NewsWatch

Loans to be recovered

By Frank Hrach

The Reagan Administration is planning an "accelerated debt collection" program to reclaim more than $732 million in defaulted federal student loans. President Reagan will announce this plan along with more budget cuts on March 10 in the Administration's second major budget presentation to Congress.

White House sources said that the program to reclaim the defaulted loans will use financial penalties and court claims to force payment, according to *The New York Times*. A White House official referred to the uncollected loans as an underdeveloped federal "asset," and added that there has been little effort to track down the recipients of these loans.

The Administration will propose a number of possible incentives for repayment including raising the interest rate, raising the penalty for late payment, and legal action.

The White House official added that the Reagan Administration did not envision a police-like enforcement so much as the use of penalties, fines, and the threat of legal action "to create a climate in which people feel they've got to pay the loans."

Donald Anderson, the federal official in charge of filing lawsuits against students who default on their loans here in Boston, said, "If this new push [to collect defaulted loans] gives us more money and people, you will see results, otherwise it won't make much difference."

Anderson is head of the Civil Division of the US Attorney's office here, and he estimated that not more than forty lawsuits are filed against student defaulters each month. He added however, that "the Department of Education weeds out the list of defaulters so that we only get the diehards who repeatedly ignore collection efforts."

In several midwestern states, federal officials are already beginning to crack down on student loan defaulters. Recently in Ohio, 501 lawsuits have been filed to recover more than $660,000 in overdue loans. US attorneys in Cleveland, Detroit, and Milwaukee are aggressively going after students who refuse to pay back their loans by, in some cases, turning over their names to local newspapers and television stations, according to the *Chronicle of Higher Education*.

Many law enforcement officials cite the use of new computerized collection systems as the reason for the increase of lawsuits aimed at reclaiming of loan money.

Under the Education Department's guaranteed direct-student loan program, students are allowed to borrow up to $2500 a year. They do not have to begin repayment until nine months after they leave college and have ten years to pay off their entire debt.

MBTA cuts budget

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the already severe air pollution problem that afflicts metropolitan Boston. According to Frazier, the Commonwealth of Massachusetts is currently "violating ambient air quality standards." As a result, metropolitan Boston is now "under industrial growth sanctions."

Frazier remarked that other cities that had reduced Sunday mass transit service found that it resulted in decreased ridership on weekdays as well. This also lessened revenue.

State representative Paul White, representing the 13th Suffolk District and the citizens of Dorchester, described the MBTA operating budget: "I think that budget is a disgrace and an insult."

At least one dozen state representatives testified at the hearing, as well as several other city officials and citizens.

The Council also proposed a new rate structure, effective March 15, for mass transit service.

Additional hearings on the proposed service cuts are scheduled to be held on March 16 at four separate locations in metropolitan and suburban Boston.

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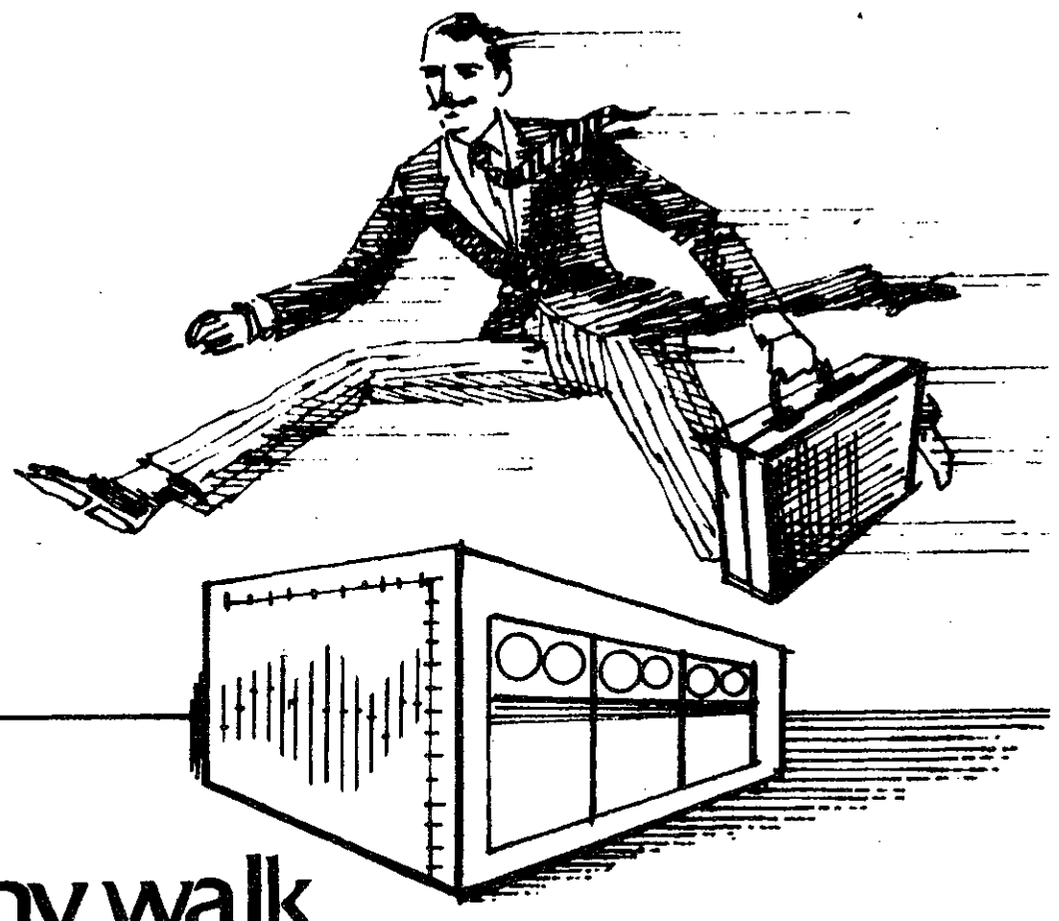

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