Budget Battles Begin in House and Senate

The House and Senate Budget Committees wrote their budget resolutions on March 9, taking two completely different approaches to student aid.

The House committee passed a resolution that provides nothing but cuts for student aid. For the discretionary education category (function 500), the House budget is the same as the president’s budget; it does not restore funding for any of the eliminated programs (Perkins Loans, LEAP, Upward Bound, Talent Search, GEAR UP, and Perkins vocational education).

The House budget instructs the Education and the Workforce Committee to find cuts totaling $2 billion this year, and $21 billion over five years, for deficit reduction. This money will likely come from the student loan programs (possibly including Perkins Loans). The House budget does not provide funding for the $100 increase in the Pell Grant maximum this year, but does not provide the additional funding necessary to restore the student aid programs that were proposed for elimination (listed above).

The Senate budget also establishes a $5.5 billion mandatory reserve fund for “new initiatives” for low-income students in the student loan program during the reauthorization of the Higher Education Act. This includes a proposal to provide up to $4,000 in loan forgiveness for Pell Grant recipients who graduate in four years. A second reserve fund would retire the $4.3 billion Pell Grant shortfall.

The Senate budget also increases funding by $417 million to provide for a $100 increase in the Pell Grant maximum this year, but does not provide the additional funding necessary to restore the student aid programs that were proposed for elimination (listed above).

The Senate budget instructs the Health, Education, Labor and Pensions Committee to contribute a total of $2.2 billion this year, and $8.6 billion over five years, to the pending deficit reduction process. The instruction assumes that $1.4 billion this year, and $3.3 billion over five years, will come from student loan lender subsidies. (The balance could come from raising the fees that fund the federal Pension Benefit Guaranty Corporation.)

Overall budget situation

Both the House and Senate budget resolutions have the same total spending for appropriations, at $843 billion; the same spending for Defense, at $438 billion; and include $50 billion for paying for the war. Both resolutions would cut the deficit in half in five years.

To achieve the goal of reducing the deficit, both budgets employ the reconciliation process, which governs changes to entitlement spending. Committees are instructed to find the savings necessary to bring the budget into line. In the Senate, reconciliation is filibuster-proof. For reconciled entitlement cuts, the Senate has $32 billion over five years; the House has $68.6 billion over five years.

The reconciliation process has also been used to pass tax cuts under special floor rules in the Senate. For reconciled tax cuts, the Senate has $70 billion over five years, and the House has $106 billion over five years.

The Senate resolution includes budget enforcement mech-(Continued on page 2)
Bankruptcy Bill
Covers Student Loans

The 500-plus page Bankruptcy Abuse Prevention and Consumer Protection Act, S. 256, long sought by lenders and credit card companies, passed the Senate on March 10. The new legislation, which will make it harder for debtors to seek bankruptcy protection, toughens provisions related to defaulted student loans.

Currently, debt on student loans in repayment over seven years can be discharged. The new legislation removes this time limit. It also excludes other qualified education loans (private loans) from bankruptcy protection.

However, the bill safeguards assets in college savings accounts when an individual files for bankruptcy. The bill would protect up to $5,000 in Coverdell Education Savings Accounts and Sec. 529 college savings and prepaid tuition plans. Accounts must be set up at least one year prior to filing for bankruptcy, and the designated beneficiary must be a child, stepchild, or grandchild of the debtor.

The House is expected to consider the legislation in the next few weeks. ■

For more information, please contact Stephanie Giesecke at NAICU (202) 785-8866 or stephanie@naicu.edu.

Next steps
As we go to press, the House and Senate are debating their budget resolutions on the floor. A series of amendments will be offered in the Senate to restore funding for education programs, including increased funding for all the student aid programs, and restoration or increases to funding for individual education programs. NAICU supports the amendments to increase funding for education programs as long as they are not paid for by cuts to other education programs. In the House, only complete budget substitutes are allowed, so Democrats will offer an alternative budget. Both chambers expect passage before the spring break, March 21-April 1.

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

U.S.-Japan Trilateral Program for Basic Education in Africa

The Association Liaison Office for University Cooperation in Development (ALO) is pleased to announce the release of a 2005 Call for Concept Papers. The Call may be downloaded from ALO’s Web site: http://www.aascu.org/ALO/RFPs/RFPMain.htm.

The deadline for receipt of applications is March 31, 2005, 5:00 p.m. EST.

ALO, with funding support from the United States Agency for International Development (USAID), is issuing this call for concept papers for institutional partnerships in basic education involving a U.S. college or university, or a group of colleges and universities, public and private sector partners, Japanese universities, and institutions in Africa. Five countries have been identified as potential locations for program implementation: Ethiopia, Ghana, South Africa, Tanzania, and Uganda.

For more information, contact Tony Wagner, Communications Manager, at wagnera@aascu.org or (202) 478-4700.

ALO Special Request for Applications: U.S.-Mexico TIES Phase II

ALO is pleased to announce the release of a 2005 Special Request for Applications (RFA) for the United States-Mexico Training, Internships, Exchanges and Scholarships (TIES) Initiative. The RFA may be downloaded from ALO’s Web site: http://www.aascu.org/ALO/RFPs/RFPMain.htm.

The deadline for receipt of applications is April 15, 2005, 5:00 p.m. EDT.

ALO is issuing this RFA in cooperation with USAID/Mexico. ALO anticipates recommending approximately 10 applications for awards of up to $500,000 each, for completion by September 2008, in the areas of Rural and Micro-finance; Democracy; Environment; Rural Prosperity for Small-Scale Producers; and Health. Successful applicants will have significant private sector involvement and typically propose at least 10 long-term (two semesters) scholarships for Mexicans to be embedded within a partnership, in addition to other training, internships, and exchanges. ■

For more information, contact Jennifer Sisane, Program Associate, at sisanej@aascu.org or (202) 478-4700.
SHEEO National Commission on Accountability Issues Final Report


The report states that American higher education cannot maintain its preeminence in the world unless it becomes more accountable for results—particularly in the areas of instruction, research, and productivity. Instruction receives the most attention, with emphasis on the measurement of student learning outcomes.

“Shared responsibility” is a major theme of the report, which includes recommendations for action by stakeholders. Stakeholders are categorized as: business and civic leaders; governors, legislators, state boards and executives in higher education; the federal government; institutional trustees and leaders; accrediting associations, and faculty and students. (See box at right.)

The report is largely an overview of accountability discussions and does not go into depth on any particular recommendation. The most troubling recommendation is that the federal government should implement a student unit record data system.

The commission is co-chaired by former Education Secretary Richard Riley and former Oklahoma governor Frank Keating.

The commission did not include any private college representatives, and the report is clearly oriented to state-level decisionmaking and publicly supported institutions. At the same time, scattered references to the nonprofit sector seems to suggest that the commission feels all these concepts apply equally well to private institutions. The report does emphasize that, given the variety of higher education institutions in the country, rigid federal standards are not the way to achieve accountability.

Recommendations of the National Commission on Accountability in Higher Education

Business and civic leaders
- Communicate expectations and changing needs to educators and policy makers, challenging them to do what is required; and
- Build the public support necessary for them to succeed.

Governors, Legislators, State Boards and Executives in Higher Education
- Create statewide data systems across all levels of education to help inform policy and budgetary decisions that will close achievement gaps and promote greater equity in allocating resources;
- Make the critical transition from high school to college a focus of accountability: colleges must help shape K-12 standards; college placement exams should be offered to high school juniors; and dual or concurrent early college programs should be encouraged;
- Recognize that significant investments and improvements in teaching at every level must be a higher priority in order to improve college preparation and student success;
- Establish goals based on broad state needs and priorities (in areas such as student participation and retention, student achievement, workforce needs, economic development, and research productivity);
- Monitor statewide and regional results, and focus policy and resources on public priorities while reducing detailed controls on institutional operations;
- Assess the learning of college-educated students statewide through professional certification and graduate school admissions exams, and other assessments administered to a sample of students;
- Coordinate state appropriations, tuition, and student assistance policies to provide adequate financial support for institutional operations and ensure higher education is affordable to low and moderate-income students; and
- Work with institutions to improve productivity by emphasizing priorities and achieving more efficient operations.

The Federal Government
- Sustain and increase support for financial aid to low-income students, programs to close the gaps in educational opportunities, and research;
- Establish a national student unit record data system with fail-

A copy of the report is available on the SHEEO Web site at http://www.sheeo.org.

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

The Carl D. Perkins Vocational and Technical Education Act, S. 250, passed the Senate by a vote of 99 to 0 on March 10. The bill had been passed by the Senate Health, Education, Labor and Pensions Committee just the day before. The House Education and the Workforce Committee passed similar legislation (H.R. 366) the same day.

This action is clearly a rebuff of the president’s proposal to eliminate the program, which provides grants for associate-degree institutions to work with high schools in development of work skills. Some NAICU members receive these grants. ■

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

Guide to Congress Available Soon

The Guide to Congress for the first session of the 109th Congress will be available in early April, free of charge to NAICU members upon request.

The pocket-sized book lists all members of the House and Senate with photo, brief bio information, and contact information for each. It also includes all House and Senate committee assignments, executive and judicial branch listings, and congressional district maps for each state, as well as information on congressional terminology, procedures, and calendars.

To request a copy, e-mail Roland King at roland@naicu.edu. ■