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CONGRESSIONAL SCHEDULE  NEW

Both the House and Senate have been in session today to vote on the conference report for the FY08 budget reconciliation measure (H.R. 2669); the House also considered patent reform legislation (H.R. 1908). (See items on these issues below.)

Congress will have an abbreviated schedule next week, with neither chamber expected to be in session on Thursday and Friday in observance of the Rosh Hashanah holiday. CQToday reports that House Majority Leader Steny Hoyer (D-MD) said House votes were unlikely after Monday, in part to allow House Members to travel to Ohio for the Tuesday funeral of Rep. Paul Gillmor (R-OH), who passed away September 5. Senate Majority Leader Harry Reid (D-NV) said today that the Senate would hold no votes after 1:00 p.m. on Wednesday.

The House legislative schedule for next week is unclear at this time. The Senate is expected to consider the FY08 transportation appropriations bill (H.R. 3074).

BUDGET & APPROPRIATIONS

HOUSE AND SENATE APPROVE FY08 RECONCILIATION PACKAGE  UPDATED

Both the House and Senate today approved the conference report for the FY08 budget reconciliation bill (H.R. 2669), clearing the way for the measure to go to the President for signature. The Senate approved the package by a vote of 79-12; the House approved it by a vote
of 292-97. House Education and Labor Committee Chairman George Miller (D-CA) said yesterday that Secretary of Education Margaret Spellings told him the President would sign the measure. House and Senate negotiators reached the agreement on September 5 and filed the conference report the next day.

The final legislation would cut approximately $20 billion over five years from student loan subsidies, primarily through a reduction in lender special allowance payments. At least $750 million of the savings is allocated to deficit reduction as required by the FY08 budget resolution (S. Con. Res. 21), with the remainder devoted to increased student financial aid benefits.

The higher education community sent a letter of support to all members of the House and Senate on September 6, stating, “The bill will dramatically enhance the federal government’s long-term goal of ensuring access to college for all students with the ability and the desire to attend higher education.”

The letter sent to Senate Health, Education, Labor, and Pensions Committee Chairman Edward Kennedy (D-MA) is available at: http://www.aau.edu/education/Ltr_ACE_Kennedy_recon_9-6-07.pdf.

The following provisions are of particular interest to AAU institutions. AAU staff will provide additional details on the package, as they become available. AAU's side-by-side comparison of the reconciliation bills will be updated next week with the details of the conference agreement.

- **Pell Grants**: The conference agreement provides $11.4 billion in additional funds for the Pell Grant program. This increase would provide a $4,800 maximum Pell Grant in academic years 2008-2009 and 2009-2010—an increase of $490 above the current maximum—and the maximum would climb to $5,400 by academic year 2012-2013. The agreement also eliminates the Pell Grant tuition sensitivity provision that prevents low-income students from fully benefiting from the Pell Grant, but it does not include the House-proposed year-round Pell award.

- **Stafford Loan Interest Rate Cut**: The measure includes $6 billion for the House-proposed cut in the Stafford student loan interest rate, which the Senate version did not include. The agreement phases in the interest rate reduction on subsidized undergraduate Stafford loans from 6.8 percent to 3.4 percent by year 2011. Beginning in 2012, the rate would return to 6.8 percent.

- **Student Loan Income-Based Repayment**: The agreement includes approximately $1 billion for the House-proposed income-based loan repayment program. This would lower the cap on borrowers’ monthly payments to 15 percent of their discretionary income or 15 percent of the amount by which a borrower’s adjusted gross income exceeds 150 percent of the poverty line. The provision also establishes an income-based plan in which the federal government would pay the accrued interest on subsidized loans for three years (not including time in which the borrower is in deferment due to an economic hardship) and would provide loan forgiveness of the unpaid principal after 25 years of repayment in the income-based repayment program.

- **Income Protection Allowance**: The agreement includes a phased-in increase for the income protection allowances for both dependent and independent students, which will cost $30 million over five years. (These allowances serve as guidelines for the minimum amount of
financial resources that the Department of Education believes a student/family needs for basic living expenses for a year.)

• **Perkins Loans**: The bill defers the date by which institutions must return late collections on Perkins loans to the Secretary by six months to October 1, 2012. The extension costs $453 million over five years.

• **Student Loan Auction**: The agreement creates a pilot program to auction off the right to make PLUS loans to eligible lenders on a state-by-state basis, as proposed by the Senate. Under the pilot program, the Secretary of Education will hold an auction for each state, to take place every two years with two winning lenders.

• **Special Allowance Payments (SAP)**: The measure reduces the SAP for student loans and consolidation loans originated by for-profit lenders by 55 basis points and by 40 basis points for nonprofit lenders, generating savings of $12 billion over five years.

• **TEACH Grants**: The bill creates a new TEACH Grant program that will award $4,000 a year to high-achieving undergraduate and graduate students who commit to teaching a high-need subject in a high-need school.

• **College Access Challenge Grants**: The measure creates a new federal matching grant program for state and local government entities and philanthropic organizations to fund programs and activities aimed at increasing the number of first generation and low-income college students.

The provisions on college cost definitions, disclosures, and reporting requirements included in the House reconciliation bill were not included in the final reconciliation package. Likewise, the agreement does not include the student loan reforms proposed in the Student Loan Sunshine Act (H.R. 890) and the Senate's reauthorization of the Higher Education Act.


**TIME RUNNING OUT FOR REGULAR FY08 APPROPRIATIONS PROCESS**

Fiscal year 2008 is less than four weeks away, but Congress has yet to give final approval to any of the 12 FY08 appropriations bills. The House has approved all 12 of its bills; the Senate has approved three (See [http://thomas.loc.gov/home/approp/app08.html](http://thomas.loc.gov/home/approp/app08.html) for a summary of appropriations actions.). Because of the delay in moving bills and the President’s threatened veto of domestic spending measures that exceed his request, expectations are that the Democratic leadership will bundle several bills into an omnibus appropriations package that would be approved late this year. In the meantime, one or more continuing resolutions will likely be needed to fund government operations beyond September 30.

*CQ* Today reports that the two FY08 appropriations bills most likely to be approved before the new fiscal year begins are the Defense and Military Construction-VA bills, but that either bill could be held back by congressional leaders to serve as the vehicle for the omnibus package.

**OTHER CONGRESSIONAL ISSUES**
The House today passed the Patent Reform Act of 2007 (H.R. 1908) with a modification sought by the higher education community to strike a provision that expanded prior-user rights. The final vote on H.R. 1908 was 220-175. The prior-use modification, approved as part of the manager’s amendment, struck the expansion of prior user rights from the underlying bill and substituted a study. The modification, comparable to a provision in the Senate patent reform bill (S. 1145), had been offered and withdrawn during full committee markup by Rep. Tammy Baldwin (D-WI). It was included in the manager’s amendment following negotiations between Rep. Baldwin and Courts, the Internet and Intellectual Property Subcommittee Chairman Howard Berman (D-CA).

Yesterday, the five higher education associations that have been working together on patent reform legislation sent a letter to House Judiciary Committee leaders expressing support for taking the committee-approved bill to the House floor for consideration.

The associations’ letter thanked the committee leaders for the panel’s substantial progress in addressing concerns raised by the university community since the bill’s introduction. But it also noted that the associations’ support for floor consideration of the bill was contingent on their understanding that the bill’s managers were committed to addressing remaining issues of concern for universities, particularly the expansion of prior user rights and provisions governing the award of damages. As noted above, the expansion of prior user rights was struck as part of the manager’s amendment. Chairman Berman reiterated during floor debate his intention to continue to work on the issue of damage awards to find an appropriate “middle ground.”

The letter, signed by AAU Executive Vice President John Vaughn on behalf of AAU, the American Council on Education, the National Association of State Universities and Land-Grant Colleges, the Association of American Medical Colleges, and the Council on Governmental Relations, also expressed support for Congress’s efforts on patent reform, “believing that our U.S. patent system, although robust and effective in many respects, can be significantly improved to be an even more effective instrument for supporting this nation’s competitiveness in the 21st century global economy.”

The letter is available on the AAU Web site at:
http://www.aau.edu/intellect/Ltr_Vaughn_Judiciary_HR1908%20_9-6-07.pdf.

The Commerce Department’s Deemed Export Advisory Committee (DEAC) will meet in Washington, D.C. on Monday, September 10, from 9:00 a.m. to 12:00 p.m. in public session. The meeting will continue in closed session that afternoon and the following day. This is the sixth meeting of the committee, which held its first session in Washington last October and has held four regional meetings since. AAU and the Council on Governmental Relations will submit recommendations to the committee next week during its meeting.
Those interested in attending the public session on Monday morning should report to the 14th Street entrance of the main Department of Commerce building in Washington, D.C. by 8:30 a.m. The meeting will be held in the Department’s main auditorium.

The advisory panel was created in May 2006 after the Commerce Department rejected recommendations by its Office of Inspector General to expand requirements for universities to obtain export licenses when international students and faculty conduct certain fundamental research.

At the advisory committee’s first meeting, on October 12, Deputy Secretary of Commerce David Sampson said the panel should address three broad areas: what technologies should be controlled, which foreign nationals should be subject to controls, and at what point technologies should be controlled. The committee co-chairs noted the impact of the panel’s deliberations on university research and cautioned that the committee’s first principle should be to “do no harm.”

UNIVERSITIES ENCOURAGED TO APPLY FOR PRESIDENT’S HIGHER EDUCATION COMMUNITY SERVICE HONOR ROLL

Colleges and universities are encouraged to apply for the President’s Higher Education Community Service Honor Roll. This is the second year of the program.

The Honor Roll program is designed to increase public awareness of the role of higher education institutions and their students in serving their local communities and the nation through public service, and to recognize outstanding community service programs and practices.

The program is sponsored by the Corporation for National and Community Service, USA Freedom Corps, the President’s Council on Service and Civic Participation, and the Departments of Education and Housing & Urban Development, in cooperation with Campus Compact.

The deadline for institutions to apply for the Honor Roll is October 5, 2007. Honor Roll members and recipients will be announced at the February 2008 national meeting of the American Council on Education.

Additional information about the program is available at: www.nationalservice.gov/honorroll.

OTHER

DEADLINE EXTENDED FOR VIDEO COMPETITION ON HOW SCIENCE HAS CHANGED AMERICAN LIFE; DUKE TO OFFER ITS OWN AWARD

The deadline for individuals to participate in the YouTube video contest on science sponsored by the Task Force on the Future of American Innovation has been extended to Tuesday, September 18. In addition, Duke University is offering its own prizes for the best entry by a Duke student.

As discussed previously (CFR Weekly Wrap-up, 08-10-07), the Task Force, in which AAU participates, is sponsoring a YouTube video contest in which individuals—particularly students—are invited to submit three-minute videos that illustrate how scientific discoveries resulting from federally funded research in the physical sciences have changed our lives. Videos can focus on past transformational research (the YouTube page points to two lists of examples).
or showcase what may happen in the future. Participants are urged to let their creativity flow, with music, humor, or other elements to help celebrate American innovation.

The top five videos selected will be posted on the Task Force Web site and showcased at a Capitol Hill event on October 4, which will commemorate the 50th anniversary of the launching of Sputnik by the Soviet Union and the ensuing American investments in research and education.

The producer of the winning video will win an all-expenses-paid trip to Washington, D.C. for two people from within the United States to attend the Capitol Hill event. The prize will include round-trip travel expenses, one night hotel accommodations, and a scholarship check for $1,000. The four runners-up will each receive a check for $300.

Information about the Task Force competition is available at: http://www.youtube.com/watch?v=tuGBNNCwkfs. Information about the Task Force on Innovation is available at: www.futureofinnovation.org. Questions about the competition should be directed to Tawanda W. Johnson at opa@aps.org.

Information about Duke’s competition is available at: http://www.dukechronicle.com/home/index.cfm?event=displayArticle&uStory_id=4bdf2ffd-bc93-466d-90fb-a81547fee0fb.

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