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Reprieve for Re-Granting; Expected Nomination; Bankruptcy Filing; and More

The House panel responsible for appropriations for the National Endowment for the Humanities and the National Endowment for the Arts last week stopped short of explicitly barring those two organizations from "re-granting" federal funds—awarding large block grants to arts and humanities organizations that in turn make smaller, individual grants to artists and scholars.

In the wake of intense debate over the arts endowment's recent support of two controversial exhibits, Rep. Sidney Yates, Democrat of Illinois and chairman of the panel, had said late last month that he would offer an amendment to the committee's appropriations bill to eliminate almost all forms of re-granting.

Last week, however, the panel decided instead to offer only a recommendation, in the report accompanying the bill, that re-granting be cut back significantly and that in the cases where it is retained, that the endowments assume responsibility for final approval of all re-grant awards.

According to the report, the committee discussed the issue with the chairmen of the endowments, "both of whom were quite emphatic in asserting the necessity of continuing subgranting to the proper administration" of their organizations.

Although Congressional reports do not have the force of law, N.E.H. chairman Lynne V. Cheney said in

an interview last week that if the endowment maintained its present regrant practices it would be ignoring "Congressional will."

—CHRISTOPHER MYERS

President Bush is expected to nominate Betsy Brand, a former aide to Vice-President Quayle, to be Assistant Secretary of Education for vocational and adult education.

Ms. Brand was the staff director of the Senate Subcommittee on Employment and Productivity in 1985 when Mr. Quayle was chairman of the panel. She then worked on education and job-training issues for Mr. Quayle after the Democrats took over the leadership of the Senate and the panel in 1986.

Ms. Brand, who also worked for Rep. E. Thomas Coleman of Missouri, the ranking Republican on the House Postsecondary Education Subcommittee, would not comment on speculation about her nomination. She has been working at the Education Department since March as the acting Deputy Assistant Secretary for vocational and adult education.

—ROBIN WILSON

An Indiana-based company that runs a large chain of truck-driving schools last week filed for bankruptcy in federal district court, charging that its financial

woes were largely attributable to "frivolous" legal actions by the Education and Justice Departments.

Continental Training Services Inc.—the parent company of Superior Training Services, a chain of for-profit trade schools that is the third-largest recipient of Pell Grant and Stafford Student Loan money in the country—filed a petition for bankruptcy protection in United States District Court.

The company is the object of a pending civil lawsuit by the Justice Department.

The suit charges that the company defrauded the government of student-aid money over a period of several years because some of its courses did not meet requirements to make students in those courses eligible for federal aid. The company has strongly denied those charges.

In a separate action, the Education Department in March terminated Superior's eligibility for federal student aid on the grounds that its courses did not meet the department's requirements. A federal judge has since blocked the department's action, saying that Superior had been denied due process. That ruling is under appeal.

A spokesman for Superior Training Services said the company had spent over \$1-million in legal fees since the Justice Department suit was filed last September, and had lost approximately \$35-million in

revenue because of the Education Department's termination of the school's eligibility for student aid.

A spokesman for the Education Department said "it would be inappropriate to comment" on the situation because the legal action against Superior is pending in court. —C.M.

The House Postsecondary Education Subcommittee will not approve any community-service legislation that is linked to student financial aid, its chairman said last week.

Rep. Pat Williams, Democrat of Montana, told a joint hearing of six education and labor subcommittees that he had surveyed the members of his postsecondary education subcommittee and found that they would not approve legislation that required students to do community service to be eligible for aid.

"We will not change the current student-aid system such that we require the service in front of the benefit," Mr. Williams said.

Higher-education groups have strenuously opposed such a linkage since one was proposed early this year in legislation sponsored by Sen. Sam Nunn, Democrat of Georgia, and Rep. Dave McCurdy, Democrat of Oklahoma. Last week's hearing was called to help Congress begin the process of developing a compromise bill on voluntary community service.

—THOMAS J. DELOUGHRY