



## June Federal Relations Report

### Congress

#### **2009 Spending Measure Approved**

Congress reached an agreement this month on a \$3 trillion budget resolution, outlining spending and revenue priorities for the 2009 fiscal year. It includes \$21 billion more in discretionary spending than the President's budget request, and he has warned of a veto on any spending measures that exceed his overall spending targets, so Congress may opt to hold appropriations measures until the outcome of the presidential election is determined.

#### **HEA Reauthorization**

Even though the working document has reached approximately 1,000 pages, there seems to be light at the end of the tunnel. Sen. Barbara A. Mikulski, D-Md., continues to pinch-hit for Senator Kennedy as key negotiators and staff work to bring a final measure to the floor in order to meet the date in the sixth HEA extension for the year – June 30<sup>th</sup>. House and Senate education committee staff remain actively involved in the pre-conference negotiations.

Thus far, it has been a somewhat insular process compared to prior reauthorizations. Associations have felt shunned and input has been little sought by HEA staff, as some Congressional staff view the higher education (HE) field as adverse to change. HE proponents report staff are relying more frequently on entities such as US Public Interest Research Group, Project on Student Debt, the New America Foundation and others. In spite of general field support of the reauthorization measure, each segment will be engaged in a rigorous post-mortem of the final measure to ascertain the impact on campuses.

The California Community Colleges (CCC) continue, along with the majority of the HE field, to be concerned by the extensive number of reporting requirements throughout both chambers' reauthorization proposals, most of which have found a foothold in the draft document, such as cost of attendance calculations, net price calculations, and myriad data elements such as tracking and reporting on alumni, diversity, textbook course schedules, net pricing calculations, transparency, etc. In numerous venues, the CCC has also joined the field in opposing the following:

- MOE provision -- state maintenance of efforts requirements;
- Accreditation requirements that could place the Secretary of Education in a position to regulate faculty;
- Reporting of domestic and foreign donations;
- Language banning the use of federal student aid money and earmarks from being used to lobby;
- The use of prior year IRS data to help determine financial need;



- The more prescriptive House (H.R. 4137) language requiring colleges to disclose ISBN numbers and pricing information in their course schedules. (Senate staff oppose these mandates arguing there is no enforcement mechanism on the publishers in the bill, while provisions on institutions could theoretically threaten a school's Title IV funds.); and,
- Language in the House bill requiring colleges with the highest tuition growth to establish committees to identify “cost-reduction opportunities.”

In addition, the Office of the Chancellor has forwarded letters addressing the following specific concerns, with suggested changes:

- Elimination of lenders involvement of counseling – Instead, include language to allow schools to take advantage of the expertise of lenders and guaranty agencies (with boundaries) by letting agencies conduct the entrance counseling and lenders do exit counseling under the premise that guaranty agencies do not originate loans, are not selected by a student and are equipped to talk about loans in a general way and best clarify how the borrower benefit may differ from lender to lender. By allowing lenders to do exit interviews, students are given an opportunity to talk directly to their own lender and get the best information about their responsibilities, projected interest rate and benefits. Lenders and guaranty agencies are best equipped to provide current and accurate information on loan provisions, projected interest rates, deferment and forgiveness provisions and borrower benefits.
- Cohort default rate (CDR) – Instead, provide an exemption for CCC or first require only a study of the impact of changing the CDR.
- Requirement for 46 graduation rates instead of one – Instead, continue current law (report one rate) and *do not include part-time students in the cohort of students that are tracked*, which could result in an increase of 150 percent in the number reported, as well as substantially increased reporting costs for our 109 campuses.
- Requirement that campuses alert students within 30 minutes of an incident – Eliminate, as not feasible on vast majority of campuses.

The Chancellor provided letters in support of the following:

- Increases in the Pell maximum;
- Year-round Pell grants;
- Provision in the House language, which more explicitly pro-rates the limit for part-time students;
- Teacher education program at community colleges; and,
- Electronic voter registration on campuses.

### **GI Bill Reauthorization**

On Thursday, June 19, the House approved a compromise war spending bill by a vote of 462-12. A Senate vote is expected next week. Included in that measure, is Senator Webb’s 21st Century GI Bill. Under this program, those who serve at least three years on active duty will qualify for



educational assistance equivalent to tuition and fees at a leading public university in their state along with a monthly housing stipend based on a college's location and an extra \$1,000 annually for books, school supplies and tutorial assistance. Initially opposed by the Administration, which favored more focus on retention of military personnel, House leaders met the White House request to allow those who serve longer in the military to transfer unused education aid to immediate family members: a provision that added about \$10 billion to the estimated costs.

**CCC Impact:** California leads the nation in number of veterans (2.2 million). The CCC currently enrolls 17,000 of the 22,000 veterans enrolled in higher education in the state, as well as an estimated 8,000 to 10,000 active duty personnel, not including dependents.

According to the U.S. Department of Veterans Affairs, about 40 percent of GI Bill recipients are currently pursuing two-year degrees. It is unknown whether these enhanced educational benefits would mean that veterans will make different choices about college. Keith Wilson, the director of the Education Service at the Department of Veterans Affairs, states: "If the local school can provide the education that these veterans want, they will still go to that local school. But it's an unknown." The biggest variable will be the inclusion of dependent benefits.

The University of Phoenix is the biggest destination institution for veterans, followed by American InterContinental University (also a for-profit). Other big receivers of veterans include American Public University, the University of Maryland, Central Texas College, Kaplan and Strayer Universities, and El Paso and Florida Community Colleges. Patrick Campbell, legislative director for the Iraq and Afghanistan Veterans of America, notes: "I have a feeling that University of Phoenix will always be the number one recipient of GI Bill benefits, in part because they make themselves so incredibly accessible to veterans throughout this country." He contends one major decision point for vets will be: "Where can I get a degree and not have to work two jobs or live on mom's couch?"

**Second Annual Road Home Event....From Combat to College: Friday, September 19  
American River College Cafeteria 8:00 am-1:00 pm**

ARC presents a free training seminar for Educators and Community Advocates, entitled -- Returning Veterans: Implications for Community Colleges. Presenters include: Shad Meshad, National Veterans Foundation Founder and President. For more than 30 years, he has worked as a therapist for veterans and an advocate for veterans' rights and appeared on many national programs, including "60 Minutes," "NBC Dateline," "ABC Nightline," and CNN news broadcast. Joe Bobrow, founder of the Coming Home Project, a non-profit organization of psychotherapists, veterans and interfaith leaders dedicated to helping Iraq and Afghanistan veterans, troops, and their families transform the mental, emotional, spiritual and relational injuries of war through a series of interconnected programs that include residential retreats, community forums, psychological counseling, training, and self-care for service-providers. Also presenting will be a panel of experts, including Catherine Morris, Veterans Counselor and former event coordinator of The Road Home..From Combat To College at Sierra College, sharing best practices used on college campuses and a panel of combat veterans willing to share their personal experiences and challenges they face in college and beyond. There will also be a



Veterans Benefits Fair (dozens of veteran agencies, non-profit organizations, and veteran educational program services).

## **Federal Department of Education**

### **Student Loans**

On Thursday, June 19, the Department notified in its terms for the "lender of last resort" provisions in its student-loan rescue plan that colleges will be eligible for institution-wide relief only if at least 80 percent of their expected borrowers can't find a lender. The National Association of Student Financial Aid Administrators immediately decried the terms as "unreasonable and far too high," while lenders complained that such a high hurdle would effectively wipe out the benefit intended by Congress. College representatives noted that the proposed lender-of-last-resort system should remain a rarely used backstop provision. "This is consistent with the community's desire not to see this ever become a lender-of-first-resort program," said Becky H. Timmons, assistant vice president for government relations at the American Council on Education.

On July 1, interest rates and other terms for student loans change. This year, besides the drop in costs for many loans, borrowers in public service professions can take a major step toward student loan forgiveness. Among the changes:

- **Interest Rate Drop.** The fixed interest rate for new, subsidized Stafford loans will drop from 6.8% to 6.0% for undergraduates. Subsidized Stafford loans go primarily to students with family incomes under \$80,000, and the government pays the interest while the student is in school (or in deferment). Also, the origination fees for all Stafford loans (subsidized and unsubsidized, undergraduate and graduate) will drop by half a percentage point, to 2% of the amount borrowed.
- **More Loans Available.** Undergraduates can borrow an additional \$2,000 each year in unsubsidized Stafford loans at a fixed rate of 6.8%. Therefore, the total amount of Stafford loans (including subsidized and unsubsidized) that undergraduates can borrow increases to \$31,000 for dependent students and \$57,500 for independent students. Moreover, students who are interested in teaching and have good grades can receive another \$4,000 each year for up to four years via the TEACH program. (TEACH grants become unsubsidized Stafford loans if students do not fulfill a teaching obligation.)
- **Public Service Loan Forgiveness (PSLF).** PSLF is a new Federal program that will forgive remaining Federal student loan debt after 10 years of qualifying payments and eligible full-time employment. The program is designed for borrowers whose income is low relative to their debt for at least some of their time while in a public service job. (Public service includes employment by Federal, state, local, or tribal governments, including the military and public schools and colleges, and by non-profit entities.) However, PSLF only forgives debt in the Direct Loan program. Thus, to begin making qualifying payments: (1) borrowers who have already consolidated their Federal loans with a private lender can reconsolidate into the Direct Loan program to become eligible;

(2) once in the program, borrowers can choose one of three repayment plans to qualify: income-contingent repayment, income-based repayment (available in July 2009), or standard (10-year) repayment; and (3) borrowers who have not consolidated their Federal loans can apply for a Direct consolidation loan at any time, and those who already have Direct Loans can switch repayment plans at any time.

### **Stafford Loans**

All unconsolidated Stafford loans that originated before July 1, 2006, have variable interest rates that reset each year. This year, the variable rate is dropping from 7.22% to 4.21%. And, for Class of 2008 graduates, the news is even better: if they consolidate during the six-month grace period, they can lock in a rate of 3.61%. Only Direct consolidated loans are eligible for PSLF. For more, go to:

<http://studentaid.ed.gov/> AND <http://projectonstudentdebt.org/july1-2008.vp.html>.

### **Academic Competitive Grants**

Pell Grant-eligible students who participate in a recognized secondary school program of study may qualify to receive an Academic Competitiveness (AC) grant of up to \$750 for the first-year of higher education and up to \$1,300 for the second-year of higher education. State updated lists for students graduating in 2008 may be found at:

<http://www.ed.gov/admins/finaid/about/ac-smart/2008/state-programs-08.html>.

### **National Science and Mathematics Access to Retain Talent (SMART) Grants**

SMART grants tender \$4,000 to third- and fourth-year Pell Grant-eligible students who major in math, science, or critical foreign languages; are enrolled full-time; and maintain a 3.0 GPA in college. See: <http://www.ed.gov/about/offices/list/ope/ac-smart.html>.

### **Symposium for Community Colleges**

On June 19, the Department's Office of Vocational and Adult Education (OVAE) sponsored a National Community College Symposium. Spokespersons from the field, including Vice-Chancellor Jose Millan of the CCC Chancellor's Office, discussed how student support services, career and technical education and workforce development practices, and institutional innovations can improve student transitions at community colleges. For more information, see: <http://www.sei2003.com/OVAE/>. The proceedings were webcast and will be archived on the web site.

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