

Federal Update December 28, 2005

House Delays Vote on Modified Budget Reconciliation Report until February

On Thursday, December 22, the House delayed until after the winter recess, the re-vote on the budget reconciliation conference report that was modified by the Senate after failing to get unanimous consent to approve it. The House is scheduled to return January 31, 2006. As a reminder, this is the bill that contains \$40 billion worth of spending cuts to many programs such as Medicaid and Medicare, and makes 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.

With the House already in recess last Thursday and members having returned home to spend the holidays with their families, **Speaker Dennis Hastert (R-III)** hoped to avoid calling members back for a vote by approving the changes through unanimous consent. However, House Minority Leader **Nancy Pelosi (D-Calif)** said Democrats insisted on a recorded vote. Delaying the vote until the House reconvenes Jan. 31 means that funds for some programs would dry up temporarily. The extra time gives opponents to the bill another chance to influence legislators.

Federal Programs Cut 1 Percent

The possibility of a 1 percent cut to all federal spending programs mentioned in last week's federal update, became a reality. Congress passed the Defense Department appropriations bill which includes a 1 percent cut across-the-board to all federal discretionary spending programs. The bill, H.R. 2863, calls for a reduction in spending for education programs of more than \$560 million. The bill can be found at <http://thomas.loc.gov/>.

Agreement on Labor-HHS-Education Appropriations Bill

If you missed the last federal update prior to the holidays, know that Congress approved their appropriation bill to fund education programs for FY2006. The new conference report contained no earmarks.

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).