



*Submitted by*  
**George Torres**  
Legislative Issues Chair  
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## ***Senate Punts Omnibus Approps Bill Into January***

After reconvening for two days (December 8<sup>th</sup> and 9<sup>th</sup>) to pass the FY2004 omnibus appropriations bill—two and one half months late—the Senate punted the funding bill (H.R. 2673) into January after the Democratic leadership objected to Majority Leader Frist's request to take up and pass the measure by unanimous consent.

The result is that agencies and programs within the following seven FY 2004 spending bills—totaling \$328.1 billion in discretionary spending and \$820 billion in total spending—will operate at current funding levels through January 20th:

Agriculture  
Commerce-Justice-State  
District of Columbia  
Foreign Operations  
Labor-HHS-Education  
Transportation-Treasury  
VA-HUD

The most recently enacted continuing resolution runs through January 31<sup>st</sup>, and is the vehicle for extending funding for agencies and activities within the remaining unpassed appropriations bills at FY 2003 levels. When Congress reconvenes on January 20th for the Second Session of the 108th Congress, the Senate will have less than two weeks to complete its work on the omnibus, or be forced to pass another CR.

Senator Frist filed a motion to invoke cloture on H.R. 2673, and the vote on the motion will occur on January 20th at 2:30 PM. Sixty votes will be required to end debate on the omnibus conference report before a final vote on the measure can occur.

After it was evident that completing work on the omnibus would be delayed until next year, Minority Leader Daschle wasted no time reciprocating the criticism he received as majority leader for failing to complete work on FY 2003 appropriations bills. During closing floor remarks, Daschle stated that "at the beginning of the year, we were told the White House and the Senate Republican leadership would make sure the appropriations process ran more smoothly than ever before. In fact, the process broke down to an extent never seen before, opening the door to the worst kind of legislative abuses and special interest giveaways."

Senator Daschle offered a unanimous consent request to take up and pass the FY 2004 Foreign Operations conference report as a standalone bill, which provides an additional \$800 million for the global HIV/AIDS initiative, but Senator Frist objected to the UC, asserting that sufficient

funding was available for the program through the end of January, when he believes the body will complete action on the omnibus.

The House earlier passed the omnibus conference report by a roll call vote of 242-176, and later adjourned Sine Die.

### ***FY2004 Appropriations***

Having failed to pass the FY2004 appropriations bill to fund education programs, the Second Session of this Congress will attempt to do so next year.

Since the proposed FY2004 appropriations for federal student financial aid and related programs were nearly identical in both the House and Senate versions of the Labor-HHS-Education bills, student aid funding was not an issue in the conference committee. Appropriations for these programs will essentially be the same as FY2001, FY2002, and FY2003, with some slight increases for TRIO, Title III and Title V.

Current year funding levels will continue through January 31, 2004. The Second Session of the 108<sup>th</sup> Congress will convene on January 20, 2004 with the first item of business to be revisiting the omnibus bill.

However, because of the increasing annual federal deficit (the CBO is estimating that the FY2004 deficit will be about \$100 billion over the FY 2003 deficit of \$374 billion) and cost of the “war on terrorism”, the Second Session of this Congress may consider funding reductions in programs funded through discretionary appropriations (about 30 percent of the annual budget) when considering FY2005 appropriations. Student financial aid falls into this category.

### ***HEA Reauthorization***

The HEA Reauthorization process will begin next year during the Second Session of the 108<sup>th</sup> Congress when the Administration submits its Reauthorization recommendations to Congress in February as a part of its FY2005 budget recommendations. The process is likely to continue into the First Session of the 109<sup>th</sup> Congress which will convene in January 2005.

What this means is that the HEA Reauthorization this time will be a major election year topic, with the Republicans pushing their effort to pass legislation that incorporates accountability and cost containment in higher education with “adequate” student financial aid for those who need it, and Democrats countering with the single House bill (HR 3180) and Senate bill (S 1793), along with a few stand alone bills on accountability and cost containment, as the only true, comprehensive, balanced Reauthorization bills that have been introduced that include significant increases in student aid and accountability provisions. This will be coupled with the argument that the Republicans have been in control for several years and have yet to put a Reauthorization bill on the table, much less pass a bill, or increase funding for higher education. The last significant increase in student aid came before the current Administration and Congress. Look

for fireworks on this issue during the next year. Higher Education has not been on the front burner in a presidential election since the 1960's.

The major issues that will impact both the HEA Reauthorization process and annual appropriations will remain:

- the growing annual federal budget deficits and multi trillion dollar national debt;
- the 2004 general election in which the control of the Congress and White house will up for grabs (not to mention many state legislatures and governorships);
- the changing role of the federal government's responsibilities to support domestic education, health, and human service programs vs. the role of national defense/homeland security, and competing, high profile programs and initiatives, e.g., Social Security, Medicare;
- the debate over the provision of a prescription drug benefit, universal health care coverage, and
- further tax relief.

Listed are student aid and Reauthorization related bills. Those bills with an "R" are bills introduced by members of the majority party and have the best chance of being considered by the House and Senate at this time.

Four House Reauthorization bills have been passed by the House and are awaiting action by the Senate Health, Education, Labor, and Pensions (HELP) Committee. These bills are HRs 438, 2211, 3076, and 3077. Quick action by the Committee is not expected.

HR 3180 introduces the House Democrats version of the Reauthorization bill which—as one might expect—includes just about everything for everyone, e.g.;

- dramatic increases in authorized funding levels for Title IV programs;
- repeal of the single holder rule;
- reconsolidation for student loan borrowers; and
- new programs for HSIs and HBCUs.

Since the Democrats are in the minority, this bill likewise will receive little attention by the House Committee.

One other House Democratic bill is the College Affordability and Accountability Act which includes similar provisions concerning state funding for student financial aid and incentives for states and institutions to contain tuition costs in exchange for additional federal student financial aid as S 1793.

S 1793, **the College Quality, Affordability, and Diversity Act**, is the Senate HELP Committee Democrats, led by Senator Kennedy, Reauthorization bill which, like the House Democrats' bill, proposes to:

increase authorized funding levels for all Title IV programs reaching \$11, 600 for the maximum Pell Grant (like HR 3180) by 2009;

increase authorized funding levels for Title III and Title V institutions;

- increase authorized funding for the GEARUP and TRIO programs;
- increase the tax credit of the Hope Scholarship and Lifetime Learning Credit;
- repeal the Federal Direct Loan Program (FDLP) loan origination fee;
- establish financial incentives for institutions that participate in the FDLP;
- establish a grant program for consortia of institutions that propose programs that reduce the cost of education for students;
- establish a college cost summit involving the Education Department and representatives from institutions to develop collaborative plans to control college costs;
- allow reconsolidation of loans made through the FDLP;
- allow FDLP income contingent loan forgiveness for borrowers who are employed in the public sector, e.g., government, education, law enforcement, etc., and made (while employed in the public sector job) 120 payments through ICR; and
- reduce subsidies paid by the federal government to FFELP lenders and holders of FFELP loans.

This bill, even though it is the Democrats' bill (who are also in the minority in the Senate) has a better chance of being seriously considered by the Senate Committee and full Senate, than does the House bill by the House Committee and full House because of the almost 50/50 split between Republicans and Democrats in the Senate, and because of the more politically moderate tone of the Senate.

## **R 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 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.

**R 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 942/S. 835**

Repeals the student loan single holder provision.

**HR 1304**

Amends the student interest tax deduction law by making it a tax credit.

**HR 1306**

**The College Opportunity for a better America Act of 2003** provides student loan forgiveness to 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 1684**

**The Student Adjustment Act** proposes 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.

**R 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 new grant program to promote graduate programs at HSIs.

**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 2622/S. 1753**

These bills propose to amend the **Fair Credit Reporting Act (FCRA)** to extend preemptions of state credit reporting laws that expire on January 1, 2004, establish new provisions to prevent identity theft, increase consumer access to credit information, improve the accuracy of credit information, and promote financial literacy. The California congressional delegation opposed the bill because it preempts the California state law by requiring consumer opt-in provisions, allows the continued use of SSNs for identification purposes, does not include language that requires consumers to be notified when an adverse credit decision has been made based on information in a credit report or language that allows a consumer to correct incorrect information, and is not tough enough on penalties for identity thieves that use stolen credit information to commit other crimes, e.g., terrorist acts.

Bill is in a House/Senate conference committee.

**HR 2711**

**The Student Loan Fairness Act of 2003** is similar to 2504 and 2505. It proposes to repeal the single holder rule, allow consolidations 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.

**R 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.

**R 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.

**R HR 3076—Graduate Opportunities in Education Act**

This bill proposes to reauthorize Title VII of the HEA and adds new language that supports graduate programs that education teachers in K-12 shortage areas, e.g., mathematics, science, English as a Second language, and special education.

Passed by full House.

**R HR 3077—International Studies in Higher Education Act**

This bill proposes to reauthorize Title VI of the HEA which establishes a program to support postsecondary education programs in international studies for students who wish to pursue careers in international relations and students who wish to become fluent in foreign languages.

Passed by the full House.

### **HR 3180—College for All Act**

This is the House Democrats HEA Reauthorization bill. Included among the bill's provisions are proposals to:

- increase authorized funding levels for all Title IV SFA programs to restore their 1985 buying power;
- increase funding levels and expand programs that focus on increasing access to postsecondary education for minority students and children of migrant farmers;
- allow student loan borrowers to reconsolidate their student loan debt with the lender of their choosing;
- repeal student loan fees paid by the borrower; establish a new program to establish and enhance graduate programs at HSIs; and
- increase authorized funding levels for minority serving institutions.

### **R HR 3311 - College Affordability in Higher Education Act of 2003**

This bill proposes to place a flexible federal formula cap on the annual increase in the cost of education charged by different types of postsecondary education institutions. 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". The bill's effective date is 2008, with actual implementation beginning in 2011.

### **HR 3384—Student Loan Full Interest Deductibility Act**

This bill proposes to remove the annual \$2,500 interest cap and \$65,000 annual income cap from the student loan interest income tax deduction.

### **R HR 3412—Higher Education Affordability and Equity Act**

This bill proposes to repeal the cap on the annual student loan interest income tax deduction, increase the maximum annual income to qualify for the deduction to \$100,000 and \$200,000, increase the annual maximum contribution to education savings accounts to \$5,000, and exclude the amount of gift aid from the income calculation for student financial aid.

### **HR 3519—College Affordability and Accountability Act**

This bill includes similar the provisions as those included in S 1793 concerning encouraging and rewarding state's and institutions to control tuition costs in exchange for increased Pell Grant funds.

### **R HR 3613—Student Aid Streamlined Disclosure Act**

This bill proposes to require income verification for all Pell Grant recipients through a data match with the IRS. The bill is being promoted as a way to use up to \$400 million annually in mistakenly awarded Pell Grant money to ineligible students to award to eligible students.

**S 589—Homeland Security Workforce Act**

This bill proposes to allow the forgiveness of federal student loan debt up to \$60,000 for borrowers who work in national security positions within the federal government for at least three years.

Passed the Senate.

**S 1742**

This bill proposes to establish a variable interest rate for consolidation loans and maintain the variable interest rate for regular Stafford loans.

**S 1793—College Quality, Affordability, and Diversity Act**

This bill is the Senate Democrats' Reauthorization bill. Like the House Democrats' bill, it proposes to:

- increase authorized funding levels for all Title IV programs reaching \$11,600 for the maximum Pell Grant (like HR 3180) by 2009;
- increase authorized funding levels for Title III and Title V institutions, increase authorized funding for the GEARUP and TRIO programs
- increase the tax credit of the Hope Scholarship and Lifetime Learning Credit;
- repeal the Federal Direct Loan Program (FDLP) loan origination fee;
- establish financial incentives for institutions that participate in the FDLP;
- establish a grant program for consortia of institutions that propose programs that reduce the cost of education for students;
- establish a college cost summit involving the Education Department and representatives from institutions to develop collaborative plans to control college costs;
- allow reconsolidation of loans made through the FDLP;
- allow FDLP income contingent loan forgiveness for borrowers who are employed in the public sector, e.g., government, education, law enforcement, etc., and made (while employed in the public sector job) 120 payments through ICR;
- and reduce subsidies paid by the federal government to FFELP lenders and holders of FFELP loans.

**R S 1968—Financial Literacy in Higher Education Act**

This bill proposes to build on the consumer financial literacy provisions included in HR 2622 passed in November 2003 and signed into law. The bill would fund five pilot financial literacy projects at universities to improve financial and economic literacy of college students.

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

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