

This Week in Washington

Higher Education Reauthorization Bill Passes House

Late on Thursday night, the House passed the Higher Education Reauthorization Bill. It was passed on a bipartisan basis after a long day of bickering about rules for amendments as well as motions to include unrelated provisions on FY09 appropriations requests.

The College Opportunity and Affordability Act passed the House with a vote of 354-58. The bill has a number of new reporting requirements, which we have highlighted in the past. Some of the more significant provisions of the bill are the college cost watch lists, the campus-based digital theft preventions, disclosure of the transfer of credit policies and details of arrangements with student-loan companies including preferred lender lists.

The most fireworks of the bill's passage actually came before the bill was actually debated on the floor. There were close to 60 amendments offered to the Rules Committee and the Committee only allowed 27 of those amendments. The majority of those amendments were submitted by Republicans and several of those would have prevented federal aid from going to undocumented/illegal immigrants, expanded the Solomon amendment, required institutions that use affirmative action to disclose their admissions policies, stopped federal funds from institutions that partner with any entity that discriminates against the military, endorsing the Horowitz Academic Bill of Rights, and McKeon's effort to have the Education Department explore the impact on the student loan industry by last fall's Congressionally mandated subsidy cuts and the current credit crunch. The Rule for the floor debate passed by the Rules committee did prohibit the House from considering an amendment proposed by Rep. Welch (D-VT) which would have removed a provision that would punish states that cut their higher education budgets. That provision in the bill would withhold federal matching funds from states that reduce their appropriations to colleges below the previous year's level or a five-year average.

The only amendment that was allowed by the rule and not agreed upon was one introduced by Rep. Davis (D-ILL) which would have made private student loans dischargeable in bankruptcy. This would have allowed borrowers to wipe out all their debt after five years of repayment, as one could imagine, this was strongly supported by students and consumer groups and opposed by the banking industry.

A summary of the amendments accepted to the bill would:

- Give the Education Department more authority to regulate private student loans, prompted by last year's investigations into illegal inducements given to colleges by lenders, aimed at regulating lenders and college officials in making loans to students.
- Require colleges develop methods for giving their students legal ways to download movies and music, and that institutions explore technologies to stop

illegal peer to peer file sharing. This provision had been strongly opposed by several college groups, especially since those promoting it based their arguments largely on data about campus downloading that have since been shown to be seriously flawed. MPAA's original statistics stated that 44% of those illegally downloading music were of college age. MPAA was conducting an updated version of their study and found that the original numbers were closer to only 15% of those illegally downloading were college age. EDUCAUSE has actually estimated this number to be closer to 3%. Based on this study correction, as well as the cost to institutions, this will be a provision we will encourage to be struck during conference.

- Bar the U.S. Education Department from issuing regulations governing higher education accreditation, designed to ensure that colleges are measuring student learning outcomes. The legislation would also create a new federal position, an "ombudsman," to intervene in disputes related to accreditation.
- Extend to three years from two the period the federal government uses to calculate the rate at which student loan borrowers default, but delay implementation of the change until 2012 and raise some of the rates at which penalties against institutions with high rates kick in.
- Set a ceiling on the maximum Pell Grant of \$9,000, and allow for students to receive Pell Grant funds year-round, instead of just during the previously standard academic year.
- Require states to maintain their financial support of higher education and allow the Education Department to withhold some funds to states that cut their college appropriations. This will be an interesting debate during conference as many state legislators strongly oppose this bill.
- Make some much-sought changes in the Academic Competitiveness Grant Program, including making the grants for low-income students available to part-time students and those seeking certificates as well as degrees, and removing the role of the Secretary of Education from deciding whether high school programs are of sufficient academic rigor to qualify students for the grants, leaving that decision instead up to state officials.
- Mandate that textbook publishers expand the information they provide to faculty members about pricing and changes from past editions, and that colleges put information about required books in their course schedules to help students shop for books more cost effectively, among other provisions aimed at easing textbook prices.
- Require more oversight on diploma mills by directing the Education Department to publish lists of accredited institutions and accreditation agencies, among other things.
- Make changes to make it easier for students to get information about their financial aid awards and to simplify the process by which students mainly those from low-income families, can qualify for federal financial aid.
- Establish a loan fund to help colleges and universities damaged or otherwise impaired by natural disasters such as the 2005 hurricanes in the Gulf Coast.
- Toughen standards for teacher education programs.

In Congress

Chair of House Subcommittee on Capitol Markets and 20 other House Members ask Administration to Address Student Loan Liquidity

Rep. Paul E. Kanjorski (D-Pa.), Chairman of the House Financial Services Capital Markets, Insurance, and Government Sponsored Enterprises Subcommittee, and 20 other Members of the U.S. House of Representatives [have urged Secretary of the Treasury Henry M. Paulson, Jr. and Secretary of Education Margaret Spellings](#) to take action to ensure that students can afford higher education.

The members sent a letter to the administration officials because of their concerns regarding the liquidity of the student loan market, which has tightened considerably in recent weeks. Kanjorki's office said he "aims to ensure that students can obtain needed loans to provide continued access to higher education opportunities." Read more through the following link:[Chair to Address Student Loan Liquidity](#)

As reported in HEWI 2-19-08

House Republican Education Leaders Express Concern About Student Loan Availability

Two Republican leaders of the House education committee have written to Secretary of Education Margaret Spellings "to express our concern about the impact of... market disturbances on student access to postsecondary education." Rep. Howard "Buck" McKeon (R-Calif.) and Rep. Ric Keller (R-Fla.) wrote the letter after they tried and failed to place amendments in the House version of the Higher Education Act reauthorization to monitor the availability of student loans. They said they were worried about tight credit markets and recent failures of several student loan auctions. "We are happy to hear that you have reached out to and will be meeting with others in the Administration who have a deep understanding of financial markets to discuss these issues," the lawmakers wrote. "We look forward to hearing from you after your meeting and working with you to ensure that all students continue to have access to student loans and choice in their student loan lender."

As reported in HEWI 2-19-08

Budget

As you know, the President released his budget earlier this month. As the budget numbers are still being reviewed a number of issues are being raised as the economy continues to move toward a recession. The amount of funding offset for Pell grants through appropriations in the annual discretionary fund may not keep up with inflation. This could be further impacted by the fact that there could be as many as 950,000 thousands new students eligible for loans and Pell Grants this

year. These numbers could mean difficulty in the federal programs meeting the needs of all eligible students. Other issues with the budget could be seen in the decrease in funding for minority-serving institutions, cuts in funding for career and technical colleges. The House and Senates may have their budgets set as early as the week of March 10th. It is predicted that the Senate could go as high as \$4.2 billion over the President's Budget this year.