NAICU The Week in Review

The National Association of Independent Colleges and Universities

News from the Nation's Capital
Vol. XXVI, No. 23 December 21, 2007

In this issue . . .

Congress Gives in on Funding and Goes Home

After a veto of the education appropriations bill, and negotiations on two omnibus bills that never saw the light of day, Congress finally passed H. R. 2764, the FY 2008 omnibus appropriations bill, before adjourning the first session of the 110th Congress, on Wednesday, December 19. President Bush has indicated he will sign the bill.

Congress and the White House had a month-long stand-off over domestic spending in which Congress finally blinked, accepted the president's total spending request of $933 billion, but then spent it on its own priorities. Congress had to cut $22 billion below its preferred spending level to finalize this deal with the president.

To meet this target, the bill employs a 1.7 percent across the board cut, which is applied to all programs and projects except for the Pell Grant program. The Pell Grant program is funded at $14.215 billion, and the maximum grant is cut below the current year's level to $4,241. However, with the $490 from reconciliation, the total maximum grant increases to $4,731 for FY 2008. That is $421 more than last year, though $69 less than we all expected. The "cut" is applied here and the program is exempt from the across the board cut in legislative language so that OMB cannot make additional cuts to the program when it implements the law.

The across-the-board cut was applied to all the other student aid programs, which are funded as follows:

- SEOG, $757.465 million
- FWS, $980.492 million
- Perkins cancellations, $64.327 million
- LEAP, $63.852 million
- TRIO, $828.178 million
- GEAR UP, $303.423 million
- Javits, $9.530 million
- GAANN, $29.542 million

This cut puts SEOG, Perkins, LEAP and the graduate programs below last year; keeps TRIO and GEAR UP level; and bumps FWS slightly above last year.

It is difficult to call this a victory when the high water mark was the House bill's $4,700 appropriated Pell Grant maximum which, with the additional $490 from reconciliation, would have put the total at $5,190. However, back in February, the president's budget proposed to eliminate SEOG, LEAP, and Perkins, and fund the Pell Grant maximum at $4,050. Despite the cuts to the other student aid programs, low-income students will see an increase in their Pell Grant next year because of the reconciliation money.

Small victories on the policy front were included in the bill through NAICU's efforts on two key provisions: (1) legislative language directing the Department of Education that no funds may be used to implement revisions to accreditation until the Higher Education Act reauthorization is enacted; and (2) report language clarifying that the bill does not include the funding requested by the Administration for a pilot program to develop a student unit record data system.

Despite threats to cut earmarked projects, there are $600 million in such projects in the Labor-HHS-Education bill alone, and roughly $12 billion in the entire omnibus bill.

It has been a long and winding road, and your contacts with members of Congress over the course of the budget and appropriations process this year are greatly appreciated.

The 110th Congress will reconvene briefly to begin its second session in January, and will get right back to budgeting, with the release of the president's FY 2009 budget on Monday, February 4.

For more information, contact Stephanie Giesecke, stephanie@naicu.edu

---

NAICU Presidents Help Slow Down HEA

NAICU presidents across the country contacted their representatives in Congress during late November and early December in a successful attempt to assure careful consideration of the Higher Education Act reauthorization legislation. Presidents began their efforts after it became apparent that the bill was on a very fast track, and might be passed in the House without sufficient time for constituents to analyze and react to the 800-plus page bill.

Late in the day on Friday, November 9, going into the Veterans' Day weekend, the House Education and Labor Committee Chair George Miller (D-Calif.) introduced the bill and announced it would be marked up the following Wednesday. True to his word, Miller began the session that day. In deliberations lasting until nearly midnight and resuming the next morning, three dozen amendments were added to an already-modified, yet-to-be-digested H.R. 2669, the College Opportunity and Affordability Act of 2007. The bill passed unanimously, with members on both sides of the aisle railing against increase in college prices. At the time, Miller suggested that the bill would be voted on by the full House in early December, once Congress returned from the Thanksgiving recess.

The Washington higher education associations scrambled under the proposed timeline to address the most pressing issues, while NAICU presidents spread the word throughout Congress of the need for a careful review of the massive piece of legislation. The message they carried seemed to reach the leadership, and the looming threat of the House passing and then conferencing with the Senate on the bill before the new year began to wane.

NAICU staff have been diligently working on a short list of concerns in such diverse areas as college cost, accreditation, mandated curriculum requirements for teacher education programs, articulation agreements, and institutional aid packaging *(see key issues at http://www.naicu.edu/docLib/200711138_11-13-07househeakeypoints.pdf)* . These issues and others remain in the bill, and having time to work on improving them will result in a better bill. *(See checklist of bill provisions at http://www.naicu.edu/docLib/20071113_11-13-07HouseHEACostProvisions.pdf)*

It is now expected that the HEA reauthorization will be considered on the floor after the first of the year. Our collective efforts will be required as the process goes forward, so stay tuned for more action after the holidays.

For more information, contact Maureen Budetti, maureen@naicu.edu

---

Congress Fails to Renew Expiring Tax Benefits

The IRA charitable rollover and the tuition deduction, along with all the other tax provisions set to expire on December 31, were dropped from tax legislation considered by the House and Senate this week. Unfortunately, this means that Congress will not extend these important provisions this year.

The House and Senate were locked in disagreement over a temporary Alternative Minimum Tax (AMT) "patch," and whether or not to offset the cost of the measure. Caught up in the fight were a package of bipartisan extenders of expiring tax provisions that included the IRA charitable rollover, the tuition deduction, the R & D tax credit, and many others.

The AMT was created in the 1960's to prevent the very rich from avoiding taxes, but its income threshold has not risen with inflation. Instead of dealing with the expense of fully repealing the AMT, Congress has sought temporary one-year patches to spare primarily middle-class taxpayers from a whopping tax increase.

Both chambers had originally intended to patch the AMT for one year and to also include a package of extenders that would renew all tax credits and deductions set to expire at the end of 2007. However, there was disagreement on whether or not to pay for the cost of the patch to the federal government, with the House insisting it be paid for, and the Senate saying it should not.

After passing as many as three versions of the AMT bill in both the House and the Senate, the Senate approved a one-year AMT patch without any offsets on December 18. No tax extenders were included. The next day the House surrendered to the Senate language, approving an AMT patch without offsets, but also without an extension of expiring provisions. The President is expected to sign the measure into law.

Congressional Democrats and their leadership face scrutiny over promises to rein in fiscal spending by fully offsetting any tax relief bill. Those supporting language without offsets argue that preventing a tax increase from happening is different from lowering taxes, and therefore the measure did not require pay-as-you-go rules. The intensity of the battle, and the resulting focus on only completing action on an AMT patch, has resulted in the loss of the extenders.

According to House and Senate staff, they fully intend to extend all expiring provisions early next year, and make them retroactive to January 1. The higher ed community has been pushing House and Senate tax-writing committees and leadership to extend the IRA rollover and tuition deduction this year.

For more information, contact Karin Johns at NAICU at karin@naicu.edu

---

Finally, Some Progress on Accreditation

Accreditation has become one of the great sideshows of the protracted HEA reauthorization process. Even as Washington finally starts to slow down for the holidays, there has been a hopeful turn in accreditation news this week.

The first encouraging note is that, after five years of controversy between colleges and accreditors over how Congress should rewrite the HEA accreditation guidelines, the two groups reached a compromise this week on language to propose to Congress. It was critical to find the right words to maintain the current balance between accreditors and institutions in assessing student learning outcomes. Without such agreement, the door would remain open for Congress or the Secretary of Education to impose additional federal control.

Representatives of both groups will now try to convince Congress to amend the House bill to include the compromise. The college groups and the Council for Higher Education Accreditation (CHEA) split with the regional, specialized, and national accreditors when an amendment to the House bill stripped out Senate language on institutions' right to set their own measures of student achievement. (See WIR 7/25/07). This amendment opened the door for the Secretary to come back into the legislative debate, and to reassert her authority to impose national standards on student learning.

The same day the schools and accreditors reached their deal, the Secretary's advisory group on accreditation, the National Advisory Committee on Institutional Quality and Integrity (NACIQI), began its semi-annual meeting in Washington. This meeting was one of its most important in many years for the group. Four of the regional accreditors were up for renewal of their federal recognition, and it was expected that the panel could use this forum to take a major step toward imposing national standards for quantifiable and comparable measures of student achievement. Overall, though, the tone was quite different from recent meetings (see WIR 12/18/06; 6/12/07).

Provisions in the hot-off-the-press appropriations bill restrict the Secretary's authority to address student learning outcomes before HEA is finished, and pending HEA legislation would put permanent handcuffs on the Secretary in this area. Both the Senate and House versions of the HEA bill reconstitute NACIQI by taking away two-thirds of the Secretary's appointments are replacing them with congressional appointments. Given these realities, Secretary of Education Margaret Spellings was clearly sending signals that she was not going to press forward at this time. To emphasize this, she kicked off the meeting with a personal visit, and stated that it is "completely untrue" that she is promoting a one-size-fits-all approach to institutional accountability.

Also of note was the one-year reinstatement of recognition for the American Academy for Liberal Education, a small accreditor whose recognition was suspended at the last NACIQI meeting. Many viewed that action as a trial balloon to press forward on federal authority to demand student learning outcomes (see WIR 12/18/06).

Most of the members of NACIQI were also on message with similar assurances that they were not going to overreach. However, some – most notably Anne Neal, president of the American Council of Trustees and Alumni – continued to press for clear-cut "benchmarks" for determining acceptable levels of student learning, and suggested that accreditors needed to address grade inflation. Other members pointed out that the purpose of accreditation is not to establish "bright-line" performance standards, but rather is a process of voluntary, mission-based self-assessment that is validated by external expert review.

At the end of the day, recognition was continued for all four regional accreditors. However, it is clear that debate between these competing visions of accreditation will continue.

For more information, contact Susan Hattan, susan@naicu.edu

The Week in Review is published by the National Association of Independent Colleges and Universities.

We welcome your comments. Contact us at (202) 785-8866, by fax at (202) 835-0003, or by e-mail at roland@naicu.edu. Our mailing address is 1025 Connecticut Ave., N.W., Suite 700, Washington, DC 20036. *The Week in Review* is available to NAICU member presidents and their staff via e-mail upon request, and is archived on the NAICU Web site, www.naicu.edu (go to user log-in on home page). To subscribe, or for member log-in user name and password, e-mail roland@naicu.edu.

NAICU

The Week in Review

National Association of Independent
Colleges and Universities
1025 Connecticut Ave., N.W., Suite 700
Washington, DC 20036