

Federal Update

December 22, 2005

One More Stop for the Budget Reconciliation Bill

The Budget Reconciliation conference report, which cuts almost \$13 billion from student financial aid programs, has passed both the House and Senate, however, it needs to go back to the House floor due to the Senate making technical changes to the bill. Because of those changes, the Senate bill is slightly different than the House bill, causing the need for the House to re-vote on the bill before it can be sent to **President Bush** for signature.

In the Senate, **Vice President Cheney**, Senate President, returned early from an overseas trip to break the tie yesterday morning and pass the bill on a vote of 51-50. The bill, which contains \$40 billion of spending cuts to many programs such as Medicaid and Medicare, also makes ample cuts to student financial aid programs. The student loan program will be cut \$12.7 billion over five years. Savings in the bill are generated mainly by cutting government subsidies to private lenders, raising the interest rates on loans taken out by parents, and requiring borrowers to pay a 1 percent fee to guarantee agencies. The bill also cuts \$2.2 billion used to administer the student aid programs. The House could re-vote as early as this week if they return, or as late as February, if they wait until after the recess to take up the bill.

State college and university students have been actively involved in communicating with Congress the consequences of cutting financial aid programs. The students' efforts are greatly appreciated and help to keep public higher education accessible and affordable.

Congress Approves Bill to Fund Education Programs for FY2006

With the Senate passing the Labor, Health and Human Services, Education conference report late last night by "unanimous consent," both bodies have approved the report and it is now headed to **President Bush** for his signature. The House passed the bill December 14 on a close vote of 215-213. You may remember that the House unexpectedly defeated the bill in November which sent it back to conference committee. The changes conference committee negotiators made last week in order to garner enough votes to pass the bill were for health programs, not education. Specifically, \$90 million was added for rural health programs.

The bill freezes spending on most federal student aid programs. It provides for a maximum Pell Grant award of \$4,050, which amounts to no increase over last year. Both the House and the President had sought to raise the maximum award to \$4,100, but the Senate did not include the increase in their bill. The bill would sustain the FY2005 level of funds for several programs, including \$837 million for the TRIO programs for disadvantaged students; \$307 million for GEAR UP, which helps low-income students to attend college; and \$990.3 million for federal work study. The bill also provides \$1.309 billion for the Carl D. Perkins Vocational and Technical Education program, which provides funds to community colleges for career programs.

The bill allocates \$125 million for a new job training program proposed by **President Bush**, intended to help community colleges train workers for fast growing fields such as health care. That amount is half of the requested \$250 million. Also included is \$184 million, an increase of \$5 million, on the Education Department's Math and Science Partnerships program. This program provides money to math and science faculty members at colleges to train school teachers to improve their knowledge in those fields. You can review the complete bill at <http://thomas.loc.gov/>. (Bill Number H.R.3010).

The Senate, however, is expected to pass a separate bill today that would cut spending levels for these and all federal programs by 1 percent. The Defense Department bill contains an across-the-board cut of 1 percent to all its programs as well as to amounts set by Congress in separate appropriations bills. All the above programs, with the exception of the Pell Grant, would be subject to the 1 percent cut if the bill passes.

Higher Education Act (HEA) Extended

Last weekend the House passed the second Higher Education Act extension this year, which extends the Act to March 31, 2006. You may remember that the Senate tried to include the HEA in the budget reconciliation bill, while the House kept the two separate. The conference committee report does not contain the entire reauthorization bill although it does incorporate many of the bill's provisions. This means that the HEA debate will continue when Congress returns after the winter recess, and they have until the end of March to pass something.

DREAM Act Gains Momentum at the Federal Level

Senator Dick Durbin (D-IL) has re-introduced the Development, Relief and Education for Alien Minors (DREAM) Act, which allows states to grant in-state tuition to undocumented students. In the last Congress, the Senate Judiciary Committee approved the DREAM Act, but it did not come up for a floor vote. The DREAM Act may also be included in comprehensive immigration legislation that will be considered by the Senate Judiciary Committee early next year. If you have been following this issue at the state level, **Senator Sandy Pappas (DFL-St. Paul)** and **Rep. Ray Cox (R-Northfield)** introduced legislation that would also allow for in-state tuition for undocumented students. This provision, which ended up in the higher education omnibus bill and was removed at the final hour in conference committee, invoked much debate and controversy at the state capitol. Both **Sen. Pappas** and **Rep. Cox** have indicated that we will see this legislation in the 2006 Session.