

DATELINE: WASHINGTON

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Issue Three

I hope you all had a wonderful Thanksgiving and didn't get too caught in the storms and travel delays. It started to snow here in Washington yesterday and many of you know what that means: the entire government comes to a standstill. That may not be such a bad thing, as I'll explain.

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Budget Reconciliation

Prior to the Thanksgiving recess, the Senate passed its budget reconciliation. It's not particularly good for students since it will mean higher student loan fees and interest for them and holds Pell Grant, SEOG, and LEAP at their current levels. But at least it doesn't take money away. So far! The Senate returns next week for a one-week session before ending for the holiday recess. With two appropriations bills to pass (including the education bill) and the kind of contentiousness that's going on now, that doesn't leave much time for bipartisanship to form.

And speaking of contentiousness, the House, came back into town December 5th to try and move their budget reconciliation along. You'll recall they were stalemated prior to Thanksgiving. The cuts needed to meet the House goal would be Draconian, although at least it didn't seem the cuts would come from the grants. If the House does pass their budget reconciliation, they then have to agree with the Senate which would not be easy since the numbers are significantly different.

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As I wrote earlier, if the budget reconciliation fails, it means that the Congress can't pass any appropriations bills. And that leads to the need for another Continuing Resolution (CR) to keep the government going.

But yesterday came word that House Education and Workforce Committee Chairman Boehner (R-OH) is moving toward education provisions

that "they would find acceptable" in the budget reconciliation package. Boehner told the Consumer Bankers Association, *"at the end of the day, you'll at least be satisfied ... I've got enough rabbits up my sleeve to get through what we need to get through. Relax, stay calm. Know that I have all of you in my two trusty hands."*

According to a Congress Daily article, he also said it was unlikely that the House and Senate can reach agreement on reconciliation by the end of the year. Furthermore, he said it is also unlikely that reauthorization would become part of the final package although he said he is open to the possibility.

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So where does that leave us? Well, that's a good question and will require an especially clear crystal ball. Sadly mine has gotten quite cloudy so I'll lay out what the possibilities are:

1. Continuing resolution (CR) for the entire year at current funding levels.
2. CR for the year at the lowest of current, Senate bill, or House bill

The Senate and House miraculously agree on the \$7 billion they're apart. And that's just the budget.

Reauthorization

As I said in a previous Update, the Senate's Higher Education Act (HEA) reauthorization bill is tied into their budget reconciliation bill. So unless the Senate and House can agree on a budget, reauthorization is also on hold. That means that the HEA, now extended to December 31, 2005, will need another extension to keep the programs going.

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But even if the House and Senate come to some agreement on budget, the House would still have to pass its reauthorization bill. They are not very likely to include it in their budget. As many of you know, the House and Senate reauthorization bills are quite different so there would have to be some sort of agreement in conference.

What are the odds of that? Again, my **crystal ball** is cloudy but the options are:

- 1 Extension of the HEA for a 3-month period to give them time to come up with an acceptable bill
- 2 Extension of the HEA for another year
- 3 The Senate and House miraculously agree on all the provisions in the two bills and pass the reauthorization (note that option 1 and 3 are not mutually exclusive).

By the end of this week we will likely have a good idea of where the House is. We will report on this next week so stay tuned. We may even have somewhat of an idea about the Senate 'though not likely since they don't return until Monday the 12th.

As always, if there is any important news, we will post it on the site and also notify you via the listserve.

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