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Publication of Financial Responsibility Scores Creates Unfair Fiscal Picture

Recently, 150 non-profit, private colleges around the country found themselves the subject of unexpected, and often unfairly negative, media coverage of their financial situations when the Chronicle of Higher Education published an unofficial list from the Department of Education of colleges scoring below 1.5 on a 3 point scale meant to measure basic fiscal health.

The list of schools that fell below 1.5 had grown unusually large this year - partly because of the economic downturn, but also because of an unusual federal formula that, among other problems, counts endowment losses as if they were "actual" instead of "unrealized" losses.

NAICU president David Warren alerted members to the possible public relations implications of this story and also issued a statement to media intended to allay fears about institutions' fiscal health. Warren's comments appeared widely in regional media throughout the U.S.

In addition, since last spring NAICU has been working with the National Association of College and University Business Officers and the Association of Jesuit Colleges and Universities in encouraging the Department of Education to review and update their current assessment formula. Part of the challenge facing the Department is that the current system is based on legislation written in 1992, and hasn't been updated to reflect more recent accounting changes or practical experience with the 18-year-old methodology.

The publication of the list, combined with the ongoing economic downturn, has brought new urgency to the need for the Department to update the formula, and put forth a more transparent process for appeal. Currently, some colleges have been able to appeal faulty calculations, while others have been told by regional offices that no such recalculation is possible.

NAICU is also working with individual colleges that have contacted the association, and is analyzing members' scores from past years. Many institutions that received unacceptable scores this year had high scores the prior two years. Many others are reporting that their scores are already back into a much more favorable range, and that they will be well above the 1.5 level when the next financial snapshot is taken. Our intent is that the next snapshot will be much more carefully focused.

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Proposed Rules on Gainful Employment Continue to Roil the Waters

The trade and national press continue to turn out stories and commentaries in the wake of the Department of Education's Notice of Proposed Rule-making on "gainful employment" (see earlier Washington Update story) and Sen. Tom Harkin's (D-Iowa) August 4 hearing, scalding the for-profit sector.

News articles have revealed a variety of points of view. There have stories citing additional instances of misrepresentation by for-profit schools, and a counter campaign by the for-profit sector expressing concern that more stringent rules and measurements will prevent attainment of President Obama's 2020 goal to make the U.S. the world leader in college graduation. Even Steven Colbert got into the action with a recent skit in his popular, but controversial, political comedy show.

Lost in all the media frenzy are the implications of the proposed regulations on non-profit and public colleges. The department has estimated that 2,139 public institutions - many of them community colleges - and nearly 250 private, non-profit colleges would have credential programs falling under the rules. Given all the new matrixes proposed by the regulations, it is impossible to predict which colleges might be negatively impacted by the proposals, since program-level data on which the formulas will be based do not yet exist.

The Department of Education, for its part, has used forums such as conference calls to explain the complex NPRM and answer questions about them. Such events have been flooded by stock analysts, anxious to figure out what the implications are for publically traded companies. The department also released information on August 24, re-affirming the methodology the department used in calculating the institution-level repayment rates it published for all colleges. The letter caused another drop in the stock prices at for-profit schools.

NAICU is working with the rest of the traditional higher education community to formulate a collective and balanced response to the regulations. In the meantime, it is unlikely that the focus on the for-profit sector will dissipate any time soon. Sen. Harkin has requested massive amount of data from 30 for-profit schools. The first response was due August 26. The second is due shortly thereafter. Harkin also plans at least two more hearings this fall.

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VA Publishes State Maximum Tuition and Fee Numbers for 2010-11

On August 30, the Department of Veterans Affairs published the state-by-state maximum tuition and fee levels to be used for the calculation of Post-9/11 GI Bill benefits for the 2010-11 academic year. With a few exceptions, the maximum payment per credit hour increased modestly. There were greater variations in the maximum fee levels.

The tuition and fee caps are set by the State Approving Agencies in each state. They reflect the highest tuition and fee charged to an in-state, undergraduate student at a public college or university in the state. The caps may reflect the charges for a specific program, so they don't necessarily conform to the tuition and fee numbers published for a standard term at a state's flagship institution, for example.

The wide state-to-state variations, as well as the complexity of the tuition and fee calculations, have fueled current legislative efforts to establish a single national tuition and fee cap of \$20,000 annually. (See Washington Update June 3 and August 6 stories.) Representatives of veteran students groups have cited the move to a single national figure as their number one priority in modifying the Post-9/11 GI Bill.

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Troubling Maintenance-of-Effort Requirement in Education Jobs Bill

After months of sending bills back and forth between the chambers, Congress finally passed a \$26 billion education jobs and state Medicaid funding bill in early August. The bill included a "maintenance of effort" requirement (MOE) for states to keep up their funding for public K-12 and public higher education - but fails to similarly protect state funding for student aid for public or private students, or funding for private colleges. The MOE requires states to maintain funding for public institutions of higher education at FY 2009 levels (or in the case of states with lower revenue collections, FY 2006) [link to language]. However, since it doesn't also address state student aid programs, it puts a bull's eye on these programs for state funding cuts.

The federal MOE provision is one of many recent examples of the growing intersection of federal and state policy making in higher education, and is certain to affect how each state association of private colleges lobbies its state house.

NAICU and its state executive colleagues have been working with Congress to improve federal MOE language since the issue first arose 18 months ago in the 2009 stimulus bill. At the time, the combination of increases in the Pell Grant maximum and the MOE for public K-12 and public higher education gave state legislatures two arguments for cutting state student aid - especially for students at private colleges. This was, of course, not the congressional intent of the Pell Grant increases during economic downturn.

It is critically important for NAICU, the state executives, and member presidents to continue to work with congressional and state representatives on the federal MOE issue - educating them about the unintended consequences on state spending for education. Its effect is especially profound on student aid for students at both public and private colleges, and in some states, on state spending directly for private institutions. Local anecdotes, state budget information, and student aid data will help make the case at the state and federal level.

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2010 Tax Extender Bill Possible During Lame Duck Session

Anticipation is growing that a "lame-duck" session could be unusually busy for higher education this November. (See earlier Washington Update story.) Recent conversations with Hill staff indicate that higher education tax extenders are increasingly likely to be pushed to the post-election session, along with funding for the student aid programs. The lame duck session starts when Congress reconvenes after the November election, and lasts until adjournment.

Senate staff remain unconvinced that the Senate will be able to garner the votes to pass a retroactive extension of the already-expired 2009 tax extenders - including the IRA charitable rollover and the tuition deduction - prior to the November elections. However, the Senate Finance Committee is moving forward with plans to address an extension of a multitude of 2010 expiring provisions before the end of the year.

Over \$1 trillion in tax relief provisions were part of estate tax relief legislation passed during the Bush administration in 2001, including several provisions important to higher education. The bill had a ten-year life, meaning every provision in it expires at the end of 2010, unless extended or made permanent. Interestingly, most of the items are considered revenue-neutral and exempt from "paygo" requirements if extended prior to expiration. House and Senate leadership want to do just that - and quickly, before offsets become necessary, and before their expiration generates massive tax increases. The political battle will lie in limiting the benefits to filers reporting less than \$250,000 per year in earnings.

For colleges and universities, the provisions soon to expire include Sec. 127, employer-provided education assistance for both graduate and undergraduate course work, which would expire in its entirety. Also expiring are improvements in student loan interest deduction and Coverdell Education Savings Accounts.

Also of importance, the American Opportunity Tax Credit (AOTC) is also set to expire at the end of 2010. AOTC allows a partially refundable tax credit of \$2,500, and was enacted in 2008 in economic stimulus legislation. This credit does have "paygo" implications, so its cost would have to be offset. It's unclear if an AOTC extension would be included in the 2010 extenders bills, or if it would have to be dealt with separately. Extending the AOTC is a priority for the White House.

NAICU will continue to advocate for the extension of expired, and expiring, provisions important to our colleges and our students.

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Administration Announces Revisions in Export Controls_____

President Obama has announced plans for comprehensive changes in the current export control system. The announcement followed a year-long review of the system that concluded the current system is "overly complicated, contains too many redundancies, and, in trying to protect too much, diminishes our ability to focus our efforts on the most critical national security priorities."

Currently, a number of laws control the export of sensitive goods and technology for reasons of national security, foreign policy, antiterrorism, and nonproliferation. These laws provide for the issuance of a license before certain items can be exported. In some cases, a license is also required for certain foreign nationals to use such technology in the US. Foreign nationals are frequently engaged in campus research activities, so colleges and universities have been particularly interested in addressing the system's ambiguities and inconsistencies.

One of the first steps under the president's plan is to establish an Export Enforcement Coordination Center charged with coordinating enforcement across all relevant departments and agencies. Ultimately, the administration will seek the authority necessary to consolidate export controls under a single licensing agency, and a single export enforcement coordination agency.

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September 17 is Constitution Day_____

In 2005, Congress passed legislation mandating that educational institutions receiving federal funds hold an educational program on the U.S. Constitution on Sept 17 each year. This day commemorates the September 17, 1787, signing of the Constitution. The federal provision does not define "educational program." This means that colleges and universities have a great deal of latitude in exactly how they choose to recognize the day.

NAICU encourages all of our members to embrace this opportunity to advance civic education.

The Library of Congress lists a number of resources for planning activities and recognizing the day on its website. In addition, the Constitution Center Web site offers a number of idea starters.

The regulations don't indicate any penalties for failure to comply with the mandate, nor do they require activities to be reported.

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GAO Report on IPEDS Reporting Burden Leads to Department of Ed Proposal for Comment

A new Government Accountability Office (GAO) report has shown that the Integrated Postsecondary Education Data Systems (IPEDS) collection burden for institutions is much higher than Department of Education estimates. Of the 22 schools reviewed by the GAO, 18 reported spending more time than the 15 to 41 hours estimated by the Department to collect the required data. Collection times varied widely among the institutions, from a low of 12 to a high of 590 hours.

The GAO noted that, given the small sample size, the findings can't be generalized across all 6,800 postsecondary institutions completing IPEDS. However, the office did recommend that the Department of Education: (1) reevaluate its official IPEDS burden estimates and adjust them as necessary; (2) improve communication about IPEDS training opportunities, particularly to small career and technical institutions; and (3) improve coordination with higher education software providers.

In responding to the study, the Department of Education has proposed a revised burden estimate for the completion of IPEDS. The proposal increases the estimated time for a four-year institution to complete the report to a range of 137 to 206 hours, depending on the keyholder's level of experience. The Department is now soliciting comments from institutions on the new estimates by October 1. NAICU encourages all member institutions to respond to this request. To submit comments, send an email with the subject line "IPEDS BURDEN" to Elise.Miller@ed.gov by October 1, 2010. Please include your type of institution and years of experience as a keyholder in your comments.

The GAO study, which was required by the Higher Education Opportunity Act, also examined the feasibility of collecting additional graduation rate data. The GAO concluded that additional information could be of some use, but that reporting additional information -- particularly graduation rates by income -- would be burdensome to institutions. Given this concern, the office didn't recommend any modification of current reporting requirements in this area.

For more information, contact Susan Hattan, susan@naicu.edu

IRS Partners With Local Organizations to Offer Free Tax Help

The Internal Revenue Service has expanded its free face-to-face tax assistance efforts by partnering with local businesses and other organizations in each state to offer additional services to taxpayers. Colleges and universities may be interested in establishing these partnerships and offering these services to students, who might need help in preparing their tax returns, and the local community.

IRS taxpayer assistance centers exist all over the country and offer face-to-face help on resolving problems, answering individual's return questions, or for taxpayers who are simply more comfortable with in-person assistance. There is no charge for services, and no appointments are necessary. These services are offered through local IRS offices, typically located in federal buildings.

More recently, the IRS has been reaching out to local businesses and organizations to expand these taxpayer assistance efforts. If your institution is interested in this type of partnership with the IRS, go to the "contact my local office" page on the IRS website. The partnership contact information is specific to each state.

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Blue Campaign to Combat Human Trafficking

The Department of Homeland Security (DHS) has launched the Blue Campaign, a department-wide initiative to combat human trafficking through public awareness, victim assistance programs, and law enforcement training initiatives. DHS hopes their efforts will help end modern day slavery.

The Blue Campaign's name and symbol were chosen by DHS to evoke the "thin blue line" of law enforcement, as well as two established global anti-human trafficking symbols: the Blue Blindfold of the United Kingdom Human Trafficking Center, and the Blue Heart, developed by the United Nations Office of Drugs and Crime, to help raise international awareness about the issue.

The Blue Campaign has developed outreach tools to help citizens learn to identify and properly report indicators of human trafficking. The tools include social media, multilingual public awareness campaigns, and a new comprehensive one-stop website. The website links to a fact sheet detailing the numerous aspects of the campaign across the Department.

DHS has asked NAICU to help raise awareness of the issue as well as promote the materials and services they have to offer. Through NAICU's work with the Federal Emergency Management Agency on disaster relief for our members, the association has developed a working relationship with DHS, which houses FEMA, through its Private Sector Office.

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Your Vote Your Voice and National Voter Registration Month

NAICU is proud to announce the return of Your Vote, Your Voice - a voter education, registration and get-out-the -vote project supported by the Washington Higher Education Secretariat in every federal election since 1996.

The 2010 version will consist of a brochure listing state-by-state details on voter registration, an overview of the legal requirements for colleges and universities to make voter registration forms available to their students, and a list of useful resources for voter education and participation. All presidents of non-profit colleges and universities, public and private, will receive a copy of the brochure in the coming weeks.

In addition, Your Vote, Your Voice will once again feature a Web-based "Project Organizing Handbook" and a website with frequent updates and highlights of campus activities. (The new site will go live in early September.)

Under the 1998 reauthorization of the Higher Education Act, colleges and universities were required to distribute hard copies of in-state voter registration forms to students prior to their state's voter registration deadline. However, NAICU led an effort during the 2008 HEA reauthorization to amend this requirement to clarify that e-mail messages with links to the state forms are acceptable. (The messages must, however, be devoted exclusively to voter registration.)

The National Association of Secretaries of State, representing chief state election officials, has asked NAICU, through our support of Your Vote, Your Voice to help promote September 2010 as National Voter Registration Month. Campus activities in support of voter education, registration, and civic engagement complement the goal of National Voter Registration Month, which is to make voters aware of registration deadlines and requirements, as well as to assist potential voters through the registration process.

The midterm federal elections are often considered humdrum affairs in non-presidential election years. This fall, however, promises to be a major exception, and campuses will be abuzz come Election Day, Tuesday, November 2.

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