Congressional Budget Outlook for FY 2005

House and Senate Budget Committees are preparing to write their versions of the FY 2005 budget resolution in the next two weeks. House Chairman Jim Nussle (R-Iowa) and Senate Chairman Don Nickles (R-Okla.) will try to craft budgets that provide less spending than the president’s budget proposed earlier this month, and will try to drastically reduce the deficit in five years. Both want to reduce total appropriations to $814 billion from the president’s request of $818 billion. Nussle is also considering proposals to reduce entitlement spending, as the committee recommended last year.

Democrats in both chambers are expected to offer alternate plans for the federal budget in committee and during floor debate. They will call attention to growing deficits, putting the blame on recent tax cuts. However, since they are focusing on fiscal responsibility, they are unlikely to sponsor bold amendments to increase funding.

In an unusual move, the Senate Budget Committee may mark up its resolution before the House committee—as early as March 3, with floor action the week of March 8. Senate passage is not guaranteed. Amendments are allowed during floor debate; they take a lot of time, and often succeed in changing the resolution. Democrats are not in a bipartisan mood, which means they could use the tight vote margins to hold up passage. Moderate Republicans could balk at entitlement and spending cuts that are too deep.

The House Budget Committee is tentatively scheduled to mark up its version of the resolution March 10, with floor action the week of March 15. The House is expected to pass its resolution easily. The House rule for floor debate usually allows limited substitutes, not amendments.

Republican moderates have already signaled that they will support the majority position on the budget this year. While they were instrumental in blocking cuts to education and veterans programs two years ago, they are now working with their party colleagues to pass a budget this year.

If the Senate fails to pass a budget resolution, or the House and Senate cannot agree on a final concurrent budget resolution, the chairmen of the Budget and Appropriations Committees and the leadership will agree on the total spending level for appropriations; the Senate will use last year’s resolution to enforce points of order.

The meaning for student aid

If total appropriated spending is reduced below the president’s request, it will be very difficult to increase funding for student aid programs. While it is unlikely that Congress would agree to cut entitlement programs in an election year, a move like this could hurt the prospects of getting student loan limits increased in the Higher Education Act reauthorization.

We are aware of the difficult budget situation this year, but we will continue to talk to members of Congress and their staff about the importance of investment in student aid programs. Funding for student aid is less than 1 percent of all federal spending, but the results create an educated workforce that keeps our nation strong.
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Congress Comes to Campus in D.C.

The presidents of the independent colleges and universities in Washington, D.C., have volunteered to support NAICU’s efforts on the reauthorization of the Higher Education Act (HEA). Their new group, District Action Presidents (DAP), has decided that a “Congress Comes To Campus” campaign might be the best way, in the short term, to address policy concerns with key Hill staffers.

The Consortium of Universities of the Washington Metropolitan Area, with NAICU’s support, will sponsor a series of events led by members of DAP to highlight the critical role colleges play in our community. These events will provide an opportunity for college administrators and key congressional staff to discuss the issues in a friendly, relaxed atmosphere.

The first event was hosted February 27 by Georgetown University. Topics discussed included Title VI reauthorization, study abroad programs, and international student issues. An invitation was extended to staffers on the House Education and Workforce and Senate Health, Education, Labor and Pensions Committees, who will be intimately involved in the rewrite of the HEA.

In true Washington style, the Senate unexpectedly decided to stay in session, which limited the turnout for this initial event. Nonetheless, key staffers were able to get away from the Hill for a campus visit.

The staffers met with the directors of the Middle East and European/Russian Centers, and enjoyed lunch with a group of students and alumni who shared stories of how their research and life’s work have been of value to the federal government. By all accounts, the event was a success.

Next up is Catholic University, whose March 5 event will focus on federal regulations and FERPA.

For more information, contact Robert “Bo” Newsome at NAICU, (202) 785-8866, or bo@naicu.edu.

Secretariat Groups Join Loan Coalition

The Coalition for Better Student Loans (CBSL), whose creation NAICU helped spearhead, has announced that 10 new independent college groups are endorsing its proposal for the reauthorization of the Higher Education Act (HEA). CBSL’s initial members were higher education associations, lenders, guaranty agencies, and parents of college students. The coalition’s proposal would increase maximum undergraduate borrowing to $30,000 (currently the maximum is $23,000), and give borrowers who graduate in four years the flexibility to borrow the maximum. Presently, the maximum can be borrowed only by those who take five or more years to graduate.

Schools would be allowed to set lower borrowing limits for certain groups of students. The CBSL proposal phases out the 3 percent origination fee borrowers currently must pay. It provides more flexible repayment options in the early years of repayment and funding for loan forgiveness. The proposal also contains recommendations for maintaining the viability of the loan consolidation program.

The 10 new members of CBSL are also members of the NAICU Secretariat. They are: the Accrediting Association of Bible Colleges; American Association of Presidents of Independent Colleges and Universities; Association of Independent Colleges of Art and Design; Council for Christian Colleges & Universities; Council of Independent Colleges; Division of Higher Education, Christian Church (Disciples of Christ); Foundation for Independent Higher Education; National Association of Schools, Colleges and Universities of the United Methodist Church; North American Division of Seventh-Day Adventists; and the United Negro College Fund.

Some in Congress have been receptive to certain aspects of the proposal, particularly the elimination of the origination fees and increasing loan limits for freshmen and sophomores. The budget is tight, however, and major HEA reauthorization legislation for student aid programs has yet to be introduced. Republicans on the House Education and Workforce Committee are expected to unveil something soon.

For more information, contact Maureen R. Budetti at NAICU, (202) 785-8866, or maureen@naicu.edu.
Senate Committee Examines Accreditation

On February 26, the Senate Committee on Health, Education, Labor, and Pensions held a hearing entitled, “Higher Education Accreditation: How Can the System Better Ensure Quality and Accountability?” It was the committee’s third hearing on the reauthorization of the Higher Education Act (HEA).

The hearing focused on the broad themes of the role of accreditation, its relationship to the evaluation of student learning outcomes, and the extent to which greater competition could be introduced into the system. Few clues emerged about members’ views on specific changes to the accreditation provisions of the HEA. However, as in previous Senate hearings, most of the committee members in attendance expressed extreme reluctance to increase federal involvement in ways that would undermine institutional autonomy.

Witnesses

The committee heard from four witnesses.

Steven Crow, executive director of the Higher Learning Commission, North Central Association of Colleges and Schools, summarized the reauthorization proposals submitted to the Hill on behalf of most members of the Council of Regional Accrediting Commissions (C-RAC). He said the proposals were intended to address congressional concerns about student learning, transparency, transfer of credit, and distance education. (See sidebar, page 5, for a summary of the recommendations.)

Jeffrey Wallin, president of the American Academy for Liberal Education, argued that something other than regional accreditation was needed to improve student learning outcomes. He said regional accreditors are doing as much as they can without enforcing uniformity on institutions, which he opposes. He suggested having specialized accreditors review general education, or moving away from a geographically based system to one based on subject or institutional type.

Jerry Martin, chairman of the American Council of Trustees and Alumni, discussed the council’s proposal for federal student aid programs to be “de-linked” from accreditation. Stating that accreditors focus only on “inputs,” he suggested that quality issues could be better addressed by trustees and state higher education agencies. Program integrity and management issues could be addressed by the Department of Education.

Martin contended that accreditation has not been effective in promoting quality in higher education, citing grade inflation, the decline in general education requirements, and erosion of intellectual diversity as examples of the decay in quality. He also suggested increasing competition by encouraging the establishment of more accrediting agencies, and permitting states to accredit institutions.

Robert Potts, president of the University of North Alabama, drew on his experience as a former member of the National Advisory Committee on Institutional Quality and Integrity and as a participant in numerous site reviews to express his strong confidence in the current accreditation system. On behalf of the American Association of State Colleges and Universities, Potts suggested that any amendments dealing with student achievement should take institutional mission into account, that there should be greater disclosure of accreditation information, that separate distance education standards should not be imposed, and that Congress should not enact any provisions dealing with transfer of credit.

Chairman Judd Gregg (R-N.H.) opened the questioning by asking “how much change” should be made to accreditation. Martin and Wallin responded that student performance has been steadily declining and that current accreditation practices were unable to assure quality. Crow argued that there is no evidence of decline, and Potts stated that “accreditation works.” Gregg also expressed interest in the role of accreditation in e-learning.

Senator Lamar Alexander (R-Tenn.) recounted his concerns about accreditation, stemming from controversies that arose during his tenure as secretary of education. He said that his support for institutional autonomy outweighed those concerns, and

Annual Meeting Tapes, Transcripts Available

Many of the sessions at the Annual Meeting in early February generated rave reviews from attendees. If you weren’t able to attend, or simply want to recapture what you heard, you can access a variety of material from the sessions on the NAICU Web site. Go to http://www.naicu.edu and click on the link to our post-Annual Meeting page for PowerPoint presentations, transcripts, and more. To order tapes of selected
suggested that greater competition within accreditation would be preferable to increased federal involvement.

Alexander’s comments launched a discussion among witnesses about options for expanding the number of accreditation agencies as well as the financial obstacles to doing so, the pros and cons of permitting states to accredit institutions, and other ways to address the needs of institutions with significant problems.

Senator Jeff Sessions (R-Ala.) also drew on personal experience to question the current accreditation process. In particular, he questioned accreditation action taken against Auburn University due to board management of a football dispute. Citing statistics showing that Auburn offers a quality education, he asked, “Am I missing something?” He said the focus of accreditation should not be institutional management, but whether or not a university is producing quality students.

Senator Hillary Clinton (D-N.Y.) noted that autonomy and independence were “precious assets” of our system of higher education. “The last thing we need is meddling government assessment of institutions,” she said. Recounting a recent meeting she had with a diverse group of New York institutions, she noted that “to a person” they were concerned about the ideas they heard coming out of Washington about accreditation and other proposals to regulate college decision-making.

Alexander invited the panel to provide ideas on ways to increase choice among accreditation agencies and improve the usefulness of accreditation without jeopardizing institutional autonomy.

For more information, please contact Susan Hattan at NAICU, (202) 785-8866, or susan@naicu.edu.

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**Council of Regional Accrediting Commissions (C-RAC) Reauthorization Proposals**

Below is a summary of the Higher Education Act reauthorization recommendations of the executive directors of regional accrediting commissions in the Middle States, Southern, Western, Northwest, and North Central regions.

**Additional Student Information**
- Requires institutions to provide students with information about: student learning outcomes; completion or graduation rates for all certificate- or degree-seeking undergraduates; undergraduate transfer-out rates; transfer-of-credit policies; and any other quantitative and qualitative data deemed appropriate by the institution to its stated mission.

**Student Learning Outcomes**
- Revises the current student achievement accreditation standard to require that success be assessed in relation to the institution’s stated learning objectives, that program as well as course completion be considered, and that other student performance data used by the institution to evaluate or strengthen educational programs be considered.

**Distance Education**
- Requires any agency that seeks to include distance in its scope of recognition to demonstrate that it can apply standards that will determine if the quality of distance education offerings are comparable to those offered in campus settings; and makes the agency responsible for ensuring the integrity of student participation in distance education programs.
- Requires agencies to monitor the growth of distance education programs, evaluating as appropriate their management in institutions experiencing significant growth, and to assure that team members who conduct on-site inspections and reviews are knowledgeable about distance education.

**Public Disclosure**
- Requires accrediting agencies to develop a brief summary of the agency’s action and significant findings of the accreditation review and to make the summary available to the public.

**Transfer of Credit**
- Requires accrediting agencies to confirm that the institution’s transfer-of-credit policies comply with the prohibition against denying transfer credit on the basis of type of accreditation, and provides that nothing in the review will restrict the right of the receiving institution to determine the credits it will accept.

**Other**
- Adds language encouraging the secretary of education to strengthen the partnership between the federal government and the accreditation community.
The United States Supreme Court's ruling on February 25 in *Locke v. Davey* holds that, while states may provide financial aid to students preparing for religious ministry, the Free Exercise Clause of the First Amendment does not require them to do so.

The case involved Washington State’s Promise Scholarship Program, which was created in 1999 to provide financial aid to students who meet academic and family income criteria and enroll at accredited institutions of higher education in the state. The program guidelines also explicitly exclude students who wish to study theology.

Joshua Davey, a student who had been awarded a Promise Scholarship, enrolled at Northwest College (a NAICU member college eligible for the program) and declared a joint major in Pastoral Studies and Business Management and Administration. He was declared ineligible for the scholarship because of his major in Pastoral Studies. Davey then sued the state (represented in the case by Governor Locke), claiming that the program guidelines restricted his free exercise of religion under the First Amendment.

In a 7-2 ruling, the U.S. Supreme Court found that “such exclusion from an otherwise inclusive aid program does not violate the Free Exercise Clause of the First Amendment.” Chief Justice Rehnquist, writing for the majority, noted that “it cannot be concluded that denial of funding for devotional theology alone is constitutionally suspect,” and added that “training someone to lead a congregation is an essentially religious endeavor.”

The majority opinion also noted that “the entirety of the Promise Scholarship Program goes a long way toward including religion in its benefits, since it permits students to attend pervasively religious schools so long as they are accredited, and students are still eligible to take devotional theology courses under the program’s current guidelines.”

In their dissenting opinions, Justices Scalia and Thomas argued that Washington had created a public benefit and then excluded some students from it solely on the basis of their wish to exercise their religious faith. They found that Davey sought “only equal treatment—the right to direct his scholarship to his chosen course of study, a right every other Promise Scholar enjoys.” [italics in original]

NAICU was not asked to take a position on this case, and did not do so. One of the NAICU Board’s criteria for filing or joining *amicus* briefs is that a case should have a “substantial impact on independent higher education.” NAICU’s Legal Services Review Panel concluded that this case did not meet that test.

The court’s decision appears to affect only a small number of independent college students in a few states. Nothing in the court’s opinions suggests any change in the eligibility of faith-related institutions to participate in the federal student aid programs under Title IV.

Several individual NAICU members, and associations representing NAICU members, filed briefs in support of Davey.

Robert Andringa, president of the Council for Christian Colleges and Universities, which submitted a brief in the case, issued a statement that concluded:

“Today’s decision does not give states a green light to discriminate against religion in other funding contexts. It merely protects those 13 states that deny student aid to students training for the clergy from lawsuits brought under the federal Free Exercise Clause. The Council calls upon those states to eliminate their discrimination against these students through amendments to their regulations, statutes or constitutions.”

For more information, contact Jon Fuller at NAICU, jon@naicu.edu.