

Earlier this week, we thought that H.R. 974 -- District of Columbia College Access Act could come up in the Senate with attempts to bring it up on unanimous consent. The latest intelligence from the Hill is that, in the wake of the DC appropriations veto, there is a moratorium on DC legislation in the Senate. So, at this point, we no longer think the bill will be taken up in the Senate this week. But, nothing certain.

In any event, we would like to have this SAP cleared in case the bill is put back on the fast track and need to send the SAP to the Hill quickly. Appreciate your sign-off/comments by COB.

Brod: If you have any updates on timing it would be much appreciated. Thank you!

**DRAFT -- NOT FOR DISTRIBUTION**

September 30, 1999

(Senate)

**H.R. 974 - District of Columbia College Access Act**

(Rep. Davis (R) VA and 13 cosponsors)

The Administration supports Senate passage of H.R. 974, as reported by the Senate Committee on Governmental Affairs. H.R. 974 would increase access to postsecondary education for residents of the District of Columbia (D.C.). While the Administration is extremely pleased with the strong bipartisan spirit in which H.R. 974 has been developed, the Administration continues to be concerned about the phase-in of student eligibility, and urges the Senate to amend H.R. 974 to address this concern. The Administration understands that the bill may be amended to alleviate this and other concerns.

The President's FY 2000 Budget includes \$17 million to improve access to postsecondary education for D.C. residents. Currently, residents of all 50 states are served by multiple public colleges or universities, while D.C. residents are not. This unduly restricts their postsecondary opportunities. The Administration is pleased that H.R. 974 would: (1) allow the Federal Government to pay the difference between in-State and out-of-State tuition at public colleges and universities in Maryland and Virginia (and in other States under certain circumstances) on behalf of qualified D.C. residents; (2) provide grants to D.C. residents who choose to attend private colleges and universities in the Washington, D.C. area; and (3) authorize financial support to the University of the District of Columbia (UDC).

The Administration is concerned about the provision of the bill as reported that would restrict its benefits to only those students who graduated from secondary school or received the equivalent of a secondary school diploma on or after January 1, 1999. The Administration understands that the bill may be amended to provide benefits to students who graduated on or after January 1, 1998. The Administration urges adoption of this amendment. Limiting benefits to graduates

after January 1, 1999, would be problematic for two reasons:

- It would unnecessarily limit eligibility. The Administration anticipates that resources will be available to fully fund the benefits to students who graduated before January 1, 1999, and could help many D.C. residents currently in college obtain their degrees. A lack of financial resources is a leading reason why many students who enroll in college do not complete their degree programs.
- It could distort the program and make it prohibitively expensive in the future. Because so few students would be initially eligible under the bill, the low initial program costs could result in pressure to prematurely expand the program to include grants for students to attend institutions in States other than Maryland and Virginia. Many more students would be eligible to receive these grants if the geographic scope of the program were expanded, and serious funding constraints and reduced benefits would be likely if the program were expanded before student eligibility is fully phased in. It is very important that students who begin attending postsecondary institutions outside of D.C. be assured of continuing, unreduced benefits.

The Administration is pleased that the reported version of H.R. 974 includes the authority for the Mayor of the District of Columbia to, in the event of insufficient appropriations, adjust the amount of tuition payments based on the financial need of eligible students. The Administration would prefer that H.R. 974 ensure that Federal resources are provided to those students with the greatest need for financial assistance by including some form of priority funding mechanism. The Administration notes, however, that the provision in the reported version of H.R. 974 is a step in the right direction. The Administration understands that the bill may be amended to authorize the Mayor, when administering the program, to give priority to students with the greatest financial need. The Administration urges adoption of this amendment.

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This Statement of Administration Policy was developed by the Legislative Reference Division (Connie Bowers) in consultation with EIML (Upshaw/Kron) and the Department of Education (Templeman). The Departments of Justice (Taylor), Interior (Cardinalli), and Treasury (Dorsey), OPD (Rotherham/Little), DO (Jeffers), TCJS (Rosenbaum), and CEA (Lumsdaine) either concur in or have no objection to the proposed position.

OMB/LA Clearance: \_\_\_\_\_

The Administration did not take a position on H.R. 974 in the House. On June 24, 1999, the Department of Education (ED) testified before the Senate Committee on Government Reform on House-passed H.R. 974. The testimony stated that the Administration generally supports H.R. 974, but has concerns it would address in the Senate to: (1) limit tuition subsidies to D.C. residents attending public institutions in Maryland and Virginia, rather than to any State; (2) ensure resources are targeted to students with the greatest financial need, through a priority

funding mechanism; and (3) clarify accountability for Federal funds.

### Summary of H.R. 974, as Passed the House

The House-passed version of H.R. 974 would authorize appropriations of such sums as may be necessary for FY 2000 and each of the next five fiscal years to establish the "District of Columbia College Access Fund" to fund scholarships for qualified D.C. residents to attend public universities anywhere in the United States. The Fund would be administered by the Mayor of D.C. in consultation with the Secretary of Education. Under H.R. 974, the D.C. Government would use monies from the Fund to reimburse these institutions for the difference between in-state and out-of-state tuition for D.C. residents who are admitted to and attend those schools. H.R. 974 caps the amount of the scholarship to \$10,000 per applicant per academic year.

H.R. 974 would also: (1) allow the D.C. Government to provide qualified residents with a grant of up to \$3,000 per academic year to pay tuition costs at private colleges and universities located within D.C., Maryland, and Virginia, and (2) authorize appropriations of such sums as may be necessary for FY 2000 and the next five fiscal years to "enhance educational opportunities" at UDC. In order to receive assistance, a student must: (1) have been a D.C. resident for the 12 consecutive months preceding the academic year for which the scholarship is sought; (2) begin undergraduate studies within three years of high school graduation; and (3) be maintaining satisfactory academic progress, in the case of students already enrolled in a higher education institution.

Under H.R. 974, the Mayor of D.C. would be authorized to: (1) invest a portion of the monies in the Fund; (2) use up to 10 percent of the Fund's balance per fiscal year to administer the Fund; and (3) contract with a non-governmental agency to administer the scholarship/grant program and the Fund.

### Senate Committee Substitute

On September 9, 1999, the Senate Committee on Government Reform reported an amended version of House-passed H.R. 974. The Committee adopted a substitute amendment offered by Senator Voinovich, as modified by amendments offered by Senator Durbin. The Administration supported these amendments. The most significant would:

- abProvide the Mayor with alternatives to a universal ratable reduction in the event of a funding shortfall. It would provide that if funds are insufficient to fully fund grants, the Mayor shall first ratably reduce awards for students who have not previously received awards. Awards would be ratably reduced for all students only if funds remain insufficient after the first step. The Mayor would also have the option to adjust the amount of the reduction based on the financial need of the eligible students.
- abModify the provision of the House bill that would authorize benefits to D.C. residents attending public universities anywhere in the United States, to limit application to: (1) public institutions in Maryland and Virginia, or (2) public institutions in other States only if the Mayor

of D.C. takes certain actions. He must: (1) determine that eligible students are experiencing difficulty in gaining admission to public institutions in Maryland and Virginia; (2) consult with the House Committee on Government Reform and Senate Committee on Governmental Affairs regarding expanding the program; and (3) take into consideration projected cost estimates of the expansion provided by the Congressional Budget Office.

- abLimit grants available to students attending D.C.-area private institutions to \$2,500, rather than \$3,000.
- abPlace a \$12,500, rather than \$10,000, cap on the scholarship amount available to each applicant per academic year.
- abAllow the Mayor to move funding between the public- and private- school components of the program depending upon demand.
- abReduce from ten percent to seven percent, the maximum portion of the Fund's balance that the Mayor can use to administer the program.

#### **Senate Floor Manager's Amendment**

The Administration has been working with Senators to address its concerns. It is expected that the bill may be amended to make two significant changes to the Committee-reported version that would mitigate the Administration's concerns. These changes would: (1) move the eligibility date back one year to students who graduated after January 1, 1998, rather than 1999; and (2) authorize the Mayor to establish a means-test for the entire program.

#### **Pay-As-You-Go Scoring**

Per EMIL (Upshaw/Kron ), H.R. 974 does not affect direct spending or receipts; therefore, it is not subject to the pay-as-you-go requirement of the Omnibus Budget Reconciliation Act of 1990.

LEGISLATIVE REFERENCE DIVISION DRAFT  
September 29, 1999 - 4:30 p.m.

Message Sent To: \_\_\_\_\_