What Lies on the Horizon for Higher Education Bills?

Since early 2004, the question, “Will there be a higher education bill?” has become the standard conversation opener in the D.C. higher education community. From one week to the next, speculative responses have shifted from “yes” to “no,” and back again to “yes.” It now seems that Republicans in both houses want to make progress on higher education legislation.

The majority leadership of the House Committee on Education and the Workforce drafted legislation weeks ago. They delayed introducing it, and sought budget scoring that would show their bill to be cost-neutral. It now seems their bill may be introduced after the House returns from its two-week recess, on April 19.

Signs of movement

Indications that the House was considering a move began to surface several weeks ago, when Rep. Buck McKeon (R-Calif.), chairman of the House 21st Century Competitiveness Subcommittee, backed away from his most punitive price control proposals, moved a little on the transfer of credit issue, and began to consult associations on their interest in getting legislation passed this year.

The Republican leadership on the Senate Health, Education, Labor and Pensions (HELP) Committee seems to be planning similar action after it returns on April 19. Senate staff have also been drafting legislation. Reportedly, the Senate Republicans hope to work out a bipartisan bill with Senate Democrats, who have not yet been brought into the conversation. Even if bills are introduced and passed by the House and Senate education committees, however, it seems increasingly doubtful that the Higher Education Act (HEA) reauthorization can be passed before this Congress adjourns.

Bipartisan barricades

Partisan rancor has been a serious obstacle to House action during this Congress. Republican moves toward legislation have been quickly assailed by education committee Democrats in scathing press releases (often in response to releases accompanying the original Republican actions). This war by press release precluded development of a bill that both Republicans and Democrats could support.

Although bipartisan agreement on HEA reauthorization has been traditional, it is not necessary in the House. The rules for debate allow the majority party to shut down the minority party. This is not the case in the Senate, but a bipartisan House bill is essential if the Senate is to consider the legislation seriously. The Republican Senate cannot move without the cooperation of the Democrats, since a single senator can hold up passage of a bill.

Budget problems

The cost of the bill has also been a major roadblock. The Congressional Budget Office (CBO) must produce a cost estimate of any bill before it can move forward in the legislative process. This process has taken more time than usual this year. House Republicans, who are under strict orders to produce a revenue-neutral bill, have had difficulty producing a bill that does not increase the cost of the student loan programs. A quieter version of this dynamic has also been going on in the Senate.

This year’s budget has a direct impact on the HEA reauthorization process and its timing.

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HELP Committee Chairman Judd Gregg (R-N.H.) set aside $5 billion in the Senate budget resolution for improvements to the student loan programs. The House budget has no such reserve fund. The conference on the budget resolution will decide whether the $5 billion will be retained for the loan program. (See below for more details.) Education committee Republicans may have taken the possibility of this funding into their strategy for the bill.

The additional $5 billion in the budget resolution (nearly $9 billion, if the Pell shortfall payoff is included) is a real impetus to get HEA done this year. Typically, when reserve funds are set up through a budget resolution, the language to authorize their use (i.e., the HEA) must be passed within the year, or else the money disappears. It is unlikely that either political party wants to leave $5 to $9 billion in student aid dollars on the table.

**Election maneuvers**

Election year politics are in play. The party conventions in late July and September reduce time for legislative action. Also, the top priority for Senator Ted Kennedy (D-Mass.), ranking minority member of the HELP Committee, is to get Democratic candidate John Kerry (D-Mass.) elected president. To this end, many believe that Kennedy wants to prevent President Bush from getting credit for a higher education bill this year. Without Kennedy’s cooperation in the Senate, the bill cannot pass. The Republicans, on the other hand, can blame the Democrats if the bill doesn’t pass.

The likelihood for introduction of bills, committee consideration, and ultimate passage should become clear over the next few weeks. For now, it seems that the Republicans of both houses have decided it is preferable to introduce their bills and get them through their respective committees, even if congressional passage is not expected.

**Higher ed’s response**

If we had our druthers, we would prefer passage this year. Education is a popular political issue right now, and we have made much headway on our agenda in recent months. We would probably be more likely to get concessions from both parties in an election year.

However, we may have to accept the bills that are introduced as the basis for taking up the HEA reauthorization in the next Congress. We must continue to work with members of Congress to let them know our priorities and concerns on reauthorization.

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

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**Budget Conference Delayed Until After Recess**

Congress will go home for the spring break without finalizing the FY 2005 budget resolution. Conferees on the congressional budget resolution met throughout the week of March 29, without coming to an agreement on the $8.7 billion reserve fund for student aid, or on the biggest difference between the two chambers: paying for tax cuts.

It is our understanding that the $8.7 billion reserve fund for student aid is still on the table. The Senate included this provision in its budget plan, which would provide $5 billion for changes to the student loan programs in the reauthorization of the Higher Education Act (HEA), and $3.7 billion to pay off the Pell Grant shortfall. Senators on the conference committee support keeping the reserve fund in the final resolution, but the House conferees still need to be convinced.

On March 29, NAICU alerted its members to contact their representatives and senators in support of the reserve fund for student aid. Keeping the reserve fund in the final budget is critical to completing the HEA reauthorization this year, and to giving the appropriators some room to increase the Pell Grant maximum.

Mid-week, presidents in the districts of House Budget Committee Chairman Jim Nussle (R-Iowa) and conferee Rep. Rob Portman (R-Ohio) were asked to gain the support of both for the reserve fund. Now that the conference will not be voted on until Congress returns from the spring break, presidents have additional time to talk to conferees.

Conferees are: Senators Don Nickles (R-Okla.), Pete Domenici (R-N.M.), Charles Grassley (R-Iowa), Judd Gregg (R-N.H.), Kent Conrad (D-S.D.), Fritz Hollings (D-S.C.), Paul Sarbanes (D-Md.), and Representatives (Continued on page 3)
Budget Conference (Cont. from page 2) Nussle, Portman, and John Spratt (D-S.C.).

The biggest issue holding up the budget conference is a Senate provision reinstating the pay-as-you-go (PAYGO) rule, which requires mandatory spending increases and tax cuts to be paid for. The administration and House leadership oppose reinstating the PAYGO rules for tax cuts. However, the Budget Committee leadership in both chambers feels strongly that the only way they will get a final budget resolution is to find a compromise position on paying for taxes. The most widely circulated compromise would be to exempt from PAYGO the extension of tax cuts that expire this year: the child tax credit, marriage penalty relief, and expansion of the 10 percent tax bracket.

It is important to note that while the reserve fund for student aid is considered mandatory spending, it is already "paid for" in the resolution. The House version of the resolution does not include the reserve fund, and does not pay for tax cuts. However, it will cost money to extend other higher education tax provisions in the future if PAYGO passes now.

Staff are expected to continue working on possibilities throughout the spring break so that the conference can be quickly finalized when Congress returns. While there's no penalty for missing it, the statutory deadline for completing the budget is April 15. Congress will return the week of April 19. ■

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

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**Student Testifies on Behalf of Student Aid Alliance**

Matthew Draiss, a freshman at Hiram College in Hiram, Ohio, testified March 23 before the House Appropriations Committee's education subcommittee. His moving personal testimony demonstrates the value of both the federal student aid programs and America's private colleges. What follows is his unedited testimony.

Mr. Chairman and Members of the Subcommittee,

It is an honor for me to have an opportunity to address you this morning on behalf of the Student Aid Alliance. While I am here today to talk to you about the importance of financial aid in my life, I also represent the hopes and dreams of all students of Hiram College, and those of my hometown, Canton, Ohio.

I was fortunate to grow up in a city which serves as home of the Professional Football Hall of Fame and in Stark County, an area well known for the quality of its hard-working, blue collar citizens. At Canton Timken High School, I did my best to represent the values taught to me by my father, Stephen, and my late mother, Linda, who I lost almost exactly 12 months ago during the heart of my college search. At Timken High School, I contributed to the community as Senior Class President, Student Council President, and as a member of the newspaper staff, the football and baseball teams, and as the school's representative to Buckeye Boys State. I was also active in community service and Habitat for Humanity programs, experiences which taught me the importance of civic duty. For these activities, I was inducted into the National Honor Society.

Despite my strong affinity for Hiram College and the extraordinary sacrifices made by my family, I would not be able to pursue my undergraduate education without the assistance provided by the federal government, the state, and the College. My financial aid package includes a Federal Pell Grant, Federal SEOG, Federal Work Study, the Ohio Instructional Grant, the Ohio Choice Grant, as well as a schol

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Student (Continued from page 3)

Award from the Ohio Foundation of Independent Colleges, and gift assistance from Hiram College. I also obtained a loan from the Federal Stafford Loan Program.

I’m grateful beyond words for these many forms of assistance. I take seriously my responsibility to take full advantage of the opportunities for education made possible by financial aid support. I speak on behalf of my family in saying that I would not be able to pursue a college education without the generous support provided through the federal and state programs.

I am not alone. While Hiram is respected as one of the nation’s most prestigious liberal arts institutions and carries a price tag exceeding $25,000 for tuition, room, board, and fees, most of my classmates come from families much like mine, with family incomes below $60,000. It has not always been the case, but I’ve also come to learn that it costs the college more to educate a student than it charges in tuition, room, and board. I was pleased to learn in December that my institution was locking in those charges for future students with the implementation of the Hiram College Tuition Guarantee, while making sure that current students were not adversely affected. It is exactly the kind of concern for students and families which I’ve come to expect in our intimate learning environment.

With continued support, I will graduate in four years. As an early childhood education major, I plan to pursue a teaching career. Working with children, perhaps even in my hometown, appeals to me greatly. I want very much to make a difference in the lives of young people. I want to open doors for students, much like those who have come before me have opened doors. I am a believer in the transformative power of education and seek to enhance my corner of the world one student at a time.

Your continued support of financial aid programs is not only appreciated, but most necessary. Our state needs educated citizens to prosper. For many students like me, the golden key to earning a college education is often the assistance provided by these federal and state programs. Thank you for all that you can do to support these critical programs.

My mother passed before I entered Hiram College. She was very high on Hiram and would be pleased to know of my final college choice. I’m confident that she will be with me in May of 2007 when our dream is fulfilled and I walk across the stage to receive my diploma.

Thank you for your kind attention and for this opportunity.