House Passes Cuts to Student Loans

A fter a hard-fought battle, the House passed the FY 2006 budget reconciliation bill in the early hours of November 18, by a vote of 217 to 215. Overall, the bill cuts $50 billion to pay for deficit reduction and hurricane relief. Student loans are the biggest donor of all government programs, with $14.3 billion in cuts.

The pre-Thanksgiving vote was the House leadership’s second attempt to finish this bill. On November 10, leaders had dropped the provision that would allow drilling in the Arctic National Wildlife Refuge (ANWR), hoping to solidify moderate Republicans. When that failed, leaders had to make additional concessions. Slight changes were made in the cuts to food stamps, Medicaid, off-shore drilling, and milk subsidies, but no changes were made to the student loan cuts.

Alliance efforts
NAICU and the Student Aid Alliance have been opposing the House budget reconciliation bill since mid-October. We have asked all presidents to call their representatives, targeted presidents in key congressional members’ districts for special calls, and asked presidents to activate their students. The response has been phenomenal.

We have counted over 15,000 emails sent to Congress through the Alliance web site, and almost 6,000 phone calls logged through the Alliance hotline. Op-ed pieces have run in local newspapers throughout the country, and in many student newspapers. D.C.-area students wearing “Stop the Raid on Student Aid” tee-shirts rallied on Capitol Hill throughout the negotiations on the vote. And these are just the activities we know about!

While we are disappointed that the bill passed, the student aid community put up a tough fight. No member of Congress can say that he was not aware of the cuts to student loans when this vote was taken.

Giving thanks
Republican members who voted against the bill should be thanked—publicly, if possible. A letter to your local newspaper, or a public statement thanking them for voting against the cuts to student loans, would be helpful. We want to continue to work with these members in conference negotiations with the Senate, and on the final vote later in December.

The following Republicans voted against the cuts to student loans:

- Jim Gerlach (Pa.)
- Nancy Johnson (Conn.)
- Timothy Johnson (Ill.)
- Walter Jones (N.C.)
- Jim Leach (Iowa)
- Jim McHugh (N.Y.)
- Bob Ney (Ohio)
- Ron Paul (Texas)
- Jim Ramstad (Minn.)
- Christopher Shays (Conn.)
- Robert Simmons (Conn.)
- Christopher Smith (N.J.)
- John Sweeney (N.Y.)
- Heather Wilson (N.M.)

Next steps
The budget reconciliation bill must now go to a House-Senate conference committee to work out the differences, which are huge. The Senate has a total of $35 billion in cuts, and the House has a total of $50 billion. The Senate reconciliation bill included more spending than the House—

(Continued on page 2)
such as $11.2 billion in aid for Pell Grant recipients through the new ProGAP program. Should the conferees decide to include ProGAP in reconciliation, the entire reconciliation process would be of much greater benefit to students. The Senate bill also retains the ANWR provision that House leaders removed to gain moderate votes.

Conferees must also decide what to do with the reauthorization of the Higher Education Act. The Senate reconciliation bill includes the entire HEA reauthorization, while the House reconciliation bill carries only the student loan, need analysis, and distance education provisions that pertain to mandatory spending. NAICU would prefer that conferees not load the entire HEA on this vehicle, since the conference is likely to be very compressed. Under this scenario, the education committees would leave the rest of HEA reauthorization for a separate conference between House and Senate members of the education committees.

Congress is scheduled to be in session December 5-15. We expect the leadership of both chambers to decide how to proceed on reconciliation and HEA before they adjourn for the December holidays. Once we know what direction the conference will go, we will ask presidents to weigh in again with their members of Congress to support NAICU positions. Again, thank you for fighting the good fight!
On November 18, the Senate passed a $60 billion tax cut reconciliation package containing charitable incentives, nonprofit governance reforms, education incentives, and additional provisions for hurricane relief efforts. The House is moving its own $80 billion package, but has not completed floor consideration.

The Senate bill, S. 2020, includes the IRA charitable rollover. The provision would allow penalty-free withdrawals from various retirement accounts for charitable donations. Individuals age 70½ could make direct gifts, and those age 59½ could make indirect gifts, via a charitable remainder trust or similar vehicle. The House bill, H.R. 4297, does not contain the IRA rollover provision.

S. 2020 also contains a five-year extension of the above-the-line deduction for tuition expenses. The current deduction is set to expire at the end of 2005. Like the IRA rollover, this is an enormously popular higher education tax incentive that benefits many students and families attending NAICU institutions. The House bill contains a one-year extension of this deduction.

The Senate bill includes a host of nonprofit governance reform items, including provisions relating to tax shelters, certain life insurance contracts involving tax-exempt organizations, and credit counseling groups. There are also increased penalties on wrongdoing, limitations on the deduction for contributions of clothing and household items, and tighter rules for donations of tangible personal property. Finally, the bill includes reforms for facade easements, modification of unrelated business income tax (UBIT), donor-advised funds and supporting organizations, and disclosure of information. None of these items are in the House bill.

Because the IRA rollover provision and nonprofit reforms are contained only in the Senate bill, the final language must be negotiated in conference. Much will depend on available revenue and member interest in retaining the items. Since both bills contain an extension of the tuition deduction, it’s likely the final bill will too. That conference will take place once the House approves its bill on the floor.

The House is scheduled to consider H.R. 4297 during the week of December 5. If the bill passes, the House and Senate will try to report out a conference agreement before adjourning for the year. However, much depends on the outcome of the conference on the other budget reconciliation bill on spending, which affects such controversial areas as ANWR, medicaid and student loans. (See related story on page 1.)

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

Save the Date!

The 2006 NAICU Annual Meeting will be held February 6-8 in Washington, D.C. We are very pleased that Sen. Hillary Rodham Clinton, New York Times columnist David Brooks, and futurist Eric Peterson will join us. Speakers will address such issues as the changing political scene, reauthorization of the Higher Education Act and its impact on your campus, and the social tensions affecting college access and affordability.

For those who arrive early, NAICU will host a Super Bowl party on Sunday evening, Feb. 5. Check the NAICU Web site at http://www.naicu.edu/meetings/index.shtml in the coming weeks for a detailed and regularly updated schedule for the meeting.

Increased Employment, Less Coursework OK for F-1 Visa Students in Disaster Area

On November 25, the U.S. Citizenship and Immigration Services (USCIS) published a Federal Register notice that temporarily suspends many of the current requirements related to on- and off-campus employment for a specific group of F-1 visa students. This relief will allow students who were adversely affected by Hurricane Katrina to work extra hours if employment authorization is granted. They would also be permitted to reduce their course load to increase their hours of employment.

This notice is designed to help approximately 5,500 active F-1 students who were enrolled in institutions in Katrina-affected areas, and have since endured severe economic hardship. To maintain active F-1 status, students were previously required to maintain a full course of study. This notice temporarily relaxes those requirements. Students who have remained on campus as well as those who have since transferred to other institutions are eligible, as long as they have an active F-1 visa and began their coursework at an institution in a federally designated hurricane disaster area.

The relief provided in the notice will remain in effect until February 1, 2006. Additional details and application forms are available at http://uscis.gov, or by calling the USCIS at (800) 375-5283.

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