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CONGRESSIONAL SCHEDULE  NEW

The House was in session today to consider the FY08 Legislative Branch appropriations bill (H.R. 2771). The Senate was in session, with no roll call votes scheduled.

Next week, the Senate will return to session Monday, but there will be no roll call votes until Tuesday, when senators will vote on cloture for the Employee Free Choice Act (H.R. 800), followed by a cloture vote on the comprehensive immigration bill (S. 1639). Consideration of the immigration bill is expected to take most of the week before Congress adjourns on June 29 for the week-long July Fourth recess. CQToday reports that Senate Majority Leader Harry Reid (D-NV) also hopes to consider the Defense authorization bill (H.R. 1585) next week, but that may depend on how the immigration debate proceeds.

The House next week will consider at least two FY08 appropriations bills: Interior-Environment (H.R. 2643), on Monday, and the draft Financial Services funding bill, possibly by Thursday.

BUDGET & APPROPRIATIONS

SENATE APPROPRIATIONS COMMITTEE APPROVES LABOR-HHS-EDUCATION BILL WITH ACCREDITATION AND STEM CELL RESEARCH PROVISIONS  NEW
The Senate Appropriations Committee yesterday, on a vote of 26-3, approved the FY08 Labor-HHS-Education bill with the same funding levels for NIH and student aid programs that were approved June 19 in subcommittee. The measure also includes two provisions of special interest to research universities: one to block the Secretary of Education from issuing regulations on accreditation before Congress has a chance to act, and the second to expand federal funding of embryonic stem cell research and provide ethical guidelines for the research.

**Accreditation.** The bill includes language similar to that in the House bill which would block the Department of Education from promulgating new regulations regarding accreditation before Congress has a chance to act. (See item below on Secretary Margaret Spellings’ letter saying the Department does not plan to move forward on accreditation rules at this time.)

**Stem Cells.** Addition of the stem cell provision to the bill followed President Bush’s veto the previous day of stem cell legislation (S.5) that would allow the use of human stem cell colonies, or lines, derived from leftover embryos from fertility clinics. (See stem cell item below). The provision added to the Senate bill would extend to June 15, 2007, the deadline of the executive order issued by President Bush in 2001 that restricts federal funding of embryonic stem cell research to cell lines derived before August 9, 2001. The ethical guidelines attached to the appropriations bill are the same as those approved as part of S. 5.

Rep. Dianne DeGette (D-CO), the lead House member on the issue, told *CongressDaily* yesterday that House leaders are unsure if they will include similar provisions in the House version of the Labor-HHS-Education appropriations bill (which is tentatively scheduled for full committee markup on July 9).

**FUNDING**

Total funding for the bill is $152 billion, which is about $2 billion below the House total, $4.7 billion above FY07 funding, and $9 billion above the President’s FY08 request.

**NIH.** The Senate bill would fund NIH at $29.9 billion, an increase of $1 billion, or 3.5 percent, over the FY07 level of $28.9 billion. The Senate total is about $250 million more than the House FY08 number of $29.65 billion and $1.2 billion more than the Administration’s FY08 request.

Within the Senate’s $1 billion increase, the actual increase in program funding for NIH would be $799 million because the measure supports the Administration’s proposal to increase the AIDS transfer from the current $99 million to $300 million, thus reducing the additional NIH program funding by $201 million. (The comparable program funding increase in the House bill, after subtracting the AIDS transfer, is $549 million.) If the Senate bill also increases funding for the long-term NIH children’s study, as the House bill does, this will further reduce the NIH program funding increase.

**Student Aid Programs.** The bill would retain the Pell Grant maximum award at $4,310. All other student aid programs would be funded at their FY07 levels, except for the TRIO and GEAR UP programs, which would receive increases of $30 million and $10 million, respectively.

The House bill would raise the Pell Grant maximum to $4,700 and provide an additional $40 million for TRIO, $20 million for GEAR UP, and nearly $10 million for international education programs. As with the Senate bill, the remaining student aid and graduate education programs would be funded at their FY07 levels.

HOUSE AND SENATE APPROPRIATIONS COMMITTEES ENDORSE SUBCOMMITTEE-PASSED FUNDING LEVELS FOR NEH

The House and Senate Appropriations Committees on June 21 marked up their respective versions of the FY08 Interior-Environment funding bill, with both endorsing the funding levels for the National Endowment for the Humanities (NEH) approved earlier by their subcommittees.

The House bill would provide NEH with $160 million in FY08, an increase of $19 million above the FY07 funding level and the Administration’s FY08 request. The Senate bill would provide NEH with $146 million, or $14 million less than the House bill.


SENATE HELP COMMITTEE APPROVES FY08 RECONCILIATION BILL

The Senate Health, Education, Labor, and Pensions (HELP) Committee approved the Senate FY08 budget reconciliation bill on June 20 by a vote of 17-3. Senators Wayne Allard (R-CO), Richard Burr (R-NC), and Judd Gregg (R-NH) voted against the measure, called the Higher Education Access Act of 2007.

The general outlines of the Senate reconciliation measure, which is still unnumbered, are as follows.

Grant Programs
The bill does not assume an increase in the Pell Grant maximum award. But using mandatory savings from cuts in lender subsidies, it would create and fund a new Promise Grant for low-income Pell eligible students who demonstrate the greatest need. The bill provides $2.6 billion for the new program in FY08, increasing to $10 billion in FY13 (a total of $17 billion over the next six years).

Establishes a College Access Partnership Matching Grant Program that would provide grants to states to support college-access programs for low-income students. States would provide a one-third share, the Federal government a two-thirds share. The measure provides $25 million in mandatory funds in FY08 and FY09 to implement the program.

Simplification of Student Aid Process
Includes several provisions to streamline the needs analysis and student aid application process. Expands student financial aid access through such means as increasing the threshold for “auto-zero” Expected Family Contribution (EFC) to $30,000, eliminating tuition sensitivity, and increasing the income protection allowance for students.
**Student Loan Provisions**

Creates a Student Loan Auction Pilot Program in which lenders in each state would bid for the right to be one of two lenders in that state eligible to originate federal Parent PLUS loans. An auction would be held in each state every two years with competing lenders making bids on the amount of special allowance payments they would be willing to receive from the Secretary. The Secretary would guarantee loans in the pilot program at 99 percent of the unpaid principal and interest due on loans.

Provides loan forgiveness for public sector employees after a 10-year period (for borrowers earning less than or equal to $65,000 the Secretary would forgive one-tenth of the remaining loan balance), requires student loan payments to be capped at 15 percent of the borrower’s adjusted gross income, and raises the amounts that working students can earn without reducing their financial aid awards, among other provisions.

Requires the Secretary to promulgate regulations within one year of the date of enactment to implement a provision that changes the definition of a not-for-profit loan holder.

The Senate bill does not raise the annual or aggregate Stafford loan limits or cut the interest rate on subsidized student loans, as included in the House reconciliation bill, the College Cost Reduction Act of 2007 (H.R. 2669).

**Revenue Raisers**

Includes several provisions that raise revenue by cutting subsidies for and imposing fees on lender and guarantee agencies in the Family Federal Education Loan Program (FFEL). This includes doubling the origination fee that lenders pay the government to one percent, cutting the amount the government reimburses lenders on defaulted loans to 97 cents on the dollar, reducing lender profits on new federal loans for for-profit lenders and nonprofit lending agencies, eliminating the exceptional performer status, and changing the way the Department of Education calculates administrative fees.

**OTHER CONGRESSIONAL DEVELOPMENTS**

**SENATE HELP COMMITTEE UNANIMOUSLY APPROVES HEA REAUTHORIZATION BILL**

The Senate HELP Committee on June 20 approved the Higher Education Amendments of 2007 (S. 1642), which would reauthorize the Higher Education Act (HEA).

The bipartisan measure was approved on a vote of 20-0 after several months of negotiations. A manager's amendment and three other amendments were approved by voice vote or unanimous consent during consideration of the bill. The first of two amendments by Senator Richard Burr (R-NC) would establish a new financial literacy program to award matching grants to organizations to provide such instruction to students. Senator Burr’s other amendment would establish a new Secondary School Graduation and College Enrollment Program, which would provide matching grants to organizations to improve high school graduation rates and college enrollments, among other activities. An amendment by Senator Sherrod Brown (D-OH) eliminated the provision in the base bill that would have established a priority in the TRIO Upward Bound programs for applicant projects or programs that use a student control group in the evaluation process.
Following is a summary of key provisions in the bill of interest to research universities:

**Student Aid**

- **Pell Grants:** Increases the authorized maximum Pell Grant award to $6,300 in 2011-2012. The bill also provides for year-round Pell grant awards.

- **Campus-based Aid Programs:** Reauthorizes each of the programs and makes no changes to the allocation formulas.

- **Academic Competitiveness and SMART Grant Programs:** Makes part-time students and permanent resident aliens eligible for participation.

**College Costs**

- **Definition of Net Price:** Defines "net price" as "the average yearly tuition and fees paid by a full-time undergraduate...after discounts and grants from the institution, Federal Government, or a State have been applied to the full price of tuition and fees."

- **Higher Education Price Indices:** Requires the Department of Education and the Bureau of Labor Statistics to develop "higher education price indices that accurately reflect the annual change in tuition and fees for undergraduate students" in the following categories of institutions: 4-year public, 4-year private, 2-year public, 2-year private, less than 2-year, and all types of institutions. The bill requires the indices to be updated annually.

- **Annual Tuition Change Rankings:** Requires the Secretary to publish annually "in a national list and in a list for each State, a ranking on institutions of higher education according to such institutions' change in tuition and fees over the preceding 2 years." The lists would be compiled by percentage change in tuition and fees over the preceding 2 years and by dollar change in tuition and fees over the preceding 2 years. The bill also requires that the lists be compiled in the following categories of institutions: 4-year public, 4-year private nonprofit, 4-year private for-profit, 2-year public, 2-year private nonprofit, 2-year private for-profit, less than 2-year public, less than 2-year private nonprofit, and less than 2-year private for-profit.

- **Tuition and Fees Watch Lists:** Requires the Secretary to publish annually "Higher Education Price Increase Watch Lists." These lists would include a ranking of each institution whose tuition and fees outpace the applicable higher education price index. These lists would report the full and net price of tuition and fees at the institution and the average price of room and board for living on campus. The lists would be compiled in a national list and for each state.

- **State Higher Education Appropriations Chart:** Requires the Secretary to report annually in charts for each State "a comparison of the percentage change in State appropriations per enrolled student in a public institution of higher education in the State to the percentage change in tuition and fees for each public institution of higher education in the State for each of the previous 5 years." Also, the Secretary would have to report in chart form "the total amount of need-based and merit-based aid provided by the State to students enrolled in a public institution of higher education in the State."
• Net Price Calculator: Requires the Secretary to develop in consultation with higher education institutions "several model net price calculators to help students...determine the net price" of an institution. Requires institutions to make available to the public a net calculator three years after the bill is enacted. An institution may use a net calculator developed by the Department of Education or one that it has developed. Following are the institutional categories for which the Department is to develop net price calculators: 4-year public, 4-year private nonprofit, 4-year private for-profit, 2-year public, 2-year private nonprofit, 2-year private for-profit, less than 2-year public, less than 2-year private nonprofit, and less than 2-year private for-profit.

• Net Price Reporting in Application Information: Requires institutions to include in the materials accompanying admissions applications "the most recent information regarding the net price of the institution, calculated for each quartile of students based on the income of either the students' parents or, in the case of independent students, of the students’" for each of the preceding 2 academic years.

• Enhanced COOL Website: Requires the Secretary to enter into a contract with an independent organization to improve the College Opportunities On-Line (COOL) Web site so that it "better meets the needs of students, families, and consumers for accurate and appropriate information on institutions of higher education."

• University and College Accountability Network: Requires the Secretary to develop a model document for institutions to report voluntarily information about themselves (tuition, enrollment, financial aid, student-faculty ratio, and more). Information would be posted on the COOL Web site.

• GAO Report on IPEDS burden: Requires GAO to "conduct a study on the time and cost burdens to institutions of higher education associated with completing the Integrated Postsecondary Education Data System."

• Independent Assessment of College Cost Factors: Requires the Secretary to contract with "an independent, bipartisan organization to carry out an independent assessment of the cost factors associated with the cost of tuition."

Accreditation

• National Advisory Committee on Institutional Quality and Integrity (NACIQI): Eliminates NACIQI and replaces it with an Accreditation and Institutional Quality and Integrity Advisory Committee that would have essentially the same powers to make recommendations to the Secretary about recognition of accrediting agencies. The bill requires that the 15 members of the new advisory committee be appointed by the Speaker of the House (5), the Senate President pro tempore (5), and the Secretary of Education (5). Under current law, the Secretary appoints all 15 members of NACIQI.

• Student Achievement: Requires accrediting agencies to have standards for accreditation that assess an institution's "success with respect to student achievement in relation to the institution's mission, which may include different standards for different institutions or programs, through the determination of expected levels of student outcomes that are established by the institution, and which use, as appropriate, empirical evidence and external indicators with respect to criteria regarding" such things as:
o student retention rates,
  o course completion rates,
  o program completion and graduation rates,
  o results on State licensing examinations,
  o job placement rates,
  o "as appropriate, enrollment in graduate and professional programs," and
  o "as appropriate, other student performance information selected by the institution."

- Transfer of Credit: See the following for new requirements placed on accrediting agencies.

**Transfer of Credit**

- **Policy Disclosure:** Requires every institution to disclose whether it denies a transfer of credit solely on the basis of the agency or association that accredited the sending institution. Every institution must also provide a list of institutions with which it has articulation agreements.

- **Accreditation Requirement:** Requires accreditation agencies to confirm as a part of their review of an institution that the institution has transfer-of-credit policies that are publicly disclosed and that include a statement as to whether the institution denies transfer of credit based solely on the accreditation of the sending institution.

**Student Loans**

- **Student Loan Sunshine Act (S. 486):** Includes many of the provisions of S. 486, including the following provisions:
  
  o requires institutions to develop codes of conduct with respect to student financial aid practices;
  o requires the institutional chief executive officer, the chief operating officer, the chief financial officer, or a "comparable officer" to submit annual attestations regarding the institutional code of conduct;
  o prohibits institutions from participating in loan agreements that would allow them to share revenue with the lender;
  o prohibits campus employees with responsibilities affecting student loans from receiving gifts or trips worth more than nominal value; and
  o requires extensive new disclosures of information on institutional preferred lender lists.

- **School As Lender Program:** Sunsets the school as lender program in 2012.

**New Reporting/Disclosure Requirements**

- The bill includes a host of new institutional disclosures, including disclosures on:
  
  o Student loans;
  o Institutional policies and sanctions related to copyright infringement, including illegal peer-to-peer file sharing;
  o Student body diversity;
Employment obtained by and placements of alumni;
o Graduate education and professional school enrollment of alumni;
o Fire safety policies;
o Campus emergency response and evacuation policies and procedures; and
o Transfer of credit (described above).

Graduate Education

- Javits Fellowships and Graduate Assistance in Areas of National Need (GAANN) programs: Reauthorizes both programs and clarifies the statutory link between the stipend levels for the programs to that of the National Science Foundation Graduate Research Fellowship program.

- Creates a new Patsy T. Mink Graduate Education Program, which would provide assistance to students from underrepresented groups who choose to pursue a Ph.D. or other graduate terminal degree.

International Education

- Title VI programs: Reauthorizes current programs. Imposes new application requirements for the language and area centers and undergraduate international studies and foreign language programs. The new application requirements state that each application "shall include an explanation of how the activities funded by the grant will reflect diverse perspectives and a wide range of views and generate debate on world regions and international affairs." Also, applications must include a description of "how the applicant will address disputes regarding whether activities funded under the application reflect diverse perspectives and a wide range of views."

Math and Science

- Math and Science Scholars Program: Creates a new program of competitive matching grants for states to award scholarships to eligible students who complete a rigorous curriculum in math and science and who meet other criteria. The student scholarships can be up to $1,000 and can be awarded for up to two years.

**NEGOTIATIONS ON SENATE IMMIGRATION BILL REMAIN FLUID**

As Senate Democratic and Republican leaders continue to work on a strategy for moving comprehensive immigration reform through the Senate, the outlines of an amendment to increase the number of H-1B visas remain unclear. What began as an amendment to be offered by Senators Maria Cantwell (D-WA) and John Cornyn (R-TX) that addressed many of the concerns of the higher education and business communities has been modified significantly, and the chief sponsors are now Senator Jon Kyl (R-AZ) and Senator Cantwell.

*CongressDaily* reports that the amendment, which is still being negotiated, would “increase the overall visa cap and boost the exemptions,” but also contains labor-protection language added by Senator Richard Durbin (D-IL). The revised Kyl-Cantwell amendment includes a provision that would eliminate higher education’s current exemption from the H-1B visa cap and replace it with an annual allocation of 50,000 visas. This proposed limitation is of great concern to the research university community. Senate negotiations on the amendment continue.
EXECUTIVE BRANCH

PRESIDENT VETOES STEM CELL BILL, EXPANDS NIH STEM CELL REGISTRY

President Bush on June 20 vetoed legislation to expand federally funded embryonic stem cell research (S. 5). It was the third veto of his administration and the second time he has vetoed stem cell research legislation. Senate Majority Leader Harry Reid (D-NV) is expected to schedule an override vote on the bill. House and Senate Democratic leaders have made the legislation a priority, but based on previous votes, the bill does not have sufficient support in either chamber to override the veto.

The President also issued an executive order expanding the types of stem cell lines tracked by the National Institutes of Health (NIH) which are eligible for federal funding. NIH will now also track adult stem cell lines, and the Embryonic Stem Cell Registry will be renamed the “Human Pluripotent Stem Cell Registry.”

S. 5, which is supported strongly by the research community, would allow federally funded researchers to use embryonic stem cell lines derived from embryos that would otherwise be discarded by in vitro fertilization clinics.

The President’s statement, the executive order, and related materials are available on the White House Web site at: http://www.whitehouse.gov/news/releases/2007/06/20070620.html.

SECRETARY SPELLINGS: EDUCATION DEPARTMENT WILL NOT PROPOSE ACCREDITATION REGULATIONS AT THIS TIME

Secretary of Education Margaret Spellings sent a letter dated June 20 to members of the Senate HELP Committee stating that her department would not propose regulations on accreditation at this time. “In light of the Committee’s work to reauthorize the Higher Education Act, I will not publish proposed regulations regarding accreditation at this time as we work to finalize statutory language around accreditation issues,” she wrote.

Members of Congress were already moving to block the effort. Both the House and Senate versions of the FY08 Labor-HHS-Education appropriations bill contain language prohibiting the Secretary from issuing such regulations. Also, in a May 24 statement in the Congressional Record, Senator Lamar Alexander (R-TN) said he would, if necessary, offer an amendment to the Higher Education Act reauthorization bill to prohibit the Department from issuing final regulations concerning accreditation before Congress had a chance to act.

OTHER

STUDENT AID ALLIANCE BREAKFAST ON JUNE 28 TO CELEBRATE 35TH ANNIVERSARY OF PELL GRANT PROGRAM

The Student Aid Alliance, in which AAU participates, will hold its annual Capitol Hill breakfast on Thursday, June 28, 8:30-10:30 a.m. EDT in B338 Rayburn House Office Building. The event will celebrate the 35th anniversary of the Pell Grant program.
The Alliance has invited House Appropriations Committee Chairman David Obey (D-WI) and Labor-HHS-Education Appropriations Subcommittee Ranking Member James Walsh (R-NY) to speak about the importance of increased federal funding for student aid programs.

CFR members who wish to attend the breakfast are asked to RSVP to Jon Fansmith at the American Council on Education at 202-939-9359 or jon_fansmith@ace.nche.edu.

COALITION FOR NATIONAL SCIENCE FUNDING PLANS EXHIBITION AND RECEPTION ON JUNE 26  NEW

The Coalition for National Science Funding (CNSF), in which AAU participates, will hold its 13th annual Capitol Hill exhibition and reception on Tuesday, June 26, in B-338-340 Rayburn House Office Building.

Thirty-three organizations and universities, including 11 AAU institutions, will display and demonstrate science, engineering, and education projects from around the United States that have been supported by the National Science Foundation.

Additional information about the event is available at mkelhart@aibs.org or 202-628-1500, ext. 230.

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