Tax Benefits of Section 529 Plans Made Permanent

There was an extra bonus for colleges hidden in last week’s bill containing the long awaited charitable IRA rollover legislation: a permanent extension of the 529 plan tax benefits.

The Pension Protection Act, H.R. 4, signed into law by President Bush on August 17, contains a provision permanently extending the tax benefits of Sec. 529 college savings and prepaid tuition plans. This is the same bill that includes the IRA charitable rollover provision (see Week In Review, August 14, 2006). The provision was sponsored by Sen. Chuck Grassley (R-Iowa) and Reps. Melissa Hart (R-Pa.) and Phil English (R-Pa.).

This is good news for our institutions, and for the students and families planning long-term savings for college. It means that when these important college savings tools are marketed, plans will no longer have to include a footnote that the tax advantage of the plan could expire before families cash in their accounts. For families exploring secure savings tools for their children’s college educations, this gives them another reason to consider investing early in a pre-paid tuition or savings plan.

A provision in legislation passed in 2001 allowed private colleges to offer college savings and prepaid tuition plans with the same preferential tax treatment on interest and earnings previously enjoyed only by state institutions. That bill also made withdrawals from 529 plans tax free. However, under the 2001 tax bill, these tax benefits expire at the end of 2010. The pension bill now makes these benefits permanent.

For additional information, contact Karin Johns at NAICU,(202) 785-8866 karin@naicu.edu.

Proposed Negotiated Rulemaking Raises Eyebrows

Negotiated rulemaking is an arcane process of crossing “t”s and dotting “i”s to ensure that regulations resulting from changes to higher education law work smoothly and as intended. As such, it’s a process that typically is of interest only to policy wonks. However, the notice that appeared in the August 18 Federal Register (http://a257.g.akamaitech.net/7/257/2422/01jan20061800/edocket.access.gpo.gov/2006/E6-13642.htm), has lobbyists, congressional staff, and the media all sitting up and taking notice.

Under this Department of Education proposal, the department would use negotiated rulemaking groups to consider regulatory changes implementing (Continued on page 2)
recommendations of the yet-to-be-final report of the Secretary’s Commission on the Future of American Higher Education. This would go far beyond just implementing changes to the Higher Education Act made by the Budget Reconciliation Act passed by Congress last February, which is the legal reason for the proposed sessions.

Under certain sections of the Higher Education Act, negotiated rulemaking is required in order for final regulations to be put in place. For example, the recently announced negotiated rulemaking session would be necessary to develop the final regulations for the new SMART and Academic Competitiveness Grants, as well as changes to the student loan program enacted under the Budget Reconciliation Act. However, it is unprecedented for the administration to use this process to implement a commission’s report – especially one that has not been vetted by Congress.

On Friday, August 18, department officials seemed to be downplaying the idea that anything out of the norm was intended by slipping the commission’s ideas into a statutorily mandated process for laws approved by Congress. But the categories of topics the groups would address, as cited in the Federal Register notice, seem particularly interesting given that two of the four areas were not altered in law, and therefore, present no need for altered regulations. The four announced groups will deal with (1) AC/SMART grants, (2) loan programs, (3) other HEA programs, and (4) accreditation.

The negotiated rulemaking sessions will begin with four open-forum meetings: September 19, University of California, Berkeley; October 5, Loyola University, Chicago; November 2, Royal Pacific Hotel Conference Center, Orlando; and November 8, U.S. Department of Education, Washington, D.C. Actual negotiations will begin in December and conclude by March 2007. It is unclear whether representatives of the higher education associations will be allowed to be negotiators.

For more information, please contact Maureen Budetti at NAICU, (202) 785-8866 or maureen@naicu.edu.

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Requirement Continues for Colleges to Offer Constitution Day Programming

Last September 17, the first Constitution Day, saw campuses offering a variety of programs to educate their students and the community on the U.S. Constitution. There is no “sunset” provision to the legislation mandating colleges and universities to recognize the day, so again this year colleges and universities will be expected to participate – but again with latitude as to exactly how they wish to honor the day.

The FY 2005 Omnibus Appropriations Bill, approved by Congress in 2004, included a provision designating September 17 as Constitution Day, and requiring any educational institution that receives federal funds to hold an educational program about the U.S. Constitution on that day each year. (See Week in Review, No. 25, 12/7/04.) The provision does not define “educational program.” However, it does state that “when September 17 falls on a Saturday, Sunday [as it does this year], or holiday, Constitution Day shall be held during the preceding or following week.”

As the second Constitution Day rapidly approaches, here are some resources that may be useful in planning campus activities:
- The Department of Education’s regulation, describing the new mandate, and offering some informational resources, www.ed.gov/legislation/FedRegister/other/2005-2/052405b.html (note the link to corrected contact information).
- The Constitution Center Web site, with idea starters and additional resources, www.constitutioncenter.org/constitutionday.

The regulations do not indicate any penalties for failure to comply with the mandate, nor do they indicate that specific activities need to be reported.

For more information, please contact Roland King at NAICU, (202) 785-8866 or roland@naicu.edu.
EPA Seeks Student Team Applicants for Sustainability Grants

The U.S. Environmental Protection Agency (EPA) plans to award up to $1.25 million in grants to teams of college students through its People, Prosperity and the Planet (P3) competition. The teams will research, design, and develop scientific and technical solutions to sustainability challenges that both protect the environment and offer economic benefits. Proposals must be submitted by December 21, 2006.

EPA will award as many as 50 grants of up to $10,000 each to the student teams. The money will be used to research and develop sustainable solutions during the 2007-08 academic year. In spring 2008, the teams will be invited to bring their designs to Washington, D.C., to compete for EPA’s P3 Award, which includes additional funding up to $75,000 to further develop and implement the project in the field. The competition will be judged by the National Academy of Engineering. Evaluation. Criteria include design innovation and technical merit, along with relevant social, economic, and environmental considerations that are key to sustainable designs.

The P3 competition is open to teams of students attending colleges, universities, and other post-secondary educational institutions. EPA is strongly encouraging interdisciplinary teams that might include representatives from, for example, multiple engineering departments and/or departments of chemistry, architecture, industrial design, economics, policy, social sciences, business, and communication.

The P3 competition was launched by the EPA in 2004. Winners have already taken their innovations to new levels – including starting successful businesses, winning additional awards, and improving the quality of life in the U.S. as well as in other developed or developing countries.

Application procedures and materials for this year’s grants are at http://es.epa.gov/ncer/rfa/2007/2007_p3_4thannual.html. For more information, contact Suzanne Ackerman at the EPA, (202) 564-4355 or ackerman.suzanne@epa.gov.

Presidential Update II

Here are a few more new presidents taking office this summer, to supplement the list in the July 17 Week in Review. We’ve also expanded the list to include those assuming new presidencies in September.

A regularly-updated list of presidential changes appears on the NAICU home page at www.naicu.edu, with links to the institutions for more information.

Bluffton University (OH), James M. Harder, August
California Institute of Technology (CA), Jean-Lou Champeau, September
Carroll College (WI), Douglas N. Hastad, July
Cedar Crest College (PA), Carol A. Pulham (Acting), August
Columbia (University) Teachers College (NY), Susan H. Fuhrman, August
Houghton College (NY), Shirley A. Mullen, June
Houston Bible University (TX), Robert B. Sloan, Jr., September
John Carroll University (OH), Robert L. Niehoff, S.J., August
Maine College of Art (ME), James Baker, July
Nazarene Bible College (CO), Harold B. Graves, Jr., July
Northwestern Health Sciences University (MN), Mark Zeigler, September
Ottawa University (KS), Fred Snow, July
Point Park College (PA), Paul Hennigan, September
Southern Vermont College (VT), Karen Gross, August
Viterbo University (WI), Richard B. Artman, July
Walla Walla College (WA), John K. McVay, September
Young Harris College (GA), John W. Wells, June
NAICU E-lists Continue to Grow

Increasingly, NAICU is moving to electronic communication – both e-mail and Web – to keep members informed of developments in Washington, national media coverage and trends, and news from our member colleges and universities.

• The vast majority of our presidents are subscribed to NAICU PresNet, used to alert presidents to breaking news of importance to them.
• NAICU PRNet keeps member public relations staffs apprised of media staffing changes, media requests for sources on developing stories, and major trends in media coverage.
• NAICU GovNet provides legislative information and perspective on issues of interest to campus federal and state relations staff members.
• *Week in Review* Electronic Edition gets this newsletter to you days ahead of the print version, and with links to additional information not available in print.

Messages to all three lists often carry links to the NAICU Web site for more detailed information, and to other informational resources. All three lists are used very judiciously to avoid unnecessary messages – lists average no more than a couple messages a week over time – and subscribers can unsubscribe easily at any time.

If you’re not subscribed to the appropriate list for you, you’re not getting full benefit of your NAICU membership. To sign up for any of the above, send an e-mail to roland@naicu.edu specifying the requested list and including your name, title, and institution. (Subscriptions are available to staff at NAICU member institutions only.)