

DATELINE: WASHINGTON

State of the Union

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Dateline Washington –January 24, 2007

Last night many of us watched the President deliver his State of the Union address and the big talk around town is what the new Speaker of the House wore. Yes, that's being discussed. But the point of it is not so much about the fashionistas, but about for the first time a woman was sitting behind the President. Equally important is the fact that the President addressed a crowd that is not of his party. As a result, he was expected to be more conciliatory and address issues of greater concern to Democrats. Other than some mention of No Child Left Behind or possibly Pell Grants and the high cost of tuition, no one anticipated that he would bring up anything of substance related to higher education programs or funding.

The House, of course, under the strong leadership of Ms. Pelosi, managed to push through the six items on her agenda not in the first hundred hours, but in 87 hours (the Democrats claim 42 hours because they want to count only the time in session dealing with the issues). The bill affecting student aid (HR 5) is, of course, the gradual lowering of the interest rates on subsidized Stafford Loans. This bill is quite controversial and many have pointed out its shortcomings. They include: it does nothing to help access; it doesn't help to lower tuition; the benefit is for those that went to college, many of whom would then be able to pay market rates, not get a subsidy; and of greatest concern, what else could have been done with the \$7.1 billion dollars it will cost. Under the House rules "pay-as-you-go" or "Pay-Go," this money will come from subsidies FFEL lenders and guarantors receive.

Many in the higher education community here in Washington, DC have mixed feelings about the bill, and while it may not be an issue the NASSGAP organization will identify as a priority to address, many of our members are from dual agencies with guarantors, and they will be affected.

So what of its chances for passage? Senator Kennedy, the new chair of the Senate Health, Education, Labor, and Pensions Committee, just yesterday introduced S 359, the Student Debt Relief Act, which makes lowering interest rates part of a bigger package to help students. Of course, all of this may be put into a proposed Reauthorization. The timing, we hear, is some time in March. If that happens, then clearly there will not be any lowering of interest rates come this July. Everything would be put off a year. However, never say never, so it's possible that Congress would consider isolating this one issue and passing it more immediately to give instant relief to new borrowers. I want to remind you that this lowering of interest rates will affect only borrowers who qualify for subsidized Stafford loans. Unsub and PLUS loans (including GPLUS) would still have the same interest rates passed under HERA (6.8% for unsub Stafford, 8.5% for FFEL PLUS, 7.9% for Direct PLUS).

Appropriations

As reported back in November, the Congress still has not passed the appropriations bills for the FY07 year (the one we started October 1, 2006). We are living under a Continuing Resolution (CR) which expires February 15th. From what we hear, the Congress is likely to pass a full-year long CR using the FY06 numbers.

For LEAP, that means holding steady at \$65 million.

Committee Chairs and Assignments

With the Democratic takeover of the Congress, all the committees have new members and new chairs. For the most part the chairs were the ranking minority members but in the case of Education, that's not 100% true. And even more important, the subcommittee chairs are new. So once again we will have to make inroads with the new staff of these members.

Here's a list of the Senate HELP Committee members and the House Subcommittee on Higher Education, Lifelong Learning, and Competitiveness (formerly the 21st Century Competitiveness). If you know them or they are in your state or district, let's be sure to start the dialog. In particular, it's great to talk to the local office so they get feedback directly from the source. You're not trying to influence, you're trying to educate. Most of these Senators and Representatives have never heard of LEAP or can't tell you anything about GEAR UP or TRIO. When they know the impact of these programs on their home districts, they can make informed decisions about them. And when you have any contact, please let me know so I can follow up in the DC office.

| Senate HELP | |
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| <p><u>DEMOCRATS</u> Edward Kennedy (MA) Christopher Dodd (CT) Tom Harkin (IA) Barbara A. Mikulski (MD) Jeff Bingaman (NM) Patty Murray (WA) Jack Reed (RI) Hillary Rodham Clinton (NY) Barack Obama (IL) Bernard Sanders (I) (VT)</p> | <p><u>REPUBLICANS</u> Michael B. Enzi (WY) Judd Gregg (NH) Lamar Alexander (TN) Richard Burr (NC) Johnny Isakson (GA) Lisa Murkowski (AK) Orrin G. Hatch (UT) Pat Roberts (KS) Wayne Allard (CO) Tom Coburn, M.D. (OK)</p> |

| Subcommittee on Higher Education, Lifelong Learning, and Competitiveness (formerly 21st Century Competitiveness) | |
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| <p><u>DEMOCRATS</u> Chairman Ruben Hinojosa (TX) John Tierney (MA) David Wu (OR) Timothy Bishop (NY) Jason Altmire (PA) John Yarmuth (KY) Joe Courtney (CT) Robert Andrews (NJ) Robert C. "Bobby" Scott (VA) Susan Davis (CA) Danny Davis (IL) Mazie Hirono (HI)</p> | <p><u>REPUBLICANS</u> Ranking Minority Member Ric Keller (FL) Judy Biggert (IL) Michael N. Castle (DE) Vernon J. Ehlers (MI) Virginia Foxx (NC) John R. "Randy" Kuhl, Jr. (NY) Cathy McMorris Rodgers (WA) Thomas E. Petri (WI) Mark E. Souder (IN) Timothy Walberg (MI)</p> |

The Future for Legislation

What we do know is that the Democrats have pledged to do something to help families deal with the rising cost of higher education. They passed the student loan interest rate cut and want to increase Pell Grants. Some, particularly Senator Kennedy, want to encourage more use of the Direct Loan program which they see as costing less than the FFEL Program. But as I said previously, all of this costs money and short of raising revenue somehow, no one knows how giving these benefits can be done.

In addition, there is much talk about "Rethinking Student Aid," whether it's at ED, the Advisory Committee, the College Board, or on the Hill. Big ideas are welcome and listened to. That's both a curse and a blessing.

As always, I welcome comments and questions. You can call me at (571) 239-0511 or write to bartastor@cox.net.

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