Budget Deal Drops Money for Student Aid

On May 18, after weeks of negotiations, House and Senate leaders struck a deal on the FY 2005 budget that drops the $8.7 billion reserve fund for student aid.

The Senate resolution had provided a $5 billion reserve fund for changes to the student loan programs in the reauthorization of the Higher Education Act (HEA), and $3.7 billion to eliminate the Pell Grant shortfall. The conference agreement, however, drops the money for the Pell shortfall, and changes the reserve fund for student loans to a deficit-neutral reserve.

The education authorizing committees would be allowed up to $5 billion in FY 2005–2009 for changes to the HEA, but would be required to find offsets for the funds. That provision appears to give Senate Health, Education, Labor and Pensions Committee Chairman Judd Gregg (R-N.H.) more flexibility in writing the HEA bill. However, that authority already exists, and is standard procedure for entitlement programs such as student loans. Amendments to balance any increases by cutting other programs would have to be approved before final passage on the Senate floor.

Total discretionary spending is $821 billion in the budget deal. House and Senate appropriations staff have indicated they expect the Labor-HHS-Education subcommittee allocation to mirror the president’s request of $142.5 billion. That request includes legislative changes that are supposed to produce savings. But those savings may not materialize, and appropriators may want to fund some of the programs the president would zero out. This will make it very difficult to increase funding for education programs above the president’s request.

The moving target on the budget negotiations was whether to reinstate pay-as-you-go (PAYGO) rules for mandatory spending and tax cuts, as in the Senate version, and if so, for how long. Leaders decided to extend PAYGO for one year, but exempt the one-year extension of two popular tax cuts that expire this year (the child tax credit and the 10 percent tax bracket), plus extension of marriage penalty tax relief, to the tune of $27.5 billion.

The conference agreement also includes an automatic increase in the debt limit, which protects Congress from a separate vote to increase the debt limit in the fall before the elections. This was the consideration that finally lit a fire under Congress to wrap up the budget agreement.

The House passed the final conference report on the budget resolution May 19, by a vote of 216 to 213. The Senate postponed the final vote until after the Memorial Day recess, because the leadership does not have the votes for approval.

Moderate Republicans oppose the deal because it extends PAYGO for only a year. Party leaders will try to convince them over the break that having a budget resolution is important because of the automatic increase in the debt limit, and the cap on discretionary spending.

When Congress returns from the Memorial Day recess, the House Appropriations Committee is expected to start on its spending bills. The House goal is to get all 13 bills to full committee before the summer break.

For more information, please contact Stephanie Giesecke at NAICU, (202) 785-8866 or stephanie@naicu.edu.
Will New NCAA Reforms Satisfy Congress?

The House Energy and Commerce Committee’s subcommittee on Commerce, Trade, and Consumer Protection held a hearing May 18 on college athletic programs. Subcommittee Chairman Cliff Stearns (R-Fla.) called the hearing to discuss reforms proposed by the National Collegiate Athletic Association (NCAA) to address concerns about student-athlete recruitment.

The NCAA’s goals for the reforms are to “set national standards that will guide individual campus policies with the aim of normalizing campus visits, providing a structure in which informed evaluations can be made, and then holding institutions accountable for their actions.”

The NCAA has penalized 31 schools for major recruiting violations since 2000, according to Stearns. Although this is a minority of NCAA members, he said, it is evidence of the great influence commercialism has on amateur intercollegiate athletics.

Stearns said the NCAA must do a better job of enforcement. He warned universities that they too bear responsibility for the conduct of their coaches and athletes in the recruitment process.

Ranking member Janet Schakowsky (D-Ill.) expressed lingering concerns about a culture in recruitment that condones sex, alcohol, and violence against women. She said the proposed NCAA reforms still leave rules of individual institutions. Schakowsky also expressed concerns about the graduation rates of athletes.

Rep. Edolphus Towns (D-N.Y.), said that since NCAA members receive billions of federal dollars, Congress must make sure that athletic programs are run with integrity and not on the backs of athletes.

Rep. Bobby Rush (D-Ill.) said he was outraged by the exploitation of African American student athletes for the benefit of universities. He noted the disparity in graduation rates not only between the general student body and athletes, but also between black and white students.

Testimony

Three witnesses spoke at the hearing: William Friday, cochairman of the Knight Commission; Wally Renfro, senior advisor to the president of the NCAA; and former Rep. Tom McMillen (D-Md.).

Friday said the “arms race” in intercollegiate athletics must stop, but urged Congress to give universities an opportunity to work things out for themselves. Self-policing does not currently work, he said, because the networks and sponsors have control over athletics, instead of universities or the NCAA.

Renfro said the NCAA will never have enough investigators in the field. The competitive nature of athletics lends itself to self-governing, he said, with cheaters brought to light by those who follow the rules. He also said that the NCAA will be sending a clear message to presidents to take control and reintegrate athletics and academics.

Commenting on the disparities in graduation rates, Renfro said that when a student athlete leaves college for the pros or transfers to another institution, the data are skewed. The NCAA will now collect and publish data on its own, beginning this summer.

McMillen took a more overarching approach to reform. He said he would prefer the NCAA to be all-powerful rather than working through the various conferences, much as the Olympic Committee oversees all of its programs. If an institution or program wanted to opt out of NCAA control, he suggested, its tax status should be changed to for-profit.

Rush pushed the hardest of any committee member, stating that dollars are corrupting the system, and questioning where other federal agencies, such as the Federal Communications Commission, might play a role in enforcement. Rush said he would like to hold another hearing to hear directly from college presidents what they are doing to address the issues surrounding student recruitment.

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