

CONGRESS DENIES PELL TO 90,000

The war in Iraq, homeland security, tax cuts for the wealthy and the budget deficit trumped discretionary spending for domestic programs in the omnibus spending bill the 108th Congress passed in its final days. The legislation, which President Bush signed on Dec. 8, provided below-inflation increases to all of higher education and effectively cut some 90,000 needy students from the Pell Grant financial aid program—and very likely will keep them away from college altogether.

With more people needing help to pay for a college education—many of them attending the public colleges and universities where AFT members work—the demand for the need-based funds has soared. Yet, despite double-digit spikes in tuition, the maximum grant remains capped at \$4,050, where it has been frozen for the past three years.

Last month, Bush proposed to increase Pells by \$500 over the next five years. While welcome, that proposal still falls far short of Bush's 2000 campaign promise to raise grants to \$5,100.

Also, a congressional ban on updating tax tables, put in place last year to avoid cutting off tens of thousands of students from Pell money, was lifted. The new policy—which the AFT and other groups fought vigorously—gives the green light to the Education Department to update the tables to FY 2000. These changes will cause about 1 million potential students to have their awards reduced by \$300. Another 90,000 will lose eligibility. The move will help the department save \$300

million per year—a drop in the bucket considering the \$3 billion shortfall it is meant to allay.

SOCIAL SECURITY MEMO RAISES RED FLAG

As this issue went to press, discussion about Social Security “reform” was intensifying in Washington. President Bush was talking about a program in “crisis,” although benefits are funded for decades. Then, on Jan. 6, the *Wall Street Journal* reported on an inside memo e-mailed by Peter Wehner, White House director of strategic initiatives. The memo makes clear that building support for privatization and benefit reduction is a priority of the first order for Bush's new administration. It states that in addition to allowing workers to divert a portion of their Social Security payroll tax into privately managed accounts, the program must cut benefits to retirees. In the next issue of this publication, we'll provide an overview of what's proposed and how we'll fight the president's plan.

