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CONGRESSIONAL SCHEDULE  NEW

Neither the House nor the Senate was in session today.

The House will reconvene on Monday, May 12, in pro forma session. The agenda for next week includes consideration of the FY08 war supplemental appropriations bill (see item below) and possibly the conference report on the farm bill (H.R. 2419). The House may also consider the conference report on the FY09 budget resolution, if it is completed.

The Senate will reconvene on Monday, May 12, with no roll call votes. CQToday reports that next week’s agenda will include a reauthorization of the national flood insurance program (S. 2284), a collective bargaining bill (H.R. 980), and the farm bill conference report, if the House has completed action on it.

BUDGET & APPROPRIATIONS

BUDGET RESOLUTION MIGHT WAIT UNTIL JUNE  NEW

Senate Budget Committee Chairman Kent Conrad (D-ND) said yesterday that the delay in House consideration of the FY08 supplemental funding bill could push back the conference on the FY09 budget resolution to June, even though pre-conference negotiations are nearly complete.

Senator Conrad told CongressDaily, "It is clearly affecting the timing. You saw what happened in the House; they got delayed. That has a cascading affect and it is entirely possible that that would put us beyond Memorial Day."

He added that a major unresolved issue in the budget conference is the level of discretionary spending; the two sides are $1.8 billion apart.
CONSIDERATION OF FY08 SUPPLEMENTAL FUNDING BILL POSTPONED TO NEXT WEEK  UPDATED

Formal work on the FY08 supplemental appropriations bill has been postponed until next week in both houses of Congress. House Democratic leaders had planned to take their bill to the House floor on May 8, but resistance from both the conservative Democratic Blue Dog Coalition and House Republicans forced a delay until Wednesday, May 14. The House bill does not include added spending for science programs.

CQToday reports that members of the Blue Dog Coalition objected to including in the bill a major expansion of veterans’ educational benefits without a spending offset. According to a preliminary analysis by the Congressional Budget Office, the GI Bill expansion would cost an estimated $728 million over two years, with a 10-year cost in mandatory spending of more than $51 billion. The publication notes that House Democratic leaders do not want the offsets to come from taxes or Medicare, which makes coming up with the funds unlikely. To resolve the conflict, Democrats could allow a separate floor vote on the benefits, according to CQ.

White House Office of Management and Budget Director Jim Nussle said yesterday that President Bush was pleased that the House version of the bill stayed within his spending cap of $183.8 billion (including $66 billion for war spending in FY09), but that the addition of expanded veterans’ benefits and an extension of unemployment benefits would prompt a veto. By comparison, the Senate Appropriations Committee version of the bill totals $193 billion, or about $9 billion more than the House bill and the Administration’s request.

In response to the House delay, Senate Appropriations Committee Chairman Robert Byrd (D-WV) postponed markup of his version of the bill as well. “In view of the House inaction on the legislation this week,” he said in a May 8 statement, “I have very reluctantly agreed to the request of the House and Senate Democratic leadership to postpone the Senate Appropriations Committee scheduled markup…until next Thursday, May 15.”

It remains unclear what procedure the Senate will use to approve the supplemental funding bill. Senate leaders may add a domestic spending amendment to the House bill (see below). Such an amendment would require 60 votes for passage.

SENATE FY08 SUPPLEMENTAL FUNDING BILL WOULD ADD $1.2 BILLION FOR SCIENCE

Before the decision to postpone markup, the Senate Appropriations Committee was planning to act on a version of the FY08 supplemental appropriations bill on May 8 that included more than $8 billion in additional domestic discretionary spending, with $1.2 billion allocated for science programs, according to the committee’s press release.

A member of the CFR has learned that $975 million of that $1.2 billion total would be allocated in the following manner. (It remains unclear how the $225 million extra mentioned in the press statement would be spent.)

♦ National Institutes of Health -- $400 million to be distributed to NIH institutes and centers on a pro-rata basis.
National Science Foundation -- $200 million, of which $150 million is for research and $50 million for education. Within the research total, $10 million is for the National Academic Research Fleet (fuel costs). The education funding includes $20 million for Noyce Scholarships, $24 million for Graduate Research Fellowships, $5 million for Graduate Teaching Fellowships, and $1 million for Federal Scholarship for Service.

Department of Energy, Office of Science -- $100 million, which includes $45 million for High Energy Physics and $55 million for Fusion Energy Sciences.

NASA -- $200 million for NASA’s Return to Flight.

National Oceanic and Atmospheric Administration -- $75 million for Operations, Research and Facilities to alleviate economic impacts associated with commercial fishery failures.

OTHER CONGRESSIONAL DEVELOPMENTS

IMPLEMENTATION OF STUDENT LOAN ACT BEGINS  NEW

President Bush on May 7 signed into law the “Ensuring Continued Access to Student Loans Act of 2008” (H.R. 5715), which makes significant changes to federal student aid programs, including several aimed at providing liquidity in the federal student loan market.

The Department of Education said on May 5 that it should be able to start processing both emergency loan buy-backs and loans to guarantee agencies by June 1.

Along with the loan provisions in the bill (see below), the measure expands eligibility for the Academic Competitiveness Grant (ACG) and SMART Grant programs, using revenues from an expected increase in borrowing under the parent PLUS loan program.

The National Association of Student Financial Aid Administrators (NASFAA) and the broader higher education community are working with the Administration and Congress to try to address this and other issues and to ensure that institutions have adequate time to implement new provisions. Modifications to the new law could be made in the reauthorization legislation for the Higher Education Act, which the House and Senate are currently negotiating.

BACKGROUND

As discussed previously (See CFR Weekly Wrap-up, 05-02-08), H.R. 5715 will increase annual and aggregate loan limits for unsubsidized Stafford loans for undergraduate students, delay repayment for parent borrowers of PLUS loans, update procedures for lender-of-last-resort loans, and allow guarantee agencies to act as lender of last resort on an institution-wide basis. The bill also would authorize the Secretary of Education to purchase loans from private lenders previously made under the federally guaranteed Federal Family Education Loan (FFEL) program, provided that those purchases do not result in any cost to the federal government.

As noted above, the Department of Education said earlier this week that by June 1, it should be able to begin buying back FFEL loans and providing emergency funding advances to guarantee agencies.
The new law contains provisions intended to prevent lenders from abusing their new authority by requiring that loans issued under the lender-of-last-resort program have conditions and terms similar to those of other federally backed loans. This includes sunsetting at the end of the 2008-09 school year both the lender-of-last-resort program and the Secretary of Education’s authority to designate institution-wide lenders of last resort and to buy existing loans. The measure also requires the Government Accountability Office to conduct a study on the impact of raising student loan limits on tuition, fees, and living costs at colleges and universities and on private student loan borrowing.

As also discussed above, the bill expands eligibility for the AGC and SMART Grant programs, which would be paid for by an estimated $430 million in new revenues over five years from increased borrowing under the parent PLUS program.

A comprehensive summary of the bill, a clarification on loan limits, and a white paper on the student loan crunch are available from NASFAA here.

**CONGRESS EXTENDS HEA**

The Senate on May 7 gave final approval to another short-term extension of the Higher Education Act (HEA), one week after the most recent extension had expired. The new extension, through May 31, will give House and Senate negotiators on the five-year reauthorization bill (H.R. 4137, S. 1642) additional time to reach agreement.

The Senate approved a House-added amendment to make the extension retroactive to April 30, covering the week during which the previous extension was expired. The Senate had approved the original bill (S. 2929) by unanimous consent on April 29, but House action was delayed when Republicans objected to a unanimous consent request. Later on May 6, the House was able to approve the bill under suspension with the retroactive amendment.

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