HEA Reauthorization Continues on Its Fast Track
Administration, House Dems Introduce HEA

The reauthorization of the Higher Education Act (HEA) continues at a record pace, as Senate staffers huddle in intensive meetings and the House announces a July 13 mark-up. The bill is moving so quickly, with so few leaks on content, that no one is sure what the final product will look like.

However, there is clear bipartisan consensus that “something serious” has to be done about college cost. There also seems to be a majority concern for problems faced by students who want to transfer credits (and some of those students are now staff on Capitol Hill). Other problem areas include public disclosures of accreditation, admissions procedures, and a lack of funding for student aid.

“We are really concerned that our members have little idea of the effect that some of these proposals could have on American higher education,” said NAICU President David Warren. “This reauthorization has been so long in coming that it is hard for many of our college leaders to appreciate that this is no longer a fire drill, but a fire. Our success in holding off so many bad ideas in the last Congress may become our enemy if our troops do not see the need to reconnect with their senators and representatives over the upcoming Independence Day break, which will run until July 12.”

NAICU sent an urgent Action Alert to all members on June 23, warning them that this could be the last chance for college presidents to weigh in with their elected officials.

Signs and rumors

Among the most significant indicators that it is “showtime” is that both the administration and the ranking Democrat on the House Education and the Workforce Committee, Rep. George Miller (D-Calif.), have released comprehensive legislation in the past 10 days. Each bill gives an insight into the parameters of the ensuing policy debate.

The administration’s bill does not impose new regulatory burdens on colleges. While that approach was initially seen as a pleasant surprise, it is in keeping with earlier assurances by Education Secretary Margaret Spellings that the administration is not interested in imposing price controls or strict accountability measures on institutions. (See WIR, February 15, 2005.)

However, it is now rumored that the bill does not contain all the administration’s ideas on HEA reauthorization, and some accountability ideas may be passed to the committees through the back door and below the public radar. The bill that was released last week instead focuses on the existing student aid programs, proposing (among other things) a $100 increase in the maximum Pell Grant, and loan limit increases for first-year, second-year, and graduate students.

The Miller bill challenges the Republicans’ unwillingness to set high new spending goals for student aid by setting the starting point at $7,600 for increases in the maximum Pell Grant and substantially increasing the authori-

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Administration Bill

The administration sent its bill, “The Higher Education Act Reform Amendments of 2005,” to the Hill during the week of June 20. It builds on the budget proposals sent to Congress in January, putting forward some significant student aid program changes.

Pell: The administration seeks to eliminate the $4.3 billion program shortfall and increase the maximum award by $100 in each of the following five years. Two Pell Grants would be available in a single award year (the so-called “year-round Pell”) but Pell eligibility would be limited to the equivalent of 16 semesters or 24 quarters. The bill authorizes the State Scholars Program, and a math and science merit grant.

Campus-based Programs: The Perkins Loan program is eliminated. While the authorization levels for the Supplemental Educational Opportunity Grant (SEOG) and Federal Work-Study (FWS) Programs are increased, the base guarantees are eliminated over a period of eight years. Twenty percent of FWS funding is set aside for community service activities.

Loans: Student loan limits are slightly increased. The Stafford limits for first-year students would increase from $2,625 to $3,500, and for second-year students from $3,500 to $4,500. There are no increases for upperclassmen, but the aggregate undergraduate limit is increased from $23,000 to $25,000. Limits for graduate and professional students would increase from $65,500 to $67,500.

Integrity: The administration would eliminate the 90/10 rule and the 50 percent rules, but requires new reporting requirements for those exceeding 50 percent in distance education.

Transfer of Credit: The bill provides a grant program for institutions and consortia to develop articulation agreements on transferring of credit, similar to a proposal put forth by NAICU.

Teacher Education: The bill would permanently extend the increased loan forgiveness of $17,500 for highly qualified math, science, and special education teachers at qualified low-income schools. The extension would continue to be funded by extending the closure of the 9.5 percent loophole on tax-exempt loans, but continuing to permit recycling.

Other: The bill reduces the penalties for students convicted of drug violations by limiting the sanction to drug-related offenses committed while the student is in school and receiving aid.

Miller Bill


Cost: Among the many proposals in the bill related to college cost and price are:

- a requirement that all institutions submit five-year plans on their cost containment strategies and make progress reports to the secretary;
- a provision for an annual report on institutional prices and the percentage change in those measures over three, five, and 10 years;
- the addition to the COOL Web site of a net price index for each institution and a price calculator showing the typical amount of aid granted to a student based on family income;
- a “Pell Plus” program to provide a 25 percent increase in Pell Grants received by students attending institutions whose annual net tuition price is equal to or less than the percentage change in the higher education price index;
- a second “Pell Plus” program to provide a 10 percent increase in Pell Grants for students attending institutions with guaranteed tuition plans; and
- a requirement that institutions whose net tuition prices exceed the higher education price index submit an explanation for the increase and their cost containment strategies to the secretary.

Pell: The bill increases the authorization level for the Pell Grant maximum to $7,600 in AY 2006-07. It initiates a year-round Pell Grant pilot program, limited to traditional sector institutions with graduation rates of 50 percent or greater.

Campus-based Programs: Authorization levels for SEOG and FWS are significantly increased.

Loans: Origination fees on Stafford loans are eliminated, and students may refinance a fixed-rate consolidation loan if the loans meet certain conditions. The interest rate is capped at 6.8 percent. The bill repeals the single lender rule and adds restrictions on schools acting as lenders. A new public service loan forgiveness program is authorized. Both Stafford and Perkins loans would be eligible for a total forgiveness of $20,000.
Commerce Reviewing “Deemed Export” Regulations

The Bureau of Industry and Security of the Department of Commerce is reviewing proposed changes in regulations governing “deemed exports” of controlled technology. As a result, institutions of higher education may see a substantial increase in the number of licenses they must obtain for foreign nationals who are conducting research in this country.

There are a number of laws that control the export of sensitive goods and technology for reasons of national security, foreign policy, antiterrorism, and nonproliferation. These laws require a license to be issued before certain items can be exported.

“Deemed export” refers to the access or exposure to controlled technology by individuals from “countries of concern” who are conducting research or otherwise working in this country. In other words, the technology is not being exported, but a license is required for certain foreign nationals to use it in the U.S.

The issues raised in the department’s solicitation of comments include:
• revision of the definition of “use” technology;
• the use of a foreign national’s country of birth as a criterion for the licensing requirement;
• the extent to which prepublication clearance requirements would void the current exemption for material intended for publication; and
• the extent to which the “fundamental research” exemption includes the use of the technology to conduct the research. (For more detailed information, go to http://www.access.gpo.gov/su_docs/fedreg/a050527c.html. Scroll down to “Commerce Department” and select “Industry and Security Bureau.”)

Commerce officials have expressed particular interest in getting specific information from academic institutions about the number of foreign nationals who might require licenses, and the costs involved with compliance. NAICU has encouraged member institutions to give Commerce the pertinent data about the impact on their campuses. In addition, NAICU has joined the American Council on Education, the Association of American Universities, the National Association of State Universities and Land Grant Colleges, and several other higher education associations in sending individual letters to express their concern about the potential adverse impact of the proposed changes on scientific research.

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

Higher Education Community Releases Statement on Academic Rights and Responsibilities

On June 23, the American Council on Education released a “Statement on Academic Rights and Responsibilities” endorsed by NAICU and 27 other higher education organizations. The statement sets out five “overarching principles” dealing with intellectual discourse on campus.

In his message to NAICU presidents, David Warren said the statement was developed due to a “shared belief that the higher education community should speak out on the issues addressed in the statement, rather than having our position characterized by others.” Academic rights and responsibilities have been discussed by the NAICU Board and members in several meetings over the past few years.

The question of intellectual diversity on campus has gained prominence in recent years as David Horowitz, president of the Center for the Study of Popular Culture, and others have promoted the adoption of an “Academic Bill of Rights” by state legislatures and the U.S. Congress. Press reports indicate that Horowitz is considering dropping his drive for a legislative resolution to his concerns, to focus instead on conversations with colleges and universities.

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**Integrity:** The bill maintains the current integrity provisions (90/10 rule, 50 percent rule on distance education). It does not combine the multiple definitions of an institution of higher education into a single definition.

**Teacher Education:** While the provisions to improve teacher preparation programs and teacher recruitment are positive, the provisions to increase accountability and evaluation of teacher preparation programs are bad for private colleges. The bill keeps ranking in the state and institutional report cards, adds the notion of “pupil-teacher-program” evaluation to the state grant evaluation, and allows for developing value-added data systems that would link K-12, postsecondary, and other databases.

**Other:** The legislation simplifies the student aid application process and makes significant changes to the need analysis formula, including expanding eligibility for the simplified needs tests for recipients of means-tested federal benefit programs; protecting more student income from assessment; and providing early estimates of aid awards. The bill reauthorizes TRIO, GEAR UP, and LEAP; establishes a postbaccalaureate grant program for Hispanic Serving Institutions that offer postbaccalaureate programs; and creates a $20 million program for Centers of Excellence to recruit and prepare minority teachers.

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