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Folder Title:

HEA [Higher Education Act] Conference [1]

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PHOTOCOPY
PRESERVATION



TIM FOLEY FOR THE CHRONICLE

The Need for More Schoolteachers in Science and Math: How Colleges Can Help

By Robert F. Watson

in Science and Math: How Colleges Can Help

PHOTOCOPY PRESERVATION

SECRETARY OF EDUCATION Richard W. Riley has warned that in the next decade, our public schools will need to hire 2.2-million teachers, to keep pace with rising enrollments and to replace a generation of teachers who are about to retire. Preparing the teachers is the greatest current challenge and responsibility of higher education, and the need for improved education of teachers is particularly acute in science and mathematics. Various reports, among them the Third International Mathematics and Science Study of 1996, have indicated that many teachers of science and mathematics in elementary and secondary schools are not well trained in those subjects. At the high-school level, too many of those who are certified to teach physics and chemistry actually specialized in the biological sciences in college.

Our need for teachers with sound undergraduate training in science and mathematics may be fortuitous, though; it provides a great opportunity for colleges with nearly empty science departments to fill their upper-division courses with students who plan to become teachers. Addressing this new audience could rejuvenate many departments, perform a much-needed national service, and—as an added bonus—quite possibly recruit more students to major in the sciences.

College and university science departments—especially those in the physical sciences—increasingly are coming under attack by budget cutters who find them too expensive for the relatively small numbers of students who major in such fields. It is all too true that few undergraduates take

By Robert F. Watson

any courses in physics or chemistry after they have met the basic requirements for whatever other area they are majoring in.

Nor are the budget cutters the only ones complaining. Departments of engineering and biology are not satisfied with the way that departments of mathematics, physics, and chemistry are teaching their introductory courses. For example, some engineering schools now require their students to

Shortages give colleges
with nearly empty
science departments
a way to fill courses.

take only one quarter or semester of chemistry from their university's chemistry department. Engineering and life-sciences departments increasingly are teaching mathematics and physical science to their own majors, to insure that they have the grounding they want them to have. Many engineering departments prefer to teach their own students how to work with differential equations.

In a recent, often-cited study, *Talking About Leaving: Why Undergraduates Leave the Sciences* (Westview Press, 1997), Elaine Seymour and Nancy M. Hewitt, sociologists at the University of Colorado at Boulder, reported that many undergraduates said they had decided not

to major in one of the sciences because of poor teaching in science departments. Perhaps even more telling is the same study's finding that students who *did* major in science also complained strongly about poor teaching.

The solutions to the problems facing science education are far from simple, but several points are clear. What is *not* needed are individual science departments approaching this issue independently from other science departments and from colleges of education. What is *not* needed are departmental curricula designed only for students expected to become scientists. What is *not* needed is for science departments to continue to assign a few out-of-favor faculty members to look after a less-than-favored set of students—non-science majors. What is *not* needed are faculty members who disparage careers in teaching, and who discourage their better students from moving in any direction other than toward a doctorate.

What we *do* need are drastic reforms. We need departments within colleges of arts and sciences willing to collaborate with each other and with colleges of education to prepare interdisciplinary curricula that will give future teachers both a sound background in science and math, and training in how to teach this material in elementary and secondary schools. We also need departments willing to completely rethink their curricula for other students who will not be majoring in science or moving toward doctoral degrees. And we need faculty members willing to add group-learning and other pedagogical approaches to the

Continued on Following Page

PHOTOCOPY PRESERVATION

Relations between education schools and science departments typically feature more conflict than collaboration.

Continued From Preceding Page.
lecture format, particularly in lower-division courses.

The National Science Foundation has supported some major reform projects to bring together faculty members from scientific disciplines and colleges of education to produce multidisciplinary curricula or new tools for beginning teachers. The faculty members in these projects come from a wide range of institutions, including research universities and community colleges. The courses that they have produced make extensive use of interactive materials and data, letting students make discoveries based on their own inquiries rather than simply replicating experiments in a "cookbook" fashion. They have students tutor each other and use other group-learning activities. The courses reflect the National Research Council's 1996 voluntary national standards for what students should learn in mathematics and science in various grades.

ENTIRE DEPARTMENTS are collaborating with one another as well. One such collaboration produced an interdisciplinary curriculum focusing on the environment, which draws on the expertise of faculty members in biology, chemistry, geology, and mathematics. The curriculum provides opportunities for students to conduct field research that is particularly relevant to local environmental issues.

Collaborative efforts involving faculty

members in colleges of education and in colleges of arts and sciences can insure that students learn how to teach an academic subject at the same time that they learn its content. An all-too-rare instance of such collaboration produced a course designed for students who expect to become teachers, taught by professors of physics, microscopy, and science education.

More science departments and colleges of education must agree to work together to prepare teachers. Unfortunately, relations between these two groups, when they are not simply oblivious to each other, typically feature more conflict than collaboration. Leadership from presidents, provosts, and other administrators who recognize the importance of science education in public schools can do much to counteract resistance from faculty members narrowly focused on their own departments or research. This November, for example, Donald N. Langenberg, chancellor of the University System of Maryland, will join the presidents of several other universities in Maryland in sponsoring a statewide workshop on reforming undergraduate education.

The workshop will emphasize science education for students intending to become teachers and will involve faculty members from departments of science, mathematics, engineering, and technology, as well as colleges of education.

Administrators should reward the collaboration that already exists between in-

dividual faculty members in schools of education and in the sciences, and provide incentives for deans and department heads to encourage such collaborations among their faculties. It would be wonderful if a major university announced that teacher preparation would be its highest priority for the next five years.

FAIRLY OR NOT, institutions—especially research universities—have come under increasing scrutiny from the public and from state legislatures in recent years for woefully neglecting undergraduate education. Although many institutions are working seriously to improve the education that they provide to undergraduates, the public perception of the institutions has not yet changed much.

Some fellow educators are as unhappy as the public. I know one school superintendent in a small city who says he has given up asking his regional state university (formerly a teachers' college) to develop better curricula to train its many future teachers, finding much better responsiveness from a nearby church-related private college.

Members of Congress also have weighed in recently on the quality of teacher education and threatened to cut federal support to universities whose teacher-education graduates can't pass state licensing exams. Clearly, unless colleges and universities act now to reform their teacher-training programs, they are likely to face much

harsher criticism and stricter the future.

Some institutions have taken steps. In addition to the ones mentioned above, the college of education at New Mexico State University and the University of New Mexico are developing a new course for future teachers that shows them how to instruct in electricity, for example, using the chemistry of the battery, as well as the social, mental and economic issues associated with electrical energy. And the University of New Mexico has created a postgraduate program for science and mathematics majors who want to teach in middle schools.

Although these projects are promising, they demonstrate that solutions to the complex problem of preparing people to teach science in middle schools are possible, and that teacher education can help put bright, motivated and well-equipped teachers in the classroom—not just in the science classroom, but in all classrooms passed a science course or two in college years.

Robert F. Watson is director of the National Science Foundation's Undergraduate Education Program. He is on assignment as scientist in residence at the American University's Department of Education. The opinions are his own and do not necessarily reflect those of the N.S.F. or the American University.

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Continued From Preceding Page

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Members of Congress also have weighed in recently on the quality of teacher education and threatened to cut federal support to universities whose teacher-education graduates can't pass state licensing exams. Clearly, unless colleges and universities act now to reform their teacher-training programs, they are likely to face much

harsher criticism and stricter regulation in the future.

Some institutions have taken the first steps. In addition to the N.S.F. projects mentioned above, the colleges of engineering at New Mexico State University and the University of New Mexico are developing a new course for future teachers that shows them how to instruct students about electricity, for example, using the chemistry of the battery, as well as the environmental and economic issues associated with electrical energy. And Arizona State University has created a post-baccalaureate program for science and mathematics majors who want to teach their subjects in middle schools.

Although these projects are only a beginning, they demonstrate that creative solutions to the complex problem of preparing people to teach science in our public schools are possible, and that higher education can help put bright, well-prepared, and well-equipped teachers in every science classroom—not just teachers who passed a science course or two during their college years.

Robert F. Watson is director of the National Science Foundation's Division of Undergraduate Education. He is currently on assignment as scientist in residence at the American University's chemistry department. The opinions are those of the author and do not necessarily represent those of the N.S.F. or the American University.

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RICK BLOOM, SABA

QUOTABLE

An End to 'Quiet Backwaters': Universities Must Make Teacher Education a Much Higher Day-to-Day Priority

Too many teacher-education programs are focused on theory and not enough on clinical experience. Also, the current certification process for teachers is a cumbersome obstacle course that has little to do with excellence and much more to do with filling out paperwork. And once a new teacher enters the classroom, we allow a perverse "sink or swim" approach to define the first years in teaching. New teachers are usually assigned the most difficult classes, in addition to all the extracurricular activities that no one else wants to supervise. Then we wonder why we lose 22 per cent of new teachers in the first three years—and close to 50 per cent in urban areas.

A great deal of effort has gone into improving and supporting the teaching profession in the last decade. The National Commission on Teaching, led by Gov. Jim Hunt of North Carolina and Linda Darling Hammond, has provided an excellent "road map" to improve the teaching profession. This is all to the good. But now we need to make things

happen and go to a new level of intensity.

I challenge the leaders of America's great colleges and universities to make teacher education a much higher day-to-day priority. Teaching teachers has to be the mission of the entire university. Our nation's colleges of education can no longer be quiet backwaters that get a mere mention in the annual report to university trustees. College administrators who complain about the high cost of remedial classes would do well to pay more attention to how they prepare teachers. Here several suggestions come to mind.

First, colleges of education should give basic-skills tests to students, prior to their acceptance, and at the same time hold themselves more accountable for their graduates.

Second, stronger links must be developed between our colleges of liberal arts and sciences and our colleges of education. Future teachers should major in the academic subject they want to teach, and that type of course work

takes place in the colleges of arts and sciences.

Third, I urge teacher-prep programs to put a much stronger focus on giving future teachers rigorous grounding in developing the skills they need to teach. Knowing content is not enough. There is a skill and a craft to it all, and this is especially true when it comes to teaching reading. I believe that every teacher who is seeking a certificate in elementary education should have solid preparation in teaching reading.

Fourth, colleges of education need to recognize that our special-education and limited-English-proficient populations are growing and deserve much more attention in teacher education.

Finally, I urge colleges and universities to develop much stronger links with local schools. The El Paso school district, for example, which we feature in our report "Promising Practices," has dramatically improved its test scores by working hand in hand with the University of Texas at El Paso to improve teacher education.

I also challenge every state to eliminate the practice of granting emergency teaching licenses, within the next five years. You cannot set standards and then immediately discard them when the need for another warm body arises. New York State has taken the lead in doing away with emergency licenses, and other states should follow.

State and local school districts must also end the practice of allowing instructors to teach "out of field." Over 30 per cent of all math teachers, for example, are now doing so. Every teacher, at a minimum, should have a minor in the subject that he or she teaches.

I cannot even begin to tell you how baffled foreign education ministers are when they visit me and I explain our unusual habit of allowing this teaching "out of field." They're amazed; it just doesn't happen in their countries.

—Secretary of Education
Richard W. Riley, in a recent speech
at the National Press Club

regulations every two years. The Senate version also requires the Secretary to review regulations, but does not specify frequency. The Department already reviews its regulations regularly, and feels that this requirement would be an unnecessary and inappropriate intrusion upon the Secretary's authority and responsibility to manage the Department.

Financial responsibility

The House version of the bill contains confusing language that could be read to undermine the well-received financial responsibility regulations that the Department recently developed in close cooperation with the higher education community and to establish a dangerously low standard for the financial health of institutions participating in student financial aid programs. We oppose these provisions. For example, the House version of the bill includes a requirement that the Department develop a process for assessing financial responsibility that does not duplicate other requirements. The vague language in this provision may create several significant policy and legal problems. It could be interpreted to constrain the Secretary to have to accept the financial responsibility determinations of accrediting agencies or other third parties, a situation which is contrary to the responsibility given to the Secretary to evaluate directly the financial responsibility of institutions. This requirement may also allow the Secretary to be sued over allegations that the Department did not do enough to determine the cost-effectiveness of regulations.

*program
integrity
J*

Program review criteria

The Administration opposes the Senate's provision that would require the Department to prioritize program reviews based on criteria in statute, such as high default or withdrawal rates, or large fluctuations in Pell Grant and loan volume. This is unwarranted micro-management. The Department selects its program review sites based on a probabilistic risk analysis model. While this model incorporates many of the criteria listed in the Senate provision, strict adherence to the provision would require the development of a new model and would remove all flexibility for the Department. We are confident that the current program review selection model effectively targets problem institutions while maintaining an element of randomness to promote broad program compliance.

Student loan ombudsman

The Senate version of the bill would establish a Student Loan Ombudsman Office to assist borrowers with problems with their student loans. We are uncertain as to the need for an ombudsman, in light of the functions of the PBO. Furthermore, the structure of the office as currently drafted is problematic and would require revision. We hope to work with Congress to look at the role and function of an ombudsman and to relate any such office appropriately to the PBO.

we understood the desire to provide a place for students to go... would prefer to let the CBO dir. structure in context of PBO. However, if...

Graduate education

In accordance with the Administration's proposal, the House version would

eliminate the Javits, Faculty Development, and Legal Training for the Disadvantaged programs, retaining only a modified Graduate Assistance in Areas of National Need (GAANN) program. The Senate version authorizes all of these programs with some changes: Javits and GAANN eligibility would be limited to students who demonstrate financial need; forward-funding of Javits would be permitted; the Faculty Development Fellowship program would be redesigned; and Assistance for Training in the Legal profession would be replaced by the Thurgood Marshall Legal Educational Opportunity Program. The Administration supports the House approach to consolidate all graduate programs into one, with the addition of the Administration's provisions for students from underrepresented groups.

Teaching students with disabilities

We support the Senate version of the bill's new program to provide competitive grants to colleges to improve teaching for students with disabilities. The grants would support technical assistance and training for faculty and administrators to enable them to effectively teach students with disabilities. Many more students with disabilities are now benefiting from higher education; the grants would help faculty members better reach these students.

Advanced Placement

We are pleased that both versions of the bill would reauthorize the current Advanced Placement Fee Payment Program, ~~the Senate with significant modifications~~. We prefer the Senate version of the bill; however, we recommend that the final bill clarify that any state in which all low-income individuals are required to pay no more than a nominal fee may use any remaining funds to increase the participation of low-income students in Advanced Placement courses and exams through activities such as information dissemination, teacher training, and curriculum development.

The Senate version of the bill attempts to accommodate this recommendation in part by permitting states to use up to 5 percent of grant funds to disseminate information about the program and by providing an exception to the "supplement, not supplant" rules when funds are used to increase the participation of low-income individuals in advanced placement courses through teacher training and other activities directly related to increasing the availability of Advanced Placement courses. However, the supplanting language is problematic. It provides that funds may be used to supplant and not supplement "if the funds used to supplant are used to..." It is inconsistent with the Senate committee report's description of the program as well as internally inconsistent since states can only supplant if they use the AP funds for activities that are not authorized activities for the funds.

Another problem with the Senate language concerns the provision that notwithstanding an appropriation, the Secretary shall only award grants for this program if the College Board funds its fee assistance program at no less than the

level as the previous year. It is inappropriate and unprecedented for the behavior of a private organization to determine whether a nationwide Federal program, for which funds have been appropriated, should be carried out. Furthermore, this provision raises significant logistical questions. What does the Secretary do with the appropriation if he may not award it? How does the Secretary know what the College Board spent? Would the Secretary have to wait until the last day of the fiscal year to determine if the College Board maintained its effort?

*Suggesting long. that appropriates
the this date consideration.*

Education of the Deaf Act

The provisions in the House version that would reauthorize the Education of the Deaf Act include a provision to eliminate the 10 percent cap on enrollment of international deaf students. The current tuition charges for these students cover less than one-third of the educational costs related to their attendance, and the Administration is concerned about the high Federal cost of subsidizing these students. Elimination of the cap, without a corresponding increase in the tuition surcharge for international students, would result in resources being diverted from other university level programs to support these students. We support the provisions in the Senate version, which retain current law and add language clarifying that no qualified United States citizen shall be denied admission because of the admission of an international student.

Violence against women on campus

We support the language in both the House and Senate versions of the bill that would authorize a grant program to prevent violence against women on campus. Violence against women is a serious issue, and this program would help female students feel safer on their campuses. The Senate also authorizes a study of campus sexual assault policies, which would shed new light on the controversial issue of how campus authorities handle sexual assaults.

Proprietary school liaison

The Senate version of the bill would establish a Liaison for Proprietary Institutions of Higher Education within the Department. The need for such a liaison has not been demonstrated. The Department works with many different kinds of schools, all with their own specific interests. To single out the proprietary sector for special representation is inappropriate and opens the door to a multitude of liaisons.

*attach
more
strongly??*

New and reauthorized programs

The Administration has made a priority of eliminating programs that have not been funded or are no longer needed. The Administration proposed to eliminate a net of 42 programs. The Senate version would repeal a net of only 29 programs; the House version would eliminate a net of 40 programs. Both the Senate and the House versions would authorize a number of new programs as well as reauthorize many currently authorized programs that have not been funded in several years, if ever. These authorizations hold out the expectation of future funding to

prospective applicants for these programs. Congress should not authorize programs that it does not intend to support through appropriations.

Let me goig to find
the VAW program??



David Rowe

07/31/98 02:41:11 PM

Record Type: Record

To: Constance J. Bowers/OMB/EOP, Barry White/OMB/EOP
cc: See the distribution list at the bottom of this message
Subject: Comments on Conference Document HR6 (CJB260)

Below are Barry's revisions to Kathy's comments. Please disregard the "Kathy's additional comments" message I sent earlier.

All changes are in **blue**.

Note that all these changes are to sections of the letter's **attachment**. Thanks.

Alcohol and drug abuse

Both the House and Senate versions of the bill would authorize the Department to offer grants and recognition awards to combat the illegal use of drugs and alcohol on campus. The Secretary would be authorized to make grants to or enter into contracts with institutions for alcohol, drug and violence prevention programming. This authority is similar to a program that already exists in the Safe and Drug-Free Schools program. While we believe this ~~program activity~~ is very important, we do not believe that it needs to be authorized in both the Higher Education Act and the Safe and Drug-Free Schools Act. We recommend **deleting this provision while** maintaining the authorization in Safe and Drug-Free Schools.

~~Both versions would also authorize National Recognition Awards to institutions that have developed and implemented innovative and effective alcohol prevention programs. We do not support the provision related to National Recognition Awards as we feel it is too prescriptive and too narrowly focused on alcohol to the exclusion of drug abuse. Furthermore, there is no evidence that this type of effort would lead to other institutions developing similar drug and violence prevention programs. Finally, the Department's experience with these types of programs suggests that they usually cost much more than the authorized amounts to implement effectively. If this program is authorized in the final version of the bill, we would strongly support adding additional flexibility and funding.~~

Origination and insurance fees (pg. 4)

Unfortunately, neither version would lower the up-front loan fees for students. Reducing the origination fees for Direct Loans and the insurance fees for FFEL loans would reduce students' cost of borrowing. The Administration proposed to lower the fees by one percentage point for all borrowers, and to phase them out entirely for borrowers of subsidized loans. These fee reductions **should be included in the conference agreement. They could readily** be funded from resources that would be made available through the guaranty agency reforms proposed by the Administration.

Need analysis (pg. 6)

We are pleased with the House provisions to combine parent and dependent student assets to eliminate the differential assessment rates and to increase the income protection allowances significantly. These changes will protect more of the earnings of needy students and will restore Pell Grant eligibility to many nontraditional students. ~~However, we need to be sure that we can pay for these benefits.~~ **However, we note this change would raise discretionary spending and thus this funding should be examined during the annual appropriations process.**

Message Copied To:

Mary I. Cassell/OMB/EOP
Kathryn B. Stack/OMB/EOP
Daniel I. Werfel/OMB/EOP
Daniel J. Chenok/OMB/EOP
Kevin P. Cichetti/OMB/EOP
Robert M. Shireman/OPD/EOP
Wayne Upshaw/OMB/EOP

Constance J. Bowers

07/31/98 02:49:41 PM

Record Type: Record

To: See the distribution list at the bottom of this message
cc: See the distribution list at the bottom of this message
Subject: OMB Proposed Revised TANF parag. for ED conferee letter on HR 6

Following is a reformulation of the Wellstone paragraph for the ED letter to conferees on HR 6, the Higher Education bill. It has been cleared by Barry and Barbara.

Please let me know by 5:00 p.m. today if this language is acceptable so that I can circulate it to ED and HHS for concurrence.

The Senate bill contains a provision amending the Temporary Assistance for Needy Families program (TANF). It would expand the type and length of education programs that can be counted toward a State's "work activity" participation rate. The provision would also extend the FY98 and FY99 exclusion of teen parents from the cap on education programs that can be counted toward a State's "work activity" participation rate to FY2000 and beyond. The Administration strongly supports the TANF goal of enabling more welfare recipients to move from welfare to work. We look forward to working with conferees to ensure that the final legislation recognizes the role of education in meeting this goal, while still maintaining the welfare law's strong work focus.

Message Sent To:

Cynthia A. Rice/OPD/EOP
Andrea Kane/OPD/EOP
Robert M. Shireman/OPD/EOP
Elena Kagan/OPD/EOP
William H. White Jr./WHO/EOP
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Melinda D. Haskins/OMB/EOP
James J. Jukes/OMB/EOP

Constance J. Bowers

07/31/98 04:29:38 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: Treasury rewrite of IRS income verification language in ED conferee letter on HR 6

Treasury suggests the language below for inclusion in ED's conferee letter on HR 6 to replace language proposed respectively by ED and by OMB staff. Please review and provide any comments by cob today, Friday, July 31st.

IRS and Information Sharing

The House version of the bill would authorize the Secretary to confirm with the IRS each aid applicant's adjusted gross income, tax filing status, and number of exemptions. The Senate version of the bill would require the Secretary to verify aid applicant's tax return information with the IRS. **The Administration is concerned that allowing access to information for verification purposes, as provided in the Senate bill and to the extent allowed under the House bill, will adversely affect the confidentiality of taxpayer information and will place a strain on IRS resources (particularly inopportune at a time where Year 2000 conversion efforts are underway). The Administration would like to work with the conferees to determine whether an approach can be developed with sufficient safeguards to avoid these problems, while still accomplishing the Members' objectives.**

Message Sent To:

lori_templeman @ ed.gov @ inet
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James J. Jukes/OMB/EOP

*What is ED's
(at st?)*

From: Constance J. Bowers on 07/30/98 05:05:22 PM

Record Type: Record

To: Kathryn B. Stack/OMB/EOP, David Rowe/OMB/EOP, Robert M. Shireman/OPD/EOP

cc: Daniel J. Chenok/OMB/EOP, Daniel I. Werfel/OMB/EOP, Barry White/OMB/EOP

Subject: revised DCL paragraph for HR6 conf. ltr

See ED's revision below and let me know if you concur.

----- Forwarded by Constance J. Bowers/OMB/EOP on 07/30/98 05:04 PM -----



Lori Templeman@ed.gov

07/30/98 04:50:00 PM

Record Type: Record

To: Constance J. Bowers@eop

cc:

Subject: revised DCL paragraph for HR6 conf. ltr

The paragraph on Direct Consolidation Loans needs to be changed as follows, in order to be in line with our stated legal position on this issue:

Consolidation loans

As you know, pursuant to the Department's regulations, interest rates for Direct Consolidation Loans have been lowered to match the rates [DELETE for new loans] enacted in the Transportation Equity for the 21st Century Act for new [INSERT Direct student]loans made on or after July 1, and before October 1, 1998. I hope that the final version of H.R. 6 will

[DELETE set maximum consolidation interest rates for both programs at the new low rate to reduce costs for all borrowers and to maintain a level playing field between the two loan programs]

[INSERT reduce the interest rate on FFEL consolidation loans so that it is the same as the rate applicable to Direct and FFEL student loans and Direct Consolidation Loans]. This policy is consistent with our HEA reauthorization proposal to have the same low consolidation rates in both loan programs.

If you have any questions about this change, please contact me or Jean Veta.



073017A6.TX

Constance J. Bowers

07/30/98 07:20:36 PM

Record Type: Record

To: ola @ opm.gov @ inet, agc.llr @ treas.sprint.com @ inet

cc: See the distribution list at the bottom of this message

Subject: LRM CJB262 - ED Amendment on Student Loan Ombudsman Office provisions in HR 6 (Higher Education Act Amendments)

Please provide comments on the ED draft amendment below by 3:00 p.m., Friday, July 31, 1998

Background:

Sec. 496 of the Senate version of H.R.6 would establish within ED a "Student Loan Ombudsman Office." As noted in the attachment to the conferee letter, ED doubts such an office is needed, particularly given the new functions of the PBO. Quite apart from those broad policy objections, however, there are other "structural" problems with the Senate proposal that are described in the attached. ED has drafted a less-bad ombudsman provision, also attached, that it would like to use if necessary, but only if it cannot prevail on its broader objections. Therefore, ED requests clearance of the ombudsman proposal below for review and clearance as a back up position.

ED's proposed amendment:

Student Loan Ombudsman

In proposed section 499 (PBO) of the Senate bill, insert the following new subsection (h) and re-designate the succeeding subsections accordingly:

Sec.499....

"(h) Student Loan Ombudsman. (1)(A) The Chief Operating Officer, in consultation with the Secretary, shall appoint a Student Loan Ombudsman ("Ombudsman") to provide timely assistance to borrowers of loans made, insured, or guaranteed under title IV of the Higher Education Act of 1965 by performing the functions described in paragraph (2).

"(B) The Chief Operating Officer shall disseminate information about the availability and functions of the Ombudsman to borrowers and potential borrowers, as well as institutions of higher education, lenders, guaranty agencies, loan servicers, and other participants in those student loan programs.

"(2) Functions of Ombudsman. The Ombudsman shall--

"(A) in accordance with regulations of the Secretary, receive, review, and attempt to resolve informally complaints from borrowers of loans described in paragraph (1)(A), including, as appropriate, attempts to resolve such complaints within the Department of Education and with institutions of higher education, lenders, guaranty agencies, loan servicers, and other participants in the loan programs described in paragraph (1)(A); and

"(B) compile and analyze data on borrower complaints and make appropriate recommendations.

"(3) Report. Each year, the Ombudsman shall submit a report to the Chief Operating Officer, for inclusion in the annual report under subsection (e)(2), that describes the activities, and evaluates the effectiveness, of the Ombudsman during the preceding year.

Problems With Senate Ombudsman Provision (Additional Background from ED):

(1) The ombudsman, while appointed by the Secretary for a 5 year term, is "independent" of the Secretary and all other ED officers. Not only is this confusion of responsibility and loss of

accountability bad in general terms (e.g., if the ombudsman fails to perform, is he removable? As a practical matter, who is responsible for keeping borrower/complainants satisfied?), it is particularly problematic because: (a) the ombudsman is authorized to “resolve” borrower complaints against the Department, implying a right to set loan policy with respect to those complaints independent of the Secretary; and (b) there is a limitless amount of S and E funds available to the ombudsman each year.

(2) The ombudsman is commanded to “ensure that ...borrower complaints...are promptly resolved and responded to by [not only the Secretary but] contractors or servicers, guaranty agencies, lenders, and other loan holders, or [their] agents....” and “investigate and resolve complaints of student loan borrowers.” But what authority to dictate the terms of a resolution to third parties does the ombudsman have (particularly with respect to loan terms and practices not controlled by Federal law)? Is the implication that an employee of ED may force lenders and other institutional participants to adopt particular loan policies?

LRM ID: CJB262

**EXECUTIVE OFFICE OF THE PRESIDENT
OFFICE OF MANAGEMENT AND BUDGET
Washington, D.C. 20503-0001**

Thursday, July 30, 1998

LEGISLATIVE REFERRAL MEMORANDUM

TO: Legislative Liaison Officer - See Distribution below

FROM: Janet R. Forsgren (for) Assistant Director for Legislative Reference

OMB CONTACT: Constance J. Bowers
PHONE: (202)395-3803 FAX: (202)395-6148

SUBJECT: **EDUCATION** Amendment(s) on Student Loan Ombudsman Office provisions
in HR6 Higher Education Amendments of 1998

DEADLINE: 3:00 p.m. Friday, July 31, 1998

In accordance with OMB Circular A-19, OMB requests the views of your agency on the above subject before advising on its relationship to the program of the President. **Please advise us if this item will affect direct spending or receipts for purposes of the "Pay-As-You-Go" provisions of Title XIII of the Omnibus Budget Reconciliation Act of 1990.**

COMMENTS: Sec. 496 of the Senate version of H.R.6 would establish within ED a "Student Loan Ombudsman Office." As noted in the attachment to the conferee letter, ED doubts such an office is needed, particularly given the new functions of the PBO. Quite apart from those broad policy objections, however, there are other "structural" problems with the Senate proposal that are described in the attached. ED has drafted a less-bad ombudsman provision, also attached, that it would like to use if necessary, but only if it cannot prevail on its broader objections. Therefore, the ombudsman proposal attached is being proposed by ED as a back up position.

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Mary I. Cassell

Lisa B. Fairhall

Raymond P. Kogut

David Rowe

Jonathan D. Breul

Daniel J. Chenok

Daniel I. Werfel

Robert G. Damus

Janet R. Forsgren

LRM ID: CJB262 **SUBJECT:** EDUCATION Amendment(s) on Student Loan Ombudsman
Office provisions in HR6 Higher Education Amendments of 1998

**RESPONSE TO
LEGISLATIVE REFERRAL
MEMORANDUM**

If your response to this request for views is short (e.g., concur/no comment), we prefer that you respond by e-mail or by faxing us this response sheet. If the response is short and you prefer to call, please call the branch-wide line shown below (NOT the analyst's line) to leave a message with a legislative assistant.

You may also respond by:

(1) calling the analyst/attorney's direct line (you will be connected to voice mail if the analyst does not answer); or

(2) sending us a memo or letter

Please include the LRM number shown above, and the subject shown below.

TO: Constance J. Bowers Phone: 395-3803 Fax: 395-6148
 Office of Management and Budget
 Branch-Wide Line (to reach legislative assistant): 395-7362

FROM: _____ (Date)
 _____ (Name)
 _____ (Agency)
 _____ (Telephone)

The following is the response of our agency to your request for views on the above-captioned subject:

_____ Concur

_____ No Objection

_____ No Comment

_____ See proposed edits on pages _____

_____ Other: _____

_____ FAX RETURN of _____ pages, attached to this response sheet

Message Copied To: _____

Robert M. Shireman/OPD/EOP
Barbara Chow/OMB/EOP
Sandra Yamin/OMB/EOP
Michael Cohen/OPD/EOP
William H. White Jr./WHO/EOP
Doris O. Matsui/WHO/EOP
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Kate P. Donovan/OMB/EOP
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David Rowe/OMB/EOP
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Daniel J. Chenok/OMB/EOP
Daniel I. Werfel/OMB/EOP
Robert G. Damus/OMB/EOP
Janet R. Forsgren/OMB/EOP
James J. Jukes/OMB/EOP
Constance J. Bowers/OMB/EOP

July 29 - 3pm State of Play on HEA Budget Alternatives

Option 1 - Close the OMB-CBO Scoring Gap; Propose Selected Offsets to Pay for 5-year loan consolidation initiative (and perhaps other ED proposals). No sequester threat in any year.

- Education is still running numbers, but as of 3 pm believes they may be able to close the gap WITHOUT directed scoring by simply adopting the 10-year rate as the discount rate (in lieu of the 10-20 year blended rate). We are checking with BRD to be certain they are ok with this approach.
- If Education's numbers don't work out correctly, the gap could definitely be closed through explicit directed scorekeeping requiring OMB to adopt CBO's estimate of the McKeon-Kildee interest rate provision.

Option 2 - CBO-OMB Scoring gap retained. Offsets are applied first to closing the gap, and next to financing one year of loan consolidation. Sequester risk begins in 2001.

- Offsets: bankruptcy, eliminate GA complement at 95% reinsurance; redirect 1% GA insurance fee to Federal government; reduce lender insurance to 95 percent.
- Except for bankruptcy, all other offsets are temporary through FY 2000.

Option 3 - CBO-OMB scoring gap retained. Offsets are applied first to closing the gap and next to financing five years of loan consolidation. Sequester risk begins in 2001.

- Same offsets as above plus Securitization fee and GA reserve recall.
- Offsets in effect for 5 years.

Finance Original Baseline
Selected Offsets to Pay for FY1999 Loan Consolidation
(outlays in millions)

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>FY98-03</u>	
Scoring Against OMB Baseline*	(390)	214	425	453	510	571	1,783	**
Spending								
Loan Consolidation at T + 2.3%, Lender Subsidy at T + 3.1%, Retain 105BP Fee through FY 1999 (Policy Priority)	0	190	n/a	n/a	n/a	n/a	190	
Savings								
Limit Bankruptcy Discharge at ALL Schools to "Undue Hardship"	(402)	(46)	(69)	(72)	(77)	(80)	(747)	**
Eliminate GA Complement at 95% Reinsurance on new loans thru FY2000	0	(46)	(69)	n/a	n/a	n/a	(115)	
Redirect 100% of GA Risk Fee to Agency through FY2000	0	(56)	(212)	n/a	n/a	n/a	(268)	
Reduce Lender Insurance from 98% to 95% through FY2000	0	(75)	(113)	n/a	n/a	n/a	(188)	
HEA Paygo Scorecard	(792)	181	(38)	381	433	491	655	

Anticipated Federal Paygo							
Balances as of 7/23/98	(271)	(368)	(337)	283	528	995	830
HEA Paygo Scorecard	(792)	181	(38)	381	433	491	655
Paygo Balance including House HEA effects	(1,063)	(187)	(375)	664	961	1,486	1,485

* The current version of the House bill is expected to cost \$1.783 billion for the budget period 1998 - 2003. The Senate version would cost \$1.535 billion.

** Rounded

Finance Original Baseline
Selected Offsets to Pay for FY98-03 Loan Consolidation
(outlays in millions)

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>FY98-03</u>	
Scoring Against OMB Baseline*	(390)	214	425	453	510	571	1,783	**
Spending								
Loan Consolidation at T + 2.3%, Lender Subsidy								
at T + 3.1%, Retain 105BP Fee through FY 1999	0	190	230	242	255	271	1,188	
(Policy Priority)								
Savings								
Limit Bankruptcy Discharge at ALL Schools to "Undue Hardship"	(402)	(46)	(69)	(72)	(77)	(80)	(747)	**
Eliminate GA Complement at 95% Reinsurance (new loans)	0	(46)	(69)	(73)	(78)	(81)	(347)	
Accelerate Senate Reserve Fund Recall	0	0	0	0	0	(165)	(165)	
Redirect 100% of GA Risk Fee to Agency	0	(56)	(212)	(240)	(254)	(263)	(1,025)	
Securitization Fee	0	(204)	(217)	(229)	(242)	(255)	(1,147)	
Reduce Lender Insurance from 98% to 95% (effec 7/1/99)	0	(75)	(113)	(119)	(125)	(131)	(563)	
HEA Paygo Scorecard	(792)	(23)	(25)	(38)	(11)	(133)	(1,023)	
Anticipated Federal Paygo								
Balances as of 7/23/98	(271)	(368)	(337)	283	528	995	830	
HEA Paygo Scorecard	(792)	(23)	(25)	(38)	(11)	(133)	(1,023)	
Paygo Balance including House HEA effects	(1,063)	(391)	(362)	245	517	862	(193)	

* The current version of the House bill is expected to cost \$1.783 billion for the budget period 1998 - 2003. The Senate version would cost \$1.535 billion.

** Rounded

Congress of the United States

Washington, DC 20515

July 23, 1998

Dear Conferee:

During the reauthorization of the Higher Education Act, the Congressional Hispanic Caucus (CHC) introduced H.R. 2495, "The Higher Education for the 21st Century Act." That bill contained provisions to ensure that Hispanic and other disadvantaged young people would have increased opportunities to participate in postsecondary education. We are very pleased that a majority of our recommendations were incorporated into the final bills adopted by the House and Senate.

However, there are several issues important to our communities on which the House and Senate bills differ. We would like to draw your attention to these and offer our suggestions for their resolution. Specifically, we offer recommendations in the following areas:

- * Hispanic Serving Institutions
- * High School Equivalency Program and College Assistance Migrant Program (HEP-CAMP)
- * The Frank Tejeda Scholarship Program

HISPANIC SERVING INSTITUTIONS

A major portion of H.R. 2495 dealt with improvements for Hispanic Serving Institutions (HSIs). While our major goals were included in both the House and Senate bills, there are still many areas of difference on specific provisions. We are providing, for your consideration, a side-by-side analysis of the HSI provisions in the two bills, and our recommendations for resolving the differences.

There are several provisions that are of particular importance to us, which we want to highlight for you. They include: the "Findings" and "Purposes" sections for the provisions, authorization levels, and the title of the HSI provisions.

The Senate, but not the House bill contains both a "Findings" and a "Purposes" section for HSIs. Both the House and Senate bills moved HSIs to Title V of the Act to Title III, with full agreement from the CHC. However, in so doing, it became essential that a "Findings" section be created for the provisions that clearly established the same priorities and needs for these programs as those included as part of Title III. The most important factor is the designation of the activities under the HSI provisions as being in the Nation's interest. The Senate "Findings" and "Purpose" sections accomplish this goal.

The House authorization for HSIs is \$80 million, while the Senate level is only \$45 million, the same as that in current law. As HSIs continue to serve increasing numbers of

Hispanic students, it is essential that their funding levels be allowed to increase. The bills also increase the number of activities that HSIs are encouraged to engage in , including providing for graduate level activities. To be able to provide services at the needed level there must be room for their funding to grow.

Finally, the title of Title V in the House bill is "Developing Institutions," and the HSI provisions are included as Part A of the Title. In the Senate bill, the title does not mention HSIs and they are included as Part G. One of the reasons for moving HSIs to Title V was to increase visibility. The title of the Senate provisions and the placement of the provisions defeats this purpose.

Recommendations

- * The House should recede to the Senate on the "Findings" and "Purposes" section.
- * The Senate should recede to the House on the authorization level.
- * The Senate should recede to the House on the title of Title V and the placement of HSIs Within the Title.

HEP-CAMP

The authorizations of the HEP-CAMP programs are \$5 million for CAMP and \$15 million for HEP in the House bill and \$10 million and \$25 million, respectively, in the Senate bill. These are incredibly effective programs that serve the most disadvantaged students in our country at remarkable success rates (70 percent for the HEP program and 96 percent for CAMP). Unfortunately, these programs are totally constrained by their lack of funding. HEP can only serve one out of every ten eligible students and CAMP reaches only two percent of its eligible population. It is imperative that these exemplary programs be allowed to grow.

Recommendation

- * **The House should recede to the Senate on the authorization levels for HEP-CAMP.**

THE FRANK TEJEDA SCHOLARSHIP

Chapter 4 of Title IV of the House bill creates the Frank Tejeda Scholarship Program. The purpose of the program is to recruit low-income academically talented young people who speak both English and Spanish into the teaching field. The program provides such students with scholarships in return for a minimum of two years service as a teacher. The Senate has no such provision.

The Tejeda Scholarship is a creative plan for recruiting excellent teachers into the classroom to meet the increasing need for bilingual teachers. This program would not only benefit individual students, but also the teaching profession.

Recommendation

*** The Senate should recede to the House on the Frank Tejeda Scholarship Program.**

There are two outstanding issues in the TRIO program that are important to our community. First, the Senate bill contains a provision to allow school guidance counselors to participate in TRIO training programs. There are today few development opportunities for guidance counselors, despite the fact that they are in a position to play a key role in helping students, especially disadvantaged students, make crucial decisions about their education and their future. Allowing counselors to participate in TRIO training programs can provide valuable professional development for them and thereby increase their ability to serve students.

Our second issue involves the authorization for the program. The Senate authorizes \$700 million for TRIO, while the House bill authorizes \$800 million. H.R. 2495, recognizing that the TRIO programs are not available to large numbers of eligible students in certain geographic areas, contained language that would provide that whatever funds were appropriated above the current level, the Secretary will target these funds to projects in geographic areas that are undeserved and that ill serve students in schools with high dropout rates. This would ensure that TRIO programs provide services in all areas of the country and are available to students regardless of where they are located,

Recommendations

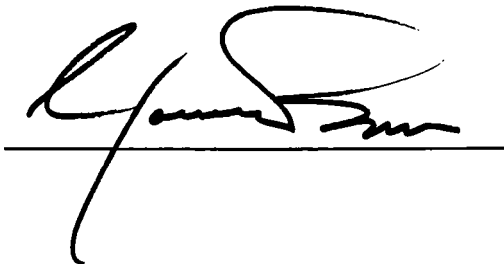
*** The House should recede to the Senate position to allow counselors to participate In TRIO training programs.**

*** The Senate should recede to the House on the authorization levels for TRIO, with The following ammendment:**

“Funds appropriated above the fiscal year 1998 level shall be targeted by the Secretary for applicants that will serve eligible populations in geographic areas that have been undeserved by programs under sections 402B and 402C and that will serve schools with high dropout rates. The level of consideration given to the Evaluation factors described in this paragraph shall be equal to the level of Consideration given to prior experience under paragraph 2.”

We appreciate your careful attention to our suggestions.

Sincerely,



Joh. D.

Juan V. Gutierrez

Leut. Rafael H. H.

Cris D. Rodriguez

Robert H. H.

Walter M. H.

William E. H.

Paul Roman H.

John H.

- PBS - and absorbing the sequester, will
work w/ the Congress...

• the direct scoring problem / "spending surplus" ?

Govt:

Ask them to...

CBO & CMB why in our and
countries with.

- Substantial hike - looking @ IRA
can be addressed technically.

July 23, 1998

MEMORANDUM FOR GENE SPERLING

FROM: Bob Shireman

SUBJECT: The budget issue in HEA

As you know, there are significant differences in how CBO and OMB/ED score the cost of the HEA reauthorization legislation. While OMB will be preparing a memo on this topic, I am inclined to consider a wider range of options than I think Barbara will include. I wanted to get your input on the matter.

I do not expect that Congress will be able to fully fund the HEA bill under OMB scoring -- it could be about \$1 billion short over 5 years. In my briefing of the Democrats, Barbara and I made it clear that the bill cannot "bust the budget." But we were admittedly vague on what that means. It was also clear that the Democrats will have limited tolerance for our demands -- they have insisted that we provide them with more detailed briefings on the circumstances under which a failure to meet OMB scoring would lead to sequesters, etc.

These are the options as I see them:

1. Stand absolutely firm. We could insist that it must be paid for under OMB scoring. The only reason to do this would be if, in fact, we *must* in order to stay true to the "social security first" strategy. This would require sending a strong message to the Democratic congressional leadership, from a very high level here. The Democratic conferees on this bill are not likely to go along unless the leadership tells them that they must, that it is critical to larger efforts. **This is a very heavy lift.**

2. Accept out-year discrepancies. We could focus on avoiding a 1999 sequester problem, and allow for some level of out-year "spending," declaring that we will work with Congress to make sure that it is ultimately paid for. **This seems to be a very dangerous precedent.**

3. Fudge. I don't completely understand how we handled the problems with the transportation and IRS bills, but we could perhaps treat this bill in a similar way.

4. Adopt CBO assumptions. The main reason for the discrepancy is that the CBO baseline assumes that the interest rate would have been the 10-year Treasury instrument, rather than a 10-20 year average. A Raines letter made it clear that that was a CBO error. However, we could ultimately decide to change our baseline to reflect CBO's, making the goal of offsetting under OMB scoring much more achievable.

My view: I think option 4 is the cleanest, though we have to swallow something that we declared was an error. Barbara Chow does not think we should consider this option. Should I push on this, or do you think there is another viable option?

Chow is recommending a version of this (change baseline to 91-day T-bill equivalent of CBO's 10-year + 1). I support.



Robert M. Shireman
07/10/98 11:18:31 AM

Record Type: Record

To:

cc:

Subject: POTUS STATEMENT ON HEA PASSAGE IN SENATE

STATEMENT BY THE PRESIDENT

Senate Passage of Higher Education Reauthorization

The bill passed last night by the Senate will help my effort to usher more Americans through the doors of higher education, doors we have opened wide since 1993. There are still serious fiscal and policy issues that need to be resolved, and I am committed to working with Congress to do that. But I am pleased that the Senate bill endorses the new, low interest rate for student loans that I proposed, to save students \$11 billion; improves teacher recruitment and training provided by our colleges; takes important steps in response to my call for colleges to help children at high-poverty schools prepare for and attend college; expands access to quality distance learning technologies; and creates what would be the government's first performance-based organization, an innovation recommended by our Reinventing Government effort.

July 23, 1998

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Budget Implications of OMB-CBO Differences in Scoring the Higher Education Reauthorization Bills

Significant 5-Year Costs Under OMB Scoring

- Under OMB scoring, the 1998-2003 estimate for the Senate bill is \$1,535 million and for the House bill is \$1,783 million.
- Under CBO scoring, the 1998-2003 estimate for the Senate bill is \$215 million and for the House bill is \$525 million.

No Risk of 1999 Sequester

- Under the Budget Enforcement Act rules, the 1999 sequester calculation will include 1998 savings scored as a result of changes affecting prior cohorts of student loan borrowers. Under both CBO and OMB scoring, 1999 costs are more than offset by 1998 savings, so there is no threat of a sequester in 1999.

Possible Sequester in 2000 or Thereafter

- Under OMB scoring, annual costs for FY 2000 to 2002 range between \$425 million and \$510 million.

Lower Cost Estimates if HEA Precedes Budget Resolution

- Under BEA, PAYGO estimates would be based on 1998-2002 cost totals if HEA is passed prior to the Budget Resolution.
 - Under CBO scoring, the Senate bill would cost \$205 million for 98-02 while the House bill would save \$10 million.
 - Under OMB scoring, the Senate bill would cost \$1,175 million for 98-02 while the House bill would cost \$1,212 million.

Scoring Differences Result from Several Factors

- Factors contributing to the scoring difference include: (1) CBO's assumption that ED would use the 10-year note as the benchmark instrument, rather than the 10-20 year blended rate that was ED's administrative policy; (2) interest rate differences between CBO and OMB on short and long-term instruments; (3) different loan volume and default assumptions; and (4) a variety of other differences between CBO and Education Department loan models.

Comparison of OMB and CBO Scoring of House and Senate Higher Education Bills

(outlays in millions)

<u>House Bill</u>	<u>1998</u> <u>(Prior Cohorts)</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>1998-2002</u>	<u>1998-2003</u>
OMB	(390)	214	425	453	510	571	1,212	1,783
CBO	(445)	45	140	195	270	320	205	525
Difference	55	169	285	258	240	251	1,007	1,258

<u>Senate Bill</u>	<u>1998</u> <u>(Prior Cohorts)</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>1998-2002</u>	<u>1998-2003</u>
OMB	(400)	204	428	447	496	359	1,175	1,535
CBO	(570)	15	135	175	235	225	(10)	215
Difference	170	189	293	272	261	134	1,185	1,320

1 Non-probabilistic scoring estimate

Timing, conferees

1. Ballistic issues:

- ✓ --Student loans, esp. budget issues - don't cross line
- ✓ --Sec. 458 cuts
- ✓ --National Board for Prof. Teaching Standards
- ✓ --High Hopes - separate group, all students

Principles: - challenge to colleges (final year college or school)
- all kids @ high poverty schools
✓ - Early

2. Critical issues:

- Other student loan:
 - Consolidation rate - pro-student
 - G.A. reform - good gov't - VFA better ... - summary 4s
 - Market mechanisms? - info on sec. mkt sales
- Teacher Preparation and Recruitment - state - 50-50 no direct grants to state
- Distance and Learning Anytime Anywhere Partnership (LAAP) - in scope 6071
- Performance-Based Organization (PBO) - secure, need copy auth.
- Year 2000 (Y2K) Problems - RUTTING

3. Other important to know

- Loan forgiveness is a mess ✓ - Memorandum: Tell us how to make it work.
- ICR in FFEL (Andrews); tax issue ✓
- Loan fees/level playing field ✓

Want views/intelligence:

- Wellstone amendment

MANY OTHER ISSUES

- Mtg w/ Kilder/Kenn ?

PHOTOCOPY
PROHIBITED

Nays & Means

The management shakeup at Texas Southern University continues.

The university's Board of Regents voted 3 to 2 this month to place its outspoken chairman at a regent who has been more supportive lately of the university's president.

The board ousted Willard L. Jackson, Jr., an ally of Republican Gov. George W. Bush and a fierce critic of Texas Southern's president, James M. Douglas. Mr. Jackson was one of several regents who had resisted renewing Mr. Douglas's contract this year, citing concerns about the president's ability to lead the historically black public university out of its long-running financial crisis.

In a memorandum in November, Mr. Jackson accused the president of wrongdoing regarding board policies on personnel, salary, and tenure decisions. He also suggested that Mr. Douglas was "playing some type of contrived game" with the regents over the handling of the university's problems, which have included budget deficits and improper administration of financial aid.

After the memo became public, students and community leaders rallied in support of a new contract for Mr. Douglas. But Mr. Jackson insisted on a performance evaluation of the president first. In May, the regents unanimously approved a two-year extension of the president's contract.

Government & Politics

It's Crunch Time for College Lobbyists Seeking to Shape 1998 Higher Education Act

Hundreds of small differences separate the House and Senate versions of the legislation

BY STEPHEN BURD

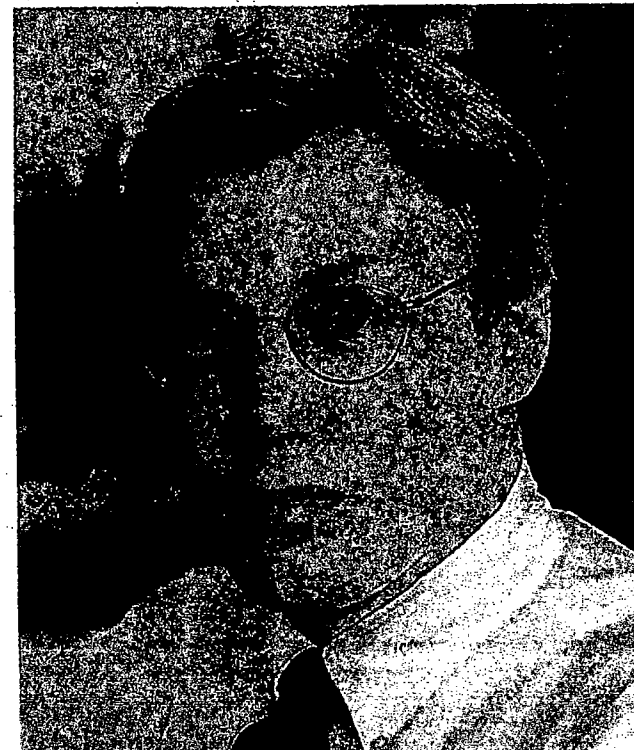
WASHINGTON

LEGISLATION to renew the Higher Education Act has won overwhelming approval in both houses of Congress. But a major hurdle remains: Lawmakers from the Senate and the House of Representatives must resolve hundreds of differences between their chambers' versions of the bill.

In broad outline, the bills are very similar. Each would sharply cut the interest rate on student loans, authorize large increases in the maximum Pell Grant, and widen eligibility for the grants to include more students who are independent of their parents, as well as more dependent students who hold jobs.

Both bills would also provide grants to states and college-school partnerships to improve the quality of teacher-education programs; help modernize the delivery of student aid; expand early-intervention programs to give schoolchildren from low-income families the support and motivation they need to go on to college; and require colleges to disclose to the public

David Baime of the community-college association opposes a provision to limit the time in which undergraduates could qualify for student aid



railed in support of a new contract for Mr. Douglas. But Mr. Jackson insisted on a performance evaluation of the president first. In May, the regents unanimously approved a two-year extension of the president's contract.

Mr. Jackson was replaced by Gene A. Moore, another regent. Mr. Moore has also previously criticized Mr. Douglas's leadership of the university, but he has been more supportive recently.

Mr. Jackson vowed in a statement last week to take legal action to fight the three regents' "renegade action."

Lawmakers in Missouri and New York have eased students' financial load by cutting their textbook bills.

Both states have enacted laws that end the sales tax that currently enrolled students pay on textbooks required for their courses.

The New York law, which was slipped into the state's massive budget legislation in April, with little notice, took effect last month.

It protects from state and local sales tax all required textbooks bought by enrolled students at any bookstore, on a campus or off. The state tax is 4 per cent, and the local tax in most parts of the state is slightly higher.

The Missouri law, which Gov. Mel Carnahan signed this month, exempts from state sales-and-use tax all textbooks bought in stores on college campuses. The measure takes effect in late August.

"We're always looking for ways to make going to college a little more feasible for everyone," said state Senator Edward E. Quick, who sponsored the Missouri legislation. "We just had some funds to deal with, and thought this was a good way to use them."

programs; help modernize the delivery of student aid; expand early-intervention programs to give schoolchildren from low-income families the support and motivation they need to go on to college; and require colleges to disclose to the public more-detailed financial information.

But in many other ways, both large and small, the two chambers' bills differ. And college lobbyists are preparing to make a final all-out effort to insure that lawmakers know their preferences before the final bill is drafted.

"This is the point in time when two years of hard work depends on two weeks of harder work," said Becky Timmons, director of Congressional relations at the American Council on Education. "If we let down our guard now, the bills could be spliced together in ways that could harm students and burden colleges."

House and Senate leaders could begin meeting as early as this week to draft the final Higher Education Act bill. Here are some of the things that college lobbyists would like to see them do:

- Ease restrictions that the 1996 welfare-reform law imposed on welfare recipients who wish to attend college. Sen. Paul Wellstone, a Minnesota Democrat, succeeded in attaching to the Senate bill an amendment that would make it easier for welfare recipients to go to college without also having to work. No similar provision is in the House bill.

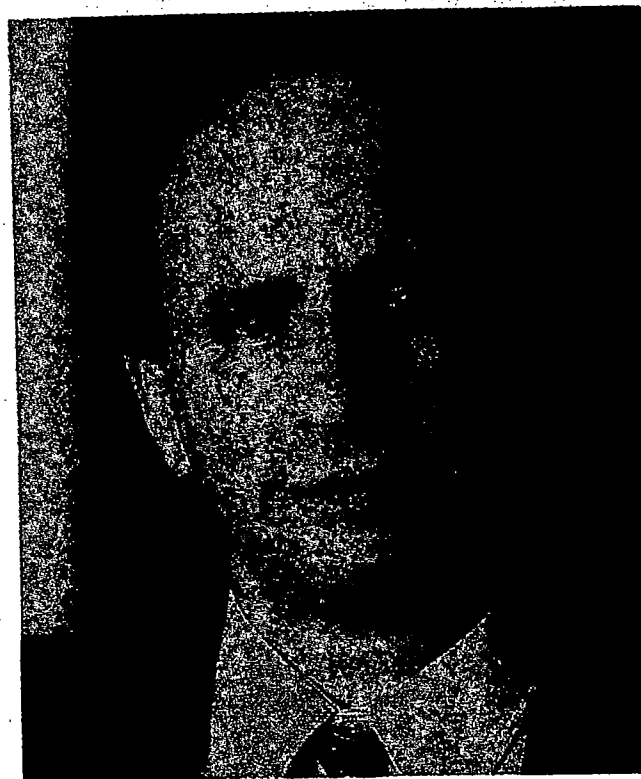
- Make it cheaper for students to refinance their loans. College lobbyists support the Clinton Administration's position that students who consolidate their loans should pay the same low interest rates as students who would take out new loans under the bill. Therefore, they oppose a provision included in the House bill that would make it more expensive for students to refinance their loans. The Senate bill is silent on that issue.

- Adopt provisions in the House bill that would more generously widen the eligibil-

community college association opposes a provision to limit the time in which undergraduates could qualify for student aid.



DENNIS BRACK, BLACK STAR, FOR THE CHRONICLE



RICK BLOOM, SABA

Sen. Paul Wellstone of Minnesota is pushing a provision to make it easier for welfare recipients to go to college without also having to work.

ity for Pell Grants to independent students and dependent students who work than would the Senate bill.

- Reject a measure in the Senate bill that would restrict the period over which a student can receive a Pell Grant to 150 per cent of the time normally required to complete a course of study. No similar provision exists in the House bill.

College lobbyists and advocates for the disadvantaged may find it difficult to persuade House lawmakers to support

changes that would make it easier for welfare recipients to attend college, but they say they will work hard to have the measure included in the final Higher Education Act bill.

"I believe there really is beginning to be a groundswell of support for this," said Leslie R. Wolf, president of the Center for Women Policy Studies, a research and advocacy group. "But we must not rest. This is a fight that must be won."

Student lobbyists agree. "We think it's

Reauthorization of the Higher Education Act

Changes in most programs would take effect in the 1999-2000 academic year.

PELL GRANTS

PRESENT LAW: The maximum authorized grant is \$4,500 for 1997-98; the actual maximum grant this year is \$2,700, and will rise to \$3,000 in 1998-99.

PRESENT LAW: If maximum grant exceeds \$2,400, any grant over that amount is divided between tuition and living expenses, and a student can receive the tuition portion only if his or her tuition exceeds \$2,400—hurting students at community colleges and other low-cost institutions.

HOUSE BILL: Would set the maximum authorized grant at \$4,500 in 1999-2000, and would raise it by \$200 in each of the following four years.

HOUSE BILL: Would raise the level above which the size of a grant is based on a student's tuition to \$3,000 from \$2,400. Would raise the allowance for child care that a student can count toward his cost of attending college to \$1,500 from \$750. Would bar from receiving grants students at colleges where a large proportion of students have defaulted on loans.

SENATE BILL: Would set the maximum authorized grant at \$5,000 in 1999-2000, and would raise it by \$200 in each of the following four years.

SENATE BILL: Would keep the level above which the size of a grant is based on a student's tuition at \$2,400. Would set the minimum Pell Grant at \$200 rather than the current \$400. Would limit the period over which a student can receive a Pell Grant to 150 per cent of the time normally required to complete a course of study.

NEEDS ANALYSIS

PRESENT LAW: Students who are independent of their parents can earn up to \$3,000 a year and still qualify for a Pell Grant. Dependent students can earn \$1,750 without having the government add the total to their parents' earnings in calculating the family's need for aid. For 1998 only, Congress voted to raise the levels to \$4,250 a year for independent students and \$2,200 for dependent students.

HOUSE BILL: Would increase to \$5,500 the amount that independent students can earn and still qualify for a grant, and increase to \$3,000 the amount a dependent student can exclude from the assessment of his or her family's need. Would adjust the amounts yearly to keep pace with inflation.

SENATE BILL: Would increase to \$4,250 the amount that independent students can earn and still qualify for a grant, and increase to \$2,200 the amount a dependent student can exclude from the assessment of his or her family's need. Would adjust the amounts yearly to keep pace with inflation.

STUDENT LOANS

PRESENT LAW: On July 1, the formula used to calculate the interest rate on loans is scheduled to change, reducing the rate from the current 8.2 per cent to 6.9 per cent. Lenders say the shift would force them out of the guaranteed-loan program.

HOUSE BILL: Would lower the interest rate students pay on loans to 6.8 per cent while they are in school, and to 7.4 per cent after that. Lenders, however, would draw an interest rate of 7.2 per cent while a student is in college and 7.9 per cent thereafter. The gap between what students pay and what lenders earn would be made up by larger federal subsidies to banks.

SENATE BILL: Same as in House bill.

STUDENT-AID DELIVERY

PRESENT LAW: The Education Department's top political officials are charged with managing the computer and data systems through which the department awards financial aid to institutions and students.

HOUSE BILL: Would create a "performance-based organization" within the Education Department to manage the system that delivers student aid, to be led by a C.E.O. with extensive management experience.

SENATE BILL: Same as in House bill.

TEACHER TRAINING

PRESENT LAW: The government sponsors a patchwork of several dozen programs, now authorized through Title V of the Higher Education Act, to train elementary- and secondary-

HOUSE BILL: Would consolidate current teacher-education programs into a \$250-million block grant to states, under Title II of the law. A third of the funds would be used for partner-

SENATE BILL: Would merge teacher-education programs into three new grant programs, under Title II. One would provide \$150-million in block grants to states to insure that teachers

essential for Congress to make a true commitment to families that are trying to break the cycle of poverty," said Anthony Samu, vice-president of the United States Student Association.

STIFF OPPOSITION LIKELY

The 1996 welfare-reform law, which aimed to get those on welfare into jobs, specified that states would lose some of their federal funds unless a certain proportion of their welfare recipients were employed or engaged in "work-related activities." That proportion is 25 per cent this year, and is set to climb to 50 per cent by 2002.

The law restricted welfare recipients from attending college in several ways. First, it allowed states to count only a year of welfare recipients' education or training as "work," which college officials said excluded such people from virtually all degree programs and from anything but short-term job training. The law also mandated that no more than 30 per cent of the people that a state counts as "working" may be enrolled in vocational-education programs.

Because of Mr. Wellstone's amendment, the Senate bill would extend from one year to two the time that a welfare recipient can receive education or training and have it count as work. It also would allow all kinds of postsecondary education, not just vocational training, to qualify.

The provision is likely to face stiff opposition from the House Republican leadership, which has resisted other efforts to alter the 1996 welfare law. They say they fear such efforts could undermine the intent of the law: to move aid recipients off welfare rolls and into the work force.

Mr. Wellstone, however, is optimistic. He said he believed that the chairman of the Senate Labor and Human Resources Committee, Sen. James M. Jeffords of Vermont, and the panel's top Democrat, Sen. Edward M. Kennedy of Massachusetts, would fight vigorously for it. He noted that 11 Republicans, including relatively conservative ones like Sen. Orrin G. Hatch of Utah, had crossed party lines to support the measure in the Senate.

The provision, he said, is too important to fail. "Over and over again, the plea that I have heard from welfare mothers is, 'Please let me finish my education; please let me get my two-year degree, because I will be in such a better position to support myself and my family,'" Mr. Wellstone said.

VOCIFEROUS COMPLAINTS

College lobbyists and student advocates will also have trouble persuading G.O.P. lawmakers to give borrowers who consolidate their loans the same low interest rate that the legislation offers to new borrowers.

Republican lawmakers and lenders complained vociferously when the Clinton Administration decided last month to slash for three months the interest rate the government charges borrowers who consolidate their loans into direct lending (*The Chronicle*, July 3). They accused the Administration of trying to give the direct-loan program dominance in the market for refi-

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tion Act, to train elementary- and secondary-school teachers.

A third of the funds would be used for partnerships between colleges and schools in disadvantaged areas to improve teaching at the schools. The new grants would aim to reform schools of education to increase their emphasis on insuring that teachers are knowledgeable about the subjects they teach. The bill also would forgive student-loan debt incurred during a student's final two undergraduate years if he or she teaches for at least three years in a school with many low-income pupils.

block grants to states to insure that teachers are trained well in their subjects. And would provide \$150-million in grants for partnerships between colleges and schools in disadvantaged areas to improve teaching at schools. The third would offer \$37-million grants to help poor urban and rural schools recruit teachers, aimed at raising the number of minority teachers. The bill also would give student-loan debt, of up to \$8,000 teachers who spend at least three years in schools with many low-income pupils.

GRADUATE EDUCATION

PRESENT LAW: The Education Department supports three graduate fellowship programs: the Patricia Roberts Harris Fellowship Program for minority graduate students; the Jacob K. Javits Fellowship Program for students in the arts, humanities, or social sciences; and the Graduate Assistance in Areas of National Need Program, which gives grants to "exceptional" students in key fields, as determined by the Education Secretary.

HOUSE BILL: Would consolidate graduate fellowships into a Graduate Assistance in Areas of National Need Program.

SENATE BILL: Would fold the Harris program into the Graduate Assistance in Areas of National Need Program, but keep the Javits program separate. Would create Faculty Development Fellowships, aimed at helping women and minority-group members join college faculties. Would also create the Thurgood Marshall Legal Educational Opportunity Program to provide minority or economically disadvantaged college students with the informal preparation, and financial assistance needed to succeed in law school.

EARLY INTERVENTION

PRESENT LAW: The government's five TRIO programs help disadvantaged students prepare for college, by providing counseling, tutoring, and other support services. Another program, the National Early Intervention Scholarship Program, gives money to states for similar services.

HOUSE BILL: Would keep the existing programs intact. Would also create a new program, authorized at \$140-million in 1999-2000, to give grants to help colleges form partnerships with middle schools with many children from low-income families. College students would act as mentors and tutors to needy children, to let them know that college is within their reach.

SENATE BILL: Would keep the TRIO program intact. Would combine the Early Intervention Scholarship Program with a new program grants to help colleges form partnerships with middle schools with many children from low-income families. Under this \$200-million "Connections" program, colleges would compete with other community-service groups for grants to let needy children know that college is within their reach.

STUDENTS ON WELFARE

PRESENT LAW: The 1996 welfare-reform law threatens to strip federal funds from states unless a certain proportion of their welfare recipients are employed or in "work-related activities." The law mandates that 30 per cent of the people that a state counts as "working" may be enrolled in one-year vocational programs. It counts toward that figure teenage parents in high-school vocational programs, leaving little room under many states' caps for those in college job-training programs.

HOUSE BILL: Does not deal with this issue.

SENATE BILL: Would let states permit welfare recipients to spend two years in college or vocational training, as part of the "work" requirement. Also, teenage parents would no longer count under the 30-per-cent cap. It would open up spaces for welfare recipients in colleges.

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nanced loans by offering terms that banks in the guaranteed-loan program cannot match.

Consolidation allows students who have loans from multiple lenders to combine their debts into one loan, with one monthly payment.

Banks say they simply cannot afford to provide consolidated loans at such low rates. Lenders must pay the government 1.05 per cent of the amount of the combined loans when they make refinanced loans. Last year, when Congress approved a bill requiring lenders to reduce their interest rates on consolidated loans by as much as a percentage point, Sallie Mae stopped consolidating loans, saying that doing so was no longer profitable. Before that, Sallie Mae was the top private consolidator of loans.

DISPUTE OVER INTEREST RATES

Lenders support a provision in the House bill that would set the interest rate on consolidated loans at the weighted average of the loans being refinanced, capped at 8.25 per cent. They point out that the House provision would lower the costs to students, because consolidated loans currently are capped at 9 per cent.

College lobbyists and advocates for students argue that borrowers who seek to ease their debt by refinancing their loans should not have to pay higher interest rates than those with new loans. Under both the House and Senate bills, new borrowers will pay interest rates of about 6.8 per cent

(compared with the current 7.6 per cent), while in college, and 7.4 per cent (compared with the current 8.2 per cent) when in repayment.

Barmak Nassirian, a policy analyst with the American Association of State Colleges and Universities, said the leading higher-education associations would support efforts by Republican lawmakers to reduce the 1.05-per-cent fee that lenders must pay the government, if that would make it easier for banks to consolidate loans at the lower interest rates.

College lobbyists and student advocates also plan to push lawmakers to widen the eligibility for Pell Grants of independent students and dependent students who work. Both bills include provisions to do that, but the House bill is more generous.

In 1992, when Congress last extended the Higher Education Act, the lawmakers, seeking ways to cut the cost of the bill, made it much harder for working students to remain eligible for Pell Grants.

Congress lowered to \$3,000, from \$6,400, the amount that students who are independent of their parents could earn each year and still qualify for a grant. It also capped, at \$1,750, the amount that dependent students could earn without having the government add the total to their parents' earnings in calculating the family's need for student aid.

The changes were immediately felt on campuses at which many students work to help pay for college. Many students lost their Pell Grants, or saw the size of their grants shrink significantly.

Some college leaders believe that the 1992 changes drove many students who were afraid of going too far into debt out of the nation's colleges. Those who stayed faced larger loans and longer work hours.

ELIGIBILITY FOR PELL GRANTS

Under pressure from the White House, Congress, as part of the fiscal-1998 spending bill for education programs, made changes to increase the Pell-Grant eligibility of independent students and working dependent students. The law raised the income caps for single, independent students to \$4,250, from \$3,000, and for dependent students to \$2,200, from \$1,750.

The Senate's Higher Education Act bill would maintain those levels. The House bill would raise to \$5,500 the amount that independent students can earn and still qualify for a grant, and increase to \$3,000 the amount a dependent student can exclude from the assessment of his or her family's need.

Senate Republican lawmakers said in a report accompanying their bill that they worried that increasing those levels further would be expensive and, because of their cost, "put in jeopardy the possibility of increases in the Pell Grant maximum in the future."

But college lobbyists and student advocates will fight for the more-generous provision in the House bill. "That's the least we can do to treat these populations of students fairly," said Mr. Nassirian.

Advocates for colleges and students don't like a measure in the Senate bill that

would limit the length of time in which students can qualify for Pell Grants.

The provision, backed by the Clinton Administration, would limit the period over which a student can receive a Pell Grant to 150 per cent of the standard time to complete a course of study. For students in a typical baccalaureate program, for example, that would be six years.

Administration officials and Senate leaders say such a limit would encourage undergraduates to complete their degrees in a timely fashion, preventing aid funds from going to "perpetual students."

But student-aid experts say that such a limit could hurt needy students who, because of financial hardship, take longer to graduate.

David Baime, director of government relations at the American Association of Community Colleges, said that the Administration has failed to prove that many students stay in school longer in order to rip off federal-aid dollars.

"This is a solution in search of a problem," Mr. Baime said. "We believe that this provision would have a negative impact on students who are in need of remedial education and those whose educational goals change dramatically while they are in college."

★ **In-depth information** on the Higher Education Act, including key documents, can be found on *The Chronicle's* Web site at: <http://chronicle.com>

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House Panel Seeks Increases in NIH Spending and Maximum Pell Grant

President Clinton threatens to veto the bill because it does not include funds for some of his other priorities

BY PAULETTE WALKER CAMPBELL

WASHINGTON
A HOUSE OF REPRESENTATIVES committee voted last week to increase spending on the National Institutes of Health by 9.1 per cent for fiscal 1999—a boost that would total \$1.3-billion, \$126-million more than President Clinton requested. The panel also voted to raise the maximum Pell Grant to \$3,150 from the current \$3,000. The President had requested a \$100 increase.

But the measure that emerged from the House Appropriations Committee was devoid of new money for a number of Mr. Clinton's domestic priorities—including some in higher education—setting the stage for a confrontation with the White House.

In a letter sent last week to Rep. Robert L. Livingston, the Louisiana Republican who heads the committee, Mr. Clinton's budget chief, Jacob J. Lew, said the President would veto the bill in its current form if it did not include more money for education and other popular social programs.

A 'TROUBLESOME' PROHIBITION

The bill, which sets the budgets for the Departments of Labor, Health and Human Services, and Education, reflects the Republicans' emphasis on popular health and research programs.

In addition to providing a hefty increase for the N.I.H., the bill would provide the

Centers for Disease Control and Prevention with \$2.586-billion for fiscal 1999, \$202-million more than the agency received for the current year, and \$89-million more than the President's request.

The bill includes a continued ban on the use of federal money for research using human embryos. It includes, as well, a new ban on the use of federal money to pay for the distribution of needles and syringes to

But it omitted money for the Administration's Learning Anytime Anywhere Partnership, which would provide grants to colleges and other institutions to improve the technology used to deliver distance education. It provided none of the increases that President Clinton had requested for job training for dislocated workers and low-income adults. And it provided just \$150-million, instead of the \$250-million

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bill is going nowhere."

prevent the spread of disease among drug users, a prohibition that the Administration called "troublesome."

The largesse provided for medical research came at the expense of priorities near and dear to Mr. Clinton. The committee's bill, for example, includes no support for High Hopes, a program that would enlist colleges to form partnerships with middle schools that have large concentrations of children from low-income families.

The committee voted to raise the budget for the TRIO programs for disadvantaged students to \$600-million, an increase of \$70.3-million over the current level and \$17-million over the President's request.

Mr. Clinton had requested, for the School-to-Work Program, which aims to prepare young people for jobs.

The bill also provides no money for the federal contribution to the Perkins Loan Program or for the Graduate Assistance in Areas of National Need Program, which gives fellowships to graduate students who are studying subjects considered important to the nation.

Rep. John Edward Porter of Illinois, a Republican who heads the House Appropriations Subcommittee on Labor, Health and Human Services, and Education, said the cuts in those programs would enable Congress to keep within the spending lim-

its it agreed to last year with the Administration to balance the budget.

Rep. David R. Obey of Wisconsin, the top Democrat on the committee, accused the panel's Republicans of "setting up a fight" with the Administration. "It is futile for the House to proceed on a bill that the President will veto," Mr. Obey said. "This bill is going nowhere."

Republicans on the committee said they were unable to provide for all of the President's priorities because his budget proposals had relied on the tobacco settlement to pay for them. Under the President's plan, tobacco manufacturers would have made annual lump-sum payments to the government to resolve litigation over their liability for tobacco-related illnesses. But a bill to resolve that dispute died in the Senate last month.

It appears that the committee tried to meet at least some of Mr. Clinton's concerns. Mr. Porter's subcommittee had voted to provide \$50-million less for the Work-Study program than Mr. Clinton requested; the full Appropriations Committee voted to restore \$1-million of that amount. The full committee also voted to reverse the subcommittee's decision not to give the N.I.H.'s Office of AIDS Research the authority to plan for and distribute the agency's AIDS-research budget.

The full House may vote on the measure this week. ■