



September 16, 2003

Congressional Update

As the First Session of the 108th Congress begins to draw to a close, the two primary topics of interest to all of us are the status of the FY2004 appropriations bill for Labor, Health and Human Services, and Education and the status of the Higher Education Reauthorization.

Ninety percent of \$3 billion in direct, need-based student financial aid awarded to Texas higher education students each year is provided through the federal programs established under Title IV of the HEA.

FY2004 Appropriations—The House and Senate have approved their respective versions of an appropriations bill. Amendments to increase funding for the Title IV student aid programs offered in both the House and Senate were defeated. They were defeated primarily because of increases needed for the national defense, homeland security, and war/reconstruction related expenses, a projected \$500 billion FY2003 and FY2004 budget deficit, new proposals to reduce taxes, and the perceived need by many members of Congress that, in an election year, the Congress must pass major, high profile domestic legislation, e.g., a prescription drug benefit, Social Security reform, on which to mount a successful reelection campaign.

The two Labor-HHS-Education bills are now in a conference committee. But, as far as funding for student aid is concerned, little or no increases are on the horizon, with the exception of possibly small increases for TRIO, GEARUP, Title III, and Title V (minority serving institutions). The maximum Pell Grant may be taken back to \$4,000.

The Southwest and Texas Associations of Student Financial Aid Administrators, Association of Texas Lenders for Education, and TG sent letters to Senators from the region urging support for the Senate Floor Amendment to increase appropriations for the Title IV programs. That amendment, offered by Senator Kennedy, was defeated by a largely party-line vote of 49-46, with Senators Bingaman, Breaux, Hutchison, Pryor, Landrieu, and Lincoln voting in favor of the amendment.

Hopefully, the conference committee can report a bill out before the planned October 6th adjournment with at least the funding levels provided for in both bills. However, it appears that because of a controversial amendment added to the Senate bill concerning the repeal of a proposed Labor Department rule related to overtime pay, the deliberations will be contentious, since the Administration has stated the final bill would be vetoed if such a provision is in the bill.

Senators Specter, Cochran, Gregg, Craig, Hutchison (TX), Stevens, DeWine, Shelby, Domenici (NM), Harkin, Hollings, Inouye, Reid, Kohl, Murray, Landrieu (LA), and Byrd are the Senate conferees.



HEA Reauthorization—The Texas and SWASFAA Reauthorization papers have been updated and distributed to all congressional offices representing the region. It will be submitted to the House Subcommittee on Select Education as part of TG’s testimony during a public hearing on the HEA Reauthorization to be held on October 6th at the University of Texas Pan American in Edinburg, Texas.

The House leadership, the Department of Education, and the Administration have all stated the next HEA Reauthorization will focus on access, accountability, and affordability/cost containment, rather than increases in authorized appropriations levels for student financial aid.

Before this current congressional session adjourns, or later in the fall, the House Committee on Education and the Workforce, and its Subcommittee on 21st Century Competitiveness, plan on having all of the HEA Reauthorization bills filed and some approved by the Committee. A few of the bills have been filed, considered by the Committee, and two have been passed by the House (HR 438 and HR 2211). According to Congressman Buck McKeon, who chairs the Subcommittee, and is the point person for the HEA Reauthorization in the House, there will be as many as twelve HEA Reauthorization bills reported from the Committee. Each bill will deal with either a single topic, or a few related topics, as HR 438 does in proposing to increase loan forgiveness for certain teachers.

The Senate Health, Education, Labor, and Pensions Committee has not published its HEA Reauthorization plans. But, minority staff and members have indicated that they are in no rush to file legislation and will take a more deliberate approach to developing its legislation, which will probably be a single bill, rather than multiple bills.

The bottom line—Severe challenges and opportunities face all domestic education, health, and human service programs for at least the near future. The federal role is starting to be narrowly defined by some as protecting the borders of the country, while the states are being asked to take on a larger role in supporting all other programs. For student financial aid and preserving access to postsecondary education, it will be crucial for national, regional, and state associations, like SWASFAA, to be as active as they have ever been to work to court and solidify support among state and national policymakers and to educate these offices about the valuable and necessary role of an educated population and workforce in preserving the social and economic well-being of the country.

Student Financial Aid and HEA Reauthorization-Related Bills In Congress

The following bills are the major student financial aid-related legislation filed during the First Session of the 108th Congress.



Those with an asterisk are Higher Education Act Reauthorization-related bills. Those with two asterisks are the major reauthorization bills introduced by the majority members.

S. 1356/HR 2660

FY2004 Appropriations Bill for Labor, Health and Human Services, and Education agencies and programs. For student financial aid, for the most part, 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 (\$1.00.4 billion), Perkins Loan (\$99.4), 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.

The bills are in a House-Senate conference committee.

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 thirteen 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 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:



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- the extensions of the two provisions that expired on October 1, 2002 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 forbearances 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 September 11, 2001 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 institutions 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

The College Opportunity for a Better America Act of 2003 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 and replaces the income sensitive repayment provisions in the FFELP to income contingent.

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 House and Senate and signed by the President on August 19th.



***HR 1684**

The Student Adjustment Act proposes to amend the 1996 Illegal Immigration Reform and Immigrant Responsibility Act and the Immigration and 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 2238**

The Next Generation Hispanic Serving Institutions bill is the Congressional Hispanic Caucus’ HEA Reauthorization legislation. The bill proposes to establish a new grant program to promote graduate programs at Hispanic serving institutions.

***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**

The College Loan Assistance Act of 2003 proposes to allow student loan borrowers to refinance their consolidated student loan debt at a fixed, weighted average rate capped at 6.8 percent, increase the maximum Pell Grant to \$7,000 in 2004, and repeal the student loan origination fee.

***HR 2711**

The Student Loan Fairness Act of 2003 is similar to 2504 and 2505. It proposes to repeal the single holder rule, allow reconsolidations of consolidated student loans at a variable rate of 2.3 percent plus the 91 Day Treasury Bill rate, capped at 6.8 percent, and also lowers the cap on Stafford and Plus loans 6.8 percent and 7.5 percent.



****HR 2956—Financial Aid Simplification Act**

This bill proposes to direct the federal Advisory Committee on Student Financial Aid to conduct another study on ways to simplify the SFA needs analysis process and the FAFSA, and to submit recommendations to Congress.

****HR 3039—Expanding Opportunities in Higher Education**

This bill proposes to increase the funding authorizations for all Title IV programs, TRIO, minority serving institutions, GEARUP, and loan forgiveness for student loan borrowers working in public service jobs.

***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, and 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 108th 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