

Amendment 2369 – Prohibits recipients of federal education funds from using taxpayers’ dollars and students’ tuition to lobby the federal government.

This amendment would simply ensure that taxpayers’ funds and students’ tuition are not misspent by institutions of higher education to hire Washington, DC lobbyists.

Tuition Costs Can Be Reduced Without Simply Increasing Federal Spending

S. 1642, the Higher Education Amendments of 2007, seeks to improve access to higher education by making it more affordable.

It seems that the only solution Congress can find to address the ever increasing costs of education is to simply increase the federal spending on education. Yet this has failed to work.

Schools, in fact, have now been conditioned to come to Congress not only to seek assistance for student financial needs but to lobby for a vast array of projects that have little to do with education.

Hard work and a good education have long been essentials to achieving success in America, but lately it seems hiring a well connected Washington lobbyist has become essential for many schools to achieve success in collecting federal funds.

As a result, an industry of “academic lobbyists” has materialized in Washington, DC.

Not surprisingly, as the role of and the amount spent by the federal government in education has increased, so has the amount of money spent by schools to lobby the federal government.

One way to help contain the skyrocketing costs of education that does not require spending more money is to simply ensure taxpayers’ dollars and students’ tuition are directed towards educational purposes and not lobbying.

In 2005 and 2006, colleges and universities spent more than \$127 million on lobbying activities.

This amount could have paid the full tuition for more than 21,760 students to attend public colleges and universities.

The phenomenon of academic lobbying was ignored by the lobbying reform bill approved by the Senate earlier this year which allows lawmakers to continue to accept gifts from schools and their lobbyists.

Federal support for education should be based upon need and merit rather than political connections and campaign contributions.

There is no reason to not apply transparency to lobbying by academic institutions when the amount spent by the federal government for schools has steadily grown as has the costs of education.

Students and taxpayers deserve to know that that their hard earned dollars being directed towards educational institution are, in fact, being spent for educational purposes and not to pay for lobbying.

Congress must ensure, likewise, that schools are not misusing public dollars or students' tuition to hire Washington lobbyists.

Students who balance their studies with part time jobs deserve to know that their hard earned dollars intended to pay for a good education are not instead being used by academic institutions to hire lobbyists or pay for gifts for politicians.

Most students struggling to pay for housing and tuition may not be able to afford a tutor, much less a lobbyist. They should not, therefore, be forced to pay higher tuition so their school can hire Washington lobbyists.

Increases in Federal Student Aid Should Not Be Used To Absorb Increasing Costs of Lobbying

Taxpayers and students should not be financially squeezed to pay skyrocketing tuition increases without some accountability for how those dollars are being spent. After all, schools would be unable to charge \$22,000 a year for tuition, the national average for a private institution, without taxpayer subsidies.

Nearly half (forty-six percent) of all undergraduates received financial aid funded by the federal government in 2003–04. About one-third (34 percent) took out federal student loans, 28 percent received federal grants, and 6 percent held federal work-study jobs, according to the National Postsecondary Student Aid Study (NPSAS).¹

If a school hires a lobbyist or provides politicians with gifts and pays for those activities with tuition that is subsidized through federal grants and loans, taxpayers are, in fact, paying for the school's lobbying activities.

In effect, the fees charged to students to hire lobbyists are being subsidized, in part, with federal loans and grants made possible with tax dollars.

If an educational institution wants to hire a lobbyist or provide politicians with gifts, the school should be able to demonstrate that tax dollars and student tuition are not being used to finance these non-essential costs that are unrelated to the academic experience.

Increases in tuition resulting from increases in the cost of hiring lobbyists should not be passed on to the taxpayer either directly or indirectly.

Schools Expect Students To Provide Financial Information For Aid, Students And Taxpayers Should Expect The Same In Return

The federal government and universities themselves expect students and their parents to provide detailed financial information about personal income and assets.

¹ http://nces.ed.gov/programs/quarterly/vol_7/1_2/5_3.asp

The Free Application for Federal Student Aid (FAFSA) form that must be completed by students to apply for federal student aid and most state and college aid, for example, is requires applicants to provide:

- The adjusted gross income for each parent, the student and the student's spouse;
- The total current balance in cash, savings and checking accounts for the student, student's spouse and student's parents;
- The net worth of parents' and the student's investments;
- The net worth of patents' and student's current business or investment farms;
- Whether or not anyone in their household received any other form of federal assistance;
- And other personal information.²

There is no logical reason why schools should not provide those who finance their operations with less intrusive details about their finances and expenditures, specifically an assurance that tax payers' dollars and students' tuition are not being used to hire Washington lobbyists.

The Increasing Costs of Tuition, Lobbying Costs, And Academic Earmarks Appear To Be Related

Earmarks tend to be the end result of successful lobbying.

Coincidentally or not, the amount spent on lobbying by colleges and universities has increased, so has the cost of earmarks to taxpayers and the cost of tuition for students.

According to a Congressional Research Service report released last week:

- 1) **Earmarks funded through the Department of Education have skyrocketed.** Between 1996 and 2005, the number of Department of Education earmarks rose by 29,375 percent, from 4 earmarks to 1,179 earmarks. The overall cost of

²<http://www.fafsa.ed.gov/fafsaws78c.pdf>

those earmarks increased from \$10 million to \$416 million over the same period.

- 2) **More and more colleges and universities are becoming dependent upon costly earmarks.** The number of earmarks for colleges and universities (post-secondary education) increased from 369 to 1,964 between 1995 and 2003, with the costs of those earmarks rising from \$600 million to \$2 billion. The number of institutions dependent upon earmarks more than tripled, from 202 to 716 over the same period.
- 3) **Massive increases in earmarking did nothing to control tuition costs.** The total cost of earmarks for colleges and universities exceeded \$9 billion between 1995 and 2003. At the same time, average annual tuition at public four-year institutions increased by 137 percent (from \$2,357 to \$5,836), and average annual tuition at private four-year universities doubled (from \$10,952 to \$22,218).
- 4) **The growth rate of earmarks for colleges and universities nearly doubles the growth rate of federal tuition support for students and their families.** Between 1996 and 2003, the cost of earmarks for colleges and universities increased by 233 percent. In contrast, the federal appropriations for Pell grants increased by only 130 percent.
- 5) **Colleges and universities spend enormous amounts of money lobbying the federal government for earmarks.** In 2005 and 2006, colleges and universities spent more than \$127 million on lobbying activities.

Schools are sending the wrong message to students with this trend towards earmarks and lobbying. The example that is being set is that hard work and merit are not necessary to success.

Academic institutions, like students, should be graded upon and awarded for their merits and performance.

If Academic Institutions Seek Or Accept Federal Funds, Those Schools Should Provide Transparency, But They Don't

Transparency and sound financial practices at universities *matter*.

New York State recently settled with several major universities concerning student-loan arrangements between the schools and lenders that have been rightly characterized as kick-backs, and a rip-off for students.³ Under the terms of the settlement, these universities were required to pay back \$3.27 million to students.

Yet, universities have been reluctant to provide information about how even federal dollars are being spent.

Last year, the Senate Subcommittee on Federal Financial Management Subcommittee sent a brief survey to a number of universities that had received high levels of earmarks in the past.

The letter requested the total dollar amount of the earmarks received since 2000, a summary of the specific objectives and goals set to be achieved, a list of accomplishments that can be attributed to the project, and the standards used to measure performance of the outcomes.⁴

Many of the universities that received large amounts of Congressional earmarks refused to provide details on their earmarks and whether or not the university hired a lobbyist to secure the earmarks.

³ “Attorney General Andrew Cuomo Announces First Legal Action in College Loan Industry Investigation,” Press Release, Office of the New York State Attorney General Andrew M. Cuomo, March 22, 2007, and “Attorney General Announces Landmark Student Loan Agreements – Schools to Adopt New College Code of Conduct and Repay Students,” Press Release, Office of the New York State Attorney General Andrew M. Cuomo, April 2, 2007.

⁴Correspondence from Senator Tom Coburn, Chairman of the U.S. Senate Subcommittee on Federal Financial Management, Government Information, and International Security to Dr. Steve Jones with the University of Alaska at Fairbanks, July 27, 2006.

The subcommittee found that of the top 50 pork recipients for 2003, and the top 50 R&D ranked universities for 2003 (77 universities):

- 26 would not respond to whether they retained a lobbyist – they simply skipped the question, said they would respond at a later date (and did not), or simply did not write a letter response at all.
- 14 said they retained a university office of federal and community relations.
- 1 didn't answer the directly but said they "filed federal lobbying discloser requirements"
- 23 stated that they retained a contract lobbyist.
- 6 said they had "considered" hiring a lobbyist, but did not respond whether they had actually hired a lobbyist or not,
- 14 stated that they had not hired a contract lobbyist, and
- 2 said they had "no plan to retain a federally lobbyist at the moment."
- 4 stated they had hired a contract lobbyist in the past, but not at the time of their response.

The University of Alaska at Fairbanks is one of the schools that has refused to disclose how the federal funds they were earmarked are being spent.

While the University has not yet provided an official response to the Subcommittee's request, school officials have made several public comments indicating that no response was forthcoming.

In August, *The Chronicle of Higher Education* reported:

"Answering the letter 'would be providing someone with bullets to shoot you,' said Martha Stewart, director of federal relations for the

University of Alaska system. She said she assumes that Senator Coburn would use the information to try to block Alaska's requests for earmarked projects -- which she declined to describe -- from appropriations bills for the 2007 fiscal year, which begins October 1.”⁵

This is unfair to the taxpayers, especially since the University of Alaska receives tens of millions of dollars for countless earmarks annually.

The Sun Star, the newspaper of the University of Alaska Fairbanks, reported “it could take university officials weeks if not months to figure out exactly how much federal pork they got, rough estimates place the total take at over \$50 million for more than 60 university-related projects.”⁶

Martha Stewart, the university's federal relations director in Washington, D.C., conceded “God, now that I'm looking at this, we got almost everything,” but according to the paper she “hesitated to say exactly how much UA received in past years.”

Chancellor Stephen Jones stated “It looks like we were treated very well, and now we have an obligation to deliver.”

Despite this stated “obligation,” the university refuses to disclose exactly what it is expected “to deliver” and neither the bill nor its report provide any details whatsoever.

Taxpayers and students deserve transparency and accountability for how the funding they provide to institutions of higher education are spent. Specifically they have a right to expect that the federal funds provided to schools either directly or in the form of government subsidized student loans and grants are not being perversely spent to lobby for more taxpayer funds for projects that may or may not have anything to do with education.

⁵Jeffrey Brainard. “U.S. Senator Asks More Than 100 College Presidents for Details on Earmarks,” *The Chronicle of Higher Education*, August 8, 2006,

<http://chronicle.com/temp/email2.php?id=MdnSc63nQ3xhcHN2dh4XxsVWkxzScvqf>

⁶ Nate Raymond. “Sen. Stevens brings home the bacon for UAF,” *The Sun Star*, December 7, 2004, <http://www.uaf.edu/sunstar/archives/20041207/pork.htm>

Claim Vs. Fact

CLAIM - This reporting requirement is burdensome for colleges and universities.

FACT – This is not a burdensome requirement. In fact, if a school is already employing a lobbyist, they can fill it out for the school. The university simply needs to demonstrate and certify that they did not use student tuition or federal funds to lobby federal representatives with those dollars. They can do this by demonstrating what those funds were used to finance or indicate where the funds to pay for lobbying were derived. We require much more of our college students on their final exams and financial aid forms.

CLAIM – Money is fungible and universities can not differentiate their funds.

FACT – This argument is not true. Schools differentiate how all kinds of funds are derived and spent.

CLAIM – Congress should not be dictating to schools how funds from tuition may or may not be spent.

FACT – If a school hires a lobbyist and pays for those activities with tuition that is subsidized through federal grants and loans, taxpayers are, in fact, paying for the school's lobbying activities. In effect, the fees charged to students to hire lobbyists are being subsidized with federal loans and grants made possible with tax dollars. After all, schools would be unable to charge \$22,000 a year for tuition, the national average, without taxpayer subsidies.

CLAIM - This would preclude professors and/or college presidents from discussing federal issues with their elected officials.

FACT - This amendment targets lobbying activities and “registered lobbyists” and specific lobbying activities. A college professor can

still call a Senator or Congressional staff to discuss their concerns about a proposed bill and a university president may still fly to Washington to attend a reception or visit with their elected representatives to discuss how current laws impact university life or how a proposed law could affect education.

CLAIM – This amendment will do nothing to control tuition costs.

FACT – In 2005 and 2006, colleges and universities spent more than \$127 million on lobbying activities. This amount could have paid the full tuition for more than 21,760 students to attend public colleges and universities.