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College Cost Provisions Outweigh Benefits of House Reconciliation Bill

The House Education and Labor Committee approved a budget reconciliation bill on June 13 that moves more than $18 billion from loan programs to Pell Grant increases, need analysis changes, loan limit increases, and several other education programs. The Perkins capital fund would receive $100 million a year for five years. The savings from the loan program would also help to offset the costs of the interest rate reductions that were part of the House Democrats’ "Six for ‘06" legislative agenda. (See WIR - 1/29/07.)

Unfortunately, the bill’s benefits are outweighed by a number of unacceptable price provisions. Of particular concern are provisions that would:

- Withdraw LEAP funds from states that fail to maintain a specified level of support for their public institutions of higher education. Although this proposal targets state legislatures, it hits students—including those attending private institutions.

- Tie “bonus” Pell Grant funding to institutions that either keep their net tuition increases below the Higher Education Price Index or offer guaranteed tuition plans. This sets an alarming precedent by using the federal aid program to dictate institutional pricing policies.

- Require institutions that increase net tuition above the Higher Education Price Index to submit to the Secretary of Education a detailed report on the causes for the increase and the institution’s "cost containment strategies" for lowering prices. This provision was in the Higher Education Act reauthorization bill considered by the House last year. It was one of the measures that NAICU succeeded in having the Republicans remove, on the basis that it was a price control.

Committee Chairman George Miller (D-CA) is aware of the higher education community’s concerns, and has indicated his willingness to further discuss these issues before the measure is considered by the full House.

In general, voting on the reconciliation bill largely split along party lines, with all committee Democrats, along with three Republicans, supporting the final measure. Democrats emphasized the student benefits provided by the bill, while Republicans argued that the loan-program cuts were too deep. Republicans also expressed concern that, in effect, the bill would give entitlement status to programs that have traditionally been funded through the annual appropriations process.

For more information, contact Maureen Budetti at maureen@naicu.edu, or Susan Hattan at susan@naicu.edu
House Postpones Action on Education Appropriations

The House Appropriations Committee has postponed action on the FY 2008 education appropriations bill until after the July 4th recess. The delay, approved on June 13, was triggered by disagreements between Democrats and Republicans over how earmarks would be offered, with Republicans pressuring to include earmarks in the bill now, rather than waiting until conference committee.

Spurred by the week-long argument on the House floor over earmarks that were left out of the Homeland Security spending bill, appropriations committee members and staff will now spend the next few weeks reviewing the thousands of earmark requests that are in the education bill, before convening the week of July 9.

While there is bipartisan support in Congress for the education spending bill, the Bush administration has threatened to veto the legislation if it exceeds the president’s spending request. Bush has the backing of the Republican Study Committee (RSC), a group of conservative House members. The RSC has collected 147 signatures on a letter that pledges to sustain a veto of any spending bill that exceeds the president's request. That's two more than the 145 votes needed to affirm a veto.

The price tag on the education appropriations bill is $10 billion more than the president’s request. However, the inclusion of earmarks in the remaining appropriations bills may ultimately determine how members vote.

Of special interest to colleges was a rider added to the bill that would limit the Secretary of Education’s ability to issue new regulations on accreditation. (See WIR - 6/12/07, 5/8/07, 4/4/07, 2/28/07.) Appropriations chairman David Obey (D-WI) is using the bill to signal to Education Secretary Margaret Spellings that Congress is not happy with her efforts to circumvent its authority in this area.

In the Senate, the education appropriations subcommittee is scheduled to write its bill June 19, and the full Senate appropriations committee is set to consider it on June 21. The Senate subcommittee is working with $2 billion less than the House allocation, and the Senate’s funding priorities will look different. This could make a conference agreement over the summer more difficult than initially anticipated.

For more information, contact Stephanie Giesecke at stephanie@naicu.edu

IRS Releases Draft of New Form 990

The Internal Revenue Service has released a discussion draft of a redesigned Form 990, Return of Organizations Exempt from Income Tax, and invited public comment on the proposed changes. The IRS anticipates using the revised Form 990 for returns filed for the 2008 tax year. There is a three month public comment period, ending on September 14, 2007.

The discussion draft reflects the first significant redesign of the Form 990 since 1979. The redesign is based on three principles: enhancing transparency, promoting tax compliance, and minimizing the burden on the filing organization.

With the redesign, the IRS hopes to gather a more realistic picture of tax-exempt organizations and their operations, and establish a basis for comparing these organizations with similarly operated groups. The IRS also wants to get an accurate reflection of the tax-exempt organization’s operations and use of assets, so the agency can efficiently assess the risks of noncompliance.
The IRS would like the forms to contain questions that are easy to answer, and that do not impose unwarranted additional record keeping or information gathering burdens to obtain and substantiate the reported information.

Additional information can be found at the IRS Web site at www.irs.gov/eo. Comments should be e-mailed to the IRS at Form990Revision@irs.gov, or mailed to:

Form 990 Redesign
Attn: SE: T: EO
1111 Constitution Ave., N.W.
Washington, DC 20224

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**NAICU E-lists Serve Member Presidents – Plus Public Relations, Government Relations Staff**

Increasingly, NAICU is moving to electronic communications – through e-mail and a completely redesigned Web site – to keep members informed of developments in Washington, national media coverage and trends, and news about our member colleges and universities. These timely and expanding channels of communication serve not just NAICU member presidents, but their government relations and public relations staffs as well. Our e-mail lists include the following.

- **NAICU PresNet** is used to alert presidents to breaking news of importance to them. Over 90 percent of our approximately 950 member presidents are on the list.
- **NAICU PRNet** informs member public relations staffs 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.

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.

Get maximum benefit from your NAICU membership by subscribing to the lists of interest to you – and encourage your public relations and government relations staff to subscribe to the lists tailored to their interests. To sign up for any of the lists, send an e-mail to roland@naicu.edu specifying the requested list and including the subscriber’s name, title, and institution. *(Subscriptions are available to staff at NAICU member institutions only.)*