



## Bill helps HEA escape Congress' reauthorizing move

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The Senate passed a third short-term extension bill for the Higher Education Act (HEA) to prevent its expiration on September 30. The Third Higher Education Extension Act of 2006, H.R. 6138, extends all HEA programs to June 30, 2007. The bill restricts participating institutions from making FFEL loans through eligible lender trustees, beginning January 1, 2007. Furthermore, the Act limits these institutions with the same restrictions applicable to schools that use eligible lender trustee arrangements and/or act as direct lenders under the FFEL program. The bill was introduced by the House Committee on Education and by Workforce Chairman Ric Keller. The move, however, also puts a lid on Congress' bid to reauthorize the Higher Education Act (HEA) within the next eight months. A few technical alterations have been added to the third extender bill, including provisions for an account maintenance fee for the FFELP guaranty agencies, introduction of changes while participating in programs applicable to Hispanic-serving institutions, and waivers of loan indebtedness for 9/11 survivors.

### **Spellings spells out American Dream to HE**

Education Secretary Margaret Spellings described American colleges and universities as the "incubators to great ideas and the keys to the American Dream." In the *Houston Chronicle*, she lamented that the dream and the dreamer have become more and more distanced, due to prohibitively high tuition fees. Discussing the bipartisan Commission on the Future of Higher Education, Spellings shared her shock over its findings, which include inadequate academic preparation, especially for minority and low-income students, which proves to be a major obstacle to gaining college education; over-inflated, out-of-reach tuition fees that leave graduates with staggering debts; and unexpectedly poor performances by college students in areas where their degree of knowledge would be expected to be higher. While stressing the need to launch a massive national dialogue on the vital issues of accessibility, affordability, and accountability, Spellings agreed in toto with the Commission's suggestions: "higher education must change from a system primarily based on reputation to one based on performance." However, Spellings added that this effort must be led by colleges and universities themselves and that their autonomy and creativity should not be harmed.

### **Pension provisions insufficient to raise donations**

University officials all over the country have raised serious doubts regarding the tax provisions in the new Pension Protection Act, stating they do not do enough to produce a significant increase in donations. The college and university officials stated that the tax exemption was insufficient as an incentive for possible donors.



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Georgetown University, in an attempt to refurbish the university's endowment, was actively lobbying for an IRA rollover provision to encourage more donors. The bill allows elderly donors to gift educational institutions and other non-profit organizations from their individual retirement accounts without being assessed income tax on these gifts, which must be renewed at the end of 2007. Although officials demanded that the minimum age restriction of donors eligible to receive the exemption be kept at 59.5 years, the bill reset the age restriction at 70.5 years. It also put a cap on the maximum donation eligible for exemption, at \$100,000 per year. The government is set to lose \$856 million in tax revenues over the next decade, but experts feel the provisions will have a comparatively minor effect on donations.

### **Maddox joins as new ED Assistant Secretary**

With the Senate's go-ahead sign, Lauren Maddox was announced Assistant Secretary for Communications and Outreach at the U.S. Department of Education. Prior to the appointment, Maddox was Principal at PodestaMattoon for six years. She provided tactical counseling to a wide range of clients on legislative and public relations matters. In her new capacity, Maddox will be responsible for the Department's total communications apparatus. She will supervise several areas, from press relations to communications with parents and citizens. Education Secretary Margaret Spellings is positive that Maddox's adeptness in building communications strategies, along with her leadership skills, will be a great asset to the Department.

### **MOHELA outlines payment plan to Blunt**

Gov. Matt Blunt's \$350 million higher education plan, Lewis & Clark Discovery Initiative, has finally received the much-anticipated Missouri Higher Education Loan Authority (MOHELA) payment approval plan. Payment will be delivered in four installments. MOHELA will pay the first installment of \$30.3 million from cash on hand; the second and third installments of \$70 million each from student loan payments and premiums on the sale of student loans, respectively; and the fourth installment of \$40 million from premiums on the sale of student loans. The remaining \$140 million will be paid in quarterly installments of \$5.8 million over a period of six years from a combination of sources, which may include additional student loan sales. Blunt's plan aims to provide capital improvements to state colleges and universities, as well as to various research initiative programs. The board agreed to begin making the payments no later than the deal's effective date. The deal, however, awaits the enactment of potential legislation.