Davis Dominates Accreditation Hearing

The House Subcommittee on 21st Century Competitiveness held a hearing June 22 on the accreditation provisions of H.R. 4283, the "College Access and Opportunity Act.”

NAICU was ably represented on the panel by Jim Davis, president of Shenandoah University. His knowledge of independent higher education and accreditation proved to be a powerful combination. He argued effectively that the accreditation provisions of H.R. 4283 move too far towards federalizing the accreditation process, and saddle accreditors with tasks like monitoring Department of Education data collection activities, which detract from their purpose of reviewing institutional quality. His ability to disagree without being disagreeable set the tone for the hearing, avoiding the acrimony that too frequently accompanies exchanges on controversial topics.

The only departure from the hearing’s congenial atmosphere came in the course of a rapid-fire, prosecutorial line of questioning by Rep. Rob Andrews (D-N.J.) on the transfer-of-credit provisions in the bill. Andrews, a staunch backer of the provisions, contended that they were quite limited in scope. He argued that the extensive reporting requirements (transfer credits are to be sorted into four categories based on the accreditation status of sending institutions) were "things colleges already collect.”

Davis stood his ground, pointing out that colleges do not, in fact, compile this type of data. Collecting it and sorting it into the categories (Continued on page 2)

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HEA Process Continues Its Roller Coaster Ride

Rep. Buck McKeon (R-Calif.), chair of the authorizing subcommittee that is rewriting the Higher Education Act (HEA), told the Chronicle of Higher Education on June 22 that the HEA would not be reauthorized this year. Within hours, Senator Judd Gregg (R-N.H.), chairman of the Health, Education, Labor and Pensions Committee, reportedly told political reporters that he did not see the bill being voted on in the Senate this year.

Two days later, however, the White House Bulletin reported that McKeon and Rep. John Boehner (R-Ohio) chairman of the Education and the Workforce Committee, said they would continue to work on the bill.

The two reports are not necessarily contradictory. Even though a bill may not be brought to mark-up, the hard work of drafting legislative language and building support can continue behind the scenes. This is especially true for a complex bill like the HEA, whose legislative language is so nuanced that much of it will never be the subject of member debate.

Higher education groups will continue to negotiate, while encouraging their members to lobby and educate members from their home districts. It is widely speculated that if the majorities stay the same in both houses of Congress, the basic work of the HEA will be done behind the scenes this year, before Congress returns in January.

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categories proposed by H.R. 4283 would be an extremely expensive and time-consuming operation, Davis said.

Also highlighted in the hearing were proposals that would permit states to become accreditors and expand accreditation review of student learning outcomes. Jerry Martin, president of the American Council of Trustees and Alumni, strongly advocated the provision that would allow states to become accreditors because it would inject healthy competition into the system. He also advocated de-linking accreditation from Title IV eligibility, on the basis that accreditation does not insure institutional quality. Davis forcefully rejected that notion, and urged the subcommittee to eliminate the states-as-accreditors provision of the bill.

T. Dary Erwin, associate vice president for academic affairs for assessment and program evaluation at James Madison University, discussed his work with the assessment of student learning. Davis noted that accreditors already look closely at student learning, and cautioned against efforts that might lead to uniform standard measures. Several members of the subcommittee expressed the view that accreditation should focus more on outcomes.

Other witnesses at the hearing were Arthur Keiser, immediate past chairman of the Accrediting Commission of Career Schools and Colleges of Technology (ACCSCT), and Stephen Crow, executive director of the Higher Learning Commission of the North Central Association of Colleges and Schools. ACCSCT was one of the early proponents of legislation to forbid schools to reject transfer credits solely on the basis of the type of accreditation of the sending institution. Keiser strongly supported the transfer-of-credit provisions in the bill. He also advocated greater transparency, increased performance measures, and elimination of the 50 percent rule governing the eligibility of distance education programs. Crow presented the reauthorization recommendations of the Council of Regional Accrediting Commissions (C-RAC). Although he expressed many of the same concerns that NAICU has registered about the House bill, he said C-RAC endorsed the accreditation provisions of the measure after being assured that some adjustments will be made in the language of the bill.

The House committee plans to hold additional hearings on H.R. 4283, but is unlikely to take formal action on the bill this year.

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Higher Ed Community Drops Objections to SEVIS Fee Collection Process

The Department of Homeland Security (DHS) will soon publish regulations to implement the fee collection plan for the Student and Exchange Visitor Information System (SEVIS). As reported in last week’s edition of the Week in Review, NAICU and other higher education associations had been working with DHS on an alternative to the proposed collection method. A “cohort” system was proposed, which would have let colleges pay the fee for a group or cohort of international students. Campuses would have been permitted to collect the fee however they desired.

While most institutions favored the cohort idea, a significant minority strongly opposed the new and untested plan. These extreme reservations, coupled with the perceived administrative difficulty of setting up a cohort plan on campus, led to a decision to drop the cohort proposal.

DHS will soon issue regulations requiring individuals to pay the SEVIS fee before they get a student or exchange visitor visa. Details of the final regulations will reflect the specifics of the new rules and are expected in the very near future.

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Obey’s “Top Ten Priorities” Fail to Pass

On June 24, Appropriations Committee Ranking Member David Obey (D-Wis.) brought to the House floor a resolution (H.Res. 685) to increase the appropriations total by $14.2 billion for “America’s Top Ten Priorities.” The resolution included $2.2 billion to increase the Pell Grant maximum to $4,500.

The House leadership gave Obey this unusual opportunity to ask for an up-or-down vote on increased spending for priority programs, in exchange for his cooperation in getting the appropriations bills through the process this year. Obey was instrumental in holding up various spending bills last year, and has repeatedly stalled the process through procedural moves, as befits his role in the minority.

Even though the resolution failed on a vote of 184-230, Obey now has a recorded vote on more funding for important programs like education, homeland security, veterans, and reducing the tax cut for the richest. Only two Republicans, Ray LaHood (Ill.) and Heather Wilson (N.M.), voted for the resolution; 13 Democrats voted against.

During debate, both sides declared that the resolution clearly defined the parties. Obey talked about the importance of investing in America's future by making this small increase in appropriations. Majority Whip Tom DeLay (R-Texas) said it proved that Democrats are tax-and-spend liberals.

Now that the leadership has jumped through Obey's hoop, they can work on their goal of pushing through the 13 appropriations bills by the summer break. Both the House and Senate leadership envision the Defense, Homeland Security, and Military Construction bills going to conference and being sent to the president, while the other bills will be wrapped into an omnibus. The Labor-HHS-Education bill may be marked up in both the House and Senate subcommittees on July 8, but that date could easily slip. The big question driving the whole process is timing: whether the omnibus will be completed before or after the November election.

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Nonprofit Abuses Discussed at Senate Hearing

The Senate Finance Committee held a June 22 hearing on financial governance at nonprofits that focused on fraudulent charities. Committee Chairman Charles Grassley (R-Iowa) has a long-standing interest in this topic.

IRS Commissioner Mark Everson was the first to testify. He told the committee that the IRS will start contacting nonprofits this summer to assess their compensation practices and policies. "Widespread audits will follow," he said.

While the higher education community was not the focus of the hearing, two former college presidents were among the witnesses. Derek Bok, president emeritus of Harvard University, testified as a member of the independent committee that investigated a case at the Nature Conservancy. In response to a committee “white paper,” Bok said colleges and universities are already using many of the suggested practices, but that others would be difficult to impossible. The suggestions included limiting the number of individuals who serve on boards, and restricting board compensation and travel. Bok said that board positions are voluntary donations of time and these measures would greatly discourage participation.

Willard Boys, president emeritus of the University of Iowa and current chair of the Iowa Council of Nonprofits, detailed efforts at colleges and other nonprofits to increase financial disclosure and update best practices. He described a Web site he oversees that provides specific information on each nonprofit in Iowa, such as its annual report and job descriptions of the employees.

Two “mystery witnesses,” testifying from behind screens with digitally altered voices, blew the whistle on fraudulent charities. One group collects the charitable deduction on donated cars, then junks them and sells the parts. The other was AmeriDream, Inc., a similar group that acted as a go-between for real estate transactions. It processed the sale and pocketed an arbitrary fee. Although they served no charitable purpose, both groups had nonprofit status.

It’s unclear whether legislation will be introduced to address the concerns of the committee.

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House Defeats Budget Process Reforms

On June 24, the House defeated proposals to change the budget process, which would have been devastating to the student aid programs.

Conservatives were promised the opportunity to debate budget process reform, including mechanisms to rein in discretionary (appropriations) and mandatory (entitlement) spending, in exchange for their vote on the FY 2005 budget resolution earlier this year. In an unusual move, the House leadership allowed this debate to take place without counting votes, and without encouraging members to vote a certain way.

Budget Committee Chairman Jim Nussle (R-Iowa) offered the base bill, the “Spending Control Act” (H.R. 4663), which proposed two-year caps on discretionary spending and an automatic across-the-board cut if appropriations bills breached the cap. It also proposed pay-as-you-go (PAYGO) for increases in entitlement spending, but not for tax cuts.

While Appropriations Committee Chairman Bill Young (R-Fla.) talked Nussle down from his original five-year spending cap, appropriators voted against the bill as a whole. H.R. 4663 was defeated by a vote of 146-268.

Two major amendments had more devastating potential than the Nussle bill. Rep. Jeb Hensarling (R-Texas) offered a conservative alternative called the “Family Budget Protection Act” (H.R. 3800). It would have imposed 10-year appropriations caps and created a one-way sub-cap for non-defense programs. (This means defense could borrow from non-defense programs, but not the reverse.)

Even more troubling was Hensarling’s proposal to create a cap on entitlement spending for all programs except Social Security. The notion of an entitlement cap is different from PAYGO for entitlements. (Congress has generally been working under the notion of PAYGO for entitlements even though the law requiring it expired in 2002.) A cap on entitlement spending means that in FY 2006, programs would be cut from the FY 2005 level, not merely balanced. Under this scenario, the Congressional Budget Office estimates that student loans could have been cut by at least $11 billion over 10 years.

The amendment also proposed that if Congress entitlements were not cut enough to get under the cap, the first program to be cut under sequestration would be the student loan program. Hensarling’s substitute was defeated 88-326.

Rep. Mark Kirk (R-Ill.) offered the moderate substitute amendment, which was identical to Hensarling except that it exempted Social Security and Medicare from the entitlement cap. But by the time it hit the floor, the Kirk substitute included a two-year appropriations cap; it exempted more programs from the entitlement cap, but not student loans. It was estimated that $4 billion could be cut from student loans over 10 years under this plan. While the Kirk amendment garnered more moderate votes than Hensarling, it failed by a vote of 120-296.

NAICU alerted the Budget Action Team and the state executives to contact their representatives in opposition to these bills. Letters from NAICU and the Student Aid Alliance were included with letters from veterans’, environmental, and health care groups in packets distributed on the House floor to demonstrate opposition to these bills.

While these budget process and enforcement debates may seem boring, “inside the Beltway” topics, they have a huge potential impact on the ability to increase funding for student aid programs, and increase student benefits in the student loan programs. As the deficit continues to grow, moderate Republicans grow more worried about fiscal responsibility, and conservatives get more frustrated with government spending.

This exercise in the House is just a preview of what we can look forward to next year. Senator Judd Gregg (R-N.H.) has already indicated that if he becomes chairman of the Senate Budget Committee, budget process reform will be one of his top priorities.

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