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## **Student Aid Not Protected in Senate Education Jobs Bill**

April 26, 2010

Sen. Tom Harkin (D-Iowa), has introduced a bill providing \$23 billion to help states avoid layoffs in public K-12 schools and public higher education. Funds would go to the states, then to local school districts and public institutions of higher education. The bill - S. 3206, the Education Jobs Fund bill - is a follow-up to the 2009 American Recovery and Reinvestment Act (ARRA, the stimulus bill) that also included provisions to protect state funds for public education. Like ARRA, the new bill introduced April 14 includes a "maintenance of effort" (MOE) provision that requires states to maintain 2010 education funding at the same percentage of the state's overall budget as in 2006; and 2011 funding at the same percentage as 2009 funding. Despite NAICU's ongoing efforts, and the leadership from the state executives on this issue, the bill does not include state student aid funding or institutional aid to private colleges under the MOE.

One of Congress's main goals in both bills is to shore up state budgets and prevent cataclysmic cuts, especially in education. An unintended consequence of last year's MOE provision was that some states cut their overall student aid programs or institutional funds to private colleges because they were among the few education funds that weren't under the MOE protection. We are concerned that without an MOE for state student aid funds, this pattern could continue.

Mandating that states protect funding levels for public colleges could instead encourage states to make education cuts in aid programs to students. Congress fails to appreciate that, in many states, it is often cheaper to send in-state students to private colleges through modest grants, than to educate them at public colleges, through tuition subsidies at much higher cost to taxpayers. Protecting funding only for public institutions and need-based aid would encourage states to cut efficient programs that help students attend in-state private colleges, and student aid programs that help all students.

This course is especially unwise at a time when many state colleges are facing capacity issues. Those students shut out of the public colleges then must consider private colleges as their only alternative. This a contributing factor to why, in many states, the average family income at private four-year colleges is lower than it is at public four-year colleges.

If Congress is to protect higher education funding from state cuts, it should start by protecting students. This would be consistent with the established principle, under the federal Higher Education Act, of treating students at all institutions the same.

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## Higher Ed Tax Relief Bill Introduced in House

April 26, 2010

Rep. Brian Higgins (D-N.Y.) has introduced legislation extending and improving certain expiring higher education tax provisions, and providing additional tax relief for scholarship and grant recipients. Joining Higgins as original cosponsors in this bipartisan effort are Reps. Peter Roskam (R-Ill.), Carolyn McCarthy (D-N.Y.), and Todd Platts (R-Pa.). Higgins and Roskam are members of the House Ways and Means Committee; McCarthy and Platts serve on the House Ed and Labor Committee.

H.R. 5078, the "Higher Education Affordability and Equity Act of 2010," introduced April 21, is based on legislation introduced in previous sessions of Congress by Rep. Phil English (R-Pa.) who has since retired. Specifically, the bill would:

Make permanent the improvements made to the Student Loan Interest Deduction in 2001 legislation (set to expire at the end of 2010), including the elimination of the five-year limit for claiming the deduction and increasing the income caps for eligibility. H.R. 5078 also would allow the full amount of loan interest to be deductible; it is currently capped at \$2,500 annually.

Make permanent the increased tax-free annual contribution limit to Coverdell Education Savings Accounts enacted in 2001 (also set to expire at the end of 2010). The bill also would further increase that amount from \$2,000 to \$5,000 annually.

Restore pre-1986 tax treatment to scholarships and grants, allowing funds to be used for both tuition and room and board expenses tax-free. Currently, funds are tax-free only if used for tuition expenses.

H.R. 5078 is the result of many months of hard work by the NAICU membership as the association works toward extending many important tax provisions that will be lost if Congress fails to renew them this year. This bill complements legislation introduced in the Senate last December by Sen. Charles Grassley (R-Iowa), making permanent a host of tax provisions important to independent higher education.

Ways and Means Chairman Sander Levin (D-Mich.) has indicated his interest in these items, and plans to hold a hearing sometime this summer on the importance of the higher education tax benefits. NAICU has been invited to testify.

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## Senate Veterans Affairs Committee Holds Oversight Hearing on Post-9/11 GI Bill

April 26, 2010

The Senate Committee on Veterans Affairs explored implementation of the post-9/11 GI Bill in an oversight hearing held April 21. To date, over \$2.7 billion in payments have been made on behalf of approximately 246,000 individuals.

The Committee heard from officials of the Departments of Veterans Affairs (VA) and Defense (DOD), as well as state and institutional program administrators, and representatives of veterans' organizations.

The VA witnesses discussed the progress of the VA's efforts to upgrade its computer systems to permit more timely and accurate claims processing. Recent processing issues have included the collection of overpayments made as a result of the \$3,000 advance payments issued in the early months of the program and technical difficulties in calculating accurate housing allowance data. The VA officials also reported that there are now 1,300 "Yellow Ribbon" agreements at 1,100 institutions.

The DOD witness discussed the role of the department in the program, including its responsibility to review requests for the transfer of benefits to the dependents of eligible service members. To date, DOD has approved approximately 105,000 transfer requests on behalf of 240,000 family members.

The other witnesses spoke highly of the program, but described a range of problems associated with its implementation - including processing delays, payment delays, and inconsistent communications. In addition, some witnesses expressed support for expanding the program (1) to make program benefits available to the active reserve and (2) to pay for study at non-degree institutions as well as apprenticeship and on-the-job training programs.

Committee Chairman Daniel Akaka (D-Hawaii) stated his intention to introduce legislation before Memorial Day to make changes in the law. He indicated his bill would be a "starting point" for discussion of a comprehensive set of amendments.

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## **NACIQI to Meet in September**

April 23, 2010

Subject to the appointment of all members to the body, the newly constituted National Advisory Committee on Institutional Quality and Integrity (NACIQI) will meet on September 14-16.

NACIQI is the body that advises the Secretary of Education regarding the recognition of accreditation agencies. The Higher Education Opportunity Act disbanded the committee and reconstituted it - making changes in the appointment process. Previously, all members of the panel had been appointed by the Secretary. The "new NACIQI" provides for 18 members: six appointed by the Secretary; six appointed by the Senate; and six appointed by the House of Representatives. The Secretary and the Senate have appointed their members. The House has not yet done so.

NACIQI has not met since June 2008. The group is scheduled to review seven compliance reports and consider 11 petitions for renewal of recognition. Written comments regarding any of the agencies under review are to be submitted by e-mail ([aslrecordsmanager@ed.gov](mailto:aslrecordsmanager@ed.gov)) no later than May 23.

More detailed information about the meeting and a list of the agencies being reviewed may be found in the April 23 Federal Register (pages 21280-2).

### **NACIQI Appointees Named as of April 23, 2010**

#### **Secretary of Education**

Earl Lewis, *Provost and Executive Vice President for Academic Affairs, Emory University*

Susan Phillips, *Provost and Vice President for Academic Affairs, University at Albany, State University of New York*

Jamienne Studley, *President and CEO, Public Advocates Inc.*

Aron Shimles, *Student, Occidental College*  
Frank Wu, *Professor, Howard University Law School*  
Frederico Zargoza, *Vice Chancellor of Economic and Workforce Development, Alamo Colleges*

#### **Senate**

Bruce Cole, *Former Chairman, National Endowment for the Humanities*  
Daniel Klaich, *Executive Vice Chancellor and Chief Operating Officer, Nevada System of Higher Education*  
Anne Neal, *President, American Council of Trustees and Alumni*  
Michael Poliakoff, *Vice President for Academic Affairs and Research, the University of Colorado*  
Cameron Staples, *Member, Connecticut State House of Representatives*  
Larry Vanderhoef, *Chancellor Emeritus, University of California, Davis*

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