RSC Republican Study Committee

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Legislative Bulletin……..……July 11, 2007

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H.R. 2669 — College Cost Reduction Act of 2007

Summary of the Bills Under Consideration Today:

Total Number of New Government Programs: at least 9

Total Cost of Discretionary Authorizations: $197 billion over five years

Effect on Revenue: $0

Total Change in Mandatory Spending: reduced by $1.67 billion over five years

Total New State & Local Government Mandates: 0

Total New Private Sector Mandates: 0

Number of *Bills* Without Committee Reports: 0

Number of *Reported* Bills that Don't Cite Specific Clauses of Constitutional Authority: 0

H.R. 2669 — College Cost Reduction Act of 2007 *(Miller, D-CA)*

Order of Business: H.R. 2669 is expected to be considered on Wednesday, July 11, 2007, subject to a rule. Details of the rule are not currently available, although a structured rule is expected.

Reconciliation Background: The budget resolution (S. Con. Res. 21) instructed the House Education and Labor Committee to find $750 million in savings over five years. The reconciliation process is intended to reduce the growth in entitlement spending; however, Democrats have chosen to use reconciliation as a method to create at least nine new

entitlement programs, create a mandatory funding stream for the Pell Grant program, and to ensure that these education policy changes, which could not garner the 60 votes necessary for cloture under regular order in the Senate, are included in a reconciliation package, which requires only 50 votes, instead of 60.

Student Loan Programs Background: The federal government provides subsidized and unsubsidized loans to parents and students of higher education (both undergraduate and graduate) using two major programs: the FFEL and the DL program. The FFEL loan program offers subsidized loans provided to students from private lenders. Conversely, in the DL program, the federal government acts as the lender itself and provides the capital for all loans. In FY 2005, these two programs provided $56.2 billion in *new* loans.

In those loans which are subsidized by the federal government, the government pays the interest while the student is enrolled as at least a part-time student. The government does not pay the interest on unsubsidized loans. Currently the interest charged on federal student loans varies among the different types of loans offered—ranging from 6.8% to 8.5%. As of July 1, 2006, all Stafford loans have a fixed interest rate of 6.8%.

The government guarantees a fixed return to lenders providing federal loans. As such, by reducing costs incurred upon the student by decreasing the interest rate, the federal government—i.e. taxpayers—must make up the shortfall to the lender.

Summary by Title:

Title I—Pell Grants

- Increases the current authorized annual maximum award given to students under the Pell Grant program from $5,800 for each academic year (AY) to the following amounts:

    - $7,600—AY 2008-2009;
    - $8,600—AY 2009-2010;
    - $9,600—AY 2010-2011;
    - $10,600—AY 2011-2012; and
    - $11,600—AY 2012-2013.

    This increase would double the *authorized* maximum over five years, from $5,800 to $11,600. Currently, the maximum award actually appropriated is $4,310 (as set by the FY 2007 Continuing Resolution). As such, if the new authorized levels were realized, that would represent a 169% increase over the current appropriated level. In addition, according to CRS, the estimated average (as opposed to the maximum) award granted to students in 2007 is $2,456.

- Creates a new mandatory funding stream to the Pell Grant program. Specifically, the bill would authorize and appropriate $18.2 billion over ten years for the Pell Grant program, as follows:

- $840 million in FY 2008;
- $870 million in FY 2009;
- $1.34 billion in FY 2010;
- $2.28 billion in FY 2011;
- $2.35 billion in FY 2012;
- $2.4 billion in FY 2013;
- $2.45 billion in FY 2014;
- $2.51 billion in FY 2015;
- $2.55 billion in FY 2016; and
- $2.57 billion in FY 2017.

Of these amounts, the bill stipulates that the new mandatory spending for the Pell program would be used to *further increase* the maximum award made available to students in the program. The increase in the maximum annual award would be implemented as follows:

- $200 increase—AY 2008-2009 and AY 2009-2010;
- $300 increase—AY 2010-2011; and
- $500 increase—AY 2011-2012 and each subsequent year.

Note: this new entitlement spending is in addition to the authorized increases described earlier and made subject to appropriations.

Through the annual appropriation's process, in FY 2007, Congress appropriated $12.6 billion in discretionary funding for the Pell program. **Some conservatives may be concerned that the large authorization level increases (subject to appropriations) and the additional $18.2 billion in entitlement funding provided in H.R. 2669 would significantly increase federal spending on the Pell Grant program.**

- Authorizes the Department of Education to award students two Pell grants during one award year, if the student is enrolled in more than two semesters (or three quarters) during the academic year. Currently students may receive one Pell grant per year, which is typically divided in half and distributed evenly over the two semester year (Spring and Fall semesters). However, this provision would allow a student enrolled in summer school, to receive two Pell grants during one year.

- Increases the income protection allowance from $2,200 to the following:

  - $3,750—AY 2009-2010;
  - $4,500—AY 2011-2012;
  - $5,250—AY 2012-2013; and
  - $6,000—AY 2012-2013.

  Under current law, certain considerations are taken into account when calculating the award amount for each individual student. Part of this calculation includes an estimate of the student's contribution to their education to be made from their available income. In determining a student's available income, $2,200 in an "income protection allowance" is

deducted from the student's expected contribution to their education. This provision would increase the deduction for dependent students to $6,000 by AY 2012-2013, and for unmarried independent students without dependents to $8,090.

- Increases from $20,000 to $30,000, the family income level below which a family is not expected to contribute to their child's educations costs. Under current law, families with an income of $20,000 or less, are not expected to contribute to education costs, and typically students from these families receive the maximum Pell grant award each year. H.R. 2669 would increase this amount to $30,000, and would also direct the Secretary to increase annually this threshold periodically by the rate of inflation. This provision would add to the current list of income exclusions.

- Exempts certain federal benefits, including Temporary Aid for Needy Families (welfare), the Earned Income Tax Credit, untaxed social security benefits, credit for federal tax on special fuels, and the amount of foreign income excluded for purposes of federal income taxes, from the calculation of income when determining a family's need for federal Pell assistance.

- Reduces gradually (over five years) the interest rate on subsidized Stafford loans provided to undergraduate students through both the Federal Family Education Loan (FFEL) and the William D. Ford Direct Loan (DL) programs. As of July 1, 2006, Stafford loans have a fixed interest rate of 6.8%. H.R. 2669 would decrease this fixed interest rate as follows:

  - July 1, 2006 – June 30, 2008: 6.8%
  - July 1, 2008 – June 30, 2009: 6.12%
  - July 1, 2009 – June 30, 2010: 5.44%
  - July 1, 2010 – June 30, 2011: 4.76%
  - July 1, 2011 – June 30, 2012: 4.08%
  - July 1, 2012 – June 30, 2013: 3.4%

  According to CBO, this provision would cost $6.2 billion over five years and $8.2 billion over ten years.

  NOTE: The 3.40% interest rate would be available to students for loans that originate between July 1, 2012 and June 30, 2013. As of July 1, 2013, the interest rate would revert back to 6.8%. Some conservatives may be concerned that this provision would lower the interest rate on loans being paid back by students who have already graduated from college and would not actually benefit students entering college.

- Increases the annual borrowing limit for third and fourth year students with federally-insured student loans from $5,500 to $7,500. In addition, the bill would increase the aggregate borrowing limits to accommodate the annual limit increase. According to CBO, this provision would cost $1.4 billion over five years and $3.5 billion over ten years.

- Decreases the special allowance rate (SAR) by .55% for Stafford and consolidation loans, and by .85% for PLUS loans. Utilized under FFEL loans only, SAR is the rate at which the federal government provides payments to lenders in compensation for the difference between the mandated borrower rate for federal loans and current market interest rates. According to CBO, this provision would save $12.9 billion over five years, and $27.8 billion over ten years.

- Eliminates the "exceptional performance" designation that the Secretary gives to lenders, loan servicers and guaranty agencies with high performance levels.

- Reduces from 97% to 95%, the amount paid by the federal government to lenders if a borrower defaults on a loan. According to CBO, this provision would save $1.8 billion over five years, and $3.3 billion over ten years.

- Reduces from 23% to 16%, the amount a guaranty agency can retain on payments collected on defaulted loans. According to CBO, this provision would save $1.9 billion over five years and $2.8 billion over ten years.

- Changes the method of payment for account maintenance fees paid to guaranty agencies, by paying the agencies based on the number of accounts managed by the agency instead of paying them based on the total dollar loan volume. According to CBO, this provision would save $1 billion over both five and ten years.

- Increases from .05% to 1%, the loan origination fee charged to for-profit lenders for new loans under the FFEL program. The bill would eliminate the fee for non-profit lenders and small lenders (those in the lower 15% of overall volume). Under current law, large, small and non-profit lenders pay a .5% loan origination fee. According to CBO, this provision would save $935 million over five years and $2 billion over ten years.

- **Note: It is important to note that many of these provisions, which save money, have the effect of increasing the burden of private lenders participating in the FFEL program. This burden will make their participation in the program less attractive and could cause some to pull out of the program, forcing more students and institutions into the DL program.**

- Directs the Secretaries of Education and Treasury, working with CBO, OMB and GAO, to conduct a planning study to determine market-based mechanisms for auctioning the rights to federal student loans. In addition, H.R. 2669 directs the Secretary to create a pilot program that would implement the auctioning mechanisms examined in the study (regardless of the study's actual findings) for 10% of the loan volume in the first year, and 20% of the volume in the second year.

- **Private-sector Loan Forgiveness. Creates a new entitlement loan forgiveness program** for individuals who are employed full-time (and have not defaulted on their loan) in the following professions, which are designated as "areas of national need" by the Act:

- early childhood educator in an eligible preschool program or early childhood education program in a low-income community and who is involved directly in the care, development and education of infants, toddlers or young children age five and under;
- nurses in a clinical setting or at a nursing home at an accredited school of nursing;
- individuals with a degree in a critical foreign language that are employed as an elementary or secondary school teacher of a critical foreign language or who are employed at federal agency in a position that "regularly requires the use of such critical foreign language;"
- librarians at a public library that serves in certain geographical areas or librarians at an elementary or secondary school in certain school districts;
- highly qualified teachers (defined in current law) that are employed as a full-time teacher of bilingual education or is employed as a teacher in certain public or nonprofit private elementary or secondary schools;
- individuals who have a degree in social work or a related field and is employed in public or private child welfare services;
- speech-language pathologists, who are employed at an eligible preschool program or an elementary or secondary school and who has a graduate degree in speech-language pathology or communication sciences and disorders;
- national service workers;
- individuals employed in public safety, including as a first responder, firefighter, police officer, or other law enforcement or public safety officer; and
- individuals employed in emergency management, including as an emergency medical technician, public health, or public interest legal services, including prosecution or public defense.

According to CBO, this provision would cost $40 million in FY 2008, $855 million over five years, and $2.7 billion over ten years.

- **Public-Sector Loan Forgiveness.** **Creates a new entitlement loan forgiveness program** that would forgive the loans of public sector works who agree to repay their loan through the income-contingent plan under the Federal Direct Loan Program (DL), have worked in the public sector for 10 years, and have made 120 payments on their loan. If an individual meets all three requirements, the new program would pay off the balance of their student loan. Individuals employed full-time in the following professions would be eligible full loan forgiveness under this new program: emergency management, government, public safety, law enforcement, public health, education, social work in a public child or family service agency, and public interest legal service, including prosecution or public defense.

  According to CBO, this provision would cost $10 million in FY 2008, but save $20 million over five years, and $70 million over ten. However, CBO is required to take certain considerations into account, which results in estimated savings associated with the Direct Loan program that conservatives may not agree actually exist. As such, CBO scores any shift of loans to the Direct Loan program as saving the government money. To

read more about how CBO scores the federal loan programs, please read this document: http://www.cbo.gov/ftpdocs/68xx/doc6874/11-16-StudentLoans.pdf.

- Creates a new income-based repayment plan for all borrowers that would allow borrowers to have their monthly payments limited to no more than 15 percent of their calculated income, which is their adjusted gross income less an amount that is 150 percent of poverty for their family size. When a borrower is able to pay 100 percent of their payment, both interest and principal, they would return to a 10-year repayment plan. If after 20 years the principal portion of the loan (including capitalized interest) was not fully paid off, the government would pay off the remainder of the loan if it is a FFEL loan, and would forgive the loan if it is handled by the Direct Loan program. According to CBO, this provision would cost $990 million over five years and $1.8 billion over ten years.

- Loosens the definition of "economic hardship" in current law, which is used to determine if a borrower has the means to repay their loan or if they should be granted an economic hardship deferment. Currently, economic hardship is defined as individual with an income level below 100 percent of poverty for a family of two, or below 220 percent of poverty for a family of two with debt payments exceeding 20 percent of their income. H.R. 2669 would increase the family income level to 150 percent of poverty, based on family size.

- Eliminates (for all borrowers) the current three-year period maximum for which a borrower could receive an economic hardship deferment. During deferment, individuals are not required to make payments on their loans

- Allows members of the National Guard and other reserve components of the Armed Forces, and veterans, who were enrolled in or left college within six months of deployment, to receive extended repayment on loan terms of up to 13 months when returning from active duty.

- Expresses the sense of Congress that the Secretaries of Education and Treasury should work together with GAO to develop a process by which borrowers could make payments on federal student loans using the income tax withholding system.

- Provides $100 million annually from FY 2008 through FY 2012, in entitlement funding for federal capital contributions in the Perkins loan program. The Perkins Loan program, historically funded through discretionary spending, provides low-interest, fixed-rate loans to students in financial need. However, this account has not received funding through the appropriations process since FY 2004, and the FY 2008 Labor-HHS appropriations bill continues this lack of funding. **Some conservatives may be concerned that H.R. 2669 would create a new entitlement program to fund the Perkins Loan program, which has not been funded through the appropriation's process since FY 2004.**

Title II—Cost of College

- Requires states, under penalty of losing their Leveraging Educational Assistance Partnership Program (LEAP) funding, to continue funding for institutions of higher education compared at average amount provided by a state in the average of the previous five years. Allows the Secretary of Education to waive this requirement under certain circumstances.

  According to the Department of Education website, "the LEAP Program provides grants to states to assist them in providing need-based grants and community service work-study assistance to eligible postsecondary students. States must administer the program under a single state agency and meet maintenance-of-effort criteria."

- Requires changes to the College Opportunity On-Line (COOL) Website including information comparing each institution's tuition percentage change in sticker price compared to the overall percentage change in the Higher Education Price Index (HEPI).

  Colleges that increase their tuition two academic years in a row by an amount that is twice the rate of the HEPI would be put on 'affordability alert status," requiring the institution to explain the factors leading to the tuition increase relative to other institutions of higher education.

- **Low Tuition Grants. Creates a new entitlement program, the Incentives and Rewards for Low Tuition program,** which would provide additional Pell Grant funding to institutions if they meet certain tuition requirements outlined in the bill. In order to be eligible for this money an institution would have to increase tuition by an amount less than the overall higher education price index (HEPI) for that academic year, to be determined by the Bureau of Labor Statistics. The money given to institutions of higher education would come in the form of need-based grant aid for the institution to give to its students. The Secretary would provide a school with the funding to provide a 25 percent increase to Pell Grant recipients attending the institution for the next award year. The Secretary's authority under this provision would expire in FY 2012. According to CBO, the total cost of this provision is $75 million over five years—$15 million a year from 2008 to 2012.

- **Cooperative Education Rewards. Creates a new entitlement program, Cooperative Education Rewards**, to provide funding to institutions that offer students "cooperative education" during their schooling, in order to prepare them for their career. Cooperative education is described in the bill as giving "students work experiences related to their academic or occupational objectives and an opportunity earn the funds necessary for continuing and completing their education." The Secretary's authority under this provision would expire in FY 2012. The Minority Views in the Committee Report express concerns about giving money to institutions of higher education instead of to students directly and also about providing this money in the form of new entitlement spending. According to CBO, the total cost of this provision is $75 million over five years—$15 million a year from 2008 to 2012.

Title III— Qualified Teachers

- **TEACH Grants.** **Creates a new entitlement program**, the Teacher Education Assistance for College and Higher (TEACH) Education Grants, which would provide grants to institutions of higher education to provide $4,000 annual scholarships to students that teach in a high need subject area for four years after graduation and $500 Bonus TEACH Grants for students who are enrolled in teacher education programs. Undergraduate students could receive up to $16,000 total in scholarship money from this program, and students receive the Bonus TEACH grants could receive up to $18,000 (both figures equaling the maximum annual amount over four years). Graduate students could receive up to $8,000 total in scholarships, while those receiving the Bonus TEACH grants could receive up to $10,000.

  In order to qualify, students would be required to agree to serve as a full-time teacher for not less than four years, within eight years of completing the required coursework, and to teach in one of the following fields: math, science, foreign language, bilingual education, special education, as a reading specialist, or in another field documented as high-need by the federal government, a state government or a local education agency and approved by the Secretary. In addition, a student has to maintain a 3.25 GPA.

  If a student fails to meet their obligation, the sum of TEACH grants received by that student would then be converted into a loan under the Federal Direct Loan program. According to CBO, this provision would cost $15 million in FY 2008, $375 million over five years, and $910 million over ten years.

- **Centers of Excellence.** **Creates a new entitlement program**, Centers of Excellence, which would provide funding to institutions of higher education (IHE) to "recruit and prepare teachers, including minority teachers" and to "increase opportunities for Americans of all educational, ethnic, class, and geographic backgrounds to become highly qualified teachers." Through this program, the Secretary would make grants ($500,000 minimum) to institutions to establish a center of excellence. The following types of institutions would be eligible:

  - Hispanic-serving institutions,
  - Tribal colleges or universities,
  - Alaska Native-serving institutions, and
  - Native Hawaiian-serving institutions.

  No more than 2 percent of the funds provided to an institution may be used to administer the grant.

  The Centers of Excellence would be designed to prepare potential teachers at these specific universities by carrying out one of several activities listed in the bill, such as "to prepare teachers to close student achievement gaps," to provide high-quality clinical experience, and to award scholarships based on financial need to assist students in completing teacher training. The Centers of Excellence program was included in H.R.

609 (the Higher Education legislation passed by the House in the 109th Congress) as a *discretionary* program, but was not signed into law. According to CBO, this provision would cost $3 million in FY 2008, $50 million over five years, and $50 million over ten years.

Title IV—College Access

- **Investment in Historically Black Colleges and Universities and Minority-Serving Institution.** H.R. 2669 would **create a new entitlement program** that would provide $500 million over five years to certain types of institutions, distributing the funds as follows for the five year period:

  - $200 million for Hispanic-serving institutions to increase the number of students attaining degrees in math, science, and technology;
  - $170 million for Historically Black Colleges and Universities (HBCU) to purchase lab equipment and materials and to pay teachers for the establishment or development of a teacher education program, or to increase the institution's capacity to prepare students for careers in science, technology, engineering, and other similar fields;
  - $30 million for Predominately Black Intuitions to award ten, $600,000 grants for science, technology, math and engineering programs to "improved the educational outcomes of African American males;"
  - $60 million for Tribal Colleges and Universities for the purchase lab equipment and materials and to pay teachers for the establishment or enhancement of teacher education and outreach programs;
  - $30 million for Alaska/ Native Hawaiian institutions for the purchase of lab equipment and the creation of academic tutoring programs; and
  - $10 million for Asian American and Pacific Islander Institutions for the purchase of lab equipment and the creation of academic tutoring programs.

  Under current law, minority-serving institutions (MSI), such as HBCUs and others, receive discretionary federal funding, which is subject to the appropriation's process. However, H.R. 2669 would provide in addition to this discretionary funding, new mandatory funding, as outlined above. In addition, H.R. 2669 creates a new category of MSI—the "predominantly black institution." The bill defines a predominately black institution as one with an enrollment of undergraduate students with at least a 40% black population, at least 1,000 undergraduate students, and with least 50 percent of the student body low-income or first generation college students. According to CBO, this provision would cost $5 million in FY 2008, $369 million over five years, and $500 million over ten years.

  Possible Conservative Concerns: Some conservatives may be concerned that this section creates a new entitlement program. In addition, some conservatives may be concerned that the expiration date on this program, set at 2012, is a gimmick to fit the total cost of H.R. 2669 within the amount required through the reconciliation process. Some conservatives may also be concerned that Native Hawaiians are a racial group, not an Indian tribe, and

dispensing benefits to them would likely be subject to strict scrutiny in federal courts (and thus presumably unconstitutional).

- **College Access Challenge Grants.** H.R. 2669 **creates a new entitlement program**, College Access Challenge Grants, to provide federal funding to philanthropic organizations in the form of matching grants, to encourage these entities to assist low-income students enter and complete college. According to CBO, this provision would cost $45 million in FY 2008, and $300 million over both the five- and ten-year periods.

- **Upward Bound.** H.R. 2669 would provide $120 million in entitlement funding to the **Upward Bound program.** Upward Bound is designed to provide precollege students and veterans with the skills needed to succeed in postsecondary education. However, according to the Administration, the Upward Bound TRIO program is "ineffective" and has had no significant effect on high-risk students. In addition, the program has been unable to demonstrate any improved efficiencies, despite previous poor evaluations. According to CBO, this provision would cost $2 million in FY 2008, $109 million over five years, and $120 million over ten years.

Title V—Additional Provisions

- **Independent Evaluation of Distance Education Programs.** Requires the Secretary of Education to work with the National Academy of Sciences to conduct an evaluation of the "quality of distance education programs." An interim report is due by December 31, 2007 and a final report is due by December 31, 2009. $100,000 is authorized for this purpose.

- **Encourages Colleges and Universities to "Go Green."** Expresses the Sense of the Committee on Education and Labor that it is desirable for institutions of higher education to use sustainable economic and environmental practices and "go green."

Additional Possible Conservative Concerns:

1) Increasing Tuition Costs, Not Lowering Them: While the cost of attending college has risen rapidly in the last decade, federal aid provided for postsecondary education has almost doubled in the same timeframe, reaching $94 billion in FY 2006. Despite the claim that Republicans had conducted a "raid on student aid" in recent years, Congress has substantially increased federal loan limits. Some experts contend that the significant rise in federal aid has actually contributed to increased college tuition. As the federal and state governments absorb and thus stimulate demand, institutions of higher education must ensure enough supply and do so by raising tuition prices at taxpayers' expense.

2) Helping Upper-Income Families, Not Lower-Income Families: A recent Heritage Foundation report suggests that too much federal postsecondary aid is being directed to middle-class families. The essay stated that, "An increasing share of federal grant and loan subsidies are being provided to students from non-economically disadvantaged families. The College Board recently reported that 'changes in student aid policies have benefited those in the upper half of the income distribution more than those in the lower half.' A recent

Department of Education report found that 47 percent of students from middle-income families accepted federal loans in 2000, compared to 31 percent in 1993."

3) Direct Loan Program vs. Federal Family Education Loan Program: Some conservatives may also be concerned that enacting H.R. 2669 is part of a larger effort by some lawmakers to breathe new life into the Direct Loan (DL) program, and at the same time, stifle the Federal Family Education Loan (FFEL) program. In the 109th Congress, Senator Kennedy was the primary sponsor of S. 754, the Student Aid Reward Act of 2005, which sought to encourage universities to use the DL program, instead of participating in the FFEL program. As previously noted, in the FFEL program, the loan capital is provided by private lenders. The FFEL program has been extremely successful in efficiently providing students with access to college loans. In fact, according to a report by America's Student Loan Providers, as of 2004, 83% of schools used FFEL program exclusively to provide financial assistance to students. At that same time, only 11% of schools used only the DL program, while the remaining 6% utilized both.

Many of the offsets included in H.R. 2669 to pay for large increases in mandatory spending, will increase the costs for lenders to provide loans through the program. As such, some conservatives may be concerned that this legislation may discourage lenders from participating in the FFEL program, or make the DL program more appealing, as lenders seek to recoup their costs by charging fees.

4) New Entitlement Programs: In addition, some conservatives may be concerned that **H.R. 2669 would create at least nine new entitlement programs, spending over $17 billion of the total savings achieved by the bill.** The reconciliation process has been used in this instance to create new programs and provide for significant increases in federal education spending, instead of applying the achieved savings to deficit reduction. In addition, some conservatives may be concerned that although many of the new entitlement programs are set to expire in FY 2012, this is likely a gimmick to fit the total cost of H.R. 2669 within the amount required through the reconciliation process, while it is unlikely that the programs will actually be terminated in five years.

Earmark Compliance: According to Committee Report 110-210, the "H.R. 2669 does not contain any congressional earmarks, limited tax benefits, or limited tariff benefits as defined in clause 9(d), 9(e), or 9(t) of rule XXI."

Committee Action: H.R. 2669 was introduced on June 12, 2007, and referred the House Committee on Education and Labor, which considered it, held a mark-up, and reported the bill, as amended, by a vote of 30-16, on June 25, 2007.

Cost to Taxpayer: According to CBO, the net mandatory savings from H.R. 2669 is $1.67 billion over five years and $914 million over ten years, which satisfies the $750 million target set for the Education and Labor Committee as part of the reconciliation process in the FY 2008 budget resolution. The five year net savings total results from $18.8 billion in mandatory savings offset by $17.1 billion in new mandatory spending.

The score for H.R. 2669 relies on several provisions, that score as increasing mandatory spending, expiring within the ten year budget window. These provisions that expire within the ten year budget window under H.R. 2669 include the reduction in subsidized student loans, without which, H.R. 2669 would score as increasing the deficit over the ten year budget window.

In addition to changes to mandatory spending, H.R. 2669 also authorizes $197 billion in discretionary spending over five years and $303 billion over ten years for Pell Grants (including what is currently provided).

Does the Bill Expand the Size and Scope of the Federal Government?: Yes. The bill would create at least nine new federal programs, and dramatically increase the Pell Grant program.

Does the Bill Contain Any New State-Government, Local-Government, or Private-Sector Mandates?: No.

Constitutional Authority: Committee Report 110-210 cites constitutional authority in Article 1, Section 8, Clause 1 (general welfare) of the Constitution.

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