The Senate was in session today but conducted no roll call votes. It will reconvene on Monday, October 29. The Senate is scheduled next week to consider the Amtrak reauthorization bill (S. 294). There will also be an effort to consider H.R. 3963, the House-passed legislation to reauthorize SCHIP, the State Children's Health Insurance Program.

The House is out of session today and will reconvene on Monday. Next week the House will consider legislation on small business contracting (H.R. 3867), hard rock mining and reclamation (H.R. 2262), and trade and globalization assistance (H.R. 3920).

**BUDGET & APPROPRIATIONS**

**SENATE APPROVES LABOR-HHS-EDUCATION APPROPRIATIONS BILL**

On Tuesday, October 23, the Senate passed its version of the FY08 Labor-HHS-Education Appropriations bill by a vote of 75-19. Staff have been “pre-conferencing” the House and Senate bills, and a conference agreement is expected to be completed in the next week or so. House and Senate leaders have agreed that the LHHS bill should be the first FY08 appropriation sent to the President, who has threatened to veto the measure, though one news report suggests it could be combined with the Military Construction-Veterans Affairs bill (see below).

The bill would provide $149.9 billion in discretionary spending, about $1.9 billion less than the version approved by the House on July 19.
Prior to final passage, the Senate rejected by a vote of 40-54 a Republican amendment to recommit the bill to the Appropriations Committee so it could be revised to provide no more than $140.9 billion in discretionary funding as per the President's request.

The Senate bill would provide $29.9 billion for the National Institutes of Health (NIH), an increase of about $1 billion over FY07 funding, $1.38 billion more than the Administration’s FY08 request, and $250 million more than the House-passed bill.

For student aid programs, the Senate bill does not include discretionary funding to increase the Pell Grant maximum award. (The recently enacted College Cost Reduction Act of 2007, P.L. 110-84, provides mandatory funding to increase the Pell Grant maximum over five years.) The Senate bill would fund all other student aid programs at their FY07 levels, except the TRIO and GEAR UP programs, which would receive increases of $30 million and $10 million, respectively.

Amendments expected to be offered by Senator James Inhofe (R-OK) to eliminate the public access provision in the Senate bill did not materialize.

Additional information on the House and Senate bills, including a chart of funding differences, is available as part of the AAU Status of AAU FY08 Funding Priorities document at: http://www.aau.edu/budget/08_AAU_Priorities_Pkg.pdf.

REID SAYS NO MORE INDIVIDUAL APPROPRIATIONS BILLS  NEW

Senate Majority Leader Harry Reid (D-NV) said on Wednesday, October 24, that the Senate was unlikely to consider the remaining five FY08 appropriations bills on the floor, according to CongressDailyPM. He did not indicate whether the Senate would take up the bills in one omnibus package or in some other combination.


The House has approved all 12 bills. However, no bills have been through a conference committee. The first bill to move forward is likely to be the Labor-HHS-Education bill (see above), although CQToday reported today that this bill could be packaged with the Military Construction-Veterans Affairs measure, and that one or both could be sent to the White House by Veterans Day, November 12.

President Bush has threatened vetoes of most of the domestic appropriations bills, primarily because they exceed his budget request by a total of $23 billion. Today at the White House, he continued to criticize Congress for not having sent him any appropriations bills.

Federal departments and agencies are currently being funded under a Continuing Resolution that expires on November 16. A successor bill will need to be approved by then to continue government operations.
OTHER CONGRESSIONAL DEVELOPMENTS

RANGEL TAX BILL WOULD EXTEND TUITION DEDUCTION AND IRA ROLLOVER  NEW

The major tax reform legislation introduced on Thursday, October 25, by House Ways and Means Committee Chairman Charles Rangel (D-NY) would, in addition to its broader elements, extend for one year a number of expiring tax code provisions, including the above-the-line tuition tax deduction and the IRA charitable rollover. The Tax Reduction and Reform Act of 2007 (H.R. 3970) could be marked up by Mr. Rangel’s committee next week.

The Senate Finance Committee has not yet introduced a bill to extend these provisions, but the panel is expected to consider a measure that combines a one-year “patch” of the alternative minimum tax and the same tax extension provisions as the House bill.

The 10-year costs of these one-year extensions are $1.39 billion for the tuition tax deduction and $452 million for the IRA charitable rollover.

Chairman Rangel's tax reform bill also includes a provision that would allow college and university endowments and other tax-exempt entities to invest directly in domestic hedge funds and other investment funds without incurring unrelated business income tax (UBIT). The estimated cost is $1.34 billion over 10 years. This proposal is similar to a measure proposed by Rep. Sander Levin (D-MI) last month, which would create an exception to the debt-finance income rules in order to allow all tax-exempt entities to invest directly in domestic hedge funds without being subject to UBIT. The committee's summary of the bill notes that this proposal "would eliminate the current-law incentive for pension plans, universities and other tax exempt entities to invest in hedge funds and other investment funds through offshore 'blocker' corporations formed in tax haven jurisdictions and would improve the investment returns for pension plans, universities and other tax exempt entities that invest in these investment funds."

The committee summary of Chairman Rangel's tax reform bill can be found at: http://waysandmeans.house.gov/media/pdf/110/Summary%20for%20Distribution.pdf

The committee's press release can be found at: http://waysandmeans.house.gov/News.asp?FormMode=release&ID=575

SENATE FAILS TO PASS DREAM ACT  NEW

The Senate, on Wednesday, October 24, failed to approve the DREAM Act, a bill that would grant provisional legal immigration status for six years to eligible undocumented immigrant students who either attend college or serve in the military for two years. To obtain legal status under the bill, students would be required to have entered the U.S. before their 16th birthday, lived in this country for at least five years, and graduated from a U.S high school in order to obtain conditional legal status.

The Development, Relief, and Education for Alien Minors Act, commonly known as the DREAM Act, failed on a procedural vote to garner the 60 votes needed to consider the bill. The vote was 52-44. Some supporters of comprehensive immigration reform voted no, fearing that the stand-alone bill could weaken the chances of passing a comprehensive immigration bill. In
addition, the White House issued a Statement of Administration Policy earlier this week which expressed opposition to the Dream Act, asserting that it would create a “special path to citizenship that is unavailable to other prospective immigrants.” It is unlikely that the bill will come to the Senate floor again in the near future.

HOUSES APPROVES SIX-MONTH HEA EXTENSION  NEW

The House on Tuesday, October 23, approved legislation to extend the Higher Education Act (HEA) another six months, until the end of April, 2008. The current extension is scheduled to expire at the end of this month.

The Senate has not yet taken action to extend the HEA. AAU staff understands that key senators would prefer an extension shorter than six months in order to force action on HEA reauthorization. The Senate has passed a reauthorization bill, but there has been no action in the House.

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