

# DATELINE: WASHINGTON

INSIDE THIS ISSUE:

Washington Moralizing?	1
Appropriations	1
Reauthorization	1
Crystal Ball	1
LEAP/GAP	2

## New Year Issue

Welcome back and Happy New Year to all of you. Let's hope for a peaceful and successful 2006.

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Things in Washington are slow these days: the Congress finally recessed after a flurry of activity, much of which made national headlines. For those of you who haven't been following the antics -- and believe me, there were many -- I will just say that it was fun, fun, fun for political junkies. Our Student Aid Alliance colleagues were following and reporting on the budget reconciliation process minute by minute, blow by blow. Power plays were rampant, compromise was missing, and arm twisting was at its highest. Even the White House was heavily involved.

When all was said and done, the House and Senate each finally agreed on a budget reconciliation. But because the Senate made a few minor non-education changes, the bill needs to return to the House for final consideration. Action on the conference report is not expected until the House returns on January 31, 2006. Minority leader Nancy Pelosi (D-CA) has stated that the budget bill "fails the moral test" and is insisting on a roll call vote. So the fun will continue until at least February.

### Appropriations

Budget issues aside, the Congress did pass appropriations bills for both defense and education. Both bills were extremely controversial. But in close votes, both passed. The bottom line is that all discretionary, non-defense spending will get a 1% across the board cut from current year. LEAP appropriations, for example, will be about \$64 million next year instead of \$65 million this year. While that's not a huge loss, it continues to go the wrong way, and coupled with inflation, means we've lost 4% or more in buying power this year. I wonder how many states will be able to increase their appropriations to meet the growing student need.

### Reauthorization

As for reauthorization, the HEA was extended to 3/31/06 with hopes the Congress could pass it by then. I'd have to say at this point: No way! First of all, the House doesn't come back until February 1, which means they'd have only 6-8 weeks to confer with the Senate and agree on a final bill. True, Senate and House staff will be meeting in January. But there are some fundamental differences between the two bills that will probably mean committee staff will not be able to come to agreement by themselves. Conferees will have to work out the compromises and as of now they haven't appointed any conferees.

But assuming they appoint conferees right after they get back from recess, that gives them February and March to work on HEA. If they work out the potentially contentious issues, and they can get most of the bill done by the end of March, there's a good chance we'll have a bill this year, even if they have to extend another month or two to finalize a few small things. But if they're still far apart by the middle of March -- and frankly, there are some issues that have potential to come down to a fight -- we could go another year. No Member wants to deal with these kinds of bills too close to a big election, especially one in which the Democrats are hoping to pick up enough seats to change the balance and Republicans are concerned because of the Bush's low poll numbers.

### Crystal Ball-Gazing

When I look into my crystal ball these days, it's cloudy at best. But if I had to guess, I'd say yes, we'll have HEA reauthorized in spring. And most of the changes will be in the loan programs, plus the smart grants. I will leave it for another update to get into the specifics of HEA. And you can also be checking the NCHelp and NASFAA sites for more information. Or you can call or write to me directly.



**Dateline: Washington**

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**Page Two**

**LEAP/GAP**

One specific program you're probably concerned about is the LEAP/SLEAP program. As most of you know, the Senate bill eliminates SLEAP and replaces it with GAP (Grants for Access and Persistence). There is nothing in the House version about GAP. Instead, the House bill simply reauthorizes LEAP/SLEAP as is. But it's not as if anyone in the House is against GAP. In fact, I've spoken with both the Republican and Democratic staff of the House Education and Workforce Committee and there doesn't appear to be any opposition to the GAP program replacing SLEAP. So my guess is it will go through when the rest of HEA is passed.

Feel free to call or write me with any questions or comments. And please be sure to keep checking the NASSGAP website for the latest update. We will try to have a new one every week.

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