

Students must fight to save federal aid

Where can money best be found to balance the federal budget and to pay for tax cuts for the rich?

A. In a bloated, outmoded military budget.

B. From banks and middlemen in the student loan program.

C. In the wallets of college students, the poor, and the elderly.

Judging by the budget and spending bills now moving through Congress, the answer is "C." And unless students speak up, loud enough for Congress to hear, the answer won't change.

The burden of paying off our national debt already weighs heavily on our young people's future. Even if the budget were balanced tomorrow, just paying the interest on the debt will eat up one-fourth of the money raised through taxes. That's \$340 billion that won't be used to invest productively in education, transportation and critical medical and scientific research.

Balancing the budget is about setting priorities. And promoting college opportunity should be at the top of the list.

Yet Congress is ready to add to

Guest Column

SENATOR
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SIMON

students' debts through \$10 billion in new fees and higher interest costs in the student loan program over the next seven years. What does it mean when a student will be saddled with an extra \$4,920 in debt? For some, it

means they will forego college completely, and our nation's productivity will suffer.

For others, it means they will have to take a higher paying job instead of going into teaching or working in an inner-city health clinic. To make matters worse, Congress is planning to scrap President Clinton's national service program, which helps students pay off their college debt through public service.

What is the priority of Congress? Tax cuts, more than half of which would benefit families earning more than \$100,000 a year.

The congressional leadership has also gone out of its way to protect banks and middlemen in the student loan program from cuts by skewing budget rules in their favor. In fact, they have gone so far as to hand \$1.8 billion over to middlemen who are engaged in conflicts of interest and pay salaries as high as \$620,000 as

taxpayer-backed "nonprofit" corporations.

Another priority is a return to Cold War defense budgets, preparing for a nuclear attack by the Soviet Union - a threat that no longer exists. Next year alone, this Congress plans to spend \$7 billion more on military hardware than the generals in charge at the Pentagon have requested. The increase will go toward renewing the dubious Star Wars program and restarting nuclear weapons production.

The Pentagon says it doesn't need any more B-2 bombers. But that hasn't fazed the House of Representatives, which has voted to build several new billion-dollar B-2's, designed to penetrate Soviet airspace - but useless for most of today's threats.

For the price of just three B-2's, the Federal Pell Grant Program could be doubled in size, expanding college opportunity for hundreds of thousands of working families. But instead, thousands of middle income students are being cut out of the program, and the value of a Pell Grant is projected to decline by 40 percent over the next seven years.

These are the wrong choices.

Eighty-nine percent of the jobs being created in this decade require some

form of post-secondary education or training, and the federal government currently provides 75 percent of the student aid that Americans use to meet this demand.

But student aid doesn't just help the individual. It contributes to our economy and our productivity, helping us to reduce our budget and trade deficits, and to pay off the debt.

We have a choice. We can pay off the national debt by lowering our standard of living, by putting aside our dreams and aspirations. That is the road we are on.

Or we can invest in our nation's future through education.

That is the stark choice that is before Congress - RIGHT NOW.

The entire nation will be affected by that decision, but none will be harmed more than students if Congress acts unwisely.

If the decisions take place "in the dark"—in back rooms and congressional hallways—students and our whole society will suffer.

If students speak up—now—Congress will listen.

—Paul Simon, D-III.,
is a U.S. Senator.

Deficit attention disorder

Do your eyes glaze over when the words "balanced budget debate" are spoken on the nightly news? If so, it's time to wake up. While the concept

of a balanced budget may seem painfully boring and impersonal, the truth is that failure to control national deficits now could sacrifice the future economic well-being of anyone born after 1960—that's you!

Although past generations have endured deficit spend-

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ing during national crises, for our generation, deficit spending has become the national crisis. And this crisis can destroy our nation in

ways that other crises or wars never could. It amounts to a full frontal attack on our American dream.

The federal budget deficit is the gap between what the government spends each year and what it takes in. In 1994 the U.S. collected about \$1.3 tril-

lion and spent about \$1.5 trillion—leaving us \$200 billion in the red for the year. The public debt is the total amount that the government has borrowed over the years. Currently the public debt is approximately \$4.9 trillion, \$18,460 for every man, woman, and child in the United States.

Federal budget deficits are not just ledger entries on the governmental books. They have real world consequences. In order to pay for annual deficits the government borrows from the nation's pool of savings, leaving less money available for private investment. Lower private investment in new equipment, technology, and worker training—i.e., less investment in the future—means American industries are not as productive and competitive as they used to be. As America's competitive edge slips away, we as a nation earn less money. As a result, wages don't climb, standards of living stagnate, and jobs become worse and harder to find—especially for young people just entering the work force.

For our parents, the American dream was owning a house on one income, sending kids to college, and retiring comfortably. But for our generation, home loan mortgages are often simply too expensive—even with two incomes. And college? According to the Congressional Budget Office, by 2012, about the time we start thinking about sending kids to college, all tax revenues will be consumed by entitlement programs and interest payments on the national debt, leaving nothing for federal aid to higher education or student aid.

Retiring comfortably is also

a dream we better throw out if current trends continue. In fact, last year a national survey found that nearly twice as many young adults believe in the possible existence of UFOs as believe Social Security will exist by the time they retire. This crisis in confidence is not unfounded. The public trustees of Social Security themselves project that by 2030, a few years before we even reach retirement age, Social Security will be completely bankrupt.

What has caused our annual deficits and enormous debt? Ironically, the lion's share of our skyrocketing federal spending does not go to discretionary programs—education, crime prevention, the environment, or even national defense. Rather, the majority of federal funds today go to interest on the national debt and "entitlement" programs. Entitlements (programs like Social Security, Medicare, farm subsidies, and veterans benefits) have been important sources of support for many Americans. But the phenomenal growth of these programs, fueled by our rapidly aging society, make them unsustainable in their current form.

Entitlement spending and interest on the national debt together consume more than 60 percent of federal spending today, double the percentage of just 25 years ago, and are projected to exceed 70 percent of total federal expenditures by 2030. By 2030 projected spending for Medicare, Medicaid, Social Security, and federal employee retirement programs alone will consume all tax revenues collected by the federal government, leaving not one discretionary penny for causes young people traditionally care about, student aid, the environment, and crime prevention.

Many people blame the na-

tional debt and deficit on "waste, fraud, and abuse" in discretionary programs. While waste, fraud, and abuse are serious problems, they are not the source of our long-term financial problems. Even if the federal government eliminates all discretionary spending—closes down Congress, the White House, and the Pentagon, stops spending on education, job training, and NASA—it would barely have enough money by 2012 to meet entitlement payments and interest on the national debt.

What this means is that just as we are reaching the height of our careers, every federal tax would have to literally double or there will be no money available for any discretionary program. Fifty years ago America was able to fight a world war, build an interstate highway system, and sustain a just level of benefits. But if we continue on our current fiscal path, we will sacrifice our ability to do any one of the above.

Reducing the deficit and getting a handle on entitlement programs, will not be easy. But it can, and must be done—this year. If the nation fails to act, it will be our generation who will inherit a world of crumbling entitlement programs, a burgeoning national debt, decreased national saving, skyrocketing taxes and interest rates, and an increasing number of retirees who expect to be generously supported.

As citizens and parents of the next generation, today's young people have an obligation to offer solutions, to have a voice, and to demand action.

—Heather Lamm is director of the Concord Coalition's project on federal entitlement reform.

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