



## SOUTH WEST ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS

---

*Submitted by  
George Torres  
Legislative Issues Chair  
7-15-03*

### *As August Recess Nears, Appropriations Action Heats Up*

As the August recess nears, Congressional action on the FY 2003 appropriations bills is heating up. So far, the House has passed six and the Senate two annual spending bills. Here is a breakdown of appropriations action.

- **Agriculture**—House scheduled for debate, vote, and action on 7-14-03. Senate scheduled for markup 7-15-03.
- **Commerce-Justice-State**—House Committee scheduled for markup 7-16-03.
- **Defense**—Senate committee issued Report 108-87 on 7-9-2003. Senate scheduled for debate, vote, and action on 7-14-03
- **District of Columbia**—House Committee scheduled for markup 7-15-03.
- **Energy and Water**—House Committee and Senate Subcommittee scheduled for markup 7-15-03.
- **Foreign Operations**—House Committee scheduled markup 7-16-03.
- **Homeland Security**—House Committee scheduled for markup 7-16-03.
- **Interior**—Went to Senate Subcommittee 7-9-03. Senate Committee issued report 108-89 on 7-10-03. House scheduled for debate, vote, and action 7-16-03.
- **Labor/Health and Human Services**—Passed by House 7-4-03.
- **Legislative Branch**—Went to House 7-9-03. Senate Committee issued report 108-88 on 7-10-03. Went to Senate 7-11-03.
- **Military Construction**—Went to Senate 7-11-03.
- **Transportation and Treasury**—Went to House Subcommittee 7-11-03. House Committee scheduled markup 7-16-03.
- **VA/HUD**—House Subcommittee scheduled for markup 7-15-03.

If the House Appropriations Committee reports the five FY 2004 appropriations measures scheduled for mark up this week, the panel will have reported all but one annual spending bill (VA-HUD), with one week remaining before the scheduled August recess.

On the Senate side, there are two subcommittee markups scheduled for tomorrow (Agriculture and Energy and Water). If these two spending bills are reported to the full committee tomorrow, five appropriations bills will remain for subcommittee/full committee markup.

Look for the Senate to take up the FY 2004 Department of Homeland Security ([H.R. 2555](#)) or the Labor-HHS ([H.R. 2660](#)) spending bill after the body completes its work on the DOD appropriations bill. No word yet on which appropriations bill(s) the House will consider for the remainder of the week. We will follow House and Senate appropriations developments throughout the week.

## CBO's Estimated June Surplus Does Not Affect Projected Record Deficit for FY 2003

By: Scott Cox (Monday, Jul 14, 2003)

CBO last week released its latest [Monthly Budget Review](#), reporting a \$21 billion surplus for the month of June, but projecting a record deficit of more than \$400 billion for FY 2003.

Here is CBO's comparison of FY 2002 and estimated FY 2003 figures for the month of June (in billions of dollars):

	<b>FY 2002</b>	<b>FY 2003 Estimate</b>	<b>Estimated Change</b>
<b>Receipts</b>	183	192	9
<b>Outlays</b>	154	171	18
<b>Surplus</b>	29	21	-8

Although the federal government ran an estimated \$21 billion surplus last month, outlays were about \$18 billion more this June than last June, totaling approximately \$171 billion. CBO attributed one-third of increased outlays last month to higher defense spending, and pointed to entitlement programs for much of the remaining increase.

FY 2003 budget totals *through* June (in billions of dollars):

	<b>FY 2002</b>	<b>FY 2003 Estimate</b>	<b>Estimated Change</b>
<b>Receipts</b>	1,404	1,352	-50
<b>Outlays</b>	1,518	1,623	105
<b>Deficit (-)</b>	-116	-271	-155

According to CBO, the federal government ran a deficit of approximately \$271 billion so far this fiscal year, compared to the \$116 billion deficit recorded for the same period in FY 2002. As receipts decreased (about 6.3 percent) in the first three quarters of FY 2003, outlays rose approximately 6.7 percent during the same period (excluding outlays for net interest). CBO attributes the 14.9 percent rise in defense spending—and entitlement programs like Medicaid (7.3 percent)—as the main reason for the increase in outlays so far this fiscal year.

Democrats point to the 2001 and recently enacted tax cuts as the primary reason for the current fiscal situation. House Budget Committee Ranking Member Spratt, in reaction to CBO's most recent budget analysis, stated that “although revenues have been driven down by previous Republican tax cuts, the effect of the latest enacted law is only beginning to be felt. That is a key reason why many budget watchers believe that the deficit will be even larger next year.”

Look for Democrats to use this latest report to reinforce their argument that the enacted tax cuts since 2001 were a mistake, especially when defense and entitlement spending continue to rise at their current levels. Look for Republicans to argue that the current fiscal situation is due more to Congress' overspending, not because Americans are undertaxed.

The Administration (Office of Management and Budget) has also projected a similar FY 2003 deficit of \$455 billion. The OMB is also projecting a FY 2004 deficit of \$475 billion.

## ***Student Financial Aid-Related Bills In Congress***

The following bills are the major student financial aid-related legislation filed during the First Session of the 108<sup>th</sup> Congress. HEA related bills have an asterisk (\*).

### **S. 1356**

FY2004 Appropriations Bill for Labor, Health & Human Services, and Education agencies and programs. For student financial aid, the Senate and House bills maintain FY2003 spending levels for the Pell Grant (\$4,050 maximum annual grant), Supplemental Educational Opportunity Grant ((\$760 million), Work-Study (\$1.004.4 billion), Perkins Loan (\$166.5), and Leveraging Educational Assistance Partnerships (\$66.5) programs. Both bills provide \$300 million for the GEARUP program—an increase of \$6.9 million over FY2003 and \$15 million over the administration’s request. Both bills provide \$487.5 million for minority serving institutions—an increase of \$15 million over FY2003, and \$17 million over the administration’s request. The Senate bill proposes \$840 million for the TRIO program, while the House bill proposes \$835 million. Current year funding for TRIO is \$827 million and the administration’s FY2004 request is \$802.5.

Both the Senate and House bills have been reported from committee and are ready for consideration by the full Senate and House.

### **Senate Concurrent Resolution 23/House Concurrent Resolution 95**

The FY2004 budget resolution, which set out a blueprint for the Congress to follow in developing the 13 FY2004 appropriations bills. The Senate resolution finds education programs at \$80.3 billion. The House resolution funds education programs at \$75 billion—\$2 billion less than the Administration’s request. The Senate resolution includes \$2.2 trillion in spending for 2004—including \$791 billion in discretionary spending, which includes funding for student financial aid programs—a \$4,500 maximum annual Pell Grant, “sense of the Senate” provisions calling for a maximum annual Pell Grant of \$9,000 by 2010, and increased funding for Title III institutions, and a reduced tax reduction. The House-passed budget resolution totals \$1.8 trillion—including \$776 billion in discretionary spending—and freezes student financial aid funding at current levels, and instructs the Appropriations Committee to identify \$9.7 billion in savings from education, health, and labor programs.

The resolutions are presently in a Senate/House conference committee, which will adjust the differences between the two and report back a single resolution to the Senate and House for final adoption.

### **\*HR 12**

The FED UP Higher Education Technical Amendments Act of 2003 incorporates provisions from last session’s failed HR 4866 by Representative Buck McKeon (R-CA). The bill includes the same provisions of the original HR 4866 as it was filed last summer, including:

- the extensions of the two provisions that expired on 10/1/02 that allowed low student loan default rate schools to disburse loan funds in a single disbursement and to waive the 30 day delay for disbursement of loan funds to first time, first year borrowers;
- clarification of two return of Title IV funds issues;
- allowing requests for student loan repayment forebearances to be made in ways other than in writing;
- allowing students who were home schooled to be eligible for Title IV student aid.

Two new provisions added to HR 12 are:

- allowing the discharge of student loan debt for spouses of police, firefighters, rescue and safety personnel, and members of the Armed Forces who died or became permanent and totally disabled as a result of the 9/11/01 attacks in New York and Washington, DC; and

- allowing the waiver of the 50 percent restriction on an institution's ability to offer coursework through telecommunications for institution's with student loan default rates below 10 percent.

### **HR 129**

Increases the Lifetime learning tax credit index from \$5,000 to \$10,000, directs the Comptroller general to determine if schools are raising their tuition rates in response to the increase, and expresses the sense of the House that the maximum Pell Grant should be \$4,700.

### **HR 227**

Makes the student loan single disbursement rule for low default schools permanent.

### **\*HR 438/HR 647**

Increases the student loan forgiveness amount for math, science, and special education teachers to \$17,500.

Passed by the full House.

### **HR 501**

Establishes a student loan forgiveness program for nurses up to a total of \$17,000 over five years.

### **HR 685**

Repeals the provisions prohibiting persons convicted of drug offenses from receiving federal student financial aid.

### **HR 696**

Amends the provision prohibiting persons convicted of drug offenses from receiving federal student aid to those persons convicted while receiving aid.

### **HR 734**

Establishes a student loan forgiveness program for social workers who work in child protective service capacities.

### **HR 789**

Expands eligibility for student loan forgiveness for teachers to teachers who work in economically depressed rural areas of the country.

### **HR 838**

Repeals the National Advisory Committee on Institutional Quality and Integrity and provisions that relate to the use of accrediting agencies to designate school as eligible to participate in the federal student financial aid programs, and directs the Education department to develop competitive methodologies to assess institutional eligibility.

### **HR 934**

Incorporates provisions of HR 438, 647, and 501 into a single bill.

### **HR 942/S. 835**

Repeals the student loan single holder provision.

### **HR 1056/S. 512**

This legislation—Generating Opportunity by Forgiving Educational Debt for Service (GOFEDS)—proposes to allow the federal government’s student loan repayment program to operate as other employer student loan repayment programs by making the repayments made by a federal agency on behalf of an employee exempt from taxes

**HR 1304**

Amends the student interest tax deduction law by making it a tax credit and increasing the income eligibility ceiling.

**HR 1306**

Provides student loan forgiveness of up to \$17,500 for student loan borrowers who are employed in public service jobs in shortage areas, including teachers, child care workers, nurses, and child welfare workers.

**HR 1412**

The HEROES Act allows the Secretary of Education to excuse all military members called into active duty during the current conflict from making payments of their student loans, provide full refunds of tuition and fees not used as a result of military activation, and minimize application for reenrollment into college for eligible military members.

Passed by the full House.

**\*HR 1684**

The Student Adjustment Act proposes amend the 1996 Illegal Immigration Reform and Immigrant Responsibility Act and the Immigration & Nationality Act to grant permanent legal residency status to middle school, high school, and college students who are undocumented immigrants who have been in the U.S. for at least five years.

**HR \_\_—College Affordability in Higher Education Act of 2003**

This bill proposes to place a flexible federal cap on the annual increase in the cost of education at institutions of higher education that is equal to twice the rate of inflation. The bill also includes a “college affordability experimentation site program that proposes to provide regulatory relief to institutions that develop and implement “innovative approaches to delivering higher education while increasing college affordability”.

**HR 2211**

The Ready to Teach Act proposes to align the teacher training programs in the HEA with those established under 2001’s No Child left behind Act (PL 107-110).

Passed by the full House.

**\*HR 2504**

The Student Loan Fairness Consolidation Act of 2003 proposes to allow student loan borrowers to refinance their consolidated student loan debt consolidated under the current variable rate formula for Stafford loans.

**\*HR 2505**

Proposes to allow student loan borrowers to refinance their consolidated student loan debt at a fixed rate of 6.8 percent, increase the maximum Pell Grant to \$7,000 in 2004, and repeal the student loan origination fee.

**\*S. 4**

Proposes a variety of education-related provisions and “sense of the senate” clauses, including, expanding student loan forgiveness for math, science, and special education teachers, increased authorized funding levels for Historically Black and Hispanic-serving institutions, expanding the deductibility of student loan interest, making prepaid tuition and savings programs tax exempt, and urging the Congress to consider higher education costs, academic preparation, increasing funding for student aid, simplifying the student aid application process, & improving accountability during the HEA Reauthorization.

**\*S. 8**

The Educational Excellence for All Learners Act of 2003 is the 48 member Senate Democratic Caucus’ primary education legislative vehicle for the two-year 108<sup>th</sup> Congress. It is one of twelve bills filed as the Senate Democrats package of bills that defines its agenda for the current Congress. The package includes bills on homeland security, health care, a prescription drugs benefit, minimum wage, environmental protection, and Head Start.

S. 8 proposes to increase authorized funding levels for a variety of K-12 education programs, the TRIO and GEAR UP programs, Title III and Title V, and Pell Grants. The bill also repeals student loan origination fees, and makes Hope and Lifelong Learning tax credits refundable.

These bills, and related information, will be able to be accessed at:

[www.thomas.loc.gov](http://www.thomas.loc.gov).