

## **Legislative Relations Committee Updates November 2002 SASFAA Board Meeting from Karen Fooks, SASFAA Legislative Relations Committee Chair**

Karen and her committee have been working diligently to prepare SASFAA's position on several reauthorization issues to be presented to the NASFAA Reauthorization Task Force. These issues include: Pell entitlement; independent student definition; campus based allocation; community service work-study; increasing Stafford Loan limits; school as a lender and illegal inducements. Karen presented these issues to the SASFAA board and provided them with an opportunity to give comments or suggestions. Karen will be reconvening her committee to discuss these reauthorization issues further, and determine the issues that have consensus and prepare SASFAA's recommendations. The recommendations will be posted to the Executive Board listserve. Karen will receive any comments to these recommendations and then prepare a final recommendation.

### ***ELECTION***

#### **GOP Wins Big**

In an unusual turn of events for a mid-term election, the party in power (GOP) gained seats in both the House and the Senate and gave the Republicans control of both houses of Congress. Senate leadership of key committees will now pass to the Republicans and could very well impact the direction of reauthorization. In likelihood, Sen. Judd Gregg (NH) will replace Ted Kennedy (MA) as chair of the Senate Health Education Labor and Pensions (HELP) Committee. It may also force junior committee members Hillary Rodham Clinton (NY) and John Edwards (NY) off the committee entirely. Gregg is known as a fiscal conservative and has been said to support changes in the Higher Education Act that would link institutions' student loan eligibility to graduation rates and to re-examine the role of accreditation. The Senate appropriations committee will likely be chaired by Ted Stevens (AK) who would replace current chair, Robert Byrd (WV).

In the House, John Boehner (OH) is likely to retain chairmanship of Committee on Education and the Workforce and the committee composition would remain the same. Bill Young (FL) will remain the chair of the appropriations committee.

The current lame duck Congress will return to work later this month. As of this writing since Vice President Cheney casts the deciding vote in the event of a tie, this essentially give control to the Republicans. It is also possible that Republican Senator-elect Norm Carlson will take office as soon as the election results are certified putting the Republicans in undisputed control with a 50-49-1 majority.

While a fully Republican Congress may help the President push through some of his initiatives, the Democrats still control enough seats to hold up legislation on procedural grounds. So the likely outcome overall may still be compromise or gridlock.

### ***APPROPRIATIONS***

#### **FY 03 Budget**

There is still no final budget for FY 03 education appropriations. The Congress passed a short term continuing resolution until November 22. It is possible the lame duck Congress could come back and finalize appropriations but the more likely outcome is a consolidated (all the unbudgeted appropriation categories) long-term continuing resolution. The higher education community is generally not in favor of a long term CR because it would likely continue funding at FY2002 levels and could cause delays in publishing a Pell payment schedule and notification of campus-based allocations.

The Republican's remain deeply divided over government spending. The conservatives wish to pass the President's budget as submitted while the moderates are looking to increase spending on popular programs such as education and student aid. So far, neither side is giving at all.

### **30 DAY DELAY/MULTIPLE DISBURSEMENTS EXPIRATION**

***In August, SASFAA sent emails to key House and Senate leaders urging that legislation be passed extending the Stafford Loan 30-day delayed disbursement and multiple disbursements in a single term waiver. However, despite the efforts of the financial aid community, no legislative action was taken and the waiver provisions expired on September 30. There is still some hope (albeit limited) that this can be addressed during the lame duck session and attached to an omnibus bill that ties up***

*a lot of loose ends. Failing that, we will try again when the new 108<sup>th</sup> Congress convenes in January.*

## **LEGISLATION**

### **S. 3145 Youth Service Scholarship Act**

Description: Would amend the Higher Education Act to include a scholarship program to encourage and support students who have been involved in a substantial amount of public service

Status: Introduced October 17 by Sen. Christopher Dodd (R-CT). Referred to education committee.

### **H.R. 5636 Nurse Loan Forgiveness Act of 2002**

Description: Would establish a student loan forgiveness program for nurses as part of the Stafford loan program, as a way to encourage individuals to enter and continue in the nursing profession.

Status: Introduced October 10 by Rep. Tom Tancredo (R-CO). Referred to education community.

### **H.R. 5901 Canceling Loans to Attract Classroom Teachers Act (CLASS ACT)**

Description: Would provide for an increase in the amount of loans that can be forgiven for teachers working in Title I schools from \$5,000 to \$17,500 and would provide for cancellation of loans for spouse of 9-11 victims.

Status Passed by the House October 1 and referred to the Senate education committee on October 2.

### **H.R. 5501 Higher Education Accrediting Agency Responsibility Act of 2002**

Description: Would refocus the purpose of accreditation on providing comparative information about college quality, rather than determining student aid eligibility, and would end the "virtual monopoly" that accrediting agencies enjoy, and require them to operate in a competitive environment.

Status: Introduced September 30 by Rep. Tom Petri (R-WI). Referred to education committee.

### **S. 2915 Loan Cancellation for September 11 Survivors**

Description: Would cancel the student loans of spouses, surviving joint debtors and parents of individuals who died or become permanently and totally disabled due to injuries suffered in the terrorist attacks on September 11, 2001.

Status: Introduced September 9 by Sen. Charles Schumer (D-NY). Referred to education committee.

### **S. 2916 Tuition Assistance for Families Act**

Description: Would expand the tuition tax deduction to \$12,000 for taxpayers whose adjusted gross income does not exceed \$65,000 (or \$130,000 for joint returns), and to \$2,000 for taxpayers whose adjusted gross income does not exceed \$80,000 (or \$160,000 for joint returns); raise the Lifetime Learning tax credit from \$10,000 to \$12,000; and boost the maximum Pell Grant from \$4,000 to \$4,500.

Status: Introduced September 9 by Sen. Joe Biden, (D-Del). Referred to finance committee Sept. 9.

### **S. 2909 College Tuition Relief Act of 2002**

Description: Would amend the Internal Revenue Code of 1986 to make permanent the deduction for qualified tuition and related expenses and to repeal the sunset of the Economic Growth and Tax Relief Reconciliation Act of 2001 with respect to such deduction and the extension of the exclusion for employer-provided educational assistance.

Status: Introduced September 5 by Sen. Gordon Smith (R-OR). Referred to finance committee.

**Sources for articles: AASCU, NASFAA, Student Aid Alliance, Student Aid News**

Reauthorization Update

## **Timeframe**

The timeframe for reauthorization seems to be shifting like quicksand. Some parties in Congress have expressed an interest in keeping Reauthorization on a fast track while some in the Administration have indicated that ED will not submit its proposals until February 2004.

The reality is probably somewhere in between. The House still wants to keep to the December 31 deadline for public comment and will then use the spring to evaluate those comments and hold hearings; however, there is no real indication when an initial bill may be marked up.

Since the Senate leadership will change shortly, it is uncertain what the Senate HELP committee schedule or priorities will be.

So, the process appears that it will start off on the fast track but will likely not be completed until sometime in 2004.

## **Process**

The three watch-words in this reauthorization will be consensus, cost and accountability.

Congressional leaders have made clear that they believe higher education was hurt in the last reauthorization due to lack of consensus within the community on major issues. The Washington higher ed associations have heard that message and will be working hard to bring divergent positions into line. Similar activities are occurring with lenders and guaranty agencies.

NASFAA's Board of Directors will meet next week to review the Reauthorization Task Force proposals to establish NASFAA's initial position. It is likely that some of the more controversial proposals will be either not accepted by the board or sent back to the Task Force for refinement. Even after the Board accepts the proposals, some may still be reworked at a later date to form a consensus with the other Washington higher ed associations.

Due to the federal budget deficits and the costs associated with the President's war on terrorism, the cost of reauthorization proposals will receive close scrutiny and there will be a lot of horse-trading down the road as associations decide what their priorities are and where to draw a line in the sand.

With the shift in Congressional leadership, "accountability" will be an even stronger watch-word than it was earlier. Some reauthorization proposals or rationales may need to be structured to speak to this issue. Expect some degree of lunacy on the issues of graduation and retention rates, college costs, etc.

## **SASFAA Position**

In an effort to keep financial aid association positions in line with desire for consensus, it is the position of the legislative relations committee, that SASFAA wait to formalize its position until after the NASFAA Board of Directors has reviewed the work of the reauthorization task force. The legislative relations committee will then review those proposals, and put its recommendations before the SASFAA executive board via email for comment and approval/disapproval and advise the board of any issues that where SASFAA believes it should take a different position from that of NASFAA. Once the board has had a chance to comment on the recommendations, the legislative relations committee will review the comments, make adjustments as appropriate and submit the final recommendations to the elected officers and state presidents for a final vote. The approved recommendations will be sent to the House education committee and to NASFAA before December 31.

Even after SASFAA's official positions have been advanced, the legislative relations committee will continue to monitor other association positions, any revisions to higher ed association positions, Congressional comments, hearings, etc. and recommend possible changes to the SASFAA position as appropriate.