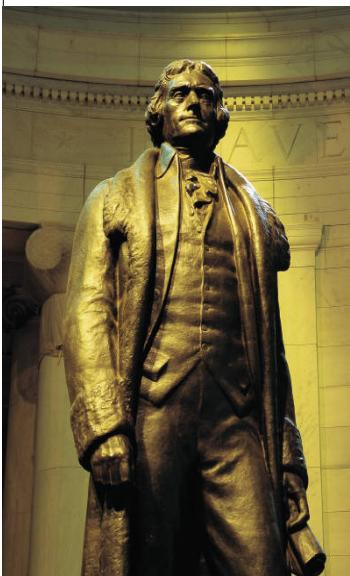


DATELINE: WASHINGTON

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Issue Two

Last week, somewhat surprisingly, the House was unable to reconcile its budget in which leaders were trying to save \$54 billion over a five-year period. The leadership did not even call for a vote, knowing they didn't have enough folks on board. So what does that mean? Well, for one, it puts a lot of things on hold. Certainly this could change since the leadership is hoping to bring up the budget reconciliation Wednesday on the House floor (November 16th). But they probably will not bring it up if they think it will fail. Currently, the advocacy efforts by many groups, including the Student Aid Alliance, have been successful in convincing Members that it's not good budget policy to take a hard toll on the neediest people, taking the bulk of the savings from programs such as Medicaid, food stamps, and student loans. The Alliance groups have been touting, "Stop the Raid on Student Aid," and from all reports, that message has gotten through to a lot of members of Congress.

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If the budget reconciliation fails, it means that the Congress can't pass appropriations bills. And that will lead to the need for another Continuing Resolution (CR) to keep the government going. It's of great concern to the financial aid community because the Senate's Higher Education Act (HEA) reauthorization bill is tied into the budget. So unless the Senate and House can agree on a budget (and clearly they won't be able to do that unless the House actually passes one), 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. And once again, reauthorization will be on hold.

As we said in last week's *Dateline Washington*, the bulk of the proposed savings in financial aid comes from student loans. Student loan fees

could rise, which of course is not very popular with the student groups who have rallied their troops quite effectively.

* * *

One concern with not having a budget, that has not been highlighted at all, but which we all support, is that **hurricane relief** money is tied into this budget process. So unless the Congress can agree on something or they separate that expenditure out in some way, there won't be any appropriations for hurricane relief.

And to make matters a little worse, there is the **Thanksgiving recess** coming up, with Friday, November 18th the getaway day. But the Majority Whip's office has made it clear there will be votes taken this week and that Members should plan on working until Saturday, November 19th if necessary.

It's a quickly changing environment these days so be sure to stay tuned and check the NASSGAP website later in the week for an update.

Bart Astor

bartastor@cox.net

NASSGAP DC Representative