program would amount to a \$1,000 increase in tuition for students who currently do not pay any tuition.

The proposal would affect needy students enrolled in the 47 senior and 36 community colleges in the state's two public university systems, the State University of New York and the City University of New York.

Although the budget would hold undergraduate resident tuition levels at \$3,400 for SUNY and \$3,200 for CUNY, lawmakers and financial-aid lobbyists said they were shocked at the governor's radical shift in the financial-aid program.

The proposal is "like asking students to finance tax-exempt bonds," Sheldon Silver, a Democrat and speaker of the State Assembly, said at a news conference Tuesday. "It's forcing the students to give the state a loan."

The governor's office said the proposal would save approximately \$155-million, which would help to close a \$6.8-billion revenue gap the state is experiencing largely as an effect of the September 11 terrorist attacks. However, the governor's office assured that the state is still on track to go ahead with \$300-million in scheduled tax cuts.

A budget official in the governor's office, who spoke on condition of anonymity, likened the proposed change to a "co-pay with your doctor." Clarifying that the degree requirement would not introduce a merit-based element to the program, he added, "We still consider it a need-based program, even though it has a performance award."

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