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AACC
AMERICAN ASSOCIATION OF COMMUNITY COLLEGES

Statement of the American Association of Community Colleges on Chairman Archer's Mark Relating to Revenue Reconciliation Provisions

The American Association of Community Colleges (AACC) is pleased that the Chairman's mark includes a tax credit to help pay for the first two years of postsecondary education. However, AACC is deeply concerned about its present configuration. As announced, the credit would cover 50 percent of up to $3,000 of out-of-pocket tuition expenses and books required for attendance. This structure would limit the benefit the tax credit will have for community college students, most of whom are enrolled at institutions whose tuition is well below the level at which they could receive the maximum tax credit. We strongly believe that community college students should be eligible for the same level of support through a tax credit as students enrolled at more expensive institutions of higher education.

We are also troubled that the Chairman's mark does not permanently extend Section 127 of the Internal Revenue Code. Limiting the extension to a six-moth period for undergraduate programs will hamper the ability of America's workers to gain access to the education programs they need to maintain and upgrade their skills.

June 10, 1997

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FOR IMMEDIATE RELEASE
June 10, 1997

CONTACT
Erica Adelsheimer
(202) 347-8772

******PRESS RELEASE******

Students Express Strong Disappointment With Chairman Archer's Education Tax Proposals

WASHINGTON, D.C.--Students around the country are registering their disappointment with Chairman Archer's plan for education tax initiatives. Chairman Archer's package will do nothing to expand access to education. Instead of addressing student concerns about the administration's education tax proposals, the plan shifts benefits away from even middle income families and funnels aid to those with greater resources.

Students believe that education tax initiatives must include measures to broaden educational opportunity. We know that without additional help thousands of young people will be forced to forego a college education. We support the President's efforts to ensure that at least $35 billion of any overall tax package be targeted to higher education, and we urge Congress to ensure that the neediest families, as well as those with middle and upper-middle incomes, qualify for education-related tax benefits.

Chairman Archer's plan will provide additional aid to those families least in need and no help to low-income students and families who often find the financial barriers to college insurmountable.

Students are particularly concerned that the modifications to the HOPE Scholarship move the tax subsidies further toward the upper income rather than toward those with the greatest need, that the $10,000 deduction proposals will only help the wealthiest families, and that there are no provisions for student loan forgiveness, a student loan interest deduction, permanent extension of employer-provided education assistance, or non-taxability of work-study and need-based scholarships and fellowships.

50TH ANNIVERSARY
1947•1997

The College Board
1233 20th Street, N.W., Suite 600, Washington, D.C. 20036-2304
Telephone: (202) 822-5900; Facsimile: (202) 822-5920

Washington Office

June 10, 1997

College Board Response to Ways and Means Committee Chair Archer's Education Tax Proposals

Throughout recent discussions on tuition tax proposals, the College Board has advocated judicious use of the tax code for educational purposes and recommended adjustments to ensure that any tax credit or deduction be equitable for all families. In that regard, the College Board is pleased to note that the proposals announced by the chairman of the House Ways and Means Committee this week support savings for higher education through penalty-free withdrawals from IRAs accounts for postsecondary education.

In its totality, however, the package falls far short of advancing the College Board's priority of targeting the tax code for specific educational purposes and making any changes equitable for all families. For example, we are concerned that the package does not include:

- deductibility of interest on student loans;
- tax-free treatment of need-based grants, fellowships, scholarships, and federal College Work Study earnings; and
- permanent (in contrast to a one-year) extension of section 127 of the tax code for both undergraduate and graduate students, a modest incentive for private sector investment in the continuing education of adults.

We are also greatly concerned about other aspects of the chairman's package. By limiting the credit to 50 percent of up to $3,000 of "out-of-pocket" tuition expenses required for college attendance, the chairman's version of the Hope Scholarship further reduces the tax benefit for many low-income students. Like the Administration's Hope Scholarship, the chairman's tax credit would also be non-refundable, that is, students and families without any tax liability would not receive the benefit.

In addition, the chairman's proposed $10,000 tuition deduction, focused only on state- and private-sponsored pre-paid tuition programs, would primarily benefit middle- and upper-middle income taxpayers. These provisions of the chairman's package also have the potential to complicate the financing of higher education by encouraging multiple state variations of the pre-paid tuition concept, not to mention the proliferation of private for-profit models.

The College Board is pleased that the Administration last week modified its original tuition tax proposals, shifting more funding to the needier students, providing student loan interest deduction, and allowing tax relief for employer-provided education assistance. We are concerned that the committee did not include these modifications in its recently released plan.

* * *

The College Board is a national association of over 3,200 schools and colleges dedicated to advancing equity and excellence for all students.

U.S. Public Interest Research Group
National Association of State PIRGs

News Release

For Immediate Release:
June 10, 1997

For More Information:
Ivan Frishberg, (202) 546-9707

Statement from PIRG's Higher Education Project regarding House Ways and Means Committee Proposal on Higher Education tax cuts.

A college education is the best investment we can make in America's future. Rather than fully opening up that investment to all Americans-students, Chairman Archer's Mark represents a missed opportunity to expand access to higher education.

U.S. PIRG has commended both the President and the Leadership in Congress for the commitment to higher education that was made in the balanced budget deal. However, we have persistent concerns that the $35 billion investment in higher education is delivered in a way that truly delivers hope to all students, including those working families with incomes too low to create significant tax liability.

Compared to the President's proposals, Chairman Archer's proposal does even less to deliver assistance to those who need it the most, when it could have done more. We encourage Chairman Archer to listen a little closer to the concerns of students, and work towards a greater and more real hope for America's college students.

Congress and the Administration should work together to construct a tax package that includes a hope scholarship that goes to the millions of American students who don't have tax liability, and that includes proposals that ease the burden of student debt: tax exempt loan forgiveness and a student loan interest deduction.

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U.S. PIRG is the national lobbying office of the state Public Interest Research Groups. U.S. PIRG is a non-profit environmental and consumer watchdog group with citizen and student members in over 35 states, and with chapters at over 100 college campuses.

American Association of State Colleges and Universities

One Dupont Circle • Suite 700 • Washington, DC 20036-1192 • phone 202/293-7070 • fax 202/296-5819

June 9, 1997

The Honorable William V. Roth
Chairman
Senate Finance Committee
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Bill Archer
Chairman
House Ways and Means Committee
1102 Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Chairmen:

We write to indicate our enthusiastic support for the agreement reached between the President and Congress to devote a substantial portion of any tax cuts to higher education. We congratulate the President and the Congress for their continued efforts to expand access to higher education, and believe that properly crafted tax incentives are an investment in America's future.

We fully endorse the goals articulated by the Administration and congressional leaders in advancing their respective packages of education-related tax cuts. We believe that as Congress works to implement the budget agreement, it has a historic opportunity to produce a final tax package that will enable all Americans to afford postsecondary education for themselves and their children.

As you examine the specific features of education-related tax benefits, we hope that you will join the President in his call for making at least two years of postsecondary education the norm for our citizens. The creation of an expanded Hope Scholarship program is the single most effective way in which the tax writing committees can make the dream of a better future for all Americans a reality. We believe such a program, if it is correctly designed to provide benefits to our neediest citizens as well as to middle income families, will be a proud legacy for policymakers.

The bipartisan agreement for restoration of deductibility of student loan interest payments is another important tax provision we support. An "above-the-line" deduction for educational borrowing would provide relief to millions of our citizens with student loan payments.

The Administration has proposed that any loan forgiveness for borrowers who make 25 years of payments based on income be non-taxable. We fully endorse this proposal. In an effort to promote greater community service, the Administration has also proposed non-taxability of loan forgiveness by non-profit entities. We believe public colleges and universities should be included in this provision. While public institutions can provide non-taxable loan forgiveness in certain circumstances under current law, we believe their inclusion in this new provision would simplify the process substantially. Also, we encourage Congress to include a technical expansion of non-taxability to include loan discharge, write-off and compromise.

The Administration and Congress have proposed a variety of additional incentives that merit careful consideration. These include tax-free educational savings accounts; expansion and permanent extension of tax exemption for employer-provided education assistance; tax exemption for work-study earnings, scholarships and fellowships; and proposals to encourage lifelong learning.

An additional proposal we are concerned about is non-taxability of state prepaid tuition plans. We strongly support this in concept, but believe it should apply only to state prepaid tuition plans that are actuarially sound, and that do not create unfunded contingent liabilities for the nation's public institutions.

We appreciate your leadership on these important issues, and stand ready to work with you in the historic task before the Committee.

Sincerely,

James B. Appleberry

James B. Appleberry
President

On behalf of the following education associations:

Hispanic Association of Colleges and Universities (HACU)
National Association for Equal Opportunity in Higher Education (NAFEO)
National Council of Educational Opportunity Associations (NCEOA)
The Education Trust
U.S. Public Interest Research Group (USPIRG)
United Negro College Fund (UNCF)
United States Student Association (USSA)

pc: The Honorable Richard W. Riley
Members of the Senate Finance Committee
Members of the House Ways and Means Committee

News

American Association of State Colleges and Universities

One Dupont Circle

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Washington, DC

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voice 202/293-7070

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FOR IMMEDIATE RELEASE **(JUNE 9, 1997)**

Contact: Gay Clyburn, 202/857-1824
(e-mail: clyburng@aascu.nche.edu)

Tim Martin, 202/293-7070
(e-mail: martint@aascu.nche.edu)

WWW: www.aascu.nche.edu/news/releases/archer.htm

Statement from American Association of State Colleges and Universities in response to Chairman Bill Archer's Mark, House Committee on Ways and Means

I am disappointed to see that Chairman Archer's tax package, instead of improving the administration's education-related tax proposals, accomplishes just the opposite. It is more regressive and does nothing to expand access to higher education.

The American Association of State Colleges and Universities (AASCU) has set a clear standard against which any educational tax proposal may be judged—that of broadening educational opportunity.

We believe the president deserves credit for insisting that at least $35 billion of any tax expenditures should be devoted to higher education. We had hoped that Chairman Archer would modify the details of the administration's proposal to ensure that the neediest, as well as middle- and upper-income Americans, would qualify for education-related tax benefits.

Unfortunately, the chairman's mark falls short. Not only does it devote substantially less to education-related tax provisions than the budget agreement with the president requires, it is also seriously mis-targeted.

Our concerns are as follows:

- The modifications made to the president's Hope Scholarship proposal move the tax subsidies even further toward the upper income. By limiting the credit to "out of pocket" tuition and books, the chairman's mark fails to conform to the improvements the president recently announced. In addition, limiting the credit to 50 percent of tuition and books up to $3,000 serves as another *de facto* cap on the maximum eligibility of students at schools with tuition charges of less than $3,000. The fact that the tax credit continues to be nonrefundable also renders it ineffective as an instrument of access.
- The deductibility of up to $10,000 per student per year of expenditures through state-sponsored prepaid tuition plans, and the creation of a similar deduction for private prepaid tuition programs, will help only our highest income citizens.

(over)

Add 1, AASCU

- The deductibility of up to $10,000 per student per year of expenditures through state-sponsored prepaid tuition plans, and the creation of a similar deduction for private prepaid tuition programs, will help only our highest income citizens.
- The chairman's mark fails to include non-taxability of student loan forgiveness—an extraordinarily important feature of the administration's package that AASCU fully endorses.
- The chairman's proposal does not restore the deductibility of student loan interest payments, which enjoy universal support within the higher education community and bipartisan support in Congress.
- The chairman's mark does not permanently extend employer-provided education assistance—temporarily extended it only through Dec. 31, 1997— and then only for undergraduate study.
- The proposal phases out non-taxability of tuition reduction provided to employees of educational institutions, and thus increases personnel costs at colleges and universitie

AASCU hopes to work with Chairman Archer to address our concerns as he leads the Ways and Means Committee in mark-up.

Association of Community College Trustees
1740 "N" Street, NW
Washington, DC 20036
202.775.4667

June 6, 1997

The Honorable William J. Clinton
President
The White House
1600 Pennsylvania Avenue N.W.
Washington, D.C. 20500

Dear Mr. President:

We write to reaffirm our support for your educational tax proposals as outlined on June 4th by the Department of Education. As you know, the Association of Community College Trustees has been unwavering in its support for your proposals to increase the nation's investment in education and training so critical to sustaining our economy.

We are especially pleased by your decision to make Hope Scholarships more readily available to low-income students by allowing them to use the tax credit to cover educational costs beyond what is covered by their Pell Grant. In addition, eliminating the "B" average requirement will make the tax credit more accessible and consistent with other federal student aid program requirements. We applaud these two critical improvements and believe that it will strengthen support in Congress for enacting the $1,500 tuition tax credit.

Your decision to add the extension of Employee Educational Assistance and restoration of the deduction for student loan interest as integral components of your educational proposal will further strengthen and enhance America's investment in education and training. Both initiatives are long-standing priorities of community college trustees and the institutions they represent.

The Honorable William J. Clinton
June 6, 1997
Page Two

The nation's community college trustees will work hard to win enactment of this important educational investment package by communicating its importance to Members of Congress.

We thank you for your leadership and for continuing to make educational investment a national priority.

Sincerely,

Montez C. Martin, Jr.
ACCT Chair

Ray Taylor
ACCT President

FOR IMMEDIATE RELEASE
Contact: Noah Brown
202/775-4667

COMMUNITY COLLEGE STUDENTS LOSE HOPE UNDER ARCHER TAX PLAN

Washington, DC (June 9) -- House Ways & Means Committee Chairman Bill Archer today unveiled his plan to provide $85 billion in net tax cuts as part of the budget reconciliation bill to be considered by Congress this summer. The plan's education components depart significantly from President Clinton's proposals and cuts in half the value of the tuition credit for students attending community colleges. The plan also would raise taxes on working Americans who need access to postsecondary education to remain employable.

Archer's plan provides $22 billion for the President's Hope Scholarship tax credit over five years. The credit would match 50 percent of higher education out-of-pocket expenses (tuition and books) up to $3,000 to families earning less than $80,000 per year, and to individuals earning less than $40,000 per year. This contrasts sharply with the Administration's tax credit plan to provide a tax credit of up to $1,500 to cover educational expenses for the first two years of college.

Students attending community colleges, where annual tuition averages less than $1,500, lose under Archer's version of the tuition tax credit. This is due to the way in which the amount of the credit would be calculated. For example, if a student attends a community college and pays $1,500 for tuition, they would be eligible for a $750 tax credit under Archer's plan – half the amount available under the President's Hope Scholarship proposal. The net effect of Archer's plan is to shift the credit's benefit to students with financial means and to those attending costlier four-year colleges and universities.

Archer's plan also raises taxes on working people seeking to upgrade their skills and/or qualify for new jobs. Under the plan, the tax exclusion for employer-provided tuition assistance would expire after this year. Beginning next year, individuals receiving tuition assistance from the employers would see their paychecks reduced by additional tax withholding.

ACCT opposes Archer's changes to the Hope Scholarship tax credit and is alarmed that Employee Education Assistance would not continue beyond the current year. The plan fails to provide real access and opportunity to Americans without the financial means to attend college and creates a tax impediment for those seeking to successfully join today's high-skills workplace.

ACCT represents the more than 6,000 publicly elected and appointed governing officials of community, junior, and technical colleges across the United States and Canada.

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Association of Community College Trustees, 1740 "N" Street, NW, Washington, DC 20036

AMERICAN COLLEGES AND UNIVERSITIES SUPPORT PRESIDENT CLINTON'S HIGHER EDUCATION INITIATIVES

(Updated May 1, 1997)

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Gallaudet University
George Washington University
Howard University
Trinity College

FLORIDA

AACC/ACCT (Community Colleges) Endorsement Letter

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Colleges and Universities Committed to America Reads Challenge

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Florida State University

GEORGIA

Dickinson College Endorsement Letter

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NASULGC (State Universities and Land-Grant Colleges) Endorsement Letter

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National Association of Student Financial Aid Administrators Board of Directors

Willie Williams	Dir. of Fin. Aid	Morris Brown College

National Association of Student Financial Aid Administrators Board of Directors

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Colleges and Universities Committed to America Reads Challenge

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Franklin Walker	Board Chair	Highland Community College
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Eleanor McGuan-Boza	Trustee	Joliet Junior College
Jim Russell	Trustee	Joliet Junior College
Vernon O. Crawley	President	Moraine Valley Community College
John J. Daley	Trustee	Moraine Valley Community College
Patricia J. Fortunato	Trustee	Morton College
Mark Fazzini	Trustee	Prairie State College
Judith Hess	Trustee	William Rainey Harper College
Kris Howard	Trustee	William Rainey Harper College
Paul N. Thompson	President	William Rainey Harper College

Dickinson College Endorsement Letter

Thomas Tredway	President	Augustana College
David Spadafora	President	Lake Forest College

Coalition for Christian Colleges Endorsement Letter

Dr. John Bowling	President	Olivet Nazarene University
Dr. AJ Anglin	President	Trinity Christian College

NASULGC (State Universities and Land-Grant Colleges) Endorsement Letter

James J. Stukel	President	University of Illinois

Colleges and Universities Committed to America Reads Challenge

Chicago State University (President Delores Cross, Steering Committee Member)
Southern Illinois University (President Ted Sanders, Steering Committee Member)
City Colleges of Chicago
Rend Lake College
Southern Illinois University at Carbondale
Southern Illinois University at Edwardsville
Truman College

Other

Ronald J. Temple	Chancellor	City Colleges of Chicago

INDIANA

Dickinson College Endorsement Letter

Eugene S. Mills	President	Earlham College

Coalition for Christian Colleges Endorsement Letter

Dr. Shirely Showalter	President	Goshen College

Dr. Ronald Manahan	President	Grace College
Dr. Blair Dowden	President	Huntington College
Dr. James Barnes	President	Indiana Wesleyan University
Dr. Richard Hagood	President	Northwest Nazarene College
Dr. Jay Kesler	President	Taylor University

AASCU Board of Directors Signatories

John Worthen	President	Ball State University

American Council on Education Board of Directors

Myles Brand	President	Indiana University

National Association of Student Financial Aid Administrators Board of Directors

Terrill Cosgray	Assoc. Dir of F.A.	Indiana University, Bloomington

Colleges and Universities Committed to America Reads Challenge

Indiana University Purdue University Indianapolis
University of Evansville

IOWA

AACC/ACCT (Community Colleges) Endorsement Letter

Mary Lou Engler	Trustee	Eastern Iowa Community College Dist.
John W. Fagerland	Trustee	Eastern Iowa Community College Dist.
John W. Frampton	Trustee	Eastern Iowa Community College Dist.
Richard Haiston	Trustee	Eastern Iowa Community College Dist.
Kirby L. Kleffmann	Board Chairman	Eastern Iowa Community College Dist.
Mark Birdnow	Trustee	Hawkeye Community College
Willie Culpepper	Trustee	Hawkeye Community College
William J. Hierstein	President	Hawkeye Community College
Ervin A. Dennis	Trustee	Hawkeye Community College
Gary Faust	Trustee	Iowa Western Community College
Wayne Kobberdahl	Trustee	Iowa Western Community College
Randy Pash	Trustee	Iowa Western Community College
Wanda Rosenbaugh	Trustee	Iowa Western Community College
Mervin L. Cronbaugh	Trustee	Kirkwood Community College
Robert Davidson	Trustee	Kirkwood Community College
Karen Gorham	Trustee	Kirkwood Community College
Wayne Newton	Board Chair	Kirkwood Community College
Norm Nielsen	President	Kirkwood Community College
James Sauter	Trustee	Kirkwood Community College
Jim Benjegerdes	Board Chair	North Iowa Area Community College

David L. Buettner	President	North Iowa Area Community College
Linda Upmeyer	Trustee	North Iowa Area Community College
Janet Fife	Trustee	Southeastern Community College
Moudy Nabulsi	Trustee	Southeastern Community College
Dale Rickert	Trustee	Southeastern Community College
George Rogerson	Trustee	Southeastern Community College
Edward E. Schiefer	President	Southeastern Community College- South
Dr. Carl Zylstra	President	Dordt College
Dr. James Bultman	President	Northwestern College

American Council on Education Board of Directors

Martin C. Jischke	President	Iowa State University

National Association of Student Financial Aid Administrators Board of Directors

John Parker	Asst. VP for Bus/Fin	Drake University

KANSAS

AACC/ACCT (Community Colleges) Endorsement Letter

George Tregellas	Trustee	Barton County Community College
Robert Burch	Trustee	Butler County Community College
Jacqueline Vietti	President	Butler County Community College
Gayle A Krause	Trustee	Butler County Community College
Floris Jean Hampton	Board Chair	Dodge City Community College
Althea White	Trustee	Dodge City Community College
Ed Nicklaus	Trustee	Garden City Community College
Mary Beth Williams	Trustee	Garden City Community College
Mary Ann Flunder	Trustee	Kansas City KS Community College
Nita Barnes Clontz	Trustee	Pratt Community College
Darrell Shumway	Trustee	Pratt Community College
Jo Ann Sharp	Trustee	Seward County Community College

Coalition for Christian Colleges Endorsement Letter

Dr. Richard Spindle	President	MidAmerica Nazarene College
Dr. Robert Campbell	President	Sterling College
Dr. David Brandt	President	Tabor College

Colleges and Universities Committed to America Reads Challenge

Emporia State University
Washburn University

KENTUCKY

AACC/ACCT (Community Colleges) Endorsement Letter

Richard Blanchard	Board Chair	Lexington Community College
Janice N. Friedel	President	Lexington Community College

Dickinson College Endorsement Letter

Larry D. Shinn	President	Berea College

American Council on Education Board of Directors

Michael F. Adams	President	Centre College
Elisabeth Zinser	Chancellor	University of Kentucky, Lexington Campus

Colleges and Universities Committed to America Reads Challenge

Centre College

LOUISIANA

NASULGC (State Universities and Land-Grant Colleges) Endorsement Letter

Gregory M. St. L. O'Brien	Chancellor	University of New Orleans

MAINE

Dickinson College Endorsement Letter

Donald W. Harward	President	Bates College
William R. Cotter	President	Colby College

Colleges and Universities Committed to America Reads Challenge

Bates College
Colby College

MARYLAND

AACC/ACCT (Community Colleges) Endorsement Letter

Beverly Anderson	Board Chair	Prince George's Community College

Dickinson College Endorsement Letter

Judy Jolley Mohraz	President	Goucher College
Christopher B. Nelson	President	St. John's College

NASULGC (State Universities and Land-Grant Colleges) Endorsement Letter

Donald N. Langenberg	Chancellor	University of Maryland System
William E. Kirwan	President	University of Maryland at College Park

Colleges and Universities Committed to America Reads Challenge

University of Maryland, College Park (Pres. William E. Kirwan, Steering Committee Member)
Bowie State University
Frostburg State University

MASSACHUSETTS

AACC/ACCT (Community Colleges) Endorsement Letter

Philip Tortorella	Trustee	Massasoit Community College
Sheryl Savage	Trustee	Massasoit Community College
Nancy Smith	Trustee	Massasoit Community College
Gloria E. Striggles	Trustee	Massasoit Community College
Richard Early	Trustee	Northern Essex Community College
David Hartleb	President	Northern Essex Community College
Byron Matthews	Trustee	Northern Essex Community College
Catherine Frazer	Trustee	Northern Essex Community College

Dickinson College Endorsement Letter

Richard P. Traina	President	Clark University
Rev. Gerard Reedy	President	College of the Holy Cross
Gregory S. Prince, Jr.	President	Hampshire College
Joanne V. Creighton	President	Mount Holyoke College
Dale Rogers Marshall	President	Wheaton College
Harry C. Payne	President	Williams College

Coalition for Christian Colleges Endorsement Letter

Dr. Judson Carlberg	President	Gordon College

AASCU Board of Directors Signatories

Adrian Tinsley	President	Bridgewater State College

American Council on Education Board of Directors

John A. DiBiaggio	President	Tufts University
Sherry H. Penney	Chancellor	University of Massachusetts Boston

National Association of Student Financial Aid Administrators Board of Directors

Barbara Tornow	Dir. of Fin. Assist.	Boston University
Yvonne Gittens	Assoc. Dir. of F.A.	Massachusetts Institute of Technology

Colleges and Universities Committed to America Reads Challenge
Northeastern University
Wheaton College
Wheelock College

MICHIGAN

AACC/ACCT (Community Colleges) Endorsement Letter

Jeff Patton	Trustee	Kalamazoo Valley Community College
Harold E. Traxler	Trustee	Kalamazoo Valley Community College
Brian Hice	Trustee	Kellogg Community College
Richard J. Pappas	President	Lake Michigan College
Pat Moody	Trustee	Lake Michigan College
Steven Silcox	Trustee	Lake Michigan College
Karen A. Carbonelli	Trustee	Montcalm Community College
Beatrice Doser	Board Chair	Montcalm Community College
Judith A. Riessen	Trustee	Montcalm Community College
Allen Arnold	President	Mott Community College
Lenore Croudy	Trustee	Mott Community College
Edward Thorne	Trustee	Mott Community College
Frank Marczak	President	Muskegon Community College
Nancy Rubinski	Trustee	Muskegon Community College
Michael A. McManus	Trustee	Northwestern Michigan College
Richard Thompson	Chancellor	Oakland Community College
Denise Wellons-Glover	Trustee	Wayne County Community College

Dickinson College Endorsement Letter

Melvin L. Vulgamore	President	Albion College
Alan J. Stone	President	Alma College
James F. Jones, Jr.	President	Kalamazoo College

Coalition for Christian Colleges Endorsement Letter

Dr. Gaylen Byker	President	Calvin College
Dr. James McHann	President	William Tyndale College

National Association of Student Financial Aid Administrators Board of Directors

Judy Layer Florian	Dir. of F.A.	Macomb Community College

Colleges and Universities Committed to America Reads Challenge
Baker College
Calvin College
Central Michigan University

Eastern Michigan University
Ferris State University
Grand Valley State University
Kalamazoo College
Saginaw Valley State University
University of Detroit - Mercy
University of Michigan
Washtenaw Community College
Wayne County Community College
Western Michigan University

MINNESOTA

Dickinson College Endorsement Letter

Axel D. Steuer	President	Gustavus Adolphus College
Brother Dietrich Reinhart	President	St. John's University

Coalition for Christian Colleges Endorsement Letter

Dr. George Brushaber	President	Bethel College
Dr. Gordon Anderson	President	North Central Bible College

National Association of Student Financial Aid Administrators Board of Directors

Richard Battig	Dir., Student F.A.	University of St. Thomas

Colleges and Universities Committed to America Reads Challenge

Metropolitan State University

MISSISSIPPI

AACC/ACCT (Community Colleges) Endorsement Letter

William Dodson	Trustee	Hinds Community College District
Ray Holloway	Trustee	Hinds Community College District
Jobie Martin	Board President	Hinds Community College District
Clyde Muse	President	Hinds Community College District
John Patrick	Trustee	Hinds Community College District
Talmadge Portis	Trustee	Hinds Community College District
Lelia Rhodes	Trustee	Hinds Community College District
Cardell Williams	Trustee	Hinds Community College District
Jeanette Atkins	Trustee	Itawamba Community College
Martha Gordon	Trustee	Itawamba Community College
Gertrude Allen	Trustee	Mississippi Gulf Coast Comm. College Dist.

Geraldine Barnes	Trustee	Mississippi Gulf Coast Comm. College Dist.
Sylvia Bradley	Trustee	Mississippi Gulf Coast Comm. College Dist.
James V. Cerra	Trustee	Mississippi Gulf Coast Comm. College Dist.
Billy Hewes	Trustee	Mississippi Gulf Coast Comm. College Dist.
Barry L. Mellinger	President	Mississippi Gulf Coast Comm. College
Lillian C. Randall	Trustee	Mississippi Gulf Coast Comm. College Dist.
Delores Sumrall	Trustee	Mississippi Gulf Coast Comm. College Dist.
Robert Watters	Trustee	Mississippi Gulf Coast Comm. College Dist.

Colleges and Universities Committed to America Reads Challenge
University of Mississippi (President Robert C. Khayat, Steering Committee Member)
Mississippi Gulf Coast Community College

MISSOURI

AACC/ACCT (Community Colleges) Endorsement Letter

Boyd H. Eversole	Trustee	East Central College
Cliff Davis	Trustee	Ozarks Technical Community College
Norman K. Myers	President	Ozarks Technical Community College
Michael P. Rohrbacker	Trustee	St. Louis Community College

Coalition for Christian Colleges Endorsement Letter

Dr. Robert Spence	President	Evangel College
Dr. Pat Taylor	President	Southwest Baptist University

AASCU Board of Directors Signatories

Ed M. Elliott	President	Central Missouri State University

American Council on Education Board of Directors

Gwendolyn W. Stephenson	Chancellor	St. Louis Community College Center

National Association of Student Financial Aid Administrators Board of Directors

Pamela Fowler	V.P. Fin. Aid	Sanford-Brown College

Colleges and Universities Committed to America Reads Challenge
Metropolitan Community Colleges

MONTANA

AACC/ACCT (Community Colleges) Endorsement Letter

David Beyer	President	Flathead Valley Community College
Jeanne Tallman	Board Chair	Flathead Valley Community College

NASULGC (State Universities and Land-Grant Colleges) Endorsement Letter

Michael P. Malone	President	Montana State University

National Association of Student Financial Aid Administrators Board of Directors

Susan Weinreis	Asst. Dir. of F.A	Montana State University-Billings

Colleges and Universities Committed to America Reads Challenge

University of Montana (President George M. Dennison, Steering Committee Member)
Flathead Valley Community College
Montana State University, Bozeman
Montana State University College of Technology, Great Falls
Montana Tech of the University of Montana

NEBRASKA

AACC/ACCT (Community Colleges) Endorsement Letter

Louis Stithem	Trustee	Mid-Plains Community College Area
Helen Griffin	Board Chair	Southeast Community College
Mary A. Harding	Trustee	Southeast Community College
Lynn Schluckebier	Trustee	Southeast Community College

National Association of Student Financial Aid Administrators Board of Directors

Janet Dodson	Dir. of Fin. Aid	Doane College

Colleges and Universities Committed to America Reads Challenge

Saint Anselm College
University of Nebraska at Kearney
University of Nebraska at Lincoln
University of Nebraska at Omaha

NEW HAMPSHIRE

NASULGC (State Universities and Land-Grant Colleges) Endorsement Letter

Joan R. Leitzel	President	University of New Hampshire

NEW JERSEY

AACC/ACCT (Community Colleges) Endorsement Letter

William K. McDaniel	Trustee	Burlington Community College
Robert C. Messina	President	Burlington Community College
Carol H. Talbot	Trustee	Burlington Community College
Marilyn Williamson	Trustee	Burlington Community College
Ronald D. Winthers	Trustee	Burlington Community College
Ronald Casella	Trustee	Cumberland Community College
J. Alan Woodruff	Trustee	Cumberland Community College
Frank Digaetano	Trustee	Essex County College
Yolanda Gehring	Trustee	Essex County College
Gwendelyn Sanford	Trustee	Essex County College
Richard J. D'Orazio	Trustee	Gloucester County College
Virginia N. Scott	Board Chair	Gloucester County College
Irene G. Almeida	Trustee	Hudson County Community College
Glen Gabert	President	Hudson County Community College
Lourdes I. Santiago	Trustee	Hudson County Community College
Elizabeth Spinelli	Board Chair	Hudson County Community College
Thomas D. Sepe	President	Mercer County Community College
William A. Connor	President	Sussex County Community College
James Perry	Trustee	Union County College

Dickinson College Endorsement Letter

Thomas Kean	President	Drew University

Colleges and Universities Committed to America Reads Challenge

Sussex County Community College

AASCU Board of Directors Signatories

Vera King Farris	President	The Richard Stockton College of New Jersey

National Association of Student Financial Aid Administrators Board of Directors

Michael Bennett	Dir. of Fin. Aid	Brookdale Community College

Other

Robert A. Scott	President	Ramapo College of New Jersey

NEW MEXICO

Johnathan Ortiz	Dir. Student F.A	Luna Vocational Tech. Inst.

NEW YORK

AACC/ACCT (Community Colleges) Endorsement Letter

Judith C. Peckham	Trustee	Broome County Community College
Cynthia Emmer	Trustee	Corning Community College
Virginia B. Adams	Trustee	Genesee Community College
Stuart Steiner	President	Genesee Community College
Anthony T. Zambito	Trustee	Genesee Community College
Gregory T. DeCinque	President	Jamestown Community College
Sean A. Fanelli	President	Nassau Community College
Rosalyn Udow	Board Chair	Nassau Community College
Joan Wolfgang	Trustee	Niagara County Community College
Stephen Goldberg	Trustee	Rockland Community College
Patricia R. Feeser	Trustee	Schenectady County College
Mary Ellen Duncan	President	SUNY College of Technology- Delhi
Richard C. Van Donsel	Trustee	Tompkins Cortland Community College

Dickinson College Endorsement Letter

Judith R. Shapiro	President	Barnard College
Neil R. Grabois	President	Colgate University
Eugene M. Tobin	President	Hamilton College
Richard H. Hersh	President	Hobart and William Smith Colleges
David H. Porter	President	Skidmore College
Roger L. Hull	President	Union College
Frances D. Fergusson	President	Vassar College

Coalition for Christian Colleges Endorsement Letter

Dr. Daniel Chamberlain	President	Houghton College
Dr. David Schroeder	President	Nyack College
Dr. William Crothers	President	Roberts Wesleyan College

NASULGC (State Universities and Land-Grant Colleges) Endorsement Letter

Lois B. DeFleur	President	State Univ. of New York at Binghamton

American Council on Education Board of Directors

Hunter R. Rawlings III	President	Cornell University
Raymond C. Bowen	President	LaGuardia Community College

National Association of Student Financial Aid Administrators Board of Directors

Douglas Bucher	Director, Fin. Aid	New York University
Irvin Bodofsky	Director, Fin. Aid	SUNY - Health Science Center - Syracuse

Colleges and Universities Committed to America Reads Challenge

Bank Street College of Education (Pres. Augusta Souza Kappner, Steering Committee Member)
New York University (President L. Jay Oliva, Steering Committee Member)
C.W. Post Campus of LIU
City University of New York
Marist College
Marymount College
Marymount Manhattan College
Pace University
St. John's University
SUNY at Old Westbury

NORTH CAROLINA

AACC/ACCT (Community Colleges) Endorsement Letter

Herman E. Davis	Trustee	Blue Ridge Community College
Mary S. Bell	Trustee	Cape Fear Community College
P. Anthony Zeiss	President	Central Piedmont Community College
C. Louis Shields	Trustee	Coastal Carolina Community College
Carl O. Blakely	Trustee	Davidson County Community College
Artheneus Dew	Trustee	Fayetteville Technical Community College
Marye Jeffries	Trustee	Fayetteville Technical Community College
Stephen R. Satisky	Trustee	Fayetteville Technical Community College
C. David Kepple	Trustee	Forsyth Technical Community College
Dewitt E. Rhoades	Trustee	Forsyth Technical Community College
Desna L. Wallin	President	Forsyth Technical Community College
Patricia Skinner	President	Gaston College
Lillie J. Solomon	Trustee	Halifax Community College
James F. Strickland	Trustee	James Sprunt Community College
H. James Owen	President	Piedmont Community College
Larry Wilkerson	Board Chair	Piedmont Community College
Phillip R. Dixon	Board Chair	Pitt Community College
Charles E. Russell	President	Pitt Community College
Glendale Boone	Trustee	Roanoke-Chowan Community College
Nellie J. Fennell	Trustee	Roanoke-Chowan Community College
Harold E. Mitchell	President	Roanoke-Chowan Community College
Helen M. Newsome	Trustee	Roanoke-Chowan Community College
Nell White	Trustee	Tri-County Community College

Dickinson College Endorsement Letter

Julianne Still Thrift	President	Salem Academy and College

Coalition for Christian Colleges Endorsement Letter

Mr. William Hurt	President	Montreat College

American Council on Education Board of Directors

Francis T. Borkowski	Chancellor	Appalachian State University
Edward B. Fort	Chancellor	NC Agricultural & Technical State Univ.

Colleges and Universities Committed to America Reads Challenge

University of North Carolina at Chapel Hill (Pres. Michael Hooker, Steering Committee Member)
Cape Fear Community College
Carteret Community College
Catawba Valley Community College
Duke University
East Carolina University
Elon College
Guilford College
North Carolina State University
Queens College
University of North Carolina, Asheville
University of North Carolina, Charlotte
University of North Carolina, Greensboro
University of North Carolina, Wilmington
Wake Forest University

NORTH DAKOTA

AACC/ACCT (Community Colleges) Endorsement Letter

Donna S. Thigpen	President	Bismarck State College

OHIO

AACC/ACCT (Community Colleges) Endorsement Letter

Cathryn S. Balas	Trustee	Clark State Community College
Maureen C. Grady	Trustee	Clark State Community College
Donna B. Hart	Board Chair	Clark State Community College
Than Johnson	Trustee	Clark State Community College
M. Valeriana Moeller	President	Columbus State Community College

Thomas M. Brown	Board Chair	Terra State Community College
Charlotte J. Lee	President	Terra State Community College

Dickinson College Endorsement Letter

Neal Malicky	President	Baldwin-Wallace College
R. Stanton Hales	President	The College of Wooster
Michele Tolela Myers	President	Denison University
Nancy Schrom Dye	President	Oberlin College
Thomas B. Courtice	President	Ohio Wesleyan University
L. Baird Tipson	President	Wittenberg University

Coalition for Christian Colleges Endorsement Letter

Dr. Lee Snyder	President	Bluffton College
Dr. Ronald Johnson	President	Malone College
Dr. LeBron Fairbanks	President	Mount Vernon Nazarene College

AASCU Board of Directors Signatories

Clair Van Ummersen	President	Cleveland State University

NASULGC (State Universities and Land-Grant Colleges) Endorsement Letter

Carol A. Cartwright	President	Kent State University
E. Gordon Gee	President	The Ohio State University

National Association of Student Financial Aid Administrators Board of Directors

Deb Heineman	Dir., Student F.A.	Medical College of Ohio

Colleges and Universities Committed to America Reads Challenge

Ohio State University (President E. Gordon Gee, Steering Committee Member)
Cleveland State University

OKLAHOMA

Coalition for Christian Colleges Endorsement Letter

Dr. Paul Mills	President	Bartlesville Wesleyan College
Dr. Loren Gresham	President	Southern Nazarene University

NASULGC (State Universities and Land-Grant Colleges) Endorsement Letter

Ernest L. Holloway	President	Langston University

OREGON

AACC/ACCT (Community Colleges) Endorsement Letter

Marilyn Crouser	Board Chair	Chemeketa Community College
Gerald G. Watson	Trustee	Chemeketa Community College
Cindy Cable	Board Chair	Lane Community College
Tracy L. Simms	Board Secretary	Lane Community College
Norma Jean Germond	Trustee	Portland Community College
Harold C. Williams	Trustee	Portland Community College
Stephen J. Kridelbaugh	President	Southwestern Oregon Community College
Dan Smith	Trustee	Southwestern Oregon Community College

Dickinson College Endorsement Letter

Michael Mooney	President	Lewis and Clarke College
Steven S. Koblik	President	Reed College
Jerry E. Hudson	President	Willamette University

Coalition for Christian Colleges Endorsement Letter

Dr. Edward Stevens	President	George Fox University
Dr. David Miller	President	Western Baptist College
Dr. Jay Barber	President-Elect	Warner Pacific College

AASCU Board of Directors Signatories

David E. Gilbert	President	Eastern Oregon State College

American Council on Education Board of Directors

Daniel F. Moriarty	President	Portland Community College

National Association of Student Financial Aid Administrators Board of Directors

Rick Weems	Dir., Fin. Aid	Warner Pacific College

Colleges and Universities Committed to America Reads Challenge

Portland State University (President Judith A. Ramaley, Steering Committee Member)
Portland Community College

PENNSYLVANIA

AACC/ACCT (Community Colleges) Endorsement Letter

Fred F. Bartok	President	Butler County Community College
Ray D. Steffler	Trustee	Butler County Community College
John M. Kingsmore	President	Community College of Allegheny County
Griffith Dudding	Trustee	Lehigh Carbon Community College

Augustus C. Martin	Trustee	Lehigh Carbon Community College
Michael J. Torbert	Trustee	Lehigh Carbon Community College
Mahmoud Fahmy	Trustee	Luzerne County Community College
Rose Tucker	Trustee	Luzerne County Community College
Joseph Giles	Trustee	Northwest Pennsylvania Tech. Institute
Thomas M. Hartman	Trustee	Reading Area Community College
Victor Yarnell	Trustee	Reading Area Community College
Gust Zogas	President	Reading Area Community College
John Andrighetti	Trustee	Westmoreland County Community College
Hugh M. Dempsey	Trustee	Westmoreland County Community College
Daniel C. Krezenski	President	Westmoreland County Community College
Gene E. McDonald	Trustee	Westmoreland County Community College
Jerome R. Yasher	Trustee	Westmoreland County Community College

Dickinson College Endorsement Letter

Ellen S. Hurwitz	President	Albright College
Richard J. Cook	President	Allegheny College
Rev. Daniel G. Gambet	President	Allentown College of St. Francis de Sales
Daniel N. De Lucca	President	Alvernia College
Bette E. Landman	President	Beaver College
Mary Patterson McPherson	President	Bryn Mawr College
William D. Adams	President	Bucknell University
Antoinette Iadarola	President	Cabrini College
Esther L. Barazzone	President	Chatham College
A. Lee Fritschler	President	Dickinson College
Sidney D. Kline, Jr.	Board Chair	Dickinson College
Constantine N. Papadakis	President	Drexel University
Theodore E. Long	President	Elizabethtown College
A. Richard Kneedler	President	Franklin and Marshall College
Monsignor David A. Rubino	President	Gannon University
Gordon A. Haaland	President	Gettysburg College
Sister Linda Bevilacqua	President	Gwynedd-Mercy College
Patricia M. Ryan	President	Harcum College
Sister Francesca Onley	President	Holy Family College
Robert W. Neff	President	Juniata College
Edward G. Boehm, Jr.	President	Keystone College
Rev. James Lackenmier	President	King's College
G. David Pollick	President	Lebanon Valley College
Sister Mary Cecilia	President	Manor Junior College
William P. Garvey	President	Mercyhurst College
Barbara Gillette Price	President	Moore College of Art and Design
Roger H. Martin	President	Moravian College
Rosalie M. Mirenda	President	Neumann College

Arthur J. Lendo	President	Pierce College
John F. D'Aprix	President	Pennsylvania College of Podiatric Medicine
W. Sherrill Babb	President	Philadelphia College of Bible
Philip P. Gerbino	President	Philadelphia Coll. of Pharmacy and Science
James P. Gallagher	President	Philadelphia College of Textiles and Science
Katherine U. Henderson	President	Point Park College
Margaret M. Healy	President	Rosemont College
JoAnne W. Boyle	President	Seton Hill College
Alfred H. Bloom	President	Swarthmore College
Joel L. Cunningham	President	Susquehanna University
C. Carlyle Haaland	President	Thiel College
Rev. J. A. Panuska	President	University of Scranton
John Strassburger	President	Ursinus College
Rev. Edmund J. Dobbin	President	Villanova University
Howard J. Burnett	President	Washington and Jefferson College
Robert J. Bruce	President	Widener University
Christopher N. Breiseth	President	Wilkes University
Gwendolyn Evans Jensen	President	Wilson College
George W. Waldner	President	York College of Pennsylvania

Coalition for Christian Colleges Endorsement Letter

Dr. Harold Howard	Co-President	Eastern College
Dr. John Schauss	Co-President	Eastern College
Dr. John White	President	Geneva College
Dr. Rodney Sawatsky	President	Messiah College

AASCU Board of Directors Signatories

Dr. John M. Lilley	Provost/Dean	Penn State Erie, The Behrend College

NASULGC (State Universities and Land-Grant Colleges) Endorsement Letter

Graham B. Spanier	President	Pennsylvania State University

National Association of Student Financial Aid Administrators Board of Directors

Betty Davis	Dir. & Lead F.A.A.	Community College of Allegheny County
William Irwin	Dir., Student F.A	Lock Haven University of Pennsylvania

Colleges and Universities Committed to America Reads Challenge

Gettysburg College (President Gordon A. Haaland, Steering Committee Member)
Pennsylvania State University, (President Graham Spanier, Steering Committee Member)
University of Pennsylvania (Dr. Judith Rodin, Steering Committee Member)
Allegheny College
Community College of Philadelphia
Dickinson College

Eastern College
Franklin & Marshall College
Lafayette College
Northampton Community College
Slippery Rock University
Susquehanna University
Wilson College

SOUTH CAROLINA

AACC/ACCT (Community Colleges) Endorsement Letter

Alvin DeWitt	Board Chair	Florence-Darlington Technical College
Charles Gould	President	Florence-Darlington Technical College
Mary Langston	Trustee	Florence-Darlington Technical College
Carlene Lowery	Trustee	Florence-Darlington Technical College
Thomas R. Perrin	Trustee	Florence-Darlington Technical College
James L. Hudgins	President	Midlands Technical College
Robert C. Lentz	Trustee	Midlands Technical College
A. Eugene Roundtree	Trustee	Midlands Technical College
Peter E. Sercer	Board Chair	Midlands Technical College
Robert Wilkins	Trustee	Midlands Technical College

Dickinson College Endorsement Letter

David E. Shi	President	Furman University

AASCU Board of Directors Signatories

Constantine W. Curris	President	Clemson University

National Association of Student Financial Aid Administrators Board of Directors

Marvin Carmichael	Chairman	Clemson University

SOUTH DAKOTA

Coalition for Christian Colleges Endorsement Letter

Dr. Thomas Johnson	President	University of Sioux Falls

TENNESSEE

Coalition for Christian Colleges Endorsement Letter

Dr. William Brown	President	Bryan College
Dr. Gregory Jordan	President	King College

Dr. Paul Conn	President	Lee College
Dr. Millard Reed	President	Trevecca Nazarene University
Dr. David Dockery	President	Union University

Colleges and Universities Committed to America Reads Challenge

Martin Methodist College
Union University
University of Tennessee at Chattanooga

AASCU Board of Directors Signatories

James E. Walker	President	Middle Tennessee State University

National Association of Student Financial Aid Administrators Board of Directors

Joel Harrell	Director of F.A	University of Tennessee-Chattanooga

TEXAS

AACC/ACCT (Community Colleges) Endorsement Letter

Lillian Davis	Trustee	Austin Community College
Sharon Green	Trustee	Austin Community College
Bennie Matthews	Trustee	College of the Mainland
Chris Oliver	Trustee	Houston Community College System
Bill Blake	Board Chair	Lee College
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Jackston N. Sasser	President	Lee College
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Priscilla Kelly	Trustee	N. Harris Montgomery Comm. College Dist.
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John E. Pickelman	Chancellor	N. Harris Montgomery Comm. Coll. District
David Vogt	Trustee	N. Harris Montgomery Comm. College Dist.
Stephanie Wentzel	Trustee	N. Harris Montgomery Comm. College Dist.
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Dickinson College Endorsement Letter

Ronald K. Calgaard	President	Trinity University

Coalition for Christian Colleges Endorsement Letter

Dr. Gary Cook	President	Dallas Baptist University
Dr. Bob Riley	President	East Texas Baptist University
Dr. Alvin Austin	President	LeTourneau University

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Jerome H. Supple	President	Southwest Texas State University

American Council on Education Board of Directors

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Colleges and Universities Committed to America Reads Challenge

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El Paso Community College
Le Tourneau University
Lee College
Texas Women's University

VERMONT

Colleges and Universities Committed to America Reads Challenge

Vermont State Colleges System (Chancellor Charles Bunting, Steering Committee Member)
Castleton State College (Vermont State Colleges System)
Community College of Vermont (Vermont State Colleges System)
Johnson State College (Vermont State Colleges System)
Lyndon State College (Vermont State Colleges System)
Vermont Technical College (Vermont State Colleges System)

VIRGINIA

Dickinson College Endorsement Letter

Ladell Payne	President	Randolph-Macon College
John W. Elrod	President	Washington and Lee University

Coalition for Christian Colleges Endorsement Letter

Dr. Joseph Lapp	President	Eastern Mennonite University
Dr. Terry Lindvall	President	Regent University

Colleges and Universities Committed to America Reads Challenge

Piedmont Virginia Community College

WASHINGTON

AACC/ACCT (Community Colleges) Endorsement Letter

Frank Russell	Trustee	Bates Technical College
Gloria Mitchell	Trustee	Cascadia Community College
Arland Lyons	Trustee	Centralia College
James E. Sherrill	Trustee	Centralia College
Darrell D. Beers	Board Chair	Columbia Basin College
Lee Thornton	President	Columbia Basin College
Charles D. Kee	Trustee	Edmonds Community College
Mary Helen Roberts	Trustee	Edmonds Community College
Alison W. Sing	Board Chair	Edmonds Community College
Virginia Sprenkle	Board Chair	Everett Community College
Jim D. Avers	Board Chair	Green River Community College
Richard A. Rutkowski	President	Green River Community College
Linda Sprenger	Trustee	Green River Community College
Bob Patterson	Trustee	Lake Washington Technical College
Barbara Stephenson	Trustee	Olympic College
Jay W. Kim	Board Chair	Pierce College
Shoubee Liaw	Trustee	Shoreline Community College
Deborah J. Aldrich	Trustee	Skagit Valley College
Lydia Ledesma-Reese	President	Skagit Valley College
Katie Philbrick	Trustee	Skagit Valley College
Julie A. Grant	Trustee	South Puget Sound Community College
John Lantz	Trustee	Tacoma Community College

Dickinson College Endorsement Letter

Susan Resneck Pierce	President	University of Puget Sound
Thomas E. Cronin	President	Whitman College

Coalition for Christian Colleges Endorsement Letter

Dr. Dennis Davis	President	Northwest College
Dr. William Robinson	President	Whitworth College

NASULGC (State Universities and Land-Grant Colleges) Endorsement Letter

Samuel H. Smith	President	Washington State University

Colleges and Universities Committed to America Reads Challenge

Community College of Spokane
University of Puget Sound

WEST VIRGINIA

AACC/ACCT (Community Colleges) Endorsement Letter

Travis Parker Kirkland	President	Southern West Va. Comm. & Tech College

AASCU Board of Directors Signatories

Clifford M. Trump	Chancellor	State College System of West Virginia

WISCONSIN

AACC/ACCT (Community Colleges) Endorsement Letter

Frank J. Marsden	Trustee	Blackhawk Technical College
William Ihlenfeldt	President	Chippewa Valley Technical College
Marge A. Linse	Board Chair	Chippewa Valley Technical College
H. Victor Baldi	President	Fox Valley Technical College
Barbara Bermel	Trustee	Fox Valley Technical College
Robert A. Lyle	Trustee	Fox Valley Technical College
Jerald W. Schoenike	Trustee	Fox Valley Technical College
DeDe M. Yankoski	Trustee	Fox Valley Technical College
Victor Hildebrandt	Trustee	Lakeshore Technical College
Robert A. Beaver	Board Chair	Mid-State Technical College
Sandra Haasl	Trustee	Mid-State Technical College
Brenda Rhinehart	Trustee	Mid-State Technical College
Lauren Baker	Trustee	Milwaukee Area Technical College
John R. Birkholz	President	Milwaukee Area Technical College
Sheila D. Cochran	Trustee	Milwaukee Area Technical College
William L. Hegge	Trustee	Milwaukee Area Technical College
Julian Jasper	Trustee	Milwaukee Area Technical College
Mae D. Killebrew	Trustee	Milwaukee Area Technical College
Edgardo Ocasio	Board Chair	Milwaukee Area Technical College
Joseph Rice	Trustee	Milwaukee Area Technical College
Daniel Klawitter	Board Chair	Morraine Park Technical College
John J. Shanahan	President	Moraine Park Technical College
Robert C. Ernst	President	Northcentral Technical College
Bettye Nall	Trustee	Northcentral Technical College
Ronald L. Bertieri	Trustee	Waukesha County Technical College
Susan E. Bischmann	Trustee	Waukesha County Technical College
Joan S. Jenstead	Board Chair	Waukesha County Technical College
Thomas E. Neill	Trustee	Waukesha County Technical College
David R. Hildebrand	President	Wisconsin Indianhead Technical College

Dickinson College Endorsement Letter

Victor E. Ferrall, Jr.	President	Beloit College
Richard Warch	President	Lawrence University

American Council on Education Board of Directors

Beverly Simone	President	Madison Area Technical College
Eleanor J. Smith	Chancellor	University of Wisconsin-Parkside

Colleges and Universities Committed to America Reads Challenge

University of Wisconsin, Platteville

WYOMING

AACC/ACCT (Community Colleges) Endorsement Letter

Dennis E. Christensen	Trustee	Central Wyoming College
John R. Kaiser	Trustee	Laramie County Community College
Jane Vondrak-Brown	Board Chair	Laramie County Community College

Your proposal to increase the maximum Pell Grant award from $2,700 to $3,000 – the largest increase in two decades -- would greatly enhance access to college by over one million needy students and helps to lessen the corrosive effects of inflation that have reduced Pell's purchasing power in recent years. We applaud your proposal to restore eligibility to 218,000 single independent students who were eliminated by the 1992 Higher Education Amendments. Students who work hard to make it on their own deserve the chance to go to college.

We totally support extending the Employee Educational Assistance Act (Section 127 of the Internal Revenue Code). We firmly believe that employers should assist their employees to upgrade their skills and to remain competitive in the global economy without incurring additional tax liabilities. Continuous learning is now the rule, not the exception in America.

We applaud your leadership to put education first. During the coming week, more than 750 trustees and presidents will carry our support of your education proposals to Capitol Hill, encouraging Congress to join with you in making education a national priority.

Sincerely,

Montez C. Martin, Jr.
Chair
ACCT Board of Directors

Walter Bumphus
Chair
AACC Board of Directors

AACC

ACCT

AMERICAN ASSOCIATION OF COMMUNITY COLLEGES
ASSOCIATION OF COMMUNITY COLLEGE TRUSTEES

February 22, 1997

The Honorable William J. Clinton
President
The White House
Washington, D.C. 20500

Dear President Clinton:

On behalf of the American Association of Community Colleges (AACC) and the Association of Community College Trustees (ACCT), representing the collective leadership of the nation's 1,200 community, junior, and technical colleges, we wish to reaffirm our support for your unprecedented commitment to education as announced in your State of the Union Address and reflected in your Fiscal Year 1998 Budget Request to the Congress. The community college sector has repeatedly endorsed many of the elements of your education proposals over the past year, and again expresses its support.

Specifically, a $1,500 tuition tax credit and $10,000 tax deduction would be significant additions to existing student financial assistance programs as means toward financing a college education. The Hope Scholarship program would augment the Pell Grant and other student aid programs that currently serve financially needy community college students. We urge you, however, to make Hope Scholarships as simple and free of restrictive regulation as possible for both students and institutions in order that it serve the broadest segment of the American population as possible. The $10,000 tuition tax deduction would make financing lifelong learning a real possibility for millions of students and families.

AACC, One Dupont Circle, NW, Suite 410, Washington, DC 20036, (202) 728-0200, FAX (202) 833-2467
ACCT, 1740 "N" Street, NW, Washington, DC 20036, (202) 775-4667, FAX (202) 223-1297

Final 4/1

HIGHER EDUCATION ENDORSEMENT LETTERS

(as of April 16, 1997)

Date	Education Associations	Signed By:	Affirmative Sign-on From:
2/22/97	American Association of Community Colleges and Association of Community College Trustees	Montez Martin, Jr., Chair, ACCT Board of Directors and Walter Bumphus, Chair AACC Board of Directors	70 Community College Presidents 280 Community College Trustees
2/23/97	American Council on Education	Resolution by the Board of Directors	31 Board of Directors
3/10/97	Dickinson College (Annapolis Group)	A. Lee Fritschler, President, Dickinson College	105 college presidents
3/17/97	Coalition of Christian Colleges & Universities	Robert C. Andringa, President, Coalition for Christian Colleges and Universities	63 college presidents
3/18/97	California State University System	Barry Munitz, Chancellor, California State University	All 23 college presidents
3/28/97	American Association of State Colleges and Universities	James Appleberry, President, American Association of State Colleges & Universities	15 Board of Directors
3/27/97	National Association of State Universities and Land-Grant Colleges	C. Peter Mcgrath, President NASULGC & Charles Knapp, President, Univ. of Georgia & NASULGC Chair	22 Board of Directors
4/8/97	Association of Jesuit Colleges and Universities	J. Donald Monan, SJ, Interim President	28 Jesuit Colleges and Universities

AMERICAN ASSOCIATION OF COMMUNITY COLLEGES AND ASSOCIATION OF COMMUNITY COLLEGE TRUSTEES LETTER OF SUPPORT, FEBRUARY 22, 1997

Signed by the Following 70 Community College Presidents:

<u>ALABAMA</u>		
Stafford L. Thompson	President	Enterprise State Junior College
<u>ALASKA</u>		
Edna A. MacLean	President	Ilisagvik College
<u>CALIFORNIA</u>		
Fred Gaskin	President	Cerritos Community College
John Schwitters	President	College of Oceaneering
Kenneth D. Yglesias	President	Golden West College
George R. Boggs	President	Palomar College
Philip Westin	Chancellor	Ventura County Community College District
Pamila Fisher	Chancellor	Yosemite Community College
<u>COLORADO</u>		
Cynthia M. Heelan	President	Colorado Mountain College
Joe D. May	President	Pueblo Community College
<u>FLORIDA</u>		
Philip R. Day	President	Daytona Beach Community College
James. R. Richburg	President	Okaloosa-Walton Community College
Maryly V. Peck	President	Polk Community College
<u>ILLINOIS</u>		
Donald G. Crist	President	Carl Sandburg College
Gretchen J. Naff	President	College of Lake County
Ruth Mercedes Smith	President	Highland Community College
Vernon O. Crawley	President	Moraine Valley Community College
Paul N. Thompson	President	William Rainey Harper College
<u>IOWA</u>		
William J. Hierstein	President	Hawkeye Community College
Norm Nielsen	President	Kirkwood Community College
David L. Buettner	President	North Iowa Area Community College
Edward E. Schiefer	President	Southeastern Community College- South
<u>KANSAS</u>		
Jacqueline Vietti	President	Butler County Community College

KENTUCKY		
Janice N. Friedel	President	Lexington Community College
MASSACHUSETTS		
David Hartleb	President	Northern Essex Community College
MICHIGAN		
Richard J. Pappas	President	Lake Michigan College
Allen D. Arnold	President	Mott Community College
Frank Marczak	President	Muskegon Community College
Richard Thompson	Chancellor	Oakland Community College
MISSISSIPPI		
Clyde Muse	President	Hinds Community College District
Barry L. Mellinger	President	Mississippi Gulf Coast Community College
MISSOURI		
Norman K. Myers	President	Ozarks Technical Community College
MONTANA		
David Beyer	President	Flathead Valley Community College
NEW JERSEY		
Robert C. Messina	President	Burlington County College
Glen Gabert	President	Hudson County Community College
Thomas D. Sepe	President	Mercer County Community College
William A. Connor	President	Sussex County Community College
NEW YORK		
Stuart Steiner	President	Genesee Community College
Gregory T. DeCinque	President	Jamestown Community College
Sean A. Fanelli	President	Nassau Community College
Mary Ellen Duncan	President	SUNY College of Technology- Delhi
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P. Anthony Zeiss	President	Central Piedmont Community College
Desna L. Wallin	President	Forsyth Technical Community College
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Charles E. Russell	President	Pitt Community College
Harold E. Mitchell	President	Roanoake-Chowan Community College
NORTH DAKOTA		
Donna S. Thigpen	President	Bismarck State College

OHIO		
M. Valeriana Moeller	President	Columbus State Community College
Charlotte J. Lee	President	Terra State Community College
OREGON		
Stephen J. Kridelbaugh	President	Southwestern Oregon Community College
PENNSYLVANIA		
Fred F. Bartok	President	Butler County Community College
John M. Kingsmore	President	Community College of Allegheny County
Gust Zogas	President	Reading Area Community College
Daniel C. Krezenski	President	Westmoreland County Community College
SOUTH CAROLINA		
Charles Gould	President	Florence-Darlington Technical College
James L. Hudgins	President	Midlands Technical College
TEXAS		
Jackston N. Sasser	President	Lee College
John E. Pickelman	Chancellor	N. Harris Montgomery Comm. Coll. District
James F. Horton	Chancellor	San Jacinto College District
WASHINGTON		
Lee Thornton	President	Columbia Basin College
Richard A. Rutkowski	President	Green River Community College
Lydia Ledesma-Reese	President	Skagit Valley College
WEST VIRGINIA		
Travis Parker Kirkland	President	Southern West Va. Comm. & Tech. College
WISCONSIN		
William Ihlenfeldt	President	Chippewa Valley Technical College
H. Victor Baldi	President	Fox Valley Technical College
John R. Birkholz	President	Milwaukee Area Technical College
John J. Shanahan	President	Moraine Park Technical College
Robert C. Ernst	President	Northcentral Technical College
David R. Hildebrand	President	Wisconsin Indianhead Technical College

AMERICAN COUNCIL ON EDUCATION

RESOLUTION BY THE BOARD OF DIRECTORS OF THE AMERICAN COUNCIL ON EDUCATION ON PRESIDENT CLINTON'S HIGHER EDUCATION INITIATIVES FEBRUARY 23, 1997

WHEREAS, President Clinton has made higher education a central priority of his second term; and

WHEREAS, the Administration has proposed a set of initiatives that, taken together, would ease the burden that students and their families face in financing a higher education; and

WHEREAS, these initiatives include the largest Pell Grant funding increase in the program's history, raising award levels for all students, making an additional 400,000 low-income students eligible, and correcting a long-standing inequity in the treatment of independent students; and

WHEREAS, President Clinton has urged colleges and universities to utilize increased funding in the Federal Work-Study Program to strengthen literacy training efforts; and

WHEREAS, the Administration has proposed the creation of Hope Scholarships, a nonrefundable $1,500 tax credit; a $10,000 tax deduction for higher education expenses; extending the tax exemption for employer-provided education assistance; and authorizing the flexible use of individual retirement accounts for college expenses; and

WHEREAS, the breadth of these recommendations, and the bipartisan interest they have sparked, signify a comprehensive and complementary set of programs that will benefit low- and middle- income families;

THEREFORE, BE IT RESOLVED that the Board of Directors of the American Council on Education:

(1) Commends President Clinton for his exemplary leadership in developing public policy initiatives that will enhance access to college for American families; and

(2) Strongly supports the elements of the President's plan, including increased Pell grant funding, Hope Scholarships, tax deductions, employer-provided education assistance, and the flexible use of retirement accounts to help finance higher education; and

(3) Encourages colleges and universities to participate in the America Reads program; and

4) Looks forward with enthusiasm to working with the President and the Congress in a bipartisan fashion to enact legislation to further open the doors of higher education.

AMERICAN COUNCIL ON EDUCATION

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Elisabeth Zinser, Chancellor
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Lexington Campus
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Lexington, KY 40506-0032
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ELECTED OFFICERS OF ASSOCIATIONS—EX OFFICIO FOR THREE-YEAR TERMS:

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American Association of Community Colleges
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American Association of State Colleges & Universities
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Richard Stockton College of New Jersey
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Association of American Universities
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Association of Jesuit Colleges & Universities
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Council of Independent Colleges
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Wilberforce University
Wilberforce, OH 45384
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National Association for Equal Opportunity in Higher Education
Earl S. Richardson, President
Morgan State University
Hillen Road & Cold Spring Lane
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(410) 319-3200

National Association of Independent Colleges & Universities
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Centre College
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Danville, KY 40422
(606) 238-5220

National Association of State Universities & Land-Grant Colleges
Frederick E. Hutchinson, President
University of Maine
Orono, ME 04469-5703
(207) 581-1512

ELECTED OFFICERS OF ASSOCIATIONS—EX OFFICIO FOR ONE-YEAR TERMS:

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National Association of Student Financial Aid Administrators
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(202) 785-0453

Association of American Medical Colleges
Paul J. Friedman, M.D.
Professor of Radiology
University of California Medical Center—8756
200 West Arbor Drive
San Diego, CA 92103-8756
(619) 543-6633

Washington Higher Education Secretariat
Mary Burgan, General Secretary
American Association of University Professors
1012 14th Street, NW, Suite 500
Washington, DC 20005
(202) 737-5900 x3019

EXECUTIVE SECRETARY
Irene L. Gomberg
American Council on Education
One Dupont Circle, NW
Washington, DC 20036
(202) 939-9315

11/12/96

DICKINSON
COLLEGE
CARLISLE, PENNSYLVANIA 17013-2896

OFFICE OF THE PRESIDENT

March 10, 1997

The Honorable Bill Clinton
The President of the United States
The White House
1000 Pennsylvania Avenue NW
Washington DC 20500

Dear Mr. President :

We are writing on behalf of the thousands of students whom we serve to applaud your efforts to place higher education at the top of the nation's list of priorities, and to recognize its potential as an investment for our political and economic future.

Before you are a number of excellent proposals that would collectively give millions of Americans the chance to pursue their dreams of achieving a college education. Among these are proposals to increase traditional student aid programs such as Pell Grants, Supplemental Educational Opportunity Grants (SEOG), and Federal Work Study.

Also before you are innovative proposals that would use the tax code to help ease the burden on families that are hard-pressed to send their children to college. These tax proposals include: the President's Hope Scholarship; tax deductions for college expenses; tax-free education savings accounts; the exclusion of taxes on fellowships and scholarships; the extension of Section 127, which excludes from tax employer-provided educational assistance; and the restoration of the student loan interest deduction. All of these ideas are meritorious and deserve your careful consideration and support. If enacted, they would represent the bright promise to families that if they work hard and plan ahead, a college education for their children will be within reach.

The current federal investment in higher education, represented by the student aid programs, not only has been of great benefit to individuals, it also represents a very real investment in the betterment of our society. Study after study clearly shows that college graduates earn more money, pay more taxes, use fewer government services, and serve in charitable activities and community leadership roles in the areas where they live. Tomorrow's political, business, and community leaders are the college students of today.

The Honorable Bill Clinton
March 10, 1997
Page Two

You now have before you an historic opportunity to build upon this legacy and fulfill this bright promise. We urge you to stay the course, work together, and pass a package of proposals that will open the doors of college for all Americans. We stand ready to work with you and to show you precisely how these programs will make a very real difference for families. We also stand ready to speak up loudly in support of your efforts and to let the American people know what hard work and creative thinking can achieve.

On this matter of public policy, our appreciation is profound and our determination unfailing. Don't let this historic opportunity for America pass us by.

On behalf of all of us listed on the following pages, I am

Sincerely,

A. Lee Fritschler
President

ALF:als

The following presidents have endorsed this letter and authorize the addition of their signatures:

Agnes Scott College, Decatur GA - *Mary Brown Bullock*

Albion College, Albion MI - *Melvin L. Vulgamore*

Albright College, Reading PA - *Ellen S. Hurwitz*

Allegheny College, Meadville PA - *Richard J. Cook*

Allentown College of Saint Francis de Sales, Center Valley PA - *The Rev. Daniel G. Gambet*

Alma College, Alma MI - *Alan J. Stone*

Alvernia College, Reading PA - *Daniel N. DeLucca*

Augustana College, Rock Island IL - *Thomas Tredway*

Baldwin-Wallace College, Berea OH - *Neal Malicky*

Barnard College, New York NY - *Judith R. Shapiro*

Bates College, Lewiston ME - *Donald W. Harward*

Beaver College, Glenside PA - *Bette E. Landman*

Beloit College, Beloit WI - *Victor E. Ferrall, Jr.*

Berea College, Berea KY - *Larry D. Shinn*

Bryn Mawr College, Bryn Mawr PA - *Mary Patterson McPherson*

Bucknell University, Lewisburg PA - *William D. Adams*

Cabrini College, Radnor PA - *Antoinette Iadarola*

Centre College, Danville KY - *Michael F. Adams*

Chatham College, Pittsburgh PA - *Esther L. Barazzone*

Clark University, Worcester MA - *Richard P. Traina*

Colby College, Waterville ME - *William R. Cotter*

Colgate University, Hamilton NY - *Neil R. Grabois*

College of the Holy Cross, Worcester MA - *The Rev. Gerard Reedy*

The College of Wooster, Wooster OH - ***R. Stanton Hales***

The Colorado College, Colorado Springs CO - ***Kathryn J. Mohrman***

Denison University, Granville OH - ***Michele Tolela Myers***

Dickinson College, Carlisle PA - ***A. Lee Fritschler*** and ***Sidney D. Kline***, Jr., Chairman of the Board

Drew University, Madison NJ - ***Thomas Kean***

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Wilson College, Chambersburg PA - *Gwendolyn Evans Jensen*

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York College of Pennsylvania, York PA - *George W. Waldner*

Coalition for Christian Colleges & Universities

...integrating scholarship, faith and service

329 Eighth Street, N.E.
Washington, D.C. 20002-6156

Tel: (202) 546-8713
Fax: (202) 546-8913

Robert C. Andringa, Ph.D.
President

March 17, 1997

Dear President Clinton and Congressional Leaders,

We are writing on behalf of the 150,000 plus students served by Coalition colleges and universities to commend your efforts to place higher education at the top of the nation's list of priorities, and to recognize education's potential as an investment for our political, economic, and civic well-being as a nation.

Before you are a number of excellent proposals that would collectively give millions of Americans the chance to pursue their dreams of achieving a college education. Among these are proposals to increase traditional student aid programs such as Pell Grants, Supplemental Educational Opportunity Grants (SEOG), and Federal Work Study.

Also before you are innovative proposals that would use the tax code to help ease the burden on families that are hard-pressed to send their children to college. These tax proposals include: the President's Hope Scholarship; tax deductions for college expenses; tax-free education savings accounts; the exclusion of taxes on fellowships and scholarships; the extension of Section 127, which excludes from tax employer-provided educational assistance; and the restoration of the student loan interest deduction. All of these ideas are meritorious and deserve your careful consideration and support. If enacted, they would represent the bright promise to families that if they work hard and plan ahead, a college education for their children will be within reach.

The current federal investment in higher education, represented by the student aid programs, not only has been of great benefit to individuals, it also represents a very real investment in the betterment of our society. Study after study clearly shows that college graduates earn more money, pay more taxes, use fewer government services, and serve in charitable activities and community leadership roles in the areas where they live. Tomorrow's political, business, and community leaders are the college students of today.

You have an historical opportunity to build upon this legacy and fulfill this bright promise. We urge you to stay the course, work together in a bipartisan manner, and pass a package of proposals that will open the doors of college for all qualified Americans. We stand ready to work with you and to show you precisely how these programs will make a very real difference for families. We also stand ready to speak up loudly in support of your efforts and to let the American people know what hard work and creative thinking can achieve.

On this matter of public policy, our appreciation is profound and our determination unfailing. Please don't let this historic opportunity for America pass us by.

Sincerely,

R. Andringa

Robert C. Andringa, President
Coalition for Christian Colleges & Universities

Presidents who requested to be signatories:

Dr. Gordon Anderson, President
North Central Bible College, MN

Dr. AJ Anglin, President
Trinity Christian College, IL

Dr. Alvin Austin, President
LeTourneau University, TX

Dr. LeVon Balzer, President
John Brown University, AR

Dr. Jay Barber, President-Elect
Warner Pacific College, OR

Dr. James Barnes, President
Indiana Wesleyan University, IN

Dr. Jim Bond, President
Point Loma Nazarene College, CA

Dr. John Bowling, President
Olivet Nazarene University, IL

Dr. David Brandt, President
Tabor College, KS

Dr. William Brown, President
Bryan College, TN

Dr. George Brushaber, President
Bethel College, MN

Dr. James Bultman, President
Northwestern College, IA

Dr. Gaylen Byker, President
Calvin College, MI

Dr. Robert Campbell, President
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Houghton College, NY

Dr. Paul Conn, President
Lee College, TN

Dr. Clyde Cook, President
Biola University, CA

Dr. Gary Cook, President
Dallas Baptist University, TX

Dr. Paul Corts, President
Palm Beach Atlantic College, FL

Dr. William Crothers, President
Roberts Wesleyan College, NY

Dr. Dennis Davis, President
Northwest College, WA

Dr. David Dockery, President
Union University, TN

Dr. Blair Dowden, President
Huntington College, IN

Dr. Ronald Ellis, President
California Baptist College, CA

Dr. LeBron Fairbanks, President
Mount Vernon Nazarene College, OH

Dr. James Grant, President
Simpson College, CA

Dr. Loren Gresham, President
Southern Nazarene University, OK

Dr. Richard Hagood, President
Northwest Nazarene College, ID

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University of Sioux Falls, SD

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BARRY MUNITZ
CHANCELLOR

March 18, 1997

The Honorable William Jefferson Clinton
The President of the United States

The Honorable Trent Lott
Majority Leader
United States Senate

The Honorable Newt Gingrich
Speaker of the House
U.S. House of Representatives

The Honorable Richard Riley
Secretary of Education

Dear Sirs:

Both the Clinton Administration and the Congress have put forward important and substantial tax proposals to help low-income families, middle class families, and working adults finance higher education.

We commend the President for his exemplary leadership in proposing Hope scholarships, a $10,000 tax deduction for education, and a significant expansion of the Pell grant program. We commend members of Congress of both parties for their suggestions to let families use IRAs without penalty for education, to restore the deductibility of interest on student loans and to make employer provided educational assistance a permanent part of the tax code.

These proposals would, if enacted, help millions of low and middle income families finance higher education. Such a step would pay enormous dividends–both individual and social–in the years ahead.

We strongly encourage Congress and the President to work cooperatively to develop these ideas and pledge to assist both parties to enact legislation that achieves our mutual objectives of providing assistance to students from different socio-economic backgrounds.

Signed on behalf of all 23 presidents by Barry Munitz, Chancellor
The California State University

400 Golden Shore, Long Beach, California 90802 • Phone (562) 985-2800 • Fax (562) 985-2800 • barry_munitz@qm.calstate.edu

aascu American Association of State Colleges and Universities

One Dupont Circle • Suite 700 • Washington, DC 20036-1192 • phone 202/293-7070 • fax 202/296-5819

March 28, 1997

The Honorable William Jefferson Clinton
The President of the United States

The Honorable Trent Lott
Majority Leader
United States Senate

The Honorable Newt Gingrich
Speaker of the House
U.S. House of Representatives

Dear Sirs:

Both the Clinton administration and the Congress have put forward important and substantial tax proposals to help middle-income families and working adults finance higher education.

We commend the President for his exemplary leadership in proposing that the tax code be used to provide millions of dollars in financial aid for students and families, as well as a significant expansion of the Pell grant program. We commend members of Congress of both parties for their suggestion to let families use IRAs without penalty for education, to restore deductibility of interest on student loans, and to make employer-provided educational assistance a permanent part of the tax code.

Education-related uses of the tax code would, if properly enacted, help millions of low- and middle-income families finance higher education. Such a step would pay enormous dividends--to both individuals and to society--in the years ahead.

We strongly encourage Congress and the President to work cooperatively to develop these ideas and pledge to assist both parties to enact legislation that achieves our mutual objectives of providing assistance to students from different socio-economic backgrounds.

Sincerely,

James B. Appleberry

James B. Appleberry
President

pc: The Honorable Richard Riley

Signed on behalf of AASCU's Board of Directors listed on the enclosed page.

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NASULGC National Association of State Universities and Land-Grant Colleges

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March 27, 1997

The Honorable William Jefferson Clinton
The President of the United States

The Honorable Thomas A. Daschle
Minority Leader
United States Senate

The Honorable Richard Gephardt
Minority Leader
U. S. House of Representatives

The Honorable Trent Lott
Majority Leader
United States Senate

The Honorable Newt Gingrich
Speaker of the House
U. S. House of Representatives

The Honorable Richard Riley
Secretary of Education

Dear Sirs:

Both the Clinton Administration and the Congress have put forward important and substantial tax proposals to help low-income families, middle class families, and working adults finance higher education.

We commend the President for his exemplary leadership in proposing Hope scholarships, a $10,000 tax deduction for education, and a significant expansion of the Pell grant program. We commend members of Congress of both parties for their suggestions to let families use IRAs without penalty for education, to restore the deductibility of interest on student loans and to make employer provided education assistance a permanent part of the tax code.

These proposals would, if enacted, help millions of low and middle income families finance higher education. Such a step would pay enormous dividends -- both individual and social -- in the years ahead.

We strongly encourage Congress and the President to work cooperatively to develop these ideas and pledge to assist both parties to enact legislation that achieves our mutual objectives of providing assistance to students from different socio-economic backgrounds.

Cordially,

C. Peter Magrath

C. Peter Magrath
President, National
Association of State Universities
and Land-Grant Colleges

Charles B Knapp

Charles B. Knapp
President, University of
Georgia, and NASULGC Chair

Signed on behalf of all 20 presidents and chancellors of the NASULGC Board of Directors by C. Peter Magrath, President, National Association of State Universities and Land-Grant Colleges and Charles B. Knapp, President, University of Georgia, and NASULGC Chair.

One Dupont Circle, NW Suite 710 • Washington, DC 20036-1191 • (202) 778-0818 • Fax (202) 296-6456

Charles B. Knapp
President, University of Georgia
and Chair, NASULGC Board of Directors

C. Peter Magrath
President, National Association of State
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at Irvine

AJCU

ASSOCIATION OF JESUIT COLLEGES AND UNIVERSITIES

April 8, 1997

Honorable William J. Clinton
President of the United States
The White House
1600 Pennsylvania Avenue, NW
Washington, DC 20500

Dear Mr. President:

I write on behalf of our association of the twenty-eight Jesuit colleges and universities to congratulate you for proposing the Hope and Educational Opportunity Act of 1997. Your initiative has focused attention on the critical importance of higher education as a national priority together with the issues of affordability of college for the majority of Americans and a reemphasis on the role of the Federal government in assuring educational opportunities.

In a period of necessary fiscal constraint, your courage in proposing creative new funding for students is most appealing, particularly the $1,500 scholarship tax credit. This additional credit should encourage more students to participate in the higher education process. The $10,000 tuition deduction can only continue to help middle class students and their families to cope with and offset college costs, particularly for multi-student families.

In the interests of both students and of our institutions, however, we do have serious questions regarding implementation of the $1,500 scholarship tax credit. To the extent that the thrust of the program is further to expand access, the Federal requirement of a B minus average will almost certainly penalize many of the precise students it was designed to assist. For the majority of students and their universities, we are greatly concerned at the additional administrative complication that would result in reporting to the Treasury Department on maintenance of student grades. This is not the time to impose additional costs and manpower hours to report this information to the Treasury. Furthermore, initiating a previous drug arrest record of potential tax credit awardees with the FBI raises concerns about personal intrusion that have never been necessary for any of the other Federal student aid programs.

One Dupont Circle · Suite 405 · Washington, DC 20036 · Tel (202) 862-9893 · Fax (202) 862-8523

We support and applaud your suggestions for increasing Pell Grants. This program alone provides educational opportunities for a majority of Americans who could not normally pursue a college education without Pell assistance. We would even encourage more substantial amounts for Pell Grants as this program remains the cornerstone of student financial aid.

With equal vigor, we support your efforts to continue with all the campus-based aid programs including a substantial increase for the Federal Work Study Program. As you are well aware, many of our campuses have had literacy tutoring programs in place for many years. As part of this effort, our association will continue to promote the "America Reads Challenge." The Supplemental Education Opportunity grants and work-study continue to be the best instruments our financial aid officers possess in adapting to the pressing individual needs of students.

While middle class Americans do need economic relief in providing quality education for their children, it is the neediest of students who continue to be most reliant upon the assistance of the Federal government and of individual campuses as well. That is why emphasis on Pell Grants together with the campus-based aid programs is so urgently pressing. In this connection, we are disappointed that you did not request funding for the State Student Incentive Grant Program, 80% of whose recipients have family incomes below $12,500.

Finally, we want to assure you that more Federal assistance for student aid will not be the cause of increased tuition costs. Paradoxically, the fastest growing cost center driving up tuitions in private universities for the past decade has been the provision of institutional financial aid to our students. The more Federal funding available for students, the less pressure exists for institutional aid. Thus, this rapidly escalating cost center for the institution is brought under control.

Mr. President, we welcome the opportunity to work with you. As a graduate of a Jesuit university, we continue to be especially proud of your accomplishments. We wish you well in the success of your second term.

Sincerely,

J. Donald Monan, SJ

J. Donald Monan, SJ
Interim President

cc: Honorable Richard W. Riley
Honorable James M. Jeffords
Honorable Edward M. Kennedy
Honorable William F. Goodling
Honorable William Clay

June 3, 1997

Mr. Steven B. Sample
President
University of Southern California
Los Angeles, California 90089-0012

Dear Steven:

Thank you for your thoughtful letter regarding the importance of sustaining our investment in higher education and research. I share your belief that such investments are essential to our continued economic growth and international competitiveness.

The tight weave of research and education that exists in our research universities, colleges, and medical schools, fostered through bipartisan commitment, has served our nation exceptionally well. It is our responsibility to maintain strong, competitively awarded, frontier research programs to provide a steady stream of new knowledge and to train the next generation of scientists, engineers, and teachers. We must ensure that they are well prepared to contribute to all sectors of our economy.

Even in this period of budgetary restraint, the National Science Foundation and the National Institutes of Health, both leaders in basic and university-based research, are slated for inflationary growth over 1997. The mission agency programs (such as the National Aeronautics and Space Administration and the Departments of Agriculture and Energy) are also an important part of the federal research and education portfolio. I am proud that the budget agreement maintains our national commitment to research and education investments even as we eliminate the budget deficit.

Given the importance of research universities and of our strong university-government partnership, I have also requested a government-wide policy and administrative review of data on the stresses that research universities may be facing. A multi-agency task force, under the auspices of the National Science and Technology Council, will present its findings and recommendations to me this summer regarding the federal government's role in addressing these critical issues.

I appreciate having the benefit of your views on this issue, and I hope my actions continue to merit your support and confidence.

Sincerely,

BC/RSM/DWB/JAD/ws-ws-ws-efr (Corres. #3520805)
(6.sample.sb)

cc: John Gibbons, OEOB 424
cc: Naomi Tinklepaugh, NEOB 8236
cc: Jack Fellows, NEOB 8225
cc: Robert Shireman, OEOB 235

UNITED STATES DEPARTMENT OF EDUCATION

OFFICE OF POSTSECONDARY EDUCATION

Facsimile Cover Sheet
Policy, Planning, and Innovation
POLICY,BUDGET, AND ANALYSIS STAFF

600 Independence Avenue, SW, Room 4050, Building ROB-3
Washington, DC 20202/5121
Telephone Number: (202) 708-9069 *FAX Number: (202) 708-9107*

*Sally Kirkgasler, Director*______
*Rose Fletcher, Program Assistant*_____

DATE: 7/31 **Number of Pages, Including Cover Page:** 2

TO: Bob Shireman **FAX Number:**( ) 456 2223

Policy and Budget Development Unit		*Forecasting and Policy Analysis Unit*	
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Deborah Santiago Program Analyst		**Adam Ochlis** Management Analyst	
Valentina Tikoff Management/Program Analyst		**Julie Laurel** Statistician	
Diana Hayman Program Analyst			

Remarks: EXAMPLES (STATE-BY-STATE TO COME SHORTLY)

Dan M

Postsecondary Education Tuition Tax Benefits Under Various Situations

Two kids in college: Married couple, $60,000 income, with two kids in college, one at a community college with $2,000 tuition, the other a junior at a private college with $10,000 tuition.	$2,500 ($3,500 after year 2002)
Divorced parent: Single parent with $40,000 income, one child going to an average community college full-time ($1,200 tuition and fees).	$1,100
Returning to school less than half-time: Family with $30,000 income, one parent going to a public four-year college part-time to change careers ($2,000 tuition and fees).	$400
Child is beyond first two years: Family with $40,000 income, one child is junior at average private college $12,000 tuition and fees).	$1,000 ($2,000 after year 2002)
Returning to school full-time to become a teacher: Homemaker, family income of $70,000, attending graduate teacher training program at public university after being out of college for 20 years ($3,500 tuition).	$700
Graduate student: Single graduate student with $15,000 income and tuition of $15,000.	$1,000

OPENING DOORS OF EDUCATIONAL OPPORTUNITY
N·A·S·F·A·A

July 25, 1997

The Honorable Richard W. Riley
Secretary of Education
Room 6161, FB - 10
Washington, D.C. 20202

Dear Mr. Secretary:

When we spoke last week, I indicated my strong concerns about some of the student eligibility and reporting requirement issues contained in the legislation dealing with the Hope Scholarship tax credit, and my fear that if they are not resolved satisfactorily, most tax filers will view the program as a bureaucratic nightmare rather than as a positive educational tax benefit.

To this end, I have carefully reviewed the language contained in the current House and Senate bills, and have identified what I believe are the most significant problems.

NASFAA wants to work with you and your staff, along with personnel from the Treasury Department to develop responsible reporting procedures to insure adequate safeguards within the system. At the same time, we want to develop a reporting system that does not impose unnecessary and costly paperwork and reporting burdens on students, families, or institutions.

I sincerely hope we can all work together to resolve these issues by keeping the specificity and detail out of the statute thus enabling us to develop responsible regulations to address the operational details.

If you have any questions or wish to discuss these matters further, please call upon me. Meanwhile, I hope this information will be useful to you.

Sincerely,

Dallas Martin

Dallas Martin
President

NATIONAL ASSOCIATION OF STUDENT FINANCIAL AID ADMINISTRATORS
1920 L STREET N.W. SUITE 200 WASHINGTON, D.C. 20036-5020 TELEPHONE: 202-785-0453 FAX: 202-785-1487

NASFAA's Assessment Of Student Eligibility And Reporting Requirement Issues Related To the Hope Scholarship Tax Credit

July 25, 1997

1) Eligible student must be enrolled in a course of study on at least a half-time basis for at least one academic period during a calendar year.

Issue: The enrollment status of a given student can vary significantly during a calendar year. At most credit hour institutions, a student who enrolls for 12 hours or more for a term is considered full-time and therefore an individual enrolled for at least six hours would be considered a half-time student. It is important, however, to clarify whether a student enrolled half-time for only a portion of a calendar year is also eligible to include the amount of any qualified tuition and related expenses paid by that individual for postsecondary education during the calendar year when they were enrolled on a less-than-half-time basis.

To illustrate this issue, consider the following example. A student enrolls for six hours at the local community college for the spring semester of 1998 and pays qualified tuition and fees of $350. The student enrolls for three credit hours during the summer term and pays $175 to the school, and then enrolls for a four hour course in the fall term and is assessed another $225 for it. During the 1998 tax year, the individual paid a total of $750 in qualified tuition and fees and was a half-time student during one academic period (spring semester) of the tax year. Therefore, is the amount of the allowable tax credit based upon the total amount paid during the year ($750), or on the amount paid during the term when the student was enrolled at least half-time ($350)?

The language contained in Section 201 of the House and Senate versions of the tax bills under Section 25A(b)(3) implies that the full amount of $750 would be used to determine the credit since the individual was enrolled half-time for at least one academic period which began during the tax year. On the other hand, Section 25A(d)(3) of the definition implies that for "any academic period" the student must be carrying at least ½ the normal full-time workload for the course of study the student is pursuing.

There are at least three issues involved with this requirement. The first is determining which educational expenses (or amounts paid) during the tax year can be considered in calculating the Hope tax credit. The second is determining who is responsible for reporting the information. The third issue is how the information will be reported to the IRS.

Proposed Solution: Congress must clarify the seeming conflict between the legislative language found in Section 25A(b)(3) and Section 25A(d)(3), to insure that everyone understands which expenses paid during a tax year are to be used to calculate the Hope tax credit.

The language contained in Section 6050S discusses "Returns Relating to Higher Education Tuition and Related Expenses." This section, however, does not state whether the tax filer or the higher education institution is responsible for certifying that the student was enrolled half-time for an academic period.

NASFAA believes this issue should be addressed by regulations if institutions are to be responsible for certifying this requirement. In this case, it would be important that standardized procedures, time lines, and methods (paper or electronic) be developed in cooperation with representatives from postsecondary education community and representatives from the Departments of Education and Treasury. Further, once these requirements have been developed, they should be published for public comment before becoming official regulations.

If the tax filer is expected to provide this assurance, Congress should clarify this in the legislative language to avoid having it regulated by the Secretary. In this case, it should be a simple self-certification.

2) Defining qualified tuition and related expenses.

Issue: The language in Section 25A(d)(1) of the bills defines the term "qualified tuition and related expenses" to mean tuition, required fees, and required books for course of instruction. It further clarifies that eligible fees only include academic fees and not activity, athletic, or insurance fees. Section 6050S further states in (b)(2)(C)(i) that educational institutions have to report the aggregate amount of payments for qualified tuition and related expenses received for the student. While institutions should be able to verify tuition and fee payments that are received, very few will be able to verify costs incurred for required books. Some students buy new books, while others buy used books. Students may share a book or use one from a library. Students may also purchase books from a source that is not related in any manner to the institution.

In practice, most institutions simply build a reasonable allowance for books and supplies into their student expense budgets, just as they include an average allowance for room and board or transportation. The actual amount expended for any of these items however, may vary from one student to another. Further, college book stores are usually operated as auxiliary enterprises and therefore they would not have a record of how much a student has paid for required books.

Proposed Solution: NASFAA would suggest that if required books are to be included as a part of related expenses, institutions should be allowed to estimate an amount that most students would incur for those courses of study.

Further, NASFAA believes that limiting related expenses to educational fees and books unfairly understates the actual educational expenses that many students incur. Any student taking a studio art painting course, a photography class, or an architectural drawing course will likely be assessed more for supplies and materials than a student purchasing a book for an algebra class. One student can include their expense in determining the amount of the Hope tax credit, but the other student cannot. Therefore, NASFAA would propose that the definition be expanded to include an estimate of required books, supplies, and related course expenses.

3) Adjustments for certain scholarships, etc.

Issue: Section 25A(g)(2) of the bills defines those circumstances under which a tax filer would be required to reduce the amount of qualified tuition and related expenses, if the person receives other scholarships or assistance. While we can understand the intent of this provision, we would note that there is no way to consistently monitor or verify such payments without simply relying on the honesty of the tax filer.

First, many scholarship providers send award proceeds directly to the recipient. As such, college officials have no way of knowing whether the funds used to pay for tuition and fees came from the scholarship proceeds or from the student's own monies. Second, even when a scholarship is forwarded to the school for disbursement, such awards are often simply applied to a student's total account as a credit. As such, there is no way of knowing whose dollars were applied to tuition and whose were applied to other charges like room and board. Granted, a few donors may specify that their proceeds have to be applied only to tuition and/or fees, but these are the exceptions and not the rule. Therefore, if this offset adjustment remains a requirement, the only way that it can be fairly applied is to take the word of the tax filer.

We have similar concerns with the provision which says that veterans educational benefits, which may be used to pay tuition and fee expenses, must be deducted from the qualified tuition and fee amounts. Again, when a student receives veterans benefits, the monies go directly to the student. Whether these funds or the student's own funds are used to pay tuition and/or fees can only be certified by the student. In addition, we can find no logical reason to subtract VEAP benefits under Chapter 32, when these amounts were voluntarily contributed by the person while they were serving their country.

Proposed Solution: Given the difficulties associated with monitoring these adjustments evenly and fairly, and their modest impact relative to the cost of the Hope tax credit, we would proposed deleting the adjustments section from the statute and instead to address these issues, as necessary, through regulations.

4) Eligible student must not have a federal or state felony conviction for drug possession or distribution.

Issue: Section 25A(g)(3) denies a tax credit to a student convicted of a felony drug offense. Experience has shown that colleges and universities usually do not know whether an enrolled student has been convicted of a drug felony. As such, it would be unwise to have these entities responsible for certifying this eligibility requirement.

Proposed Solution: NASFAA proposes that the Department of Justice and the Internal Revenue Service run a tape match, on at least an annual basis, comparing the names and social security numbers of those individual students who filed for the Hope tax credit against the records maintained of federal and state court convictions. This would identify any person who claimed the credit with an ineligible student. If a match is found and the tax credit has been claimed, the tax filer would be notified they are not eligible for such credit due to the drug conviction and therefore must remit the amount of the credit allowed to the IRS.

In addition, instructions on the tax forms should announce this eligibility requirement to tax filers and inform them of the impending tape match.

5) No credit for married individuals filing separate returns.

Issue: Section 25A(g)(5) requires a married couple to file a joint return for the tax year in order to qualify for a Hope tax credit. This requirement seems unnecessarily arbitrary. For example, take a married couple, without other dependents, who are both students. If they choose to file separate tax returns and each individual applied for their own Hope tax credit, why can they not do so? Is the intent of the legislation to prevent each of them from filing for their own Hope tax credit on a joint return? Presumably, this is not the case since parents could file for more than one tax credit if they had two or more dependents in college during a tax year who qualified.

Proposed Solution: NASFAA believes that this provision should be deleted, since the kind of tax return filed should not have a bearing on the person's eligibility for the Hope tax credit.

6) Form and manner of returns.

Issue: Section 6050S(b) of the bills outlines the information which would have to be provided by educational institutions to those persons who desire to file for a Hope tax credit. Given the specificity of data required within this section, it should first be noted that not a single postsecondary educational institution could comply with these requirements.

For example, the requirements would expect the institution to report the name, address, and taxpayer identification number (TIN) of the individual who attended the institution as well as the name, address and TIN of any other individual who might claim the student as a dependent for the purpose of filing for the HOPE Scholarship tax credit.

First, we would question the need to report the student's address. The address maintained on most institutional files is the student's current campus address, which changes very frequently. Further, in many cases, the campus address will not match up with the address listed on the student's or parents' tax form, so its usefulness is very limited. The name and social security number of the student should suffice for reporting purposes.

Second, institutions do not maintain or collect social security numbers of a student's parents, stepparents, or spouse. In most cases, they also do not maintain a current listing of the student's parents', stepparents', or spouse's legal names and current addresses. The fact is, institutions do not need this type of data, so they do not collect it. In addition, most taxpayers are very reluctant to reveal their social security numbers to any third party--for security reasons--and family circumstances, marital status, and addresses are constantly changing. The ability of any institution to maintain and provide this kind of accurate data to the student or the IRS is simply not possible, nor is it necessary.

Third, while we have previously discussed the problem with determining the aggregate amount of payments for qualified tuition and related expenses, we are also concerned about the ability of institutions to provide an accurate determination of the aggregate amount of reimbursements or refunds paid to a student during the calendar year.

For example, a student may receive a scholarship from a community organization that the institution does not know about, particularly if that student is not a financial aid recipient at the institution. Likewise, a student may receive a refund from the Music Department for a musical instrument rental when the student withdraws from a particular class. The transaction does not go through the institution's business office because it is handled by the Music Department. As such, the institution's Student Accounts Office records would not show this transaction and the only way it could be accurately reported would be for every institution to centralize all of its now decentralized financial functions.

Institutions are already having difficulty complying with the refund regulations mandated under the Higher Education Act and this requirement would simply add a whole different set of unnecessary requirements.

Finally, we would note that institutions operate their current student aid programs on an award year cycle that runs from July 1 to June 30 of each year. Thus, their record keeping systems are maintained on this schedule. The reporting requirements related to the Hope tax credit will already require institutions to completely revamp their record keeping systems, and as such, the changes should be kept to a minimum.

Possible Solution: NASFAA strongly believes that the level of required taxpayer data called for in this section is unreasonable and should be eliminated from the statute.

If the taxpayer listed the social security number of the qualifying student as part of claiming the HOPE Scholarship tax credit, the IRS could then run data base matches based on that number. Since taxpayers are already required to list the social security number of any dependent they claim, this approach would relieve parents, stepparents, spouses, or others from the requirement to share confidential data with an institution, and it would relieve all parties of the expenses and burdens associated with collecting, maintaining, and reporting such data.

Further we would propose that the specificity contained in this section governing payments, refunds, and reimbursements simply be deleted from the statute and replaced with a requirement to have the Departments of Treasury and Education work with representatives of the higher education community to develop standardized reporting procedures, that will maintain the integrity of the programs while not imposing unreasonable reporting requirements on all parties.

PRESIDENT CLINTON DELIVERS THE FIRST BALANCED BUDGET IN A GENERATION AND A MAINSTREAM TAX CUT

DRAFT **DRAFT** **DRAFT**

- ✔ **$900 Billion in Net 10 Year Deficit Savings.**
- ✔ **First Balanced Budget since 1969.**
- ✔ **Single Largest Investment in Health Care for Children Since 1965.**
- ✔ **A $500 Per Child Tax Credit for Approximately 27 Million Families.**
- ✔ **Largest Investment in Higher Education Since the G.I. Bill in 1945:**
  - **$1,500 HOPE Scholarship to Make Two Years of College Universally Available**
  - **20% Tuition Tax Credit for College Juniors, Seniors, Graduate Students <u>and</u> for Working Americans pursuing Lifelong Learning to upgrade their skills**
- ✔ **Critical Long-Term Entitlement Reforms -- Extends Solvency of Medicare Trust Fund for at Least a Decade.**
- ✔ **Brownfields and Empowerment Zones Tax Incentives to Revitalize Our Nation's Distressed Areas.**
- ✔ **A $ 3 Billion Welfare-to-Work Jobs Initiative Targeted to High Poverty Areas.**
- ✔ **Treats Legal Immigrants Fairly -- Restores Health and Disability Benefits**

THE FIRST BALANCED BUDGET IN A GENERATION

FIRST BALANCED BUDGET SINCE 1969

- ✔ Net savings of over **$900 billion** over ten years.
- ✔ 1993 Economic Plan has cut the deficit 77% from $290 billion in 1992 to $67 billion or lower in 1996. **This agreement finishes the job -- balances the budget in 2002 and puts the budget in surplus in each of the second five years of the budget.**

SINGLE LARGEST INVESTMENT IN HEALTH CARE FOR CHILDREN SINCE THE PASSAGE OF MEDICAID IN 1965

- ✔ **An unprecedented $24 billion for children's health care.**
- ✔ **Guarantee of meaningful health coverage including full range of benefits to as many as 5 million uninsured children.**
- ✔ Provisions to ensure that states use this investment to provide health care coverage to children who do not currently have health insurance and that there are adequate cost protections so that families are not burdened with excessive costs.

CRITICAL LONG-TERM ENTITLEMENT REFORMS

- ✔ **$434 billion in ten-year Medicare savings.**
- ✔ **This extends the life of the Medicare Trust Fund for at least a decade.**
- ✔ **Prepares Medicare for the 21st century** -- more choice is provided, competition is injected, and payment systems are revamped.
- ✔ **$4 billion in preventive benefits** to fight diseases like breast cancer, diabetes & colon cancer.

MOVES PEOPLE FROM WELFARE TO WORK & TREATS LEGAL IMMIGRANTS FAIRLY

- ✔ **$3 billion to help states and local communities move people from welfare to work.**
- ✔ **$12 billion to restore both disability and health benefits for legal immigrants** who are currently receiving assistance or become disabled, ensuring that they will not be turned out of their apartments or nursing homes or otherwise left to an uncertain fate.

A MAINSTREAM TAX CUT

On December 15, 1994, President Clinton put forth the Middle Class Bill of Rights which included a $500 Child Tax Credit, an expanded IRA that allows people to withdraw money tax-free and without penalty for education and a tax deduction for post-high school education expenses. ***Each of the President's proposals are included in this budget:***

A CHILD TAX CREDIT FOR APPROXIMATELY 27 MILLION FAMILIES.

- ✔ **$500 Per-Child Tax Credit for approximately 27 million families with 45 million children** under 17. The credit begins to phase-out for couples with incomes above $110,000.
- ✔ **Up to 4.8 million working families will now receive the child tax credit** who would not have under the Congressional plans. At the President's insistence, **more than $10 billion over 5 years** was added to provide a Child Tax Credit for people making under $30,000 like young teachers, police officers, farmers, and nurses who work hard and play by the rules.

A VICTORY FOR MIDDLE CLASS PARENTS TRYING TO PAY FOR THEIR CHILDREN'S COLLEGE AND FOR WORKING PEOPLE TRYING TO UPGRADE THEIR SKILLS.

- ✔ **$1,500 HOPE Scholarship to make the first two years of college universally available.** The final agreement includes the President's initiative to advance the goal of making the 13th and 14th grades as universal as a high school diploma is today. Students would be provided a scholarship of 100% on the first $1,000 of tuition and fees and 50% on the second $1,000.
- ✔ **20% Tuition Tax Credit for college juniors, seniors, graduate students <u>and</u> for working Americans pursuing lifelong learning to upgrade their skills.** The 20% credit will be applied to the first $5,000 of qualified education expenses through 2002, and to the first $10,000 thereafter. A major deficiency of the congressional tax bills has been that they did little to help students in their third and fourth year s of college and they were missing a commitment to lifelong learning. The President has long understood that the economy is changing and that people must have the opportunity to enhance their skills throughout their lives. This is why the President insisted on the 20% tuition tax credit that is in the final bill.

TAX INCENTIVES TO REVITALIZE OUR NATION'S DISTRESSED URBAN AREAS.

A key component of the President's tax cutting agenda has been to spur economic activity in distressed areas of our nation's cities. This budget reflects the President's agenda:

- ✔ **A New Tax Cut Plan Helps to Clean Up and Redevelop Brownfields.** The 3-year Brownfields tax incentive will reduce the cost of cleaning up thousands of contaminated, abandoned sites in economically distressed areas by permitting clean-up costs to be immediately deducted for tax purposes, rather than requiring this spending to be written off over time. This would, in turn, encourage redevelopment of these areas.

- ✔ **New Empowerment Zones.** The budget includes a second-round of EZs -- 15 urban and 5 rural EZs. The new EZs will benefit from a different blend of tax credits than the first-round communities. For example, the EZs will be eligible for the Brownfields tax incentive, special expensing of business assets, and qualification for private-activity bonds.

HELPING MOVE PEOPLE FROM WELFARE TO WORK

- ✔ **A Welfare to Work Tax Credit.** This provision will give employers an added incentive to hire long-term welfare recipients by providing a credit equal to 35% of the first $10,000 in annual wages in the first year, and 50% of the first $10,000 in the second year of employment, paid to new hires who have received welfare for an extended period. The credit is for two years per worker to encourage not only hiring but retention.

- ✔ **$3 Billion to Help People in Distressed Areas Move from Welfare to Work.** Adds $3 billion to help localities move the most disadvantaged welfare recipients into jobs; the funding is targeted to high-poverty areas, including inner cities. These funds can be used for job creation, job placement and job retention efforts, including wage subsidies to private employers, transportation and other critical post-employment supportive services.

PRESIDENT CLINTON DELIVERS THE LARGEST SINGLE INVESTMENT IN CHILDREN'S HEALTH CARE SINCE THE PASSAGE OF MEDICAID IN 1965

The President fought hard to ensure that the Budget Agreement includes $24 billion to provide meaningful health care coverage to as many as five million of our nation's ten million uninsured children. This investment includes a meaningful benefits package, ensures that states use this money to cover uninsured children and not replace existing public or private spending, and guarantees adequate cost-sharing protections for families.

✔ **INVESTS UNPRECEDENTED $24 BILLION FOR UNINSURED CHILDREN.** The President insisted on increasing the investment for children's health from $16 billion to $24 billion by including revenue from a new tobacco tax. Because of the President's leadership, this budget will contain the largest children's health care budget since the enactment of Medicaid in 1965. Including these additional revenues in the children's health initiative will not only further reduce the number of uninsured children, but it will serve as a financial barrier to help prevent our children from starting smoking in the first place.

✔ **ENSURES MEANINGFUL HEALTH CARE COVERAGE, WHILE ALLOWING STATES TO DESIGN THEIR OWN BENEFITS PACKAGE.** The President fought hard to ensure that this investment guarantees the full range of benefits -- from checkups to surgery -- that children need to grow up strong and healthy. The President also worked to ensure that prescription drugs, vision, hearing, and mental health coverage now offered at the state level are extended to millions of uninsured children.

✔ **GIVES STATES THE FLEXIBILITY TO DESIGN BENEFITS THAT MEET THEIR NEEDS.** States will be able to choose from any of four benefits packages: (1) the FEHPB model; (2) the benefits package of the most popular state HMO; (3) the state employee plan; and (4) the actuarial equivalent of any of the three stated benefit plans as long as prescription drugs, vision, hearing, and mental health services now offered in these plans are guaranteed to equal at least 75 percent of the value of these services.

✔ **SUPPLEMENTS NOT SUPPLANTS CURRENT HEALTH CARE COVERAGE.** Includes provisions to ensure that states provide health care coverage to children who do not currently have health insurance. It requires that states maintain their current level of spending to access Federal dollars to help make sure that this investment is not used to replace public or private money that already covers children.

✔ **ENSURES ADEQUATE COST-SHARING PROTECTIONS.** The President fought to ensure that families are not forced to shoulder excessive costs for their children. The Agreement guarantees that families under 150 percent of poverty will be protected against overly burdensome cost sharing.

PRESIDENT CLINTON DELIVERS A $500 CHILD TAX CREDIT FOR APPROXIMATELY 27 MILLION FAMILIES

MAIN FEATURES OF THE CHILD TAX CREDIT:

- ***Age.*** Covers children under 17.
- ***Amount per child.*** $400 in 1998. $500 thereafter.
- ***Income limits.*** Begins to be phased out for couples making over $110,000 and for one parent families making over $75,000..
- ***Stacking***. Child tax credit will be calculated or "stacked" before the EITC and will therefore be available for the up to 4.8 million working families who have incomes below $30,000 and who were denied the child tax credit under the congressional bills.
- ***For families with more than two kids -- Refundability to cover out-of-pocket income and payroll taxes.*** Because many large families have little income tax liability, but pay significant out of pocket payroll taxes, the child tax credit for these families is partially refundable. These families will receive a child credit for their income taxes plus the extent to which their out-of-pocket (employee share) payroll taxes exceed their EITC.
- ***Savings Incentive Feature.*** Taxpayers who are entitled to a child credit would be given the opportunity to contribute $500 each year to an education IRA. Earnings would accumulate tax-free in the account and no taxes would be due upon withdrawal for an approved purpose.

A CHILD TAX CREDIT FOR FAMILIES WHO WORK HARD AND PAY TAXES.

Both congressional plans failed a critical test of fairness by denying the child tax credit to up to 4.8 million hard-working families who pay taxes and earn less than $30,000 a year. These are young teachers, police officers, farmers, and nurses who work hard and play by the rules.

President Clinton worked to ensure that under any final agreement, these young parents would receive a child tax credit to make it easier for them to raise their children.

Consider a family of four with two small children: the father is a rookie police officer making $23,000, and the mother has chosen to stay at home. Both congressional bills would have denied this family, and millions of others, the child tax credit. The President said all along that this would be wrong and insisted they be included in any final tax cut. Under the final agreement, this family will receive a child tax credit of $675.

	President Clinton's Proposal	Agreement	House Bill	Senate Bill
Child Tax Credit for family of rookie police officer making $23,000	**$767**	**$675**	**$0**	**$0**

PRESIDENT CLINTON DELIVERS A BUDGET THAT STRENGTHENS AND PRESERVES MEDICARE

The Budget Agreement preserves and strengthens the Medicare program, saving $115 billion over five years and extending the life of the Medicare Trust Fund for at least ten years. It modernizes Medicare by including new market-oriented reforms that have proved successful in the private sector and $4 billion in new preventive benefits. As this agreement strengthens and preserves the Medicare program, it also creates a Medicare Commission to examine the long-term needs of the program so that Medicare will be prepared for the retirement of the baby boomers.

✔ **SAVES $115 BILLION OVER FIVE YEARS.** Includes $115 billion in savings over five years and $434 billion over ten years.

✔ **EXTENDS THE LIFE OF THE MEDICARE TRUST FUND FOR AT LEAST TEN YEARS.** This agreement will keep Medicare solvent until at least 2007.

✔ **IMPLEMENTS UNPRECEDENTED NEW MARKET-ORIENTED REFORMS INCLUDING:**

(1) Empowering the Secretary of Health and Human Services to implement competitive market mechanisms;
(2) Opening up new options that have proved effective in the private sector, including allowing Medicare to work with Preferred Provider Organizations (PPOs) and Provider Sponsored Organizations (PSOs);
(3) Providing Americans with meaningful choices by reforming annual Medigap enrollment; and
(4) Building on the success Medicare has had in controlling hospital costs, restructuring the entire payment system so that rates are set in advance through a prospective payment system.

✔ **INCLUDES $4 BILLION OVER FIVE YEARS FOR NEW PREVENTIVE BENEFITS INCLUDING** expanding coverage for mammograms and colorectal screening and improving self-management of diseases like diabetes.

✔ **ENSURES NEW PREMIUM PROTECTIONS FOR LOW-INCOME MEDICARE BENEFICIARIES.** The budget agreement invests $1.5 billion over five years to pay the premiums for beneficiaries up to 135 percent of poverty. Beneficiaries over 135 percent of poverty to as high as 185 percent of poverty will get assistance as well.

✔ **TAKES STEPS TO ENSURE THAT VULNERABLE HOSPITALS ARE PROTECTED.** The Agreement reduces the Medicare Disproportionate Share Hospitals cut from $2.4 billion in the Senate-passed agreement to $600 million over five years.

✔ **ESTABLISHES A MEDICARE COMMISSION.** The agreement creates a 17-member Medicare Commission which contains eight Democrats and eight Republicans and an additional member that will be selected jointly by the President and the Congressional leadership to chair the Commission. The Commission will release a report in 1999 and require a 11 of 17 majority to ensure that its recommendations are bipartisan.

PRESIDENT CLINTON DELIVERS TAX CUTS TO CLEANUP AND REVITALIZE URBAN AREAS...

✔ **THE BROWNFIELDS TAX INCENTIVE WILL REDUCE THE COST OF CLEANING UP THOUSANDS OF CONTAMINATED, ABANDONED SITES IN ECONOMICALLY DISTRESSED AREAS** by permitting clean-up costs to be immediately deducted for tax purposes, rather than requiring this spending to be written off over time. This would, in turn, encourage redevelopment of these areas. The tax incentive will be available for three years.

✔ **THIS PROPOSAL IS A MAJOR PRIORITY FOR MANY OF AMERICA'S MAYORS.** Chicago Mayor Richard Daley, writing recently on behalf of the U.S. Conference of Mayors, urged Ways and Means Chairman Archer to include the President's Brownfields proposal in the tax bill: "This is a high priority for communities across the nation." [Letter to Chmn. Archer, 6/11/97]

✔ **CREATES NEW EMPOWERMENT ZONES.** Under the President's 1993 Empowerment Zones and Enterprise Communities initiative, participating communities develop a strategic plan to spur economic development, and they receive Federal tax benefits, social service grants and flexibility in use of Federal funds in order to put these plans into effect. The EZs and ECs are urban or rural areas with high poverty and unemployment rates.

- ***A Strong Start since 1994.*** The 105 communities selected as EZ/ECs in 1994 amassed over $8 billion in public-private commitments. In the six urban Empowerment Zones, the private sector has made or pledged $2 billion in new investments.
- ***A Second Round to Build on Our Successes.*** In response, the President proposed, and the bill includes, a second-round of EZs-- 15 urban and 5 rural EZs. The new EZs will benefit from a different blend of tax credits than first-round EZs. They will be eligible for the Brownfields tax incentive, special expensing of business assets, and qualification for private-activity bonds.

...AND TO MOVE PEOPLE FROM WELFARE TO WORK

✔ **A WELFARE-TO-WORK TAX CREDIT.** This provision will give employers an added incentive to hire long-term welfare recipients by providing a credit equal to 35% of the first $10,000 in annual wages in the first year, and 50% of the first $10,000 in wages in the second year of employment, paid to new hires who have received welfare for an extended period. The credit is for two years per worker to encourage not only hiring but retention.

✔ **$3 BILLION TO HELP THE MOST DISADVANTAGED MOVE FROM WELFARE TO WORK.** Adds $3 billion to help localities move the most disadvantaged welfare recipients into jobs; the funding is targeted to high-poverty areas, including inner cities. These funds can be used for job creation, job placement and job retention efforts, including wage subsidies to private employers, transportation and other critical post-employment supportive services. The Labor Department will provide oversight but the dollars will be placed in the hands of the localities who are on the front lines of the welfare reform effort.

PRESIDENT CLINTON FOUGHT TO PROTECT OUR MOST VULNERABLE PEOPLE

Several provisions in last year's welfare reform bill had nothing to do with the goals of welfare reform. The President said so at the time and promised to work to correct these provisions. That's why he fought to ensure that any agreement protects the most vulnerable in our society. The President fought to better protect:

CHILDREN

- ✔ **KEEPING THE GUARANTEE TO MEDICAID.** Preserves the Federal guarantee of Medicaid coverage for the vulnerable populations who depend on it and contains additional investments to extend coverage to uninsured children.

LEGAL IMMIGRANTS

- ✔ **CURRENT RECIPIENTS.** Restores both SSI and Medicaid benefits for immigrants now receiving assistance, ensuring that they will not be turned out of their apartments or nursing homes or otherwise left to an uncertain fate.

- ✔ **CURRENT RESIDENT NONRECIPIENTS.** Does not change the rules retroactively. Immigrants in the country as of August 22, 1996 but not receiving benefits at that point who subsequently become disabled will also be fully eligible for SSI and Medicaid benefits.

- ✔ **REFUGEES AND ASYLEES**. Extends the SSI and Medicaid eligibility period for refugees and asylees from 5 years after entry (the limit in the welfare bill) to 7 years, in order to give these residents more time to naturalize.

  The budget legislation also, pursuant to Administration suggestions, treats Cuban and Haitian entrants and Amerasians immigrants as refugees for purposes of SSI, Medicaid and other means-tested benefits, ensuring that they can receive the assistance needed as a result of the extraordinary hardship many have endured.

POOR ELDERLY AND DISABLED, INCLUDING CITIZENS

- ✔ **RECIPIENTS OF STATE SSI SUPPLEMENTS.** Does not include the House-passed provision that would have repealed the maintenance of effort requirement applying to State supplementation of SSI benefits, permitting States to reduce or eliminate benefits to almost 3 million poor blind, elderly and disabled individuals.

PEOPLE WHO WANT TO WORK BUT CAN'T FIND A JOB

- ✔ **CHILDLESS ADULTS.** Last year's welfare reform bill restricted food stamps for able-bodied childless adults to only 3 out of every 36 months, unless they are working. This move ignored the fact that finding a job often takes time. The budget bill provides $1.5 billion to create 235,000 work slots and provide food stamp benefits to those who are willing to work but, through no fault of their own, have not yet found employment.

- ✔ **ALLOWS STATES TO EXEMPT UP TO 15 PERCENT OF THE FOOD STAMP RECIPIENTS WHO WOULD OTHERWISE BE DENIED BENEFITS AS A RESULT OF THE "3 IN 36" LIMIT.**

President Clinton's Historic Balanced Budget Agreement: Building on His Strong Record of Deficit Reduction and Growth

President Clinton has achieved a balanced budget agreement that includes critical investments in education, health care, and the environment while strengthening and modernizing Medicare and Medicaid -- just as he promised last year. This achievement finishes the job of balancing the budget, a key priority for the President since he took office.

ONLY FOUR YEARS AGO. In 1993, the President inherited a budget deficit of $290 billion that was expected to explode to over one-half trillion dollars in 2002. A decade of large deficits had weakened the foundation of our economy and sapped our power and prestige abroad. Unemployment was 7.5% in 1992, and job growth was sluggish.

THE PRESIDENT PASSES HIS 1993 ECONOMIC PLAN. President Clinton addressed this problem of fiscal instability immediately on a pledge to cut the deficit in half. Working with Democrats in Congress, he implemented an economic program designed to reduce the deficit and to invest in critical priorities, such as education and training. **The 1993 economic plan has exceeded all expectations:** *the deficit has fallen by 77%, dropping for a likely fifth year in a row to an expected $67 billion in 1997; equipment investment has been the strongest since Kennedy was President; the economy has produced over 12.5 million new jobs; and the unemployment rate this year is the lowest in 24 years.*

THE PRESIDENT ACHIEVES BIPARTISAN AGREEMENT TO FINISH THE JOB. The President began his second term determined to fulfill his goal of balancing the budget. As we head into the next century, this bipartisan agreement protects our priorities, solidifies the nation's economic foundation, restores faith in our ability to govern ourselves, and bolsters America's preeminent position in the world economy. The balanced budget agreement includes $900 billion in 10 year net deficit savings and delivers the first balanced budget in a generation.

President Clinton Delivers the First Balanced Budget in a Generation

Year	1993 Deficit Projection	Current Deficit Path
1993	$310	$255
1994	$302	$203
1995	$301	$164
1996	$298	$107
1997	$347	
1998	$387	
1999	$429	
2000	$475	
2001	$521	
2002	$576	

BUDGET STAYS IN BALANCE. In addition to delivering a balanced budget in 2002, **the budget agreement delivers budget surpluses for each of the second five years of the budget window, 2003-2007,** putting the nation on a solid fiscal path at a critical time as the baby boom generation edges toward retirement.

Year	Surplus
2003	
2004	
2005	
2006	
2007	

PRESIDENT CLINTON DELIVERS THE FIRST BALANCED BUDGET IN A GENERATION AND A MAINSTREAM TAX CUT

President Clinton has achieved an historic balanced budget that promotes our values, providing critical investments for education, health care, and the environment while strengthening and modernizing Medicare and Medicaid. It also provides middle-class families a tax cut to help raise their kids and send them to college. We have cut the deficit by 77%, from $290 billion in 1992 to $67 billion or less this year. This historic budget finishes the job, while meeting our goals.

ONLY FOUR YEARS AGO. In 1993, the President inherited a budget deficit of $290 billion that was expected to explode to over one-half trillion dollars in 2002. A decade of large deficits had weakened the foundation of our economy and sapped our power and prestige abroad. Unemployment was 7.5% in 1992, and job growth was sluggish.

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THE PRESIDENT ACHIEVES FIRST BALANCED BUDGET IN A GENERATION TO FINISH THE JOB. The President began his second term determined to fulfill his goal of balancing the budget. As we head into the next century, this bipartisan balanced budget protects our priorities, solidifies the nation's economic foundation, restores faith in our ability to govern ourselves, and bolsters America's preeminent position in the world economy.

- **$900 Billion in Net Ten-Year Savings** to keep us on the path of fiscal responsibility and help prepare the nation for the retirement of the baby boom generation.

- **Single Largest Investment in Health Care for Children Since the Passage of Medicaid in 1965.** Today, ten million children have no health insurance. The balanced budget takes dramatic and concrete steps to right this wrong. Health care coverage will be extended to up to 5 million children

- **Critical Long-Term Entitlement Reforms** including $434 billion in ten-year Medicare savings to keep the Medicare Trust Fund Solvent for at least a decade. Importantly, these savings are achieved in a way that prepares Medicare for the 21st century -- more choice is provided, competition is injected, and payment systems are revamped and preventive benefits are included.

- **Largest Increase in Higher Education Funding Since the G.I. Bill of 1945, including**

$1,500 HOPE Scholarship to make the first two years of college universally available and a 20% Tuition Tax Credit for college juniors, seniors, graduate students and for working Americans pursuing lifelong learning to upgrade their skills.

- **$500 Per Child Tax Credit** to make it easier for approximately 27 million families to raise their children.

- **Helping Move People from Welfare to Work.** The budget adds $3 billion, the full amount requested by the President for the Welfare-to-Work Jobs Challenge, to the TANF block grant to fund welfare-to-work efforts in high-poverty, high-unemployment areas.

- **Protects our Nation's Most Vulnerable People.** The budget includes $12 billion to restore both disability and health benefits for legal immigrants who are or become disabled, ensuring that they will not be turned out of their apartments or nursing homes or otherwise left to an uncertain fate.

NAGPS

National Association of Graduate-Professional Students

Toll Free 1-888-88-NAGPS

825 Green Bay Road, Suite 270
Wilmette, IL 60091
Voice (847) 256-1562
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Web: http://www.nagps.org/NAGPS/

TO: Bob Shireman, NEC **CC:**

FROM: Kevin Boyer, Executive Director

DATE: 7/29/97 **FAX#** (202) 456-2223

RE: Please tell me that this is not true. Grad students worked so HARD on this tax package & we really deserve the Sec 127 benefit extension for grad students. The $ value is fairly low, but the "psych" value high

/ MORE PAGES

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National Association
of Independent
Colleges and Universities

MEMORANDUM

TO: Section 127 Working Group

FROM: Matt Hamill MH

DATE: July 28, 1997

RE: Update on Negotiations

Negotiators worked through the weekend in an effort to reach accord on a balanced budget agreement, and an accompanying tax package. Significant progress was made, a few details need to be worked out, but it appears that an announcement of a final agreement will occur within the next 24 hours.

The agreement that has been reached on education related tax provisions would extend section 127 until May 31, 2000. This was the recommendation of the Republicans negotiators, made to the White House late last week. Unfortunately, the extension does not restore the exclusion for graduate classes.

White House gave in here? why?

I expect that a deal will be announced sometime tomorrow, and will continue to keep you posted on further developments.

AACC

American Association of Community Colleges
Association of Community College Trustees

FOR IMMEDIATE RELEASE

Budget and Tax Agreement Increases Access for Millions of Community College Students

Washington, DC (July 30) -- In separate press conferences held at both ends of Pennsylvania Avenue yesterday, President Clinton and Congressional leaders announced final agreement on spending and revenue bills to bring the federal budget into balance by the year 2002.

The final plan, expected to clear Congress prior to the recess beginning August 4, is especially good news for the nation's community college students. The budget deal provides significant financial support in the form of a tax credit for the first two years of college, a lifelong learning credit beyond the first two years of college, extension of the tax deduction for employer-provided educational assistance, and a partial restoration of the deduction for student loan interest.

Final education components agreed to yesterday include:

- A modified Hope Scholarship Tax Credit for four years of college available beginning in tax year 1998;
  Years 1 and 2: 100% of the first $1,000 of tuition, 50% of the next $1,000
  Years 3, 4 and beyond: 20% of up to $5,000 of tuition, increasing to $10,000 after 2002
- A three-year extension for Employee Educational Assistance to undergraduate students (through May 31, 2000) found in Section 127 of the I.R.S. Code;
- The partial restoration of the Student Loan Interest Deduction, up to $2,500 per year;
- Tax-free state prepaid tuition plans;
- Education IRAs for college expenses;
- Penalty-free withdrawals for educational expenses from existing IRAs; and
- Elimination of origination fees on direct student loans.

Both the American Association of Community Colleges and Association of Community College Trustees support the agreement reached yesterday between the White House and Congress and urge its immediate adoption. For more information, contact David Baime (AACC) at 202/728-0200, ext. 224, or Noah Brown (ACCT) at 202/775-4667.

# # #

AACC, One Dupont Circle, NW, Suite 410, Washington, DC 20036 (202) 728-0200 FAX (202) 833-2467
ACCT, 1740 "N" Street, NW, Washington, DC 20036 (202) 775-4667 Fax (202) 223-1297

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997-02	1997-07
B. Other Education-Related Tax Provisions														
1. Extend employer-provided education assistance for undergraduates through 5/31/00 (1)	tyba 12/31/96	---	-534	-369	-250	—	---	---	—	---	---	---	-1,153	-1,153
2. Repeal $150 million limit on tax-exempt section 501(c)(3) bonds for new capital expenditures	1/1/98	—	-6	-45	-75	-89	-99	-106	-115	-125	-138	-162	-315	-962
3. Enhanced deduction for corporate contributions of computer technology and equipment for grades K - 12; sunset after 3 years	tyba 12/31/97	---	-46	-48	-77	-49	-5	-1	---	---	---	---	-225	-227
4. Raise small issuer arbitrage rebate exception for governmental bonds used to finance education facilities from $5 million to $10 million	bia 12/31/97	---	-1	-4	-7	-11	-14	-27	-30	-33	-36	-38	-36	-199
5. Treatment of cancellation of certain student loans; with modification	Da DOE						*Negligible Revenue Effect*							
6. Tax credit for holders of qualified education bonds (limited to $400 million per year in loans); 2-year sunset	ola 12/31/97	---	-8	-27	-43	-47	-47	-47	-47	-47	-47	-47	-172	-408
SUBTOTAL OF EDUCATION TAX INCENTIVES		—	-2,966	-7,983	-9,178	-9,872	-9,595	-10,893	-11,379	-11,872	-12,379	-12,917	-39,394	-98,835
III. SAVINGS AND INVESTMENT TAX INCENTIVES														
A. Individual Retirement Arrangements														
1. IRA - Increase deductible IRA income limits by $10,000 for joint filers in 1998 ($5,000 for single filers in 1998) and by $1,000 per year through 2002; in 2003 increase to $40,000 for single filers and $60,000 for joint filers and by $5,000 per year thereafter until limits are $50,000 - $60,000 for single filers and $80,000 - $100,000 for joint filers (phase out range increases to $20,000 when lower limit reaches $100,000); penalty-free withdrawals for educational purposes and first-time home purchase only; create IRA PLUS; impose phase-out range of $95,000 - $110,000 for single filers and $150,000 - $160,000 for joint filers; impose $150,000 - $160,000 income phase-out for spousal IRAs; provide that aggregate contributions to deductible and nondeductible retirement IRAs may not exceed $2,000	tyba 12/31/97	—	-367	-345	86	-346	-860	-1,630	-3,292	-3,842	-4,424	-5,004	-1,832	-20,225
B. Capital Gains Provisions														
1. Capital gains: (a) 20%/10% rate structure; (b) retain maximum 28% for collectibles; (c) section 1250 recapture at maximum of 25%; (d) symmetric AMT treatment; (e) exclusion for gain on personal residence (including remainder interests); (f) capital gains rate structure of 18%/8% for assets held more than 5 years after 2000, with mark-to-market in 2001; assets qualify for 8% in 2001 if held for 5 years regardless of when asset was acquired; (g) permit rollover of qualified small business stock if rolled over into another qualified small business stock within 60 days; and (h) retain 28%/15% rate structure for capital assets held more than 12 months but less than 18 months	various	1,254	6,371	171	-2,954	-2,934	-1,785	-3,742	-3,981	-4,179	-4,424	-4,958	123	-20,861
SUBTOTAL OF SAVINGS AND INVESTMENT TAX INCENTIVES		1,254	6,004	-174	-2,868	-3,280	-2,645	-5,372	-7,273	-8,021	-8,846	-9,962	-1,709	-41,386

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997-02	1997-07
IV. ALTERNATIVE MINIMUM TAX PROVISIONS														
1. Exemption from alternative minimum tax for small corporations	tyba 12/31/97	---	-97	-171	-131	-100	-77	-59	-45	-34	-28	-20	-577	-762
2. Conform AMT depreciation lives to the regular tax	ppisa 12/31/98	---	---	-580	-1,653	-2,230	-2,358	-2,581	-2,622	-2,350	-2,044	-1,970	-6,821	-18,317
3. Reverse IRS position on AMT treatment of certain installment sales by farmers	di tyba 12/31/87	-8	-157	-158	-167	-164	-157	-148	22	22	21	21	-811	-872
SUBTOTAL OF ALTERNATIVE MINIMUM TAX PROVISIONS		-8	-254	-909	-1,951	-2,494	-2,592	-2,788	-2,645	-2,382	-2,049	-1,919	-8,209	-19,961
V. ESTATE, GIFT AND GENERATION-SKIPPING TAX PROVISIONS														
A. Estate and Gift Tax Provisions														
1. Increase unified estate and gift tax credit to $625,000 in 1998; $650,000 in 1999; $675,000 in 2000 and 2001; $700,000 in 2002 and 2003, $850,000 in 2004, $950,000 in 2005; $1 million in 2006 and thereafter; and index other provisions beginning in 1999; cap family owned business exclusion with unified credit at $1.3 million annually (exclude $675,000 in 1998, $650,000 in 1999, $625,000 in 2000, $625,000 in 2001, $600,000 in 2002 and 2003, $450,000 in 2004, $350,000 in 2005; $300,000 in 2006 and thereafter)	dda 12/31/97	---	---	-843	-1,259	-1,818	-2,013	-2,596	-2,997	-5,658	-7,279	-8,638	-5,931	-33,097
2. Reduce section 6601(j) interest rate to 2% for first $1 million of taxable closely-held business interests, remainder subject to tax at 45% of present-law interest rates, and all interest under section 6166 made nondeductible	dda 12/31/97	---	---	-9	-17	-25	-33	-41	-47	-53	-58	-66	-84	-349
3. Provide up to $500,000 estate tax exclusion (phasein by $100,000 annually beginning in 1998) for treatment of land subject to a qualified conservation easement coordinated with exclusion of family farms (expanded treatment of land with severed mineral rights) and business relief used	dda 12/31/97	---	---	-7	-15	-25	-35	-46	-51	-56	-60	-64	-82	-381
4. Extension of treatment of certain rents under section 2032A to lineal descendants	roa 12/31/76	---	-25	-2	-2	-2	-2	-2	-2	-2	-2	-2	-33	-43
5. Clarification of judicial review of eligibility for extension of time for payment of estate tax	dda DOE	---	---	-15	-15	-15	-15	-15	-15	-14	-12	-11	-60	-127
6. Gifts may not be revalued for estate tax purposes after expiration of statute of limitations	gma DOE	---	---	-16	-18	-21	-26	-32	-38	-45	-53	-61	-81	-310
7. Repeal certain throwback rules applicable to domestic trusts; exclude pre-1984 multiple trusts from repeal	tyba 12/31/97	---	---	-11	-11	-11	-11	-11	-11	-11	-11	-11	-44	-99
8. Estate tax relief for money going to ESOPs in existence on 8/1/96 and decedents dying before 1/1/99	DOE	---	-8	-15	---	---	---	---	---	---	---	---	-23	-23
B. Generation-Skipping Tax Provision														
1. Expand exception from generation-skipping transfer tax for transfers to individuals with deceased parents	gsta 12/31/97	---	---	-4	-4	-4	-4	-4	-5	-5	-5	-6	-16	-41
SUBTOTAL OF ESTATE, GIFT AND GENERATION-SKIPPING TAX PROVISIONS		---	-33	-922	-1341	-1919	-2139	-2749	-3168	-5892	-7480	-8858	-6354	-34450

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997-02	1997-07
VI. EXPIRING TAX PROVISIONS														
1. Research tax credit through 6/30/98	6/1/97	-161	-820	-639	-294	-204	-123	-33	—	—	—	—	-2,241	-2,274
2. Contributions of appreciated stock to private foundations through 6/30/98	6/1/97	—	-99	-9	-4	—	—	—	—	—	—	—	-112	-112
3. Extend a modified work opportunity tax credit through 6/30/98 [5]; include SSI recipients	wpoilhma 9/30/97	—	-140	-131	-73	-29	-11	-2	—	—	—	—	-383	-385
4. Orphan drug tax credit (permanent)	6/1/97	—	-29	-29	-30	-32	-34	-35	-37	-39	-40	-42	-152	-346
SUBTOTAL OF EXPIRING TAX PROVISIONS		-161	-1,088	-807	-401	-264	-168	-70	-37	-39	-40	-42	-2,888	-3,117
VII. DISTRICT OF COLUMBIA TAX INCENTIVES														
1. Designate existing D.C. enterprise community and census tracts with greater than 20% poverty (with revised residency requirement) as the D.C. Enterprise Zone, eligible for modified present-law empowerment zone incentives (20% wage credit, increased 179 expensing, and expanded tax-exempt financing); sunset 12/31/02	1/1/98	—	-71	-110	-113	-118	-127	-45	3	2	[6]	-2	-539	-582
2. Provide 0% capital gains rate on enterprise zone business property in D.C. census tracts with greater than 10% poverty held for at least 5 years; sunset 12/31/02	1/1/98	—	-1	-5	-12	-21	-33	-48	-85	-90	-99	-107	-73	-502
3. $5,000 tax credit for first-time homebuyer in D.C., with phaseout of $110,000 - $130,000 for joint filers ($70,000 - $90,000 for single filers), and sunset 12/31/00	po/a DOE	—	-10	-21	-27	-16	[6]	[6]	[6]	[6]	[6]	[6]	-74	-74
SUBTOTAL OF DISTRICT OF COLUMBIA TAX INCENTIVES		—	-82	-136	-152	-155	-160	-93	-82	-88	-99	-109	-686	-1,158
VIII. WELFARE-TO-WORK TAX CREDIT														
Administration's welfare-to-work tax credit, as modified: (a) wage credit is 35% on first $10,000 of wages in the first year of employment, and 50% on $10,000 of wages in the second year of employment; (b) effective for hires made through 4/30/99	wpoilhma 12/31/97	—	-13	-31	-29	-16	-10	-4	-2	-1	—	—	-99	-106
IX. MISCELLANEOUS PROVISIONS														
A. Excise Tax Provisions														
1. Repeal excise tax on recreational motorboat diesel fuel	1/1/98	—	-4	-5	-5	-1	-1	-1	-1	-1	-1	-1	-16	-22
2. Modify excise tax on imported halons	DOE	[7]	[7]	[7]	[7]	[7]	[7]	[7]	[7]	[7]	[7]	[7]	1	1
3. Transfer the 4.3 cents/gallon transportation motor fuels tax on highway motor fuels to the Highway Trust Fund	10/1/97	No Revenue Effect												
4. Modify excise tax deposit rules for gasoline and special motor fuels, diesel fuel and kerosene, aviation fuels, and air cargo taxes to suspend deposits due 8/1/98 to 9/30/98 until 10/5/98	DOE	—	-6,359	6,359	—	—	—	—	—	—	—	—	—	—
5 Equalize the excise tax rates among alternative motor fuels except CNG	DOE	-2	-15	-16	-16	-17	-18	-19	-20	-21	-22	-23	-82	-186
6 Treat certain gasoline retailers as wholesale distributors under gasoline tax refund rules	DOE	Negligible Revenue Effect												
7 Reduce excise tax rate on draft cider to the small producer beer rate	10/1/97	—	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-3	-7

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997-02	1997-07
8. Require study on simplified collection of distilled spirits taxes	--	No Revenue Effect												
9. Codify Bureau of Alcohol, Tobacco, and Firearms regulations on wine labeling; with modification	DOE	No Revenue Effect												
10. Uniform excise tax on vaccines; add 3 new vaccines ($0.75 per dose)	10/1/97	...	-16	-15	-15	-15	-14	-14	-14	-14	-14	-14	-74	-146
B. Disaster Relief Provisions														
1. Disaster losses - postponement of IRS deadlines and loss valuation; permit extension of statute of limitations	aoty	Negligible Revenue Effect												
2. Modify tax treatment of livestock sold on account of certain weather-related conditions	sea 12/31/96	...	-12	-2	-2	-2	-1	-1	-1	-1	-1	-1	-18	-23
3. Loosen mortgage revenue bond requirements in Presidentially declared disaster areas for 2 years; permit 2-year period to place mortgages	[8]	—	-3	-7	-8	-8	-7	-6	-6	-5	-4	-4	-33	-58
4. Abatement of interest on underpayments by taxpayers in Presidentially declared disaster areas (1997 disaster areas only)	1/1/97	-5	—	...	—	...	—	—	...	—	...	...	-5	-5
C. Provisions Relating to Employment Taxes														
1. Worker classification of securities brokers for income and employment tax purposes	spa 12/31/97	Negligible Revenue Effect												
2. Impose moratorium on issuance of Treasury regulation relating to self-employment tax (SECA) through 6/30/98	DOE	No Revenue Effect												
3. SECA for insurance agents	pa 12/31/97	Negligible Revenue Effect												
D. Provisions Relating to Small Businesses														
1. Delay penalties for failure to make payments through EFTPS until after 6/30/98	DOE	No Revenue Effect												
2. Definition of principal place of business for home office deduction	tyba 12/31/98	...	—	-119	-244	-253	-263	-274	-285	-295	-306	-318	-880	-2,358
3. Increase deduction for health insurance expenses of self-employed individuals: 50% in 2000 and 2001, 60% in 2002, 80% in 2003 through 2005; 90% in 2006, and 100% in 2007 and thereafter	tyba 12/31/96	...	—	—	-39	-120	-224	-605	-882	-601	-404	-604	-383	-3,479
E. Other Provisions														
1. Shrinkage allowance for inventory accounting	--	...	-7	-21	-23	-25	-27	-29	-31	-33	-35	-37	-103	-268
2. Include liability to pay compensation under workmen's compensation acts within rules relating to certain personal liability assignments	cfa DOE	—	-1	-2	-5	-8	-12	-17	-23	-29	-32	-36	-27	-164
3. Clarify tax-exempt status of certain State workmen's compensation funds	tyba 12/31/97	...	[6]	[6]	-1	-1	-1	-1	-1	-1	-1	-1	-2	-6
4. Allow grandfathered publicly traded partnerships to elect to pay a publicly traded partnership tax; with technical modifications	tyba 12/31/97	Revenue Neutral												
5. Exclusion from UBTI for certain corporate sponsorship payments, with technical clarification	psora 12/31/97	Negligible Revenue Effect												
6. Allow timeshare associations to elect to be taxed as homeowner associations at 32% rate and modify definition of property for timeshares	tyba 12/31/96	—	-1	-1	-1	-1	-2	-2	-2	-2	-2	-2	-7	-17
7. Deferral of gain on sales of stock in farm product refining firms to farm coops which supply the firm with raw farm products for refining	sea 12/31/97	—	-2	-68	-5	-5	-4	-4	-4	-4	-4	-4	-84	-104
8. No information reporting on sales of principal residences less than $250,000 or $500,000 (married filing joint return)	DOE	Negligible Revenue Effect												

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997-02	1997-07
9. Increase the business meals deduction to 80% in 5% increments every other year for persons subject to Federal hours of service limitation, with clarification of section 119 meals	tyba 12/31/97	—	-8	-17	-27	-37	-49	-62	-76	-91	-108	-125	-138	-600
10. Provide an above-the-line deduction for certain State and local official's expenses	1/1/97	...	-10	-4	-4	-4	-5	-5	-6	-6	-7	-7	-27	-58
11. Raise the charitable mileage rate from 12 cents/mile to 14 cents/mile; no indexing	tyba 12/31/97	—	-8	-56	-58	-61	-64	-68	-71	-75	-78	-82	-247	-621
12. Expense "Brownfields" redevelopment costs in empowerment zones, enterprise communities and EPA demonstration sites; add census tracts with greater than 20% poverty, 3-year sunset	[9]	—	-57	-132	-165	-63	(7)	2	9	17	19	18	-417	-352
13. Administration's proposal to add 20 urban empowerment zones with modified incentives (including interaction with Conference Brownfields proposal)	DOE	—	-82	-121	-121	-99	-79	-56	-44	-41	-38	-25	-502	-706
14. Designate 2 supplemental empowerment zones as regular empowerment zones, with present-law incentives (phaseout of wage credit beginning in 2004)	1/1/00	—	—	—	-38	-86	-92	-98	-78	-53	-25	-13	-215	-483
15. Exemption for incremental cost of clean-fuel vehicle from luxury tax and limits on depreciation	DOE	[8]	-1	-1	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	-2	-2
16. Exclude from gross income certain survivor benefits attributable to a public safety officer who is killed in the line of duty	[10]	—	(6)	-1	-1	-1	-1	-1	-1	-1	-2	-2	-4	-12
17. Suspend 100% net income limitation with respect to percentage depletion on oil and gas property for marginal producers for 2 years	tyba DOE	—	-21	-35	-14	—	...	—	—	—	—	...	-70	-70
18. Allow refunding of certain tax-exempt Virgin Islands bonds [11]	bia DOE	...	-2	-4	-5	-5	-5	-3	-1	-3	-4	-4	-21	-37
19. Purchasing of receivables by tax-exempt hospital cooperative service organizations	tyba 12/31/96	Negligible Revenue Effect												
20. Modification of empowerment zone and enterprise community criteria in the event of future designations of additional zones and communities	DOE	No Revenue Effect												
21. 3-year income averaging for farmers	tyba DOE ab 1/1/01	-1	-10	-53	-54	-50	—	—	—	—	—	—	-168	-168
22. Prior year estimated tax safe harbor (100% in 1998, 105% in 1999 through 2001, and 112% in 2002)	—	—	-7,400	4,000	...	...	4,400	-1,000	—	—	—	—	1,000	—
23. Montana simplified tax and wage reporting system (5-year demonstration)	...	No Revenue Effect												
24. National Passenger Rail (Amtrak) NOL provision	DOE	...	-1,162	-1,162	—	—	...	...	—	—	...	—	-2,323	-2,323
SUBTOTAL OF MISCELLANEOUS PROVISIONS		-8	-15,162	8,516	-852	-863	3,530	-2,265	-1,530	-1,261	-1,071	-1,286	-4,850	-12,274
X. REVENUE-INCREASE PROVISIONS														
A. Financial Products														
1. Require recognition of gain on certain appreciated positions in personal property, with technical modifications	csa 6/8/97	—	367	121	68	73	79	85	94	111	118	127	708	1,243
2. Gains or losses from certain terminations with respect to property; with technical modification and effective date with modifications	30da DOE	...	15	27	25	25	25	25	25	25	25	25	117	242
3. Determination of original issue discount where pooled debt obligations subject to acceleration	tyba DOE	—	76	275	358	319	283	100	105	109	114	118	1,311	1,857

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997-02	1997-07
4. Denial of interest deduction on certain debt instruments....	iia 6/8/97	—	5	16	29	43	55	62	63	64	65	67	148	469
B. Corporate Organizations and Reorganizations														
1. Tax treatment of certain extraordinary dividends..............	da 9/13/95	---	44	-93	-54	-10	45	77	81	89	95	101	-68	375
2. Require gain recognition on certain distributions of controlled corporation stock (with modifications for intragroup distributions); with binding contract modification........	da 4/16/97	--	301	243	216	187	158	130	101	73	46	10	1,105	1,465
3. Tax treatment of redemptions involving related corporations........	da/a 6/8/97	--	10	10	5	5	5	5	5	5	5	5	36	60
4. Modify holding period for dividends-received deduction with 2-year transition period........	droaa 30da DOE	---	11	13	15	16	18	18	17	17	17	18	71	156
C. Other Corporate Provisions														
1. Registration and other provisions relating to confidential corporate tax shelters........	IsoaiTg	—	15	37	38	39	41	42	43	44	46	47	170	392
2. Certain preferred stock treated as "boot," with clarification........	la 6/8/97	---	35	37	39	41	43	10	10	11	11	12	194	248
D. Administrative Provisions														
1. Reporting of certain payments made to attorneys............	pma 12/31/97	---	---	3	3	3	3	3	4	4	4	4	12	31
2. Decrease of threshold for reporting payments to corporations performing services for Federal agencies......	rd 90da DOE	---	--	7	8	9	10	11	11	12	12	13	34	93
3. Extend disclosure of tax return information for administration of certain Veterans' programs [12]............	dma 9/30/98	--	--	22	27	31	36	36	---	—	—	—	116	152
4. Modify levy exemption and provide continuous levy on certain payments........	lia DOE	--	332	327	256	213	157	117	102	86	82	78	1,285	1,750
5. Consistency requirement for returns of beneficiaries of estates and trusts........	rfa DOE	—	3	3	3	3	3	3	4	4	4	4	15	34
E. Excise Tax Provisions														
1. Extend and modify Airport Trust Fund excise taxes:														
a. Extend domestic air passenger ticket tax: reduce tax rate from 10% to 9% of ticket price and impose an additional tax of $1.00 per flight segment for 10/1/97 through 9/30/98; 8% and $2.00/segment for 10/1/98 through 9/30/99; and 7.5% after 9/30/99 with additional tax of $2.25/segment for 10/1/99 through 12/31/99, $2.50/segment in 2000, $2.75/segment in 2001, and $3.00/segment in 2002, and in years thereafter index the $3.00/segment tax to changes in the CPI (first indexing adjustment on 1/1/03)........	10/1/97	--	4,633	4,659	5,031	5,433	5,870	6,275	6,684	7,117	7,580	8,059	25,826	61,542
b. Modify airline ticket tax deposit rule to suspend deposits due 8/15/97 to 9/30/97 until 10/10/97, and suspend deposits due 8/15/98 to 9/30/98 until 10/5/98........	DOE	-1,017	-199	1,216	—	--	--	—	—	--	---	—	--	--
c. Reduce air passenger ticket tax to 7.5% of ticket price (and omit segment tax) for flight segments to/from certain rural airports [13]........	10/1/97	—	-26	-27	-26	-27	-27	-28	-30	-31	-32	-33	-133	-289
d. Extend international departure tax: increase tax from $6.00 to $12/passenger, tax arrivals at the same rate, and index the $12 tax to changes in the CPI (first indexing adjustment on 1/1/99), but retain present-law $6.00/passenger departure tax for domestic flights to/from Alaska and Hawaii, and index the $6.00 departure tax to changes in the CPI (first indexing adjustment on 1/1/99)........	10/1/97	--	788	879	948	1,026	1,114	1,209	1,307	1,411	1,526	1,653	4,754	11,859

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997-02	1997-07
e. Impose 7.5% tax rate on cash payments to airlines for air travel under credit card and similar programs....	10/1/97	—	66	73	77	82	87	92	98	104	110	116	384	904
f. Extend current air cargo excise tax..................	10/1/97	—	304	347	377	409	443	481	522	567	615	667	1,880	4,732
g. Extend current taxes on noncommercial aviation gasoline and noncommercial jet fuel..................	10/1/97	—	84	87	89	91	93	95	97	99	102	104	446	943
h. Dedicate 4.3 cents/gallon of tax on aviation fuel to the Airport and Airway Trust Fund..................	10/1/97	No Revenue Effect												
2. Tax kerosene in the same manner as diesel fuel; modify to address home heating in Alaska..................	7/1/98	—	44	43	49	46	44	43	44	47	49	52	226	461
3. Reinstate LUST excise tax and extend through 3/31/05..................	10/1/97	—	129	129	128	129	131	134	138	67	—	—	645	983
4. Apply 3% telephone excise tax to certain prepaid phone cards, with technical modification..................	DOE	—	19	28	38	49	60	71	83	101	113	124	190	684
5. Replace truck excise tax deduction for tire value with tax credit for excise tax paid on tires..................	Sa 12/31/97	—	66	94	96	97	99	101	102	105	108	110	452	979
F. Provisions Relating to Tax-Exempt Organizations														
1. Modify control test and include attribution rules to determine UBIT consequences of certain payments from subsidiaries of tax-exempt organizations..................	tyba 12/31/98 & tyba 2ya DOE	—	(7)	(7)	(7)	3	5	5	4	4	4	4	8	29
2. Repeal 1986 Act grandfather rules for pension business of TIAA-CREF and Mutual of America..................	tyba 12/31/97	—	(7)	82	116	124	128	133	140	149	160	174	450	1,208
G. Foreign Provisions														
1. Inclusion of income from notional principal contracts and stock lending transactions under subpart F..................	tyba DOE	—	9	20	21	21	21	21	22	22	22	23	92	202
2 Further restrict like-kind exchanges involving foreign personal property..................	Ta dolca	—	4	8	11	13	15	17	19	21	23	25	51	158
3 Impose holding period requirement for claiming foreign tax credits with respect to dividends..................	dpoaa 30da DOE	—	23	48	50	53	56	58	61	64	68	71	230	552
4 Limitation on treaty benefits for payments to hybrid entities..................	DOE	—	1	1	1	1	1	1	1	1	1	1	5	10
5. Interest on underpayment reduced by foreign tax credit carryback..................	ftpoa tyba DOE	—	8	10	2	1	1	1	1	1	1	1	22	27
6. Determination of period of limitations relating to foreign tax credits..................	ftpoa tyba DOE	—	1	2	1	1	1	1	1	1	1	1	6	11
7. Repeal special rule which permits certain companies to eliminate their AMT liability..................	tyba DOE	—	2	5	5	5	5	5	5	5	5	5	22	47
H. Pension and Employee Benefit Provisions														
1. Provide employers the option to offer tax-free employee parking or taxable cash compensation [14]..................	tyba 12/31/97	—	3	8	11	12	12	13	14	14	15	16	46	118
2. Repeal of 15% excess distribution and excess accumulation taxes..................	tyba & dda 12/31/96	—	-18	-19	-7	18	18	16	16	14	13	11	-8	62
3. Increase in prohibited transactions excise tax..................	ptoa DOE	—	2	4	4	4	4	4	4	4	4	4	14	34
4. Basis recovery method..................	aba 12/31/97	—	1	3	6	9	11	15	18	21	24	27	30	133
I. Other Revenue-Increase Provisions														
1. Termination of suspense accounts for family farm corporations required to use accrual method of accounting [15]..................	[16]	—	29	33	35	36	37	39	40	41	43	44	170	377
2. 2-year carryback and 20-year carryforward for net operating losses with an exception related to Presidentially declared disaster areas..................	NOLgi tyba DOE	—	42	303	361	256	179	136	112	100	93	90	1,141	1,672
3 Modification of treatment of company-owned life insurance - pro rata disallowance of interest on debt to fund life insurance..................	cia 6/8/97	—	20	53	93	140	193	247	299	349	399	447	500	2,240

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997-02	1997-07
4. Modify the basis allocation rules for distributee partners, with technical modifications	pda DOE	---	26	52	55	57	59	61	64	66	69	72	249	581
5. Eliminate the substantial appreciation requirement for inventory of a partnership, with technical modification and binding contract exception	sepda DOE & elbcieo 6/8/97	—	30	66	69	73	77	80	84	89	93	98	316	780
6. Earned income credit compliance provisions: deny eligibility for prior acts of recklessness; recertification required when EIC denied in past; and due diligence requirement for paid preparers	tyba 12/31/96	---	[7]	18	25	24	21	21	21	21	21	21	88	193
7. For the purpose of the Earned Income Credit (EIC) phaseout, include in AGI nontaxable distributions of IRA, pensions, and annuities, and tax-exempt interest; and addback 75% of business losses [17]	tyba 12/31/97	—	[7]	72	75	79	85	89	92	94	99	102	312	788
8. Provide that workfare payments do not qualify as earned income for the purposes of the earned income credit	DOE						*Negligible Revenue Effect*							
9. New EIC compliance proposals [18]:														
a. Federal case register data	10/1/99	—	—	—	—	10	20	30	40	60	85	105	30	350
b. SSA parent SSNs	180da DOE	—	—	10	10	10	10	10	10	10	10	10	40	90
c. Additional appropriation for EIC enforcement	DOE						*No Revenue Effect*							
10. Restrict income forecast method and allow 3-year MACRS for rent-to-own property; with clarification for home computers and cellular phones	tyba DOE	---	29	41	62	78	38	27	25	17	17	18	248	352
11. Extend FUTA surtax and increase the statutory limit on the FUA Trust Fund from .25% of covered wages to .50% [12]	lpo/a 1/1/99	—	—	1,063	1,763	1,797	1,733	681	-73	-71	-74	-73	6,356	6,726
12. Limitation on charitable remainder trust annual payouts; require charitable remainders to have a minimum value of 10% of trust	Ta 6/18/97	—	6	6	6	6	6	6	6	6	6	6	30	60
13. Limit carryback period for general business credits to 1 year; extend carryforward period to 20 years	cai tyba 12/31/97	—	182	300	81	-60	-32	-9	5	15	21	25	471	527
14. Extend the 5-year time limit for taxing pre-contribution gain to 7 years and grandfather binding contracts in effect on 6/8/97	pcpa dofca	—	---	---	---	---	2	10	11	11	12	12	2	58
15. Expansion of requirement that involuntarily converted property be replaced with property acquired from an unrelated person	icoa dofca	---	1	4	6	8	11	13	15	17	19	21	30	115
16. Repeal installment sales grandfather rules of 1986 Act	tyb1ya DOE	---	---	44	97	106	106	64	21	22	23	24	353	507
SUBTOTAL OF REVENUE-INCREASE PROVISIONS		—	7,522	11,013	10,802	11,217	11,696	10,970	10,786	11,409	12,092	12,866	51,230	109,350
XI. FOREIGN TAX PROVISIONS														
A. General Provisions														
1. Simplify foreign tax credit limitation for individuals	tyba 12/31/97	—	[19]	-1	-1	-1	-1	-1	-1	-1	-1	-1	-4	-9
2. Simplify translation of foreign taxes	---	—	[19]	[19]	[19]	[19]	[19]	[19]	[19]	[19]	[19]	[19]	[19]	[19]
3. Election to use simplified foreign tax credit limitation for alternative minimum tax purposes	tybe 12/31/97	---	[19]	[19]	[19]	[19]	[19]	[19]	[19]	[19]	[19]	[19]	-1	-2
4. Simplify treatment of personal transactions in foreign currency	tyba 12/31/97	—	[19]	[19]	[19]	[19]	[19]	[19]	[19]	[19]	[19]	[19]	-1	-2
5. Simplify foreign tax credit limitation for dividends from 10/50 companies to provide look-through starting in 2003	tyba 12/31/02	—	---	---	---	---	—	-57	-241	-215	-227	-242	---	-982

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997-02	1997-07
B. General Provisions Affecting Treatment of Controlled Foreign Corporations	various	—	-2	-6	-7	-9	-10	-10	-11	-12	-13	-14	-30	-93
C. Modification of Passive Foreign Investment Company Provisions to Eliminate Overlap With Subpart F and to Allow Mark-to-Market Election, and to Modify Asset Measurement Rule	tyba 12/31/97	—	-24	-23	-24	-26	-27	-28	-29	-31	-33	-35	-124	-280
D. Simplify Formation and Operation of International Joint Ventures, with Technical Modifications	various	—	[6]	[6]	-1	-1	-1	-1	-1	-1	-1	-2	-3	-8
E. Modification of Reporting Threshold for Stock Ownership of a Foreign Corporation	1/1/98	—	[10]	-1	-2	-2	-2	-2	-3	-3	-3	-3	-7	-20
F. Other Foreign Simplification Provisions														
1. Transition rule for certain trusts	aiii SBJPA	—	-1	-3	-5	-5	-5	-5	-5	-5	-5	-5	-19	-44
2. Simplify application of the stock and securities trading safe harbor	tyba 12/31/97	—	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]
3. Clarification of determination of foreign taxes deemed paid	DOE	—	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]
4. Clarification of foreign tax credit limitation for financial services income	DOE	—	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]
G. Other Foreign Provisions														
1. Foreign sales corporation benefits for computer software	gra 12/31/97	—	-27	-82	-146	-173	-180	-191	-202	-227	-252	-277	-568	-1,717
2. Increase dollar limitation on section 911 exclusion and index after 2007	1/1/98	—	-15	-30	-50	-67	-82	-97	-103	-111	-119	-127	-244	-801
3. Exception from U.S. property definition under subpart F for certain securities positions	tyba 12/31/97	—	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2	-9	-19
4 Exemption from subpart F for active financing income	tybi 1998	—	-23	-68	-3	—	—	—	—	—	—	—	-94	-94
5. Treat service income of nonresident alien individuals earned on foreign ships as foreign source income and disregard the U.S. presence of such individuals; with amendment to rule disregarding U.S. presence	tyba 12/31/97	—	-2	-4	-3	-3	-3	-3	-3	-3	-3	-3	-15	-30
SUBTOTAL OF FOREIGN TAX PROVISIONS		—	-95	-178	-244	-289	-313	-397	-600	-611	-659	-711	-1,122	-4,102
XII. SIMPLIFICATION PROVISIONS RELATING TO INDIVIDUALS AND BUSINESSES														
A. Provisions Relating to Individuals														
1. Deduction attributable to unearned income of dependent filers: greater of (a) present law; or (b) earned income plus $250; delink dependent AMT from parent's AMT position	1/1/98	—	-2	-38	-35	-35	-35	-35	-35	-38	-37	-36	-146	-327
2. Increase de minimis threshold for estimated tax to $1,000	tyba 12/31/97	—	-134	-17	-18	-19	-20	-21	-22	-24	-25	-26	-208	-326
3. Treatment of certain reimbursed expenses of rural mail carriers	tyba 12/31/97	—	[6]	-1	-1	-1	-1	-1	-1	-1	-1	-1	-5	-11
4. Treatment of travel expenses of certain Federal employees engaged in criminal investigations	ai fyea DOE	—	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	-1	-2
5. Permit payment of taxes by any commercially acceptable means; and prohibit payment of fees by Treasury	DOE	Negligible Revenue Effect												

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997-02	1997-07
B. Provisions Relating to Businesses Generally														
1. Modify look-back method for long-term contracts	cci tyea DOE	---	-1	-2	-3	-4	-4	-4	-4	-5	-5	-5	-14	-37
2. Minimum tax treatment of certain property and casualty insurance companies	tyba 12/31/97	---	-1	-2	-3	-3	-3	-3	-3	-3	-3	-3	-12	-27
3. Provide for exclusion for construction allowances provided to lessees, with technical modification	leia DOE	*Negligible Revenue Effect*												
C. Partnership Simplification Provisions														
1. Simplified reporting to partners	tyba 12/31/97	---	6	8	8	8	8	9	9	9	9	9	38	83
2. Simplified audit procedure for large partnerships	tyba 12/31/97	---	[7]	[7]	[7]	1	1	1	1	1	1	1	2	8
3. Due date for furnishing information to partners of large partnerships	tyba 12/31/97	*No Revenue Effect*												
4. Returns required on magnetic media for partnerships with 100 partners or more	tyba 12/31/97	*Negligible Revenue Effect*												
5. Other partnership audit rules	tyba 12/31/97	---	-2	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	-3	-5
6. Closing partnership taxable year with respect to deceased partner	tyba 12/31/97	---	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	-1	-1
D. Provisions Relating to Real Estate Investment Trusts														
1. Alternative penalty for failure to request information from shareholders	tyba DOE	*Negligible Revenue Effect*												
2. De minimis rule for tenant services income	tyba DOE	*Negligible Revenue Effect*												
3. Attribution rules applicable to tenant ownership	tyba DOE	*Negligible Revenue Effect*												
4. Credit for tax paid by REIT on retained capital gains	tyba DOE	*Negligible Revenue Effect*												
5. Repeal 30% gross income requirement	tyba DOE	---	-4	-5	-5	-6	-7	-7	-8	-9	-10	-11	-26	-72
6. Modification of earnings and profits rules for determining whether REIT has earnings and profits from non-REIT year	tyba DOE	*Negligible Revenue Effect*												
7. Treatment of foreclosure property	tyba DOE	*Negligible Revenue Effect*												
8. Payments under hedging instruments	tyba DOE	*Negligible Revenue Effect*												
9. Excess noncash income	tyba DOE	*Negligible Revenue Effect*												
10. Prohibited transaction safe harbor	tyba DOE	*Negligible Revenue Effect*												
11. Shared appreciation mortgages	tyba DOE	*Negligible Revenue Effect*												
12. Wholly owned subsidiaries	tyba DOE	*Negligible Revenue Effect*												
E. Provision Relating to Regulated Investment Companies														
1. Repeal 30% gross income limitation for regulated investment companies	tyba DOE	---	-17	-23	-27	-30	-38	-45	-53	-61	-71	-82	-138	-450
F. Taxpayer Protections														
1. Provide "reasonable cause" exception for penalties	tyba DOE	*Negligible Revenue Effect*												
2. Clarification of period for filing claims for refunds	tyea DOE	*Negligible Revenue Effect*												
3. Repeal authority to disclose whether a prospective juror has been audited	pca DOE	*No Revenue Effect*												
4. Clarify statute of limitations for pass-through entities	tyba DOE	*No Revenue Effect*												
5. Clarify procedure for administrative cost awards	aca DOE	*No Revenue Effect*												
SUBTOTAL OF SIMPLIFICATION PROVISIONS RELATING TO INDIVIDUALS AND BUSINESSES		---	-155	-80	-84	-92	-99	-108	-116	-131	-142	-154	-614	-1,167
XIII. ESTATE, GIFT AND TRUST SIMPLIFICATION PROVISIONS														
1. Gifts to charities of over $10,000 exempt from gift tax filing requirements	gma DOE	*Negligible Revenue Effect*												
2. Clarification of waiver of certain rights of recovery of estate tax from QTIP trust	dda DOE	*Negligible Revenue Effect*												

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997-02	1997-07
3. Transitional rules under section 2056A	aii OBRA'90	Negligible Revenue Effect												
4. Estate and gift tax treatment of short-term OID instruments	dda DOE	Negligible Revenue Effect												
5. Certain revocable trusts treated as part of estate	dda DOE	---	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	-15	-30
6. Distributions during first 65 days of taxable year of estate	tyba DOE	Negligible Revenue Effect												
7. Separate share rules available to estates	dda DOE	Negligible Revenue Effect												
8. Executor of estate and beneficiaries treated as related persons for disallowance of losses	tyba DOE	Negligible Revenue Effect												
9. Treatment of funeral trusts	tyea DOE	---	2	2	2	2	2	2	2	2	2	2	10	20
10. Adjustments for certain gifts within 3 years of decedent's death	dda DOE	No Revenue Effect												
11. Clarification of treatment of survivor annuities under qualified terminable interest rules	dda DOE	Negligible Revenue Effect												
12. Treatment under qualified domestic trust rules of forms of ownership which are not trusts	dda DOE	Negligible Revenue Effect												
13. Opportunity to correct certain failures under section 2032A	DOE	Negligible Revenue Effect												
14. Authority to waive requirement of United States trustee for qualified domestic trusts	dda DOE	No Revenue Effect												
SUBTOTAL OF ESTATE, GIFT AND TRUST SIMPLIFICATION PROVISIONS		---	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-5	-10
XIV. EXCISE TAX AND OTHER SIMPLIFICATION PROVISIONS														
A. Excise Tax Simplification														
1. Increase de minimis limit for after-market alterations for heavy truck and luxury car excises	DOE	Negligible Revenue Effect												
2. Credit or refund for imported bottled distilled spirits returned to distilled spirits plant	fcq DOE + 180 days	Negligible Revenue Effect												
3. Authority to cancel or credit export bonds without submission of records	fcq DOE + 180 days	No Revenue Effect												
4. Repeal of required maintenance of records on premises of distilled spirits plant	fcq DOE + 180 days	No Revenue Effect												
5. Fermented material from any brewery may be received at a distilled spirits plant	fcq DOE + 180 days	Negligible Revenue Effect												
6. Repeal of requirement for wholesale dealers in liquors to post sign	DOE	No Revenue Effect												
7. Refund of tax to wine returned to bond not limited to unmerchantable wine	fcq DOE + 180 days	Negligible Revenue Effect												
8. Use of additional ameliorating material in certain wines	fcq DOE + 180 days	No Revenue Effect												
9. Domestically produced beer may be withdrawn free of tax for use of foreign embassies, legations, etc.	fcq DOE + 180 days	Negligible Revenue Effect												
10. Beer may be withdrawn free of tax for destruction	fcq DOE + 180 days	Negligible Revenue Effect												
11. Authority to allow drawback on exported beer without submission of records	fcq DOE + 180 days	No Revenue Effect												
12. Imported beer or wine transferred in bulk to brewery or winery without payment of tax	fcq DOE + 180 days	Negligible Revenue Effect												
13. Authority for IRS to grant exemption from excise tax registration requirements	DOE	No Revenue Effect												
14. Exemption from truck excise tax for certain wrecked truck fixups and truck modifications	1/1/98	---	-5	-8	-8	-8	-9	-9	-10	-10	-11	-11	-38	-89

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997-02	1997-07
15. Repeal registration requirement for tax-free sales of trucks for resale	1/1/98	Negligible Revenue Effect												
16. Repeal of excise tax "deadwood" provisions	DOE	No Revenue Effect												
17. Move taxation of arrows from tax on assembled arrows to tax on component parts of 12.4%	1/1/98	Negligible Revenue Effect												
18. Clarify tax treatment of skydiving flights as noncommercial aviation; with technical modifications	10/1/97	Negligible Revenue Effect												
19. Eliminate double taxation for certain purchases of aviation fuel from fixed-based operators; with technical modifications	10/1/97	Negligible Revenue Effect												
B. Tax-Exempt Bond Provisions														
1. Repeal $100,000 limitation on unspent proceeds from tax-exempt bond issues under year exception from rebate	bia DOE	—	[6]	-2	-3	-5	-6	-8	-9	-10	-11	-12	-17	-65
2. Exclusion from arbitrage rebate for earnings on bona fide debt service fund under construction bond rules	bia DOE	—	[6]	-1	-2	-3	-3	-4	-5	-6	-6	-7	-9	-37
3. Repeal of debt service-based limitation on investment in certain nonpurpose investments	bia DOE	Negligible Revenue Effect												
4. Repeal of expired student loan bond arbitrage rebate provisions	DOE	No Revenue Effect												
C. Tax Court Procedures														
1. Clarify jurisdiction of Tax Court with respect to overpayment determinations	DOE	—	-3	-3	-3	-3	-3	-3	-3	-3	-3	-3	-15	-30
2. Clarify Tax Court jurisdiction over interest determinations	DOE	No Revenue Effect												
3. Clarify net worth requirements for awards of administrative or litigation costs; $4 million for joint returns	DOE	—	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2	-9	-19
4. Clarify Tax Court jurisdiction for independent contractors with technical modification	DOE	Negligible Revenue Effect												
D. Other Provisions														
1. Extend due date for first quarter estimated tax by private foundations	tyba DOE	—	-2	[6]	[6]	[6]	[6]	[8]	[6]	[6]	[6]	[6]	-2	-3
2. Clarification of authority to withhold Puerto Rico income taxes from salaries of Federal employees	1/1/98	—	-2	-3	-1	-1	-1	-1	-1	-1	-1	-1	-8	-13
3. Certain notices disregarded under provision increasing interest rate on large corporate underpayments	1/1/98	—	-1	-1	-1	-1	-1	-1	-1	-1	-1	-1	-5	-10
SUBTOTAL OF EXCISE TAX AND OTHER SIMPLIFICATION PROVISIONS		—	-14	-20	-20	-23	-25	-28	-31	-33	-35	-37	-103	-266
XV. PENSION SIMPLIFICATION PROVISIONS														
A. Miscellaneous Provisions Relating to Pensions and Other Provisions														
1. Water districts made eligible for 401(k) plans even if State or local entity	1/1/98	—	[19]	-1	-1	-1	-2	-2	-2	-2	-2	-3	-6	-15
2. Extend moratorium on nondiscrimination rules for public pension plans (permanent), with technical modifications	DOE	Negligible Revenue Effect												
3. Treatment of certain disability benefits received by former police officers or firefighters	DOE	—	-10	-1	—	—	—	—	—	—	—	—	-11	-11
4. ESOP provision - Modify prohibited transaction rules relating to employee stock ownership plans of S corporation; with modifications	tyba 12/31/97	Negligible Revenue Effect												

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997-02	1997-07
5. Repeal UBIT on income from an S corporation to an ESOP; with technical modification	tyba 12/31/97	—	-8	-23	-34	-41	-44	-46	-48	-50	-52	-54	-149	-400
6. Pension provision - increase in full funding limit with 20-year amortization; with technical modification	pyba 12/31/98	—	—	-4	-12	-14	-18	-19	-23	-23	-25	-25	-48	-164
7. Deduction for contributions made by ministers to retirement plans	tyba 12/31/97	Negligible Revenue Effect												
8. Exclusion of ministers from discrimination testing of nondenominational retirement plans	tyba 12/31/97	Negligible Revenue Effect												
9. Diversification of 401(k) investments; with 1-year delay of effective date	DOE	Negligible Revenue Effect												
10. Exempt police and firefighters from section 415 dollar limitation; with clarification	yba 12/31/96	Negligible Revenue Effect												
11. Modify section 415 limits for State and local plans; with modifications	tyba 12/31/97	—	-9	-25	-25	-26	-26	-26	-27	-27	-27	-28	-111	-246
12. ESOP provision - permit cash distributions in lieu of stock in the S corporation	tyba 12/31/97	Negligible Revenue Effect												
13. Increase the amount from $3,500 to $5,000 on involuntary cash out from pension plans with no indexing of dollar amount	dma DOE	[7]	2	6	7	7	7	8	8	9	9	10	29	73
14. Treatment for partnership items of individual retirement accounts	tyba 12/31/97	No Revenue Effect												
15. Church plan exception to prohibition on discrimination against individuals based on health status	DOE	Negligible Revenue Effect												
16. Excise tax penalties for failure of group health plan to provide certain maternity and mental health benefits	pyba/a 1/1/98	Negligible Revenue Effect												
17. Date for adoption of plan amendments	DOE	No Revenue Effect												
B. Pension Simplification Provisions														
1. Matching contributions for self-employed individuals not treated as elective deferrals	tyba 12/31/97	—	[19]	[19]	[19]	[19]	[19]	[19]	[19]	[19]	[19]	[19]	[20]	[21]
2. Contributions to IRAs through payroll deductions	tyba 12/31/97	No Revenue Effect												
3. Plans not disqualified merely by accepting rollover contributions; with modification	tyba 12/31/97	Negligible Revenue Effect												
4. Modification of prohibition on assignment or alienation	DOE	Negligible Revenue Effect												
5. Eliminate paperwork burdens on plans	tyba DOE	No Revenue Effect												
6. Modifications to section 403(b) exclusion allowance to conform to section 415 modifications	tyba 12/31/98	—	—	[19]	[19]	[19]	[19]	[19]	[19]	[19]	[19]	[19]	[20]	[21]
7. New technologies in retirement plans	DOE	No Revenue Effect												
8. Modification of 10% tax on nondeductible contributions	tyba 12/31/97	—	-2	-3	-3	-3	-3	-3	-3	-3	-3	-3	-14	-29
9. Modify funding rules for certain plans	cda 12/31/97	Negligible Revenue Effect												
SUBTOTAL OF PENSION SIMPLIFICATION PROVISIONS		—	-27	-51	-68	-79	-86	-88	-95	-96	-100	-103	-310	-792
XVI. TECHNICAL CORRECTIONS PROVISIONS														
1. Oklahoma technical on Indian wage credits and development incentives for property with 10-year lives or less, with modification	dwcorfpt 3/18/97	—	-10	-2	1	2	2	1	1	1	1	1	-6	-2
SUBTOTAL OF TECHNICAL CORRECTIONS PROVISIONS		—	-10	-2	1	2	2	1	1	1	1	1	-8	-2

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997-02	1997-07
XVII. TRADE PROVISION - GSP extension through 6/30/98 [12]	6/1/97	—	-378	—	—	—	—	—	—	—	—	—	-378	-378
TOTAL REVENUE EFFECT OF H.R. 2014		60	-9,483	-9,887	-27,937	-29,329	-23,865	-34,966	-36,611	-38,652	-39,809	-41,551	-100,444	-292,045
XVIII. REVENUE PROVISIONS IN H.R. 2015														
1. Increase small cigarettes tax by $0.10 per pack in 2000 and 2001, and $0.15 per pack in 2002 and thereafter with proportionate increase in other tobacco products excise taxes	10/1/97	—	—	—	1,175	1,720	2,272	2,280	2,290	2,300	2,310	2,320	5,167	16,667
2. Miscellaneous FUTA provisions [12]	various	—	3	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	[6]	1	—
3. MedicarePlus MSAs	tyba 12/31/97	Negligible Revenue Effect												
TOTAL REVENUE EFFECT OF H.R. 2015		—	3	[6]	1,175	1,720	2,272	2,280	2,290	2,300	2,310	2,320	5,169	16,667
GRAND TOTAL: RECONCILIATION REVENUE PROVISIONS		60	-9,460	-9,887	-26,762	-27,609	-21,590	-32,686	-34,321	-36,352	-37,499	-39,231	-95,276	-275,378

Joint Committee on Taxation

NOTE: Details may not add to totals due to rounding.
Enactment date is assumed to be August 15, 1997.

Legend for 'Effective' column:

- ab = and before
- aba = annuities beginning after
- aca = actions commenced after
- aiii OBRA'90 = as if included in the Omnibus Budget Reconciliation Act of 1990
- aiii SBJPA = as if included in the Small Business Job Protection Act of 1996
- aoty = all open taxable years
- bia = bonds issued after
- cai = credits arising in
- cci = contracts completed in
- cda = contributions due after
- cfa = claims filed after
- cia = contracts issued after
- csa = constructive sales after
- da = distributions after
- Da = discharges after
- da/a = distributions and acquisitions after
- dda = decedents dying after
- di = dispositions in
- dma = disclosures made after
- efbcieo = exception for binding contracts in effect on
- eia = expenses incurred after
- eii = expenses incurred in
- fqq DOE + 180 days = first day of the calendar quarter that begins at least 180 days after date of enactment
- ftpoa = foreign taxes paid or accrued in
- gma = gifts made after
- gra = gross receipts after
- gsta = generation skipping transfers after
- icoa = involuntary conversions occurring after
- iia = instruments issued after
- leia = leases entered into after
- lia = levies issued after
- lpo/a = labor performed on or after
- NOLgi = net operating losses generated in
- oia = obligations issued after
- pca = proceedings commenced after
- pcpa = property contributed to partnership after
- pda = partnership distributions after
- pma = payments made after
- po/a = purchases on or after
- pyba = plans years beginning after
- pybo/a = plans years beginning on or after
- rd = returns due
- rfa = returns filed after
- roa = rentals occurring after (for returns open on date of first committee action)
- Sa = sales after
- sea = sales or exchanges after
- sepda = sales and exchanges, and certain partnership distributions after
- spa = services performed after
- ta = transactions after
- Ta = transfers after
- tyba = taxable years beginning after
- tybo/a = taxable years beginning on or after
- tyb1ya = taxable years beginning 1 year after
- tybi = taxable years beginning in
- tyea = tax years ending after
- tsoaiTg = tax shelters offered after issuance of Treasury guidance
- wpoifhma = wages paid or incurred for hires made after

[Legend continued and Footnotes for JCX-39-97 appear on the following page]

Legend continued and Footnotes for JCX-39-97:

DOE = date of enactment
dofca = date of first committee action
dpoaa = dividends paid or accrued after
droaa = dividends received or accrued after
dwcorlpt = depreciation and wages claimed on returns filed prior to

poida = payments of interest due after
ppisa = property placed in service after
psora = payments solicited or received after
ptoa = prohibited transactions occurring after

yba = years beginning after
30da = 30 days after
90da = 90 days after
180da = 180 days after
2ya = 2 years after

[1] Estimate considers interaction with HOPE tax credit proposal.
[2] The refundable portion of the child credit is equal to $4,281 million for fiscal years 1998 - 2002 and $10,022 million for fiscal years 1998 - 2007.
[3] Estimate includes interaction with estate and gift taxes.
[4] Considers interaction with IRA PLUS proposal.
[5] Estimate includes interaction with welfare-to-work tax credit.
[6] Loss of less than $500,000.
[7] Gain of less than $500,000.
[8] Effective for bonds issued after 12/31/98 and bonds issued before 1/1/99.
[9] Effective for expenses in taxable years ending after date of enactment and before 1/1/01.
[10] Effective for payments received in taxable years beginning after 12/31/96 with respect to individuals dying after such date.
[11] Assumes prior or concurrent passage of legislation to allow Virgin Island financing on parity basis.
[12] Estimate provided by the Congressional Budget Office.
[13] Rural airports would be defined as (1) airports receiving "essential air service" assistance on date of enactment and having fewer than 100,000 enplanements in the previous calendar year, and (2) other airports having fewer than 100,000 passenger enplanements in the previous calendar year, excluding those within 75 miles of airports having more than 100,000 passenger enplanements in the previous year.
[14] Estimate does not include increase in receipts to Social Security trust fund ($21 million for fiscal years 1997 - 2002; $51 million for fiscal years 1997 - 2007).
[15] The provision would eliminate the present-law requirement that a portion of the suspense account be restored to income whenever the gross receipts of the corporation decline.
[16] Provision would be effective for taxable years ending after 6/8/97 for new suspense accounts, and taxable years beginning after that date for existing accounts. Balances in new accounts would be included in income over a 10-year period, and balances in existing accounts over a 20-year period. For existing accounts, the amounts included in income in any year would not exceed 50% of the taxable income of the taxpayer before the inclusion.
[17] Estimate includes outlay reductions of $254 million for 1997 - 2002 and $650 million for 1997 - 2007.
[18] Estimate does not include effect on outlays. Outlays will be provided by the Congressional Budget Office.
[19] Loss of less than $1 million.
[20] Loss of less than $5 million.
[21] Loss of less than $10 million.

JOINT COMMITTEE ON TAXATION
July 30, 1997
JCX-39-97

ESTIMATED BUDGET EFFECTS OF THE CONFERENCE AGREEMENT ON THE REVENUE PROVISIONS OF H.R. 2014, THE "TAXPAYER RELIEF ACT OF 1997"

Fiscal Years 1997 - 2007

(Millions of Dollars)

Provision	Effective	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007	1997-02	1997-07
I. CHILD AND DEPENDENT CARE TAX CREDITS; HEALTH CARE FOR CHILDREN														
1. Tax credit for children under age 17 ($400 in 1998, and $500 thereafter; $75,000/$110,000 AGI phaseout for credit; nonrefundable for small families, refundable and limited to tax plus employee FICA minus EIC for large families [1] [2]	1/1/98	---	-2,710	-18,119	-21,549	-21,401	-21,258	-20,901	-20,430	-19,702	-18,997	-18,317	-85,037	-183,384
2. Expand State high-risk pools to include spouses and children of high-risk individuals	tyba 12/31/97	---	-1	-2	-2	-2	-2	-2	-2	-2	-2	-2	-8	-17
SUBTOTAL OF CHILD AND DEPENDENT CARE TAX CREDITS; HEALTH CARE FOR CHILDREN		---	-2,711	-18,121	-21,561	-21,403	-21,260	-20,903	-20,432	-19,704	-18,999	-18,319	-85,045	-183,401
II. EDUCATION TAX INCENTIVES														
A. Tax Benefits Relating to Education Expenses														
1. Administration's HOPE credit for first 2 years: 100% credit for first $1,000 of eligible expenses; 50% credit for next $1,000; 20% credit for third and fourth year students for up to $5,000 of expenses; for years after 2002, expenses are increased to $10,000 (effective date of the 20% credit is 7/1/98); eligible expenses for HOPE credit are indexed in 2001; income limits for both credits indexed in 2001	pma & tyba 12/31/97	---	-2,080	-6,469	-7,393	-7,907	-7,707	-8,620	-8,754	-8,893	-9,035	-9,160	-31,559	-76,041
2. Expand State-sponsored prepaid tuition and State savings programs to include room and board [3]	tyba 12/31/97	---	-35	-107	-118	-130	-143	-157	-173	-190	-209	-230	-533	-1,491
3. Student loan interest deduction: $1,000 above-the-line deduction in 1998, $1,500 in 1999, $2,000 in 2000, $2,500 in 2001 and thereafter; phaseout $40,000 - $55,000 single filers ($60,000 - $75,000 joint filers); income limits indexed beginning in 2003	poida 12/31/97	---	-18	-69	-122	-204	-277	-308	-328	-346	-368	-391	-690	-2,429
4. Penalty-free withdrawals from all IRAs for undergraduate, post-secondary vocational, and graduate education expenses	tyba 12/31/97	---	-78	-201	-181	-175	-177	-179	-182	-184	-186	-189	-812	-1,732
5. Education IRA - permit contributions to Education IRA for a child under age 18; annual contributions limited to $500 per child; impose phaseout range of $95,000 - $110,000 for single filers and $150,000 - $160,000 for joint filers [4]	tyba 12/31/97	---	-156	-644	-912	-1,060	-1,126	-1,448	-1,752	-2,054	-2,360	-2,680	-3,899	-14,190

To: Bob Shireman

FACSIMILE COVER PAGE

Date:	7/30/97
Time:	16:29:46
Pages:	2
To:	Gene Sperling
Company:	The White House
Fax #:	4562878
From:	Stephanie
Title:	Giesecke
Company:	Assoc. of Community College Trustees
Address:	1740 "N" Street, NW Washington , DC 20036 USA
Fax #:	(202) 223-1297
Voice #:	(202) 775-4667

AACC

American Association of Community Colleges
Association of Community College Trustees

FOR IMMEDIATE RELEASE

Budget and Tax Agreement Increases Access for Millions of Community College Students

Washington, DC (July 30) -- In separate press conferences held at both ends of Pennsylvania Avenue yesterday, President Clinton and Congressional leaders announced final agreement on spending and revenue bills to bring the federal budget into balance by the year 2002.

The final plan, expected to clear Congress prior to the recess beginning August 4, is especially good news for the nation's community college students. The budget deal provides significant financial support in the form of a tax credit for the first two years of college, a lifelong learning credit beyond the first two years of college, extension of the tax deduction for employer-provided educational assistance, and a partial restoration of the deduction for student loan interest.

Final education components agreed to yesterday include:

- A modified Hope Scholarship Tax Credit for four years of college available beginning in tax year 1998;
  Years 1 and 2: 100% of the first $1,000 of tuition, 50% of the next $1,000
  Years 3, 4 and beyond: 20% of up to $5,000 of tuition, increasing to $10,000 after 2002
- A three-year extension for Employee Educational Assistance to undergraduate students (through May 31, 2000) found in Section 127 of the I.R.S. Code;
- The partial restoration of the Student Loan Interest Deduction, up to $2,500 per year;
- Tax-free state prepaid tuition plans;
- Education IRAs for college expenses;
- Penalty-free withdrawals for educational expenses from existing IRAs; and
- Elimination of origination fees on direct student loans.

Both the American Association of Community Colleges and Association of Community College Trustees support the agreement reached yesterday between the White House and Congress and urge its immediate adoption. For more information, contact David Baime (AACC) at 202/728-0200, ext. 224, or Noah Brown (ACCT) at 202/775-4667.

# # #

AACC, One Dupont Circle, NW, Suite 410, Washington, DC 20036 (202) 728-0200 FAX (202) 833-2467
ACCT, 1740 "N" Street, NW, Washington, DC 20036 (202) 775-4667 Fax (202) 223-1297

May 23, 1997

Dennis D. Berkey, Ph.D.
Provost
Boston University
143 Bay State Road
Boston, Massachusetts 02215

Dear Dennis:

I enjoyed reading your letter to the editor of the Boston Globe regarding the HOPE Scholarship provision requiring students to earn at least a B-minus average in their first year. I deeply appreciate your warm words of support and your articulate defense of my Administration's efforts to open the doors of college in this way.

Thanks again. You have my best wishes.

Sincerely, **BILL CLINTON**

BC/LIJ/RSM/JAD/lynn-lynn (Corres. #3508425)
(5.berkey.dd)

cc: Wayna Wondwossen, 93 OEOB
cc: Robert Shireman, 235 OEOB

Xeroxed copy of personally signed original to NH through Todd Stern

CLEAR THRU TODD STERN

PRESIDENT TO SIGN

PREPAID TUITION PLANS FOR PRIVATE COLLEGES

Current law: Internal Revenue Code section 529 (enacted as part of the Small Business Job Protection Act of 1996 with bipartisan support) permits States to set up prepaid tuition programs. These programs permit parents or grandparents to contribute to an account (established by a State) amounts actuarially computed to fund college tuition expenses of a child. In addition, regardless of the amount actually accumulated in the account at age 18, the program guarantees that the child can attend college tax-free even if tuition rises faster than anticipated or if earnings are less than anticipated. The earnings within the account accumulate free of taxation until the money is withdrawn to be used to pay tuition expenses. Private colleges can not set up these accounts. States have shown no interest in setting these programs up for the private colleges in each state (only Texas has one) because they want to only provide incentives to their State institutions.

Current situation: The States are now asking for tax-free treatment when the amounts are withdrawn from the account for tuition. In addition, the States also want to be able to fund for room and board expenses. The cost of these two items is over $2 billion over 10 years. The consensus GOP offer includes both of these items. Private colleges, especially the smaller ones, are concerned that these tax advantages given to the States for State institutions will cost them a severe drop in attendance. Private colleges want equal treatment. Private colleges want to be able to offer similar savings incentives for parents to save for private colleges. The consensus GOP offer includes a proposal to permit private colleges to offer a limited type of prepaid tuition plan with tax-free build-up of earnings but withdrawals would still be taxable when used for college. Based upon previous estimates, this proposal should cost around $400-500 million. Technical tax staff at the Treasury Department are opposing permitting private colleges from offering prepaid tuition programs as well as opposing tax-free withdrawals for State programs.

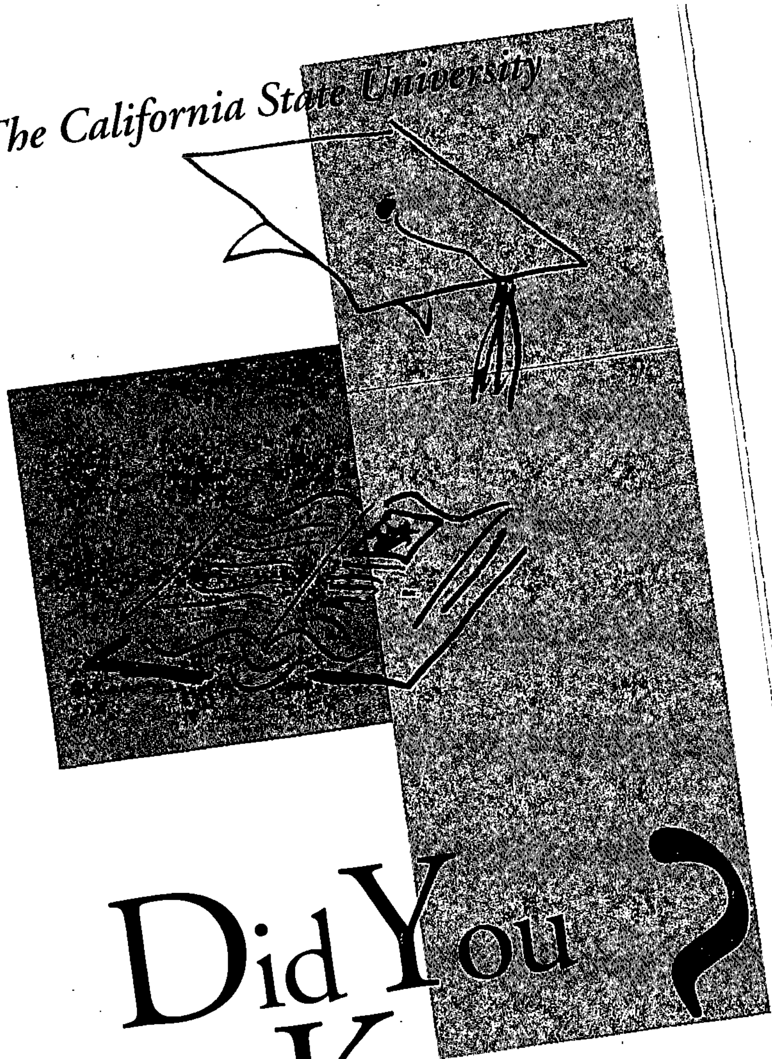
Proposed solution: Private colleges need to compete on an equal footing with State institutions. Assuming money, as always, is an issue in these negotiations, the private colleges need to achieve equal treatment first before anything more is given to the State programs. Treasury's policy concerns over tax-free treatment for withdrawals from State programs is understandable because it is a new tax-free benefit and costs over $1 billion. However, private colleges are asking for nothing more than tax deferral of the earnings which is less than half the cost. Treasury and the White House have already supported this tax deferral in the 1996 Small Business legislation and to oppose it now for private colleges makes no sense. States also want expand current law to save for room and board (which also costs over $1 billion). While this would create a difference between private and State institutions, it would not have the competitive impact that tax-free treatment would have and presumably would not have the tax policy concerns raised by tax-free withdrawals. The overriding goal of these negotiations should be to equalize tax treatment for private colleges and State institutions to the greatest extent possible.

Clinton Presidential Records
Digital Records Marker

CALIFORNIA STATE UNIVERSITY

16 pgs.

The California State University



Did You Know...?

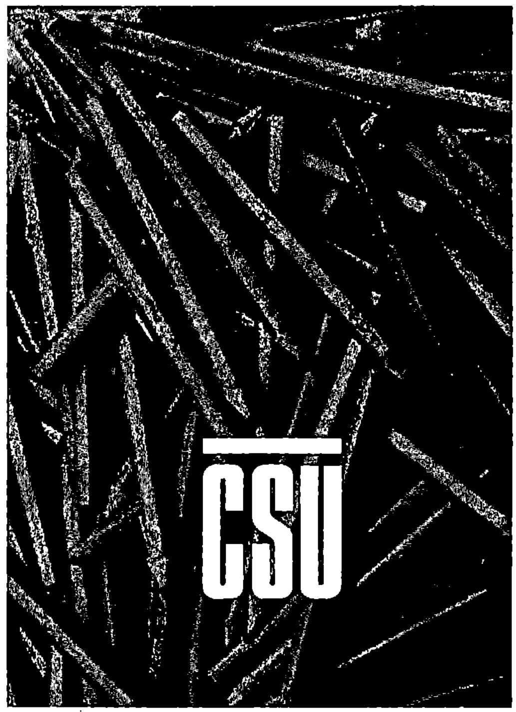
...that the California State University, with 326,000 students and 22 campuses, is the largest system of senior higher education in the world.

...that more people graduate from the California State University with bachelor's degrees than from all other universities and colleges in the state combined.

...that exciting, innovative, creative things are happening throughout the California State University. Inside: just a sample of the hundreds of state-of-the-art programs at CSU that are leading California into the next century.

1997 FACTS

ABOUT THE California State University



400 North Capitol Street, N.W.
Suite 873
Washington, D.C., 20001-1512
July 25, 1997

The Honorable Bill Clinton
The White House
Washington, DC 20500

Dear Mr. President:

We represent The California State University which has over 315,000 students attending classes on 23 campuses. CSU is the largest higher education system in the nation. It faces significant expansion challenges which are being seriously impeded by the $150 million cap on the issuance of tax-exempt bonds.

Enclosed are two letters signed by 48 of the 52 Members of the California House Delegation calling for repeal of the bond cap. The Republican House-Senate negotiators on Wednesday of this week agreed to repeal the cap prospectively.

Years ago the California Legislature established policies making each of our campuses responsible for building and operating certain facilities, such as bookstores, dormitories, dining halls, and athletic fields. Based upon these policies, each campus established 501(c)(3) Auxiliaries to perform these functions. One bond cap applies to all of the Auxiliaries throughout our system. Thus, the cap is significantly hindering our ability to offer educational opportunities to California's growing college-bound population.

We would appreciate greatly your continued support for repeal.

With warm regards.

Sincerely,

Peter Hoagland
Outside Counsel
The California State University

Beth B. Buehlmann
Director, Federal Relations
The California State University

Enclosures

cc: The Honorable Robert E. Rubin
The Honorable Franklin D. Raines
The Honorable John L. Hilley
The Honorable Gene B. Sperling

Congress of the United States
Washington, DC 20515

July 15, 1997

The Honorable Bill Archer
Chairman, Committee on Ways and Means
U.S. House of Representatives
1235 Longworth House Office Building
Washington, D.C. 20515

Dear Mr. Chairman:

As you know, 39 Members of the California Congressional Delegation signed a July 11, 1997 letter to you expressing their strong support for repeal of the cap on issuance of tax-exempt bonds by 501 c(3) organizations.

The Delegation wrote the letter, in part, because of concerns about the impact of the bond cap on future development of The California State University -- a 23 campus system with more than 325,000 students. The bond cap inhibits the ability of the University to raise revenues for non-state funded facilities, such as dormitories.

We wish to join our colleagues to express support for repeal of the bond cap. Time prohibited us from signing the July 11th letter, a copy of which is attached.

Sincerely,

Julian Dixon
Esteban E. Torres
Henry A. Waxman
Jay Kim
Royce

Elton Gallegly
Sonny Bono
Richard Pombo
John T. Doolittle

Congress of the United States
Washington, DC 20515

July 11, 1997

The Honorable Bill Archer
Chairman, Committee on Ways and Means
U.S. House of Representatives
1235 Longworth House Office Building
Washington, D.C. 20515-4307

Dear Mr. Chairman:

As members of the California Congressional Delegation, we want to express strong support for language in the Senate tax bill that would repeal the 501c(3) bond cap of $150 million. We urge you to recede to the Senate on this issue, which we regard as vital to higher education in our state. In particular, we are concerned about the ability of the California State University (CSU) to respond to the future education needs of Californians.

With a student body of 325,000 students attending classes on 23 campuses, CSU is the largest higher education system in the nation. It faces enormous expansion challenges in the future. CSU must maintain the current high quality of its educational programs while growing to meet the needs of California's college-bound population.

Increased bond authority is necessary if CSU is to keep up with the demand for bookstores, residential living halls, dining areas and athletic facilities -- all important features of a modern university.

Your support for removing the bond cap, as proposed in the Senate bill, would be deeply appreciated.

Sincerely,

M. G. Martinez

Jane Harman

Sam Farr

Ellen Tauscher

Juanita Millender-McDonald

Nancy Pelosi

Tom Lantos

Walter Capps

[illegible]

[illegible]

Ron Packard

[illegible]

George E. Brown Jr.

Bob Filner

Zoe Lofgren

Anna Eshoo

Lynn C Woolsey

Robert T. Matsui

Ken Calvert

[illegible]

George Radanovich

Howard "Buck" McKeon

Chris Cox

Maxine Waters

Howard L. Berman

[illegible]

[illegible]

Dana Rohrabacher

George Miller

Randy "Duke" Cunningham

Calvin Dooley

Vic Fazio

[illegible]

Loretta Sanchez

Frank Riggs

fax

Association of
American Universities

voice: 202-408-7500 fax: 202-408-8184

1200 New York Avenue, NW • Suite 550 • Washington, DC • 20005

to: Bob Shireman

from: Larry Soler

subject:

date: 7/30/97

Bob,

Here is the AAU statement on the tax bill. A strong outcome - thanks for your good work. Please share this, as you see fit.

Larry

AAU

NEWS

THE ASSOCIATION OF AMERICAN UNIVERSITIES
1200 NEW YORK AVENUE NW, SUITE 550, WASHINGTON, D.C. 20005
Phone: 202-408-7500 *Fax:* 202-408-8184
WWW site: *www.tulane.edu/~aau*

Contact:
Peter Smith
202-408-7500

For Release:
July 30, 1997

Statement by Cornelius J. Pings
President, Association of American Universities
On the higher education provisions in the final tax reconciliation bill

The agreement reached by Congress and the Administration on higher education tax provisions represents one of the most important investments in higher education ever enacted by the federal government, comparable in scope and importance to the GI Bill and the Higher Education Act.

Throughout the debate, we have consistently argued that any higher education tax package, to be most effective, should include the following six items: a Hope Tax Credit, an additional credit for lifelong learning, savings incentives, extension of employer-provided educational assistance for all students, reinstatement of a student loan interest deduction, and elimination of the tax-exempt bond cap. We are delighted that the final agreement completely addresses five of these six elements, and we look forward to working with Congress and the Administration in the future to ensure that graduate students are once again allowed to receive employer-provided educational assistance on a tax-free basis.

The higher education tax package could not have been completed without the support of both the Administration and Congress—beginning with President Clinton's bold initial proposal and continuing with other important initiatives advanced by members of Congress. On behalf of the Association of American Universities, I want to express our gratitude for this bipartisan effort.

Should this change?

Distribution of Higher Education Tuition Tax Credits by Student's State of Legal Residence 1/
(Beneficiary Calculations FY 1998/Dollar Amounts FY 1999)

	~~Number~~ of Beneficiaries 2/ (in thousands)			~~Dollar A~~mounts of Benefits (in millions)			Dollar Difference: (in millions) President Compared to	
	Agreement ~~President~~	House/Senate	Difference	Agreement President	~~House~~	~~Senate~~	House	Senate
Alabama	195	87	108	$111.6	$78.2	$72.3	$33.4	$39.3
Alaska	27	12	15	15.4	10.6	9.8	4.8	5.6
Arizona	244	108	136	139.4	97.0	89.6	42.4	49.8
Arkansas	79	36	43	45.3	32.0	29.5	13.4	15.8
California	1,654	733	922	944.9	656.9	605.8	289.0	339.1
Colorado	219	97	122	125.0	86.7	80.0	38.3	44.9
Connecticut	149	66	83	85.1	58.8	54.2	26.3	30.9
Delaware	42	18	23	23.8	16.4	15.2	7.4	8.7
District of Columbia	74	32	41	42.0	28.9	26.7	13.1	15.3
Florida	553	246	306	316.1	220.6	203.8	95.5	112.3
Georgia	266	119	147	152.0	106.3	98.2	45.7	53.8
Hawaii	61	27	34	35.0	24.1	22.2	10.9	12.8
Idaho	51	23	28	29.3	20.6	19.0	8.8	10.3
Illinois	669	296	374	382.2	264.6	244.4	117.6	137.8
Indiana	259	115	144	148.2	103.1	95.3	45.1	52.9
Iowa	150	67	83	85.9	59.9	55.4	25.9	30.5
Kansas	151	67	84	86.5	60.2	55.6	26.3	30.9
Kentucky	154	69	85	88.3	61.9	57.2	26.3	31.0
Louisiana	166	75	91	94.9	67.0	62.0	27.9	33.0
Maine	50	22	28	28.7	20.0	18.5	8.7	10.3
Maryland	243	108	136	138.9	96.2	88.9	42.7	50.1
Massachusetts	383	169	214	218.4	151.2	139.6	67.3	78.9
Michigan	493	219	274	281.4	195.6	180.7	85.8	100.7
Minnesota	258	115	143	147.4	102.5	94.7	44.9	52.7
Mississippi	97	44	53	55.4	39.3	36.3	16.2	19.1
Missouri	259	115	144	148.3	103.3	95.4	45.0	52.9
Montana	32	15	18	18.6	13.1	12.1	5.4	6.4
Nebraska	104	46	58	59.2	41.1	38.0	18.0	21.2
Nevada	61	27	34	34.5	23.8	22.0	10.7	12.6
New Hampshire	57	25	32	32.8	22.7	21.0	10.1	11.8
New Jersey	304	134	169	173.5	120.3	111.1	53.2	62.4
New Mexico	87	39	48	49.9	35.0	32.3	15.0	17.6
New York	897	402	495	513.5	360.0	332.7	153.5	180.7
North Carolina	333	148	186	190.4	132.1	122.0	58.3	68.3
North Dakota	34	15	19	19.3	13.5	12.5	5.7	6.7
Ohio	482	214	267	275.2	191.9	177.3	83.3	97.9
Oklahoma	156	70	86	89.1	62.6	57.8	26.5	31.3
Oregon	147	65	82	84.2	58.5	54.0	25.7	30.2
Pennsylvania	545	242	303	311.3	216.5	200.0	94.8	111.4
Rhode Island	67	30	37	38.4	26.6	24.6	11.7	13.8
South Carolina	150	67	83	85.9	60.0	55.4	25.9	30.5
South Dakota	31	14	17	17.6	12.4	11.5	5.2	6.1
Tennessee	212	94	117	121.1	84.5	78.1	36.6	43.0
Texas	841	374	467	480.5	334.8	309.3	145.7	171.2
Utah	126	56	70	72.3	50.5	46.7	21.8	25.6
Vermont	31	14	17	18.0	12.5	11.6	5.5	6.4
Virginia	321	142	179	183.3	127.1	117.4	56.2	65.9
Washington	255	113	142	145.8	101.3	93.6	44.5	52.3
West Virginia	75	34	41	42.8	30.0	27.7	12.8	15.1
Wisconsin	277	122	155	158.2	109.6	101.2	48.6	57.0
Wyoming	27	12	15	15.4	10.7	9.9	4.7	5.5
US Totals	12,600	5,600	7,000	$7,200.0	$5,012.0	$4,630.0	$2,188.0	$2,570.0

1/ Includes HOPE Scholarship plans and the President's 20% tax credit for lifelong learning. Calculations do not include interest deductions and tax benefits that could be received in outyears from savings incentives in all three plans.

2/ The number of beneficiaries is the same under the House and Senate plans, though the amounts of benefits differ.

Source: Education Department estimates based on State-level enrollment and Pell Grant recipient data.

Methodology of State-by-State Analysis

Using a nationally-representative sample of postsecondary students and data on Pell Grant recipients, an estimate was derived for the proportion of the total national number of recipients of the tax benefit in 1998. Using that ratio, the number of recipients for each State was determined. Based on the Joint Tax Committee and Treasury revenue estimates of the three plans for 1999, a dollar amount for each State was derived using the same ratio as the State/national number of beneficiaries.

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National Association of Graduate-Professional Students, Inc.

July 3, 1997

President Bill Clinton
White House
1600 Pennsylvania Avenue
Washington, DC 20500

Dear President Clinton:

On behalf of the nation's 2.5 million graduate and professional students, I want to thank you for proposing a tax cut plan which truly aids education, reduces graduate debt, and mitigates against increasing college costs. The National Association of Graduate-Professional Students (NAGPS) supports the elements below in your tax cut plan, and we are grateful that you are working with the Congressional Conference Committee reviewing H.R. 2014, and S. 949 to ensure that these aspects of your tax cut plan are included in the final legislation:

1) Preservation of Section 117(d) of the Internal Revenue Code, providing a tax exemption for tuition and fee waivers given to employees of educational organizations as a function of their employment;

2) Establishment of a Student Loan Interest Deduction which allows students to deduct the value of interest payments made on their student loans each year;

3) Permanent extension for both undergraduates and graduate students of the Internal Revenue Code Section 127 tax exemption for the first $5250 of employer-provided educational assistance;

4) Creation of a Tuition Tax Credit for up to 20% of $5,000 ($10,000 after the year 2000) in tuition and fees paid each year, for which graduate and professional students are eligible.

825 Green Bay Road • Suite 270 • Wilmette, IL 60091 • (847) 256-1562 • FAX (847) 256-8954

Your plan is the only one which includes a provision for a tuition tax credit that includes graduate/professional students. All of these provisions can help significantly reduce costs for students and the need to rely on student loans to pay for education. These provisions help make graduate/professional school an affordable and accessible opportunity for people throughout the US We see great hope for a bipartisan bill that includes all of these pro-student provisions and we are encouraged that you are taking a vigorous role in helping graduate students.

We, the National Association of Graduate-Professional Students, thank you for your support of graduate and professional education. Please know you have our support as you seek tax relief for students at all levels of learning through their lifetimes.

Sincerely,

Bryan Hannegan

Bryan Hannegan, President
National Association of Graduate-Professional Students
Ph.D. Candidate, University of California-Irvine

AMERICAN COUNCIL ON EDUCATION

OFFICE OF THE PRESIDENT

July 3, 1997

The Honorable William J. Clinton
President
The United States of America
1600 Pennsylvania Avenue
Washington, DC 20500

Dear Mr. President:

I write on behalf of the higher education associations listed below to express our appreciation for the agreement you reached with the congressional leadership to devote a significant portion of any tax cuts to education-related tax incentives. We are grateful that you and the congressional leadership agree that this goal is consistent with the objectives of balancing the federal budget and enhancing the nation's investment in human capital.

We deeply appreciate your continued efforts in this area. The plan you outlined earlier this week will help make higher education more affordable for middle-income students and families. This plan builds upon your proposals to create a Hope Scholarship tax credit and to encourage lifelong learning by incorporating a number of complementary provisions that are widely supported in the higher education community.

On June 6th, I sent a letter to Chairman Archer expressing our belief that any truly effective tax package must include six elements:

- A Hope Scholarship tax credit available to needy as well as middle-income students for the first two years of college. This program would guarantee students access to at least two years of an undergraduate education and should be the central feature of any plan.
- A provision to encourage lifelong learning for undergraduate and graduate students.
- Meaningful incentives to families with young children to save for college expenses.
- Permanent extension of Section 127 of the tax code for employer-provided educational assistance for both undergraduate and graduate education to ensure that working adults can participate in higher education without adverse tax consequences.
- Reinstatement of the student loan interest deduction to help students repay their loans following graduation. The deduction should be "above the line" to ensure that the broadest number of students can benefit. Further, certain types of student loan forgiveness should be excluded from income when college graduates pursue community service and other low-paying careers.

One Dupont Circle, NW, Washington, DC 20036-1193 • tel: (202) 939-9310 • fax: (202) 659-2212

- Elimination of the tax-exempt bond cap for all colleges and universities so that they can maintain their campus facilities, keep up with the rapid growth of technology, and offer their students and faculty state-of-the-art classroom and research facilities.

Your proposal addresses each of these issues, and, we believe, represents a much needed and extraordinarily valuable set of tax cuts for middle-income families. We are pleased that the Senate-passed bill also encompasses a similar set of issues, and we urge you to work with the Congress to develop a final bill that includes these elements.

In addition, we encourage you to strongly oppose provisions that would impose new taxes on tuition assistance, such as phasing out Section 117(d), and on retirement benefits offered to the higher education community through TIAA-CREF. Both of these provisions run counter to the efforts to make higher education more affordable, and to make teaching a career that attracts our most outstanding scholars.

Again, we thank you for the abiding leadership you have demonstrated in support of higher education. We urge you to continue your work with Congress on these important matters to ensure that this historic opportunity for America's college students does not pass us by.

Sincerely,

Stanley O. Ikenberry
President

This letter is sent on behalf of the following associations:

American Council on Education
American Association of Community Colleges
American Association of State Colleges and Universities
Association of American Universities
National Association of Independent Colleges and Universities
National Association of State Universities and Land-Grant Colleges

Alternative Tax Cut Proposals
A Comparison of Distributional Impact

Income by Quintile	*President Clinton*	*House*	*Senate*
Lowest	1.2%	0.6%	0.4%
Second	10.1	2.5	2.7
Third	22.2	9.6	10.2
Fourth	34.6	20.0	21.3
Highest	31.5	66.8	65.0
Top 10%	11.7	47.3	42.3
Top 5%	6.5	34.9	28.2
Top 1%	2.6	18.8	12.5
Middle 60% (Second, third, fourth quintiles)	**66.9%**	**32.1%**	**34.2%**

Source: U.S. Department of Treasury

Tables assumes fully phased-in (2007) law and behavior, in 1998 dollars. It includes major tax cut provisions in each of the plans: HOPE Scholarship, tuition credit, Section 127, Student loan interest deduction, child tax credit, Kidsave accounts, capital gains provisions, home office deduction, distressed areas initiatives, Puerto Rico tax incentives, individual and corporate AMT changes, prepaid tuition programs, IRAs, DC tax incentives, safe harbor for independent contractors, modifications of treatment of company owned life insurance.

Change in Income Tax: Comparison of Current Law With The President's Proposal and the House and Senate Tax Bills

Single Mother with Income of $62,000 and Three Children
Oldest Child Enrolled Full Time in Community College
Tuition of $1,000 and Book Expenditures of $500
(1999 Tax Parameters)

	Current Law	President's Proposal	House Tax Bill	Senate Tax Bill
Adjusted Gross Income (AGI)	62,000	62,000	62,000	62,000
Itemized Deductions (18% of AGI)	11,160	11,160	11,160	11,160
Personal Exemptions	11,200	11,200	11,200	11,200
Taxable Income	39,640	39,640	39,640	39,640
Income Tax Before Credits	6,562	6,562	6,562	6,562
Child Credit	0	867	1,000	1,000 *
HOPE Credit	0	400	0	0
Income Tax After Credits	6,562	5,296	5,562	5,562
Tax Savings Compared to Current Law		1,267	1,000	1,000

Department of the Treasury
Office of Tax Analysis

July 18, 1997

* Under the Senate Bill, the child credit is available for children aged 13 to 16 (13 to 17 after 2002) only to the extent it is saved for education in a specified manner.

To: Bob

UNITED STATES DEPARTMENT OF EDUCATION

THE SECRETARY

FAX TRANSMITTAL

TO Gene Sperling

PHONE FAX 456-2878

FROM Dick Riley

PHONE FAX 401-2098

PAGE(S) TO FOLLOW DATE

MESSAGE:

URGENT!

CONFIDENTIALITY NOTICE

BOB GRAHAM
FLORIDA

COMMITTEES:
FINANCE
ENVIRONMENT AND PUBLIC WORKS
VETERANS AFFAIRS
SELECT COMMITTEE ON INTELLIGENCE
ENERGY AND NATURAL RESOURCES

United States Senate

WASHINGTON, DC 20510-0903

July 23, 1997

EVE CORBIN
224-4662

The Honorable Richard Riley
Secretary
United States Department of Education
400 Maryland Avenue, Southwest
Washington, D.C. 20202

Dear Dick:

Thank you for your assistance in promoting state-sponsored prepaid college tuition programs and savings plans. By the end of this year, 21 states will have active programs, and the remaining 29 states either have legislation pending or are studying the feasibility of establishing such programs.

As you are aware, earlier this year Senator McConnell and I introduced the College Savings Act of 1997, which would clarify the taxation of state-sponsored prepaid college tuition programs and college savings plans. Specifically, participants would not be taxed on any earnings transferred to the state if the distributions are used for qualified college costs. Thus, the benefits of state prepaid college programs would be completely tax-free. In addition, under the bill, states would have the flexibility to provide the same tax treatment for room and board contracts as they can for tuition contracts.

Both the House and Senate versions of the Revenue Reconciliation Act contain the basic goals of the College Savings Act. However, Secretary Rubin has expressed some concerns regarding these provisions. On page two of the attached letter, Secretary Rubin questions whether these plans place sufficient limits on contributors' incomes, whether sufficient limits are placed on amounts contributed, and whether the tax benefits go to those who need real relief from the costs of higher education.

It is unclear whether these concerns are aimed specifically at prepaid tuition programs or at all of the education savings initiatives. Moreover, I do not feel qualified to assess their accuracy with respect to IRAs. However, let me address these concerns as they relate to state-sponsored prepaid tuition programs:

* <u>Insufficient Income Limits</u>: The discipline and security offered by these programs provide the incentive that many

low and middle income families need to afford college. In Florida (which has the largest program), although the median income of families with college students is $50,000, over 70 percent of participants in the state tuition program have family incomes of less than $50,000. Similarly, based on a random sample, Ohio (with the second largest program) has found that marketing strategies geared toward lower-middle income families have helped its Tuition Trust program shift the income demographics to 70 percent of participants at or below a family income of $70,000.

In addition, most plans allow monthly installments which permit parents to afford college tuition for their children within the confines of their budget. For example, Florida families can prepay four years of state university tuition in monthly payments as low as $48. Accordingly, it is not clear to me whether income limits are necessary to make sure that high income families do not receive a disproportionate amount of the benefits.

* <u>Insufficient Contribution Limits</u>: Most states have built-in contribution limitations within their programs. For instance, prepaid tuition plans limit investment to the level necessary to pay qualified educational expenses and impose penalties for amounts beyond these costs. These built-in limitations provide states with the flexibility needed to ensure that families set aside the appropriate amount of money for their children's education.

* <u>Assurance that Benefits Go to Those Who Need Real Relief</u>: State-sponsored tuition programs actively recruit early college savings and offer a safe, simple, and affordable way for families to stop procrastinating. Different taxpayers have different needs. For families with college-aged children, tax credits may be the best way to meet their needs. For families with small children, however, these programs provide them with the opportunity to start early in saving for their children's future, to be self-sufficient in financing college for their children instead of relying on loans and grants in the future.

In Florida, for example, nearly one in ten prepaid contracts is purchased by families with annual incomes below $20,000. The performance of Florida's program attests to the ability of low- and middle-income families to prepare for their children's education.

Furthermore, by encouraging families to prepare for college within their means, these programs free up scarce federal resources for the truly needy. Those who find themselves unprepared for the costs of their children's schooling would benefit from the greater availability of federal funds.

Dick, as I am sure you are aware, over the last 15 years the cost of college tuition rose dramatically (234 percent) while the median household income increased by much less (82 percent) over the same period. At the same time, federal financial assistance for education was scaled back through limitations on the amount of grant aid for middle-income families. Consequently, many states created these plans as one way to increase access to higher education.

As a former governor, you understand that each state has unique needs and requires sufficient flexibility in finding the most appropriate solution to the tuition crisis within its boundaries. In Florida, for example, we instituted the Florida Prepaid Tuition Program and have had overwhelming success in addressing the needs of our citizenry. It is important that we reward families who work hard, save diligently, and persevere on behalf of their children. Hard-working families deserve every opportunity to invest in their children's future, and allowing the benefits of these programs to be completely tax-exempt helps these families and our economy as a whole.

Again, thank you for your assistance in this matter. Please let me know if I can provide you with more information or details.

With kind regards,

Sincerely,

Bob Graham

United States Senator

BG/EC
Enclosures

Reasons to Support This Legislation

The advantages of prepaid college tuition programs and college savings plans are numerous, including the following:

* **Locked-in Prices.** Prepaid tuition programs guarantee that tomorrow's tuition will be locked in at today's rates. By pooling the investments of many contributors, the programs generate a rate of return that keeps pace with tuition inflation and guarantees future tuition payments.

* **Regimented Saving.** These programs establish and encourage participation in a regimented savings plan. Funds cannot be withdrawn early without serious penalty. Monthly payment plans foster a savings ethic so that families will be able to pay for college within their own means.

* **Low Cost.** Since state programs operate on a non-profit basis, the overhead costs are low. This allows the plans to be offered at a more affordable cost to low- and middle-income families.

* **Portability.** Portability of benefits allows beneficiaries to attend the college or university of their choice. All prepaid programs allow portability of benefits to out-of-state and private institutions. Generally, the only stipulation is that the benefits paid will be equal to the tuition rates of the state plan in which the contributor initially invested.

* **Plan Options.** Most programs offer several options in order to meet the varied needs of our nation's families. For example, Kentucky allows payments as low as $25, and Ohio allows payments of $15. Most plans, however, require families to contribute a predetermined monthly amount ranging from a period of five years to the full span of primary and secondary education.

* **State Flexibility.** These innovative programs help families deal with the spiraling cost of higher education without having to rely on student-indebtedness. The federal government should encourage states to meet the needs of their families by getting the IRS out of the way.

* **Downward Pressure on Tuition Rates.** Increased participation in state tuition programs will also produce downward pressure on tuition rates at all colleges. States that sponsor these programs guarantee that if earnings in the funds do not exceed increases in tuition rates, then the states will fund the difference. Thus, states have an incentive to encourage cost efficiency throughout their state systems. For example, since the establishment of Florida's plan, tuition at our state university system has increased at an average of six percent – a full two percentage points below the national average.

DEPARTMENT OF THE TREASURY
WASHINGTON, D.C.

July 3, 1997

SECRETARY OF THE TREASURY

United States Senate
Washington, D.C. 20510

Dear Conferee:

We are pleased that substantial progress has been made toward implementing the terms of the historic bipartisan budget agreement between the President and the Congress. We look forward to continuing bipartisan cooperation as we work together to produce a tax-cut package that fulfills the agreement and best serves the American people. To that end, I would like to share with you the Administration's views on major issues in conference on the tax portions of revenue reconciliation. In addition, we expect to communicate further with you regarding provisions not addressed in this letter.

In general, as we have previously indicated, the Administration strongly believes that any tax-cut package must meet four basic tests to reflect sound policy. First, the tax cuts must be fiscally responsible by avoiding an explosion in revenue costs in later years. Second, the tax cuts must provide a fair balance of benefits for working Americans. Third, the tax cuts must encourage economic growth. Fourth, the tax package must reflect the terms of the bipartisan budget agreement, including a significant expansion of opportunities for higher education for Americans of all ages. Neither bill meets these tests.

While the Senate bill is an improvement over the House bill, both bills provide too little tax relief to middle-income families. In both the House and Senate bills, the middle sixty-percent of families receive just one-third of the tax cut; these families would receive twice as large a share under the President's proposal.

Education Tax Incentives

We are pleased that each bill contains a version of the President's HOPE Scholarship proposal. Nonetheless, both the House and Senate bills are inconsistent with the bipartisan budget agreement because they fall far short of meeting the specific agreement of providing roughly $35 billion over five years of higher education incentives along the lines of the President's HOPE Scholarship credit and tuition deduction proposals.

While the HOPE Scholarship credit as modified in the Senate bill is an improvement over the version in the House bill, each bill significantly reduces the value of education benefits for millions of students attending low-cost institutions by cutting the percentage of expenses covered by the credit (50% in the House bill, 50% to 75% in the Senate bill).

Neither bill includes a widely available tuition deduction or credit to help beyond the first two years of higher education that is consistent with the tuition deduction in the President's budget proposal. We are particularly concerned that neither bill significantly promotes life-long learning, which we believe is a critical component of education in our changing economy. In addition, neither bill offers low-income students and students who work to pay tuition meaningful help beyond the first two years of higher education. Instead, the bills require taxpayers to have the funds available to put into savings in order to be entitled to any assistance other than for the first two years.

We also object to the education IRAs and prepaid tuition account provisions of both bills. These provisions fail to place sufficient limits on the income of contributors, the amounts contributed, and the uses of funds to ensure that the tax benefits go to those who need real relief from the costs of higher education. Because most workers already have an opportunity to contribute to tax deductible IRAs and the President has proposed to allow penalty-free IRA withdrawals to be used to finance higher education expenses, the education IRAs and prepaid tuition plans in the House and Senate bills will largely become vehicles to provide tax breaks for saving by upper income taxpayers that would have occurred anyway. We also object to the provision in the Senate bill that allows tax-free withdrawals from these accounts for primary and secondary school tuition, because it provides Federal subsidies to parents who send their children to private elementary and secondary schools.

Overall, as compared to the President's proposals, both packages direct more benefits toward upper-income families while reducing the benefits to lower-income families, particularly those who rely on their earnings to finance higher education. The packages are clearly inconsistent with the bipartisan budget agreement.

Administration Position:

HOPE Scholarship and 20 percent Tuition Credit: The Administration remains strongly committed to the principle that the education tax incentives must be fair, must genuinely expand educational opportunities for Americans, and must promote life-long learning. To accomplish these objectives, the Administration believes the conferees should provide roughly $35 billion over five years for higher education by adopting the HOPE Scholarship, which gives a credit of 100 percent of the first $1,000 of tuition and fees, and 50 percent of the next $1,000 in 1999 through 2002. Students must attend school at least half time in the first two years of a post-secondary degree or certificate program. If a student is not eligible for the HOPE Scholarship but is pursuing a post-secondary degree or certificate or is enrolled in classes to improve job skills, a 20-percent credit for tuition and fees up to $5,000 through 2000 and $10,000 thereafter should be granted.

This proposal addresses Congressional concerns in two ways: it lessens concerns about tuition inflation by limiting the marginal subsidy of the HOPE Scholarship to 50 cents on the dollar (rather than dollar for dollar) for students with tuition between $1,000 and

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THE GRADUATE SCHOOL

UNIVERSITY OF NOTRE DAME
NOTRE DAME, INDIANA 46556-5602

July 23, 1997

Gene Sperling, Assistant to the President for Economic Policy
and Director, National Economic Council
The White House, Second Floor West Wing
Washington, D.C. 20502

Dear Mr. Sperling,

I have recently become aware of legislation (HR 2014) introduced by Rep. Bill Archer, Chair of the House Ways and Means Committee, that would do great harm to higher education in this country. Archer's bill concerns taxing graduate students' tuition remission, which would be financially ruinous for graduate students and graduate programs everywhere. I represent graduate education at the University of Notre Dame, a truly national university with a large and loyal alumni(ae).

Most graduate students already struggle to make ends meet financially. They live in substandard housing, they have poor health-care insurance (if any); often their income approaches the poverty level. They put up with these conditions because they recognize the value of the degree for their future economic stability and for the personal career satisfaction that usually follows. To add to their burdens by taxing their tuition remission would be disastrous; it would in many cases at least double their tax burden, pushing them beyond the limit that they might think represents an acceptable sacrifice. Yet these are the academic, business, and industry leaders and visionaries of the next generation, trained by a system of scholarly inquiry and creativity that is considered to be the finest in the world.

It is hard to think of any idea that would stand to do greater harm to graduate education, and hence to the future well being of our nation, than this one.

I hope that you will continue to insist on legislation that is broad and supportive for higher education in this country, as you have done in the past. In particular, I respectfully ask that you work to DEFEAT the proposed repeal of Section 115(d) of the Tax Code, "Qualified Tuition Reductions".

Sincerely yours,

James L. Merz

James L. Merz
Vice President for Graduate Studies & Research
208 Hurley Hall
The University of Notre Dame
Notre Dame, IN 46556

AMERICAN COUNCIL ON EDUCATION

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DATE: 7-24-97

NUMBER OF PAGES (INCLUDING COVER): ~~8~~ 4

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- ___ PAUL MASSEY, RESEARCH ASSOCIATE

MESSAGE:

- ___ FOR SIGN ON BY:
- ___ PLEASE RESPOND BY:
- ___ URGENT
- ___ PER OUR CONVERSATION
- ___ PER YOUR REQUEST
- ___ PLEASE REVIEW & COMMENT
- ___ FOR YOUR INFORMATION

National Association
of Independent
Colleges and Universities

June 9, 1997

Background Information on Selected Price/Cost Issues at Colleges and Universities

- Of 3,688 colleges and universities in the United States, 61 (1.7 percent) have tuition and fees of $20,000 or more in 1996-97.

- 216,000 students are enrolled in colleges and universities with tuition and fees of $20,000 or more; after adjusting for students who receive financial aid, only an estimated 72,000 students actually pay $20,000 or more in tuition. These 72,000 students are just one-half of one percent of the total undergraduate enrollment (12.3 million) in higher education.

- In 1996-97, tuition and fees at independent four-year colleges and universities averaged $11,112. More than three times as many independent institutions have tuition and fees below $8,000 as above $16,000.

- In recent years, average annual increases in tuition and fees at independent colleges and universities have fallen to 5 percent. However, the increase in net tuition -- what the student pays after institutional and federal grant aid is considered -- is 3.5 percent.

- 70 percent of full-time undergraduates at independent colleges and universities receive some form of financial aid.

- For every increase of 1 percent in tuition and fees at independent colleges and universities since 1986-87, there has been an increase of 2.2 percentage points in student financial assistance from the institutions' own resources.

- Independent colleges and universities now provide more than $8 billion is student financial aid from their own resources. The portion to undergraduate students alone is more than three times as much grant aid as received from all the federal Title IV grant programs combined.

- Committed to access, independent colleges and universities enrolled (in 1994) the same proportion of students from families earning less than $25,000 per year as from families earning more than $75,000 per year.

- In public and independent colleges and universities combined, 70 percent of students who received financial aid had attained their degree or were still enrolled five years after starting college, compared to 54 percent of students who did not receive financial aid.

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National Association
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10 Facts

About Tuition at Independent Colleges and Universities

A Report from the National Association of Independent Colleges and Universities

Ten Facts about Tuition at Independent Colleges and Universities

The Difference Between Price (Tuition) and the Cost of Education

There are important differences between the terms "cost" and "price" as they relate to colleges and universities.

"Cost" and "price" are often used as if they were synonymous. Certainly students and parents who receive tuition bills seldom distinguish between the cost of their education and the price that they pay. But in the context of higher education finance, these terms have very different meanings. The "cost" of education is what the institution spends to educate a student. It includes not only current operating expenses, such as faculty salaries, new acquisitions for the library, and student advising services, but capital expenditures, such as the cost of new buildings and certain scientific and technological equipment. The "price" is the published tuition -- the amount charged to the student -- which is often reduced by financial aid.

No student pays the full cost of education at independent colleges and universities.

The actual cost to the institution of providing a student's education is higher than the published tuition. Case studies at independent institutions show that tuition covers approximately 60 percent of the cost of education. The balance is covered by such things as philanthropy, alumni gifts, and endowment earnings.

About This Study

In order to provide explanations for the complex relationships among factors that account for cost and price increases at independent colleges and universities, and describe the impact of student financial aid -- particularly from an independent institution's own resources -- NAICU commissioned the Human Capital Research Corporation to conduct a study. What follows are the results of a multivariate statistical analysis of data, supplemented with data from a survey of NAICU member colleges and universities, to examine the elements that most significantly contribute to tuition and fees at independent colleges and universities.

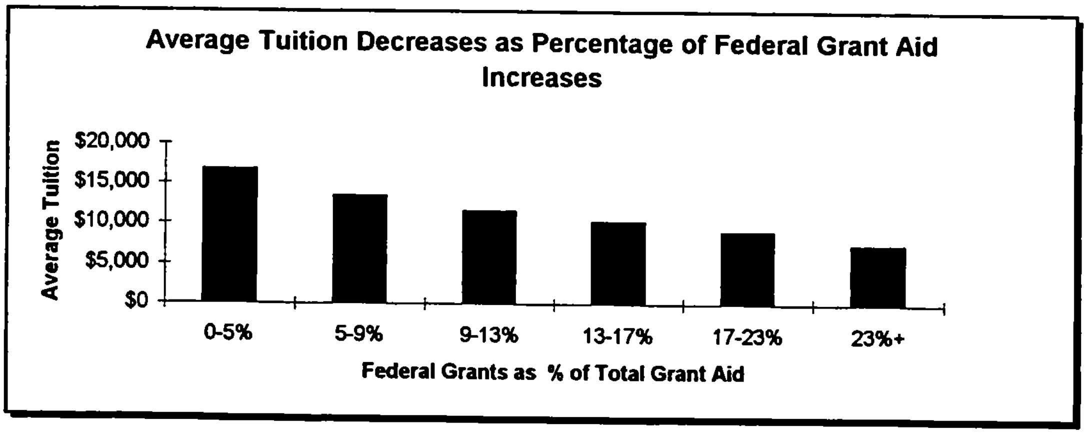
Combined with a recent NAICU survey of independent colleges and universities, the results demonstrate emphatically that federal student financial aid does not contribute to tuition and fee increases in independent higher education. Instead, other factors, such as education-related costs and institutionally provided student aid, are the major determinants of tuition and fee increases. The analysis also shows that, as total enrollment at independent colleges and universities has increased, individual institutions have been able to maintain access for students from low- and moderate-income families largely due to student financial aid provided from the institutions' own resources. Federal grant aid also plays an important role in helping low- and moderate-income students attend college. Indeed, independent colleges and universities enroll a slightly higher proportion of students at the lowest income levels than do four-year public institutions.

Fact #1

Instead of causing increases in tuition, federal grant aid to students *actually helps to slow* the rate of tuition growth at independent colleges and universities.

Federal grant aid to students has a significant moderating effect on increases in tuition and fees in independent higher education. Data analyses of a representative sample of 580 four-year independent colleges and universities, enrolling approximately 2 million of the 2.9 million students in independent higher education, demonstrate emphatically that increases in federal student grant aid actually lower the rate of tuition growth. But as the availability of federal student grant aid has decreased, the rate of tuition growth has increased.

The figure below shows that independent institutions with less than 5 percent of their total student grant aid from federal sources have the highest average tuitions, while institutions with more than 23 percent of total student grant aid from federal sources have the lowest average tuitions. Additional evidence of the moderating effects that federal student grant aid has on tuitions is found in the results of the statistical analysis in the methodology section of this study.



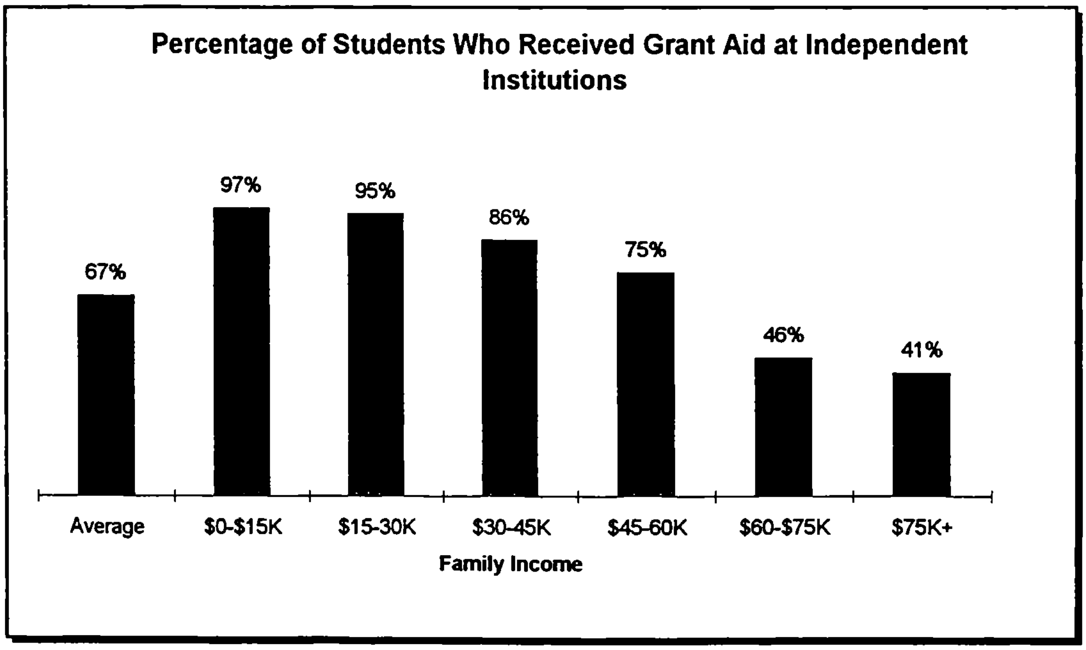
Source: Human Capital Research Corporation, 1997.

Fact #2

The majority of undergraduates at independent colleges and universities do not pay full tuition because of grant and scholarship assistance.

Although public attention is focused on the published tuition in higher education, most undergraduate students attending independent colleges and universities do not pay it. Two-thirds of all full-time, full-year undergraduates in independent colleges and universities receive some form of grant assistance from institutional, federal, state, and/or private sources.

Nearly all (97 percent) full-time, full-year undergraduates with family incomes of less than $15,000 receive some form of grant assistance to attend an independent institution, as do 95 percent of students with family incomes between $15,000 and $30,000 and 86 percent of students from families earning between $30,000 and $45,000.

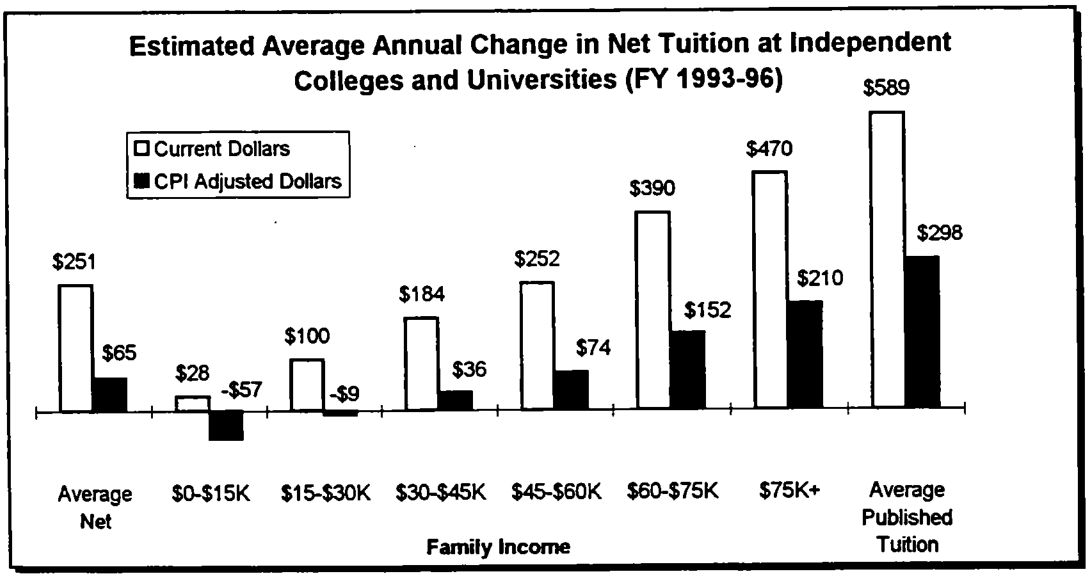


Source: Estimates are for FY 1996, derived from NPSAS and Fisop Reports, U.S. Department of Education, FY 1990, '93, and '95.

Fact #3

Actual out-of-pocket tuition expenses have changed at a rate substantially slower than the rate of growth for published tuition levels.

Although published tuition has increased faster than the rate of the Consumer Price Index, net tuition (after grant and scholarship aid) has increased at a much slower rate than the published tuition. In fact, between 1993 and 1996, average annual increases in net tuition, after adjusting for inflation, were just one-quarter of the increase in the published average tuition. Moreover, students from low- and middle-income families have experienced little or no increase in net tuition after adjusting for inflation. Independent colleges and universities have used their institutional aid policies to maintain or expand their accessibility to low- and middle-income students.

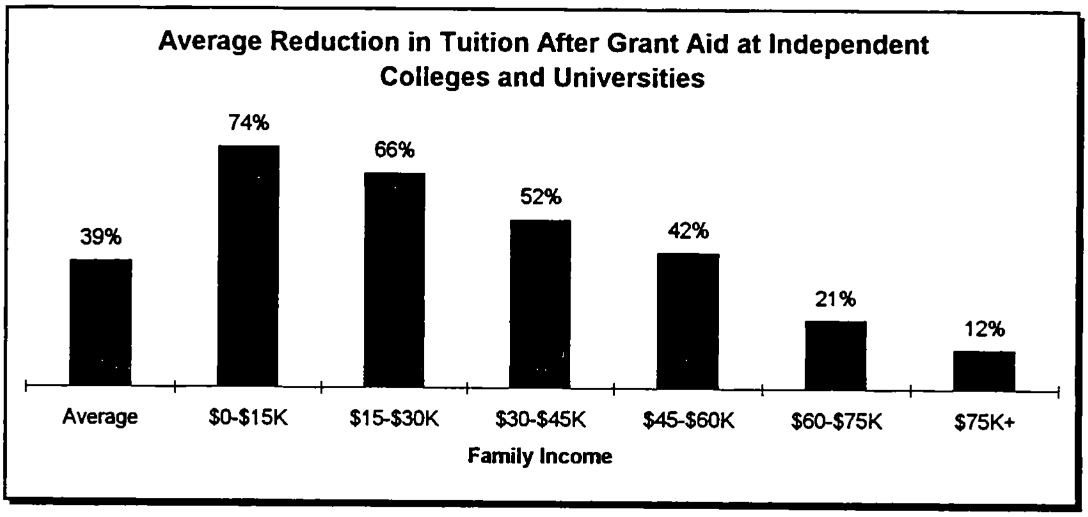


Source: Estimate derived from NPSAS, IPEDS Finance, and Fisop Reports, U.S. Department of Education, FY 1990, '93, and '96.

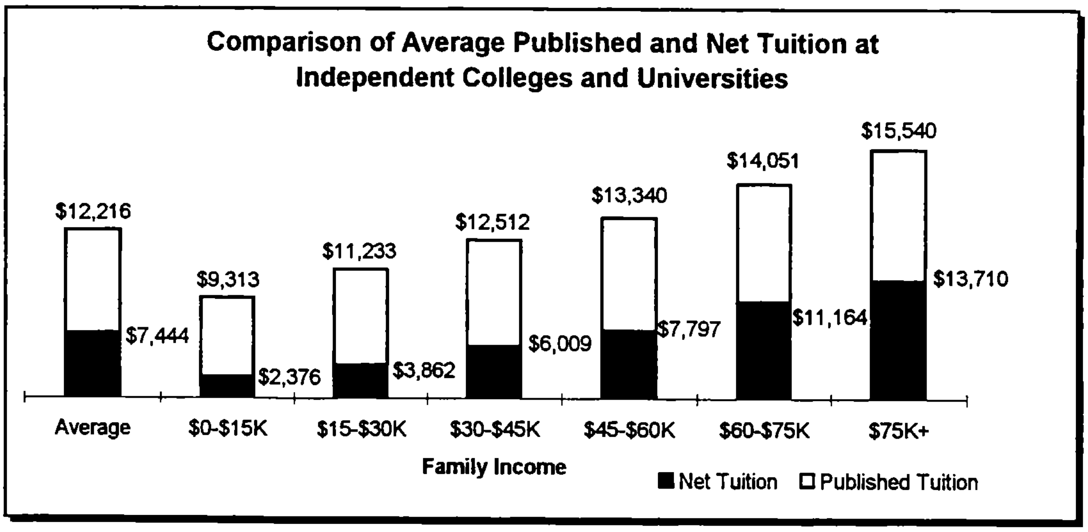
Fact #4

The tuition that families actually pay at independent colleges and universities is based on financial need.

On average, undergraduate students who receive grant aid pay just 61 percent of the published tuition at independent colleges and universities. Net tuition varies according to a student's particular financial situation. Families who demonstrate the greatest financial need (those with incomes of less than $15,000) pay only 26 percent of the published tuition, while students from families earning $45,000 to $60,000 pay an average of 58 percent of the published tuition.



Source: Estimate derived from NPSAS, IPEDS Finance, and Fisop Reports, U.S. Department of Education, FY 1990, '93, and '96.

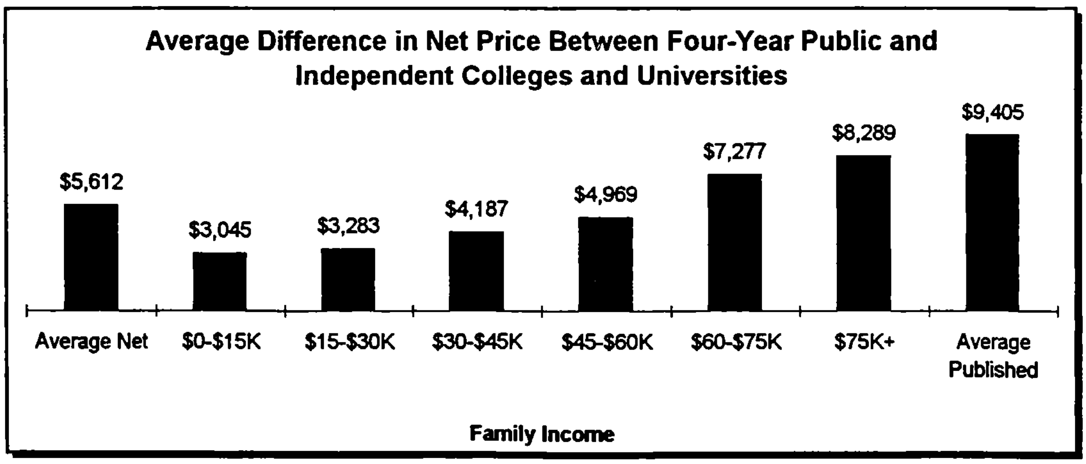


Fact #5

The difference in out-of-pocket expenses for public and independent colleges and universities is less than you might think.

The average difference in published tuitions between four-year public and independent colleges and universities was $9,400 in 1996. However, after taking into account the grant aid that students attending four-year public and independent institutions receive, the difference declines to approximately $5,600. More significantly, the price difference (after grant aid is considered) diminishes sharply as family resources decline.

On average, a student whose family income is less than $30,000 will receive sufficient institutional grant assistance to reduce the price difference between an independent and public institution to about $3,200, while a middle-income student will pay approximately $5,000 more than at a public institution. At higher family income levels (more than $60,000), where students at independent colleges and universities have very limited eligibility for federal grant aid, aid policies coupled with the subsidies provided by state taxpayers to public institutions cause the gap between independent and public colleges to expand.



Source: Estimate derived from NPSAS, IPEDS Finance, and Fisop Reports, U.S. Department of Education, FY 1990, '93, and '96,; and College Board Trends in Student Aid.

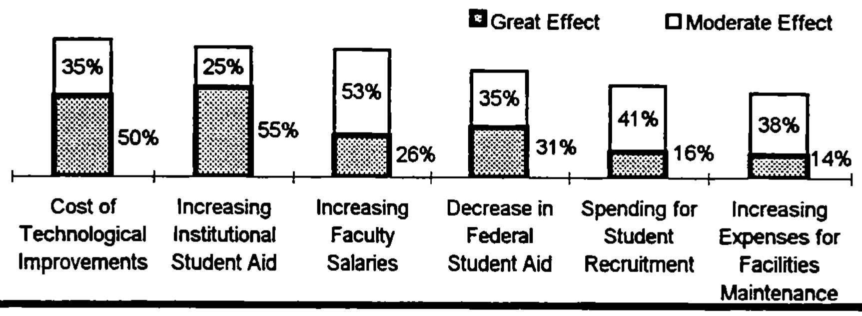
Fact #6

The cost of educating students is the largest determinant of tuition growth at independent colleges and universities.

Educational costs (such as faculty salaries and academic computing equipment) are the single largest factor associated with tuition growth at independent colleges and universities. By themselves, educational costs account for 36 percent of the increase in tuition and fees.

Corroborating this evidence, in a recent NAICU survey of its members, most respondents reported that items such as technological improvements on campus, faculty and staff salaries, the decrease in the amount of federal student aid, increasing student recruitment expenses, and expenditures for campus facilities maintenance were among the leading causes (excluding institutionally provided aid) of tuition and fee growth at independent colleges and universities.

Factors Having a "Great" or "Moderate" Impact on Tuition and Fee Growth at Independent Institutions

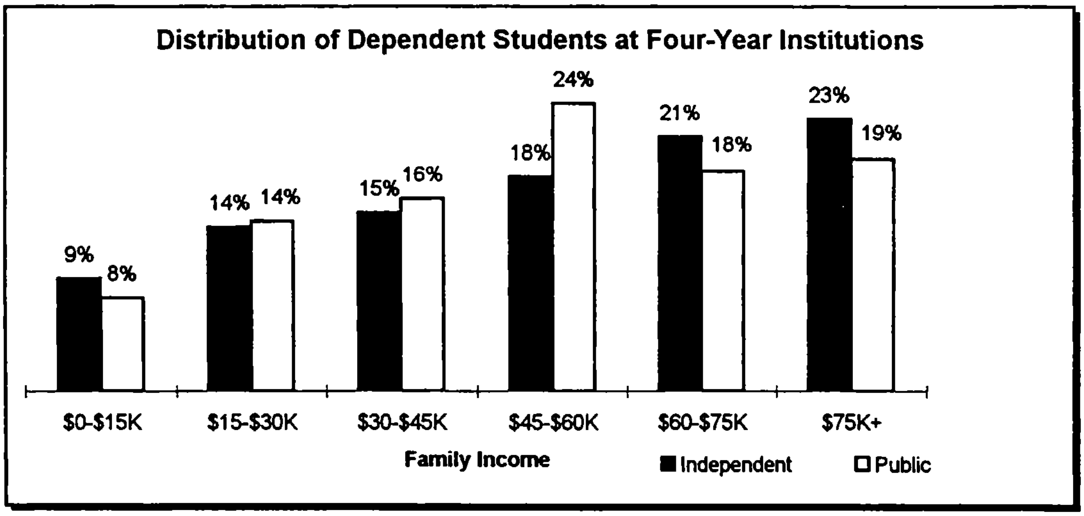


Source: A Commitment to Affordability, NAICU, 1997.

Fact #7

Independent colleges and universities use their institutional student aid policies to maintain a commitment to access for students from a diversity of economic backgrounds.

The profile of dependent students by family income at four-year public and independent colleges and universities is very similar, except among middle-income families. Independent colleges and universities use their institutional aid policies to provide resources to students with the greatest financial need. In FY 1993, dependent students from families earning less than $45,000 were equally represented in public and independent colleges and universities. However, families earning between $45,000 and $60,000, who generally do not qualify for federal or state need-based grant aid, but who would have difficulty using current income to meet college expenses at independent colleges and universities, are disproportionately represented at public institutions where their tuitions are subsidized by state taxpayers.



Source: Distribution is for full-time, full-year dependent students, from NPSAS, FY 1993, custom tabulation.

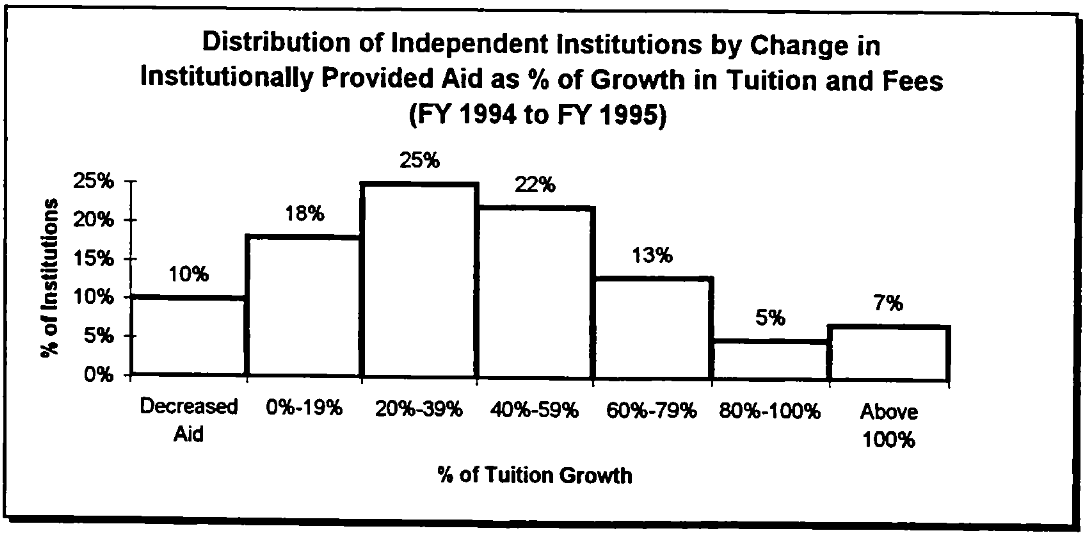
Fact #8

The increase in institutionally provided aid is the fastest growing determinant of tuition and fees at independent colleges and universities.

By itself, the expansion of student aid from independent higher education's own resources currently represents one-third of the growth in tuition. In combination with educational costs mentioned above, these two factors account for 70 percent of the growth in tuition and fees.

For students from low- and moderate-income families, increases in tuition are offset by growth in institutionally provided aid. Moreover, in the face of rising financial need and little or no grant aid from public sources for students from middle-income families, institutionally provided aid now substitutes for aid from public sources and accounts for 90 percent of the growth in scholarship and grant expenditures for middle-income students.

As is noted in the results of the NAICU survey of its member institutions (please see "A Commitment to Affordability: A Survey of Independent Colleges and Universities"), the basic dilemma for independent colleges and universities has always been to maintain affordable access to a quality educational program. The commitment to provide access to needy and talented students through increased institutional expenditures for financial assistance is matched by continuing efforts to maintain and increase the level of quality in their academic programs and the services provided to students.



Source: IPEDS Finance, Enrollment, and IIC Reports, U.S. Department of Education.

Fact #9

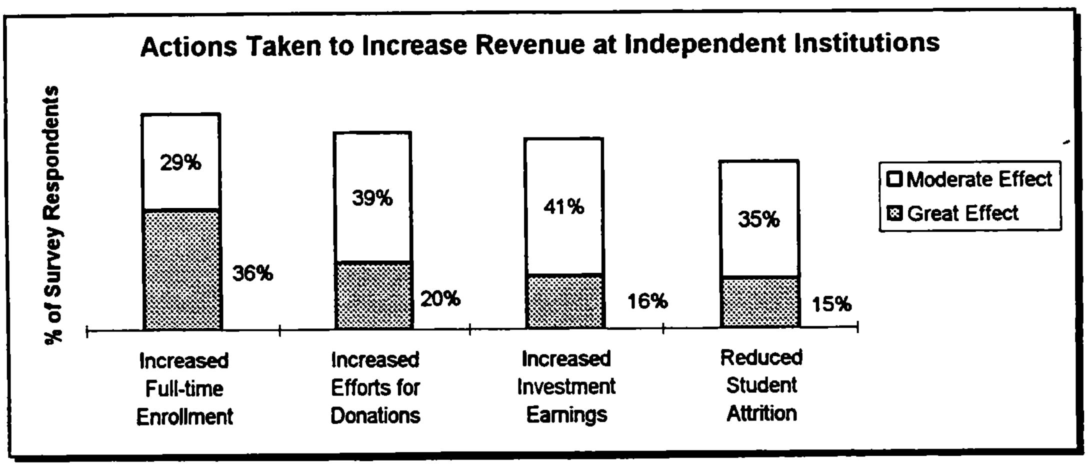
Gift and endowment income at independent colleges and universities helps hold the line on tuition growth.

It is universally accepted that state appropriations to public colleges and universities offset the need to set higher levels of tuition. Tuition at public institutions is low because they are subsidized by state appropriations. Private gifts and endowment income have the same relationship (statistically speaking) to tuition growth in independent higher education. Institutions that have endowments and gift income use this revenue for educational costs, making it possible to hold down the growth in tuition and fees.

Fact #10

Although independent colleges and universities will always need to rely on tuition, institutions are attempting to reduce the pressure on tuition and are broadening their revenue sources.

Independent colleges and universities are taking actions to increase revenue without relying solely on tuition growth. A recent NAICU survey found that the most frequently mentioned actions taken that have had a "great" or "moderate effect" are increasing full-time enrollment, increasing efforts to obtain voluntary contributions, improving cash management practices and investment earnings, and reducing student attrition.



Source: A Commitment to Affordability, NAICU, 1997.

About the Database and Study Methodology

The data used in this study were from publicly available databases from the U.S. Department of Education. One source was the National Postsecondary Student Aid Study (NPSAS), 1990 and 1993. Custom tabulations were constructed to examine the financial aid packages by family income for all full-time, full-year dependent students attending public and independent four-year colleges and universities. Family income categories were adjusted to 1995 by using the Consumer Price Index. Estimates of grant awards, percent of students receiving aid, and net price figures for fiscal year 1996 were developed by adjusting the average institutional grant aid data reported in 1993 and projected for future years. The projection assumes that in aggregate, institutional grant award rates will be unchanged. This rate was applied to the average published tuition as reported by the annual survey of tuition by the College Board.

Two other sources of data were from the Integrated Postsecondary Education Data System (IPEDS) for information on finance, enrollment, and institutional characteristics for fiscal years 1993, 1994, and 1995, data from institutional (FISOP) reports to the U.S. Department of Education on the use of federal student aid funds. Information includes aggregated tuition revenue for undergraduate and graduate students, the number of students applying for financial aid, total state grant aid, and Pell Grant and Supplemental Education Opportunity Grant funds. These databases were merged after matching or reconciling differences in the identification numbers of the institutions.

In merging the data files, any institution that did not respond to one of the reports for the three year period was dropped from the analysis in order to ensure a consistent set of data over time. In contrast with other cross-sectional analyses that appear in the literature, this analysis of tuition, institutionally provided aid, and educational costs is based on full-year equivalent (FYE) enrollments that equate published tuition with aggregate undergraduate tuition revenue. This definition ensures that published tuition levels will be properly related to educational costs and investment in financial aid.

The FYE variable itself was constructed first by adjusting the FISOP and undergraduate and graduate aggregate tuition revenues to match aggregate tuition as reported in the IPEDS finance report. On average, these two sources of aggregate tuition differed by one or two percent. Aggregate undergraduate tuition revenue was then divided by the published tuition for undergraduate students for each institution as reported in the IPEDS institutional characteristics report.

After the databases were merged and the FYE variable was constructed, a variable designed to reflect educational costs (EC) was constructed to reflect direct and indirect educational costs funded through the institutions' current operating budget. The EC variable was constructed from the following expenditure categories as follows:

> [Instruction/(Instruction + Research + Public Service) x (Academic Support, Mandatory Transfers, Institutional Support, and Physical Plant Operations and Maintenance)] + Instruction + Academic Support

The educational cost variable is intended to "net out" institutional expenditures for research and public service and a proration of overhead that would be associated with these two budget categories. The EC variable thus offers a basic measure of educational service and related support expenditures that are rendered directly or indirectly to students.

The data files were then sorted and a small number of institutions with values that appeared to be incorrect because of data entry errors or some other reason (e.g., educational costs of more than $150,000 per student) were eliminated from the analysis. In all, the merged database resulted in usable data for 580 four-year independent colleges and universities, which enroll approximately 2 million of the 2.9 million students in independent higher education. More than 25 key variables for each of the three years of analysis were used.

A series of multiple regression analyses were employed to explore the relationship between tuition and selected variables including educational costs, institution size and type, state and regional markets, composition of revenue sources including federal grant aid and student financial aid characteristics.

The results of one of the regression analyses used to support the conclusion of this study are shown below:

Sample Size: 580 institutions
Adjusted Squared Multiple R: .818

Variable Name	Coefficient	STD Error	STD Coefficient	T-Statistic	Prob (2-tail)
Constant	6,995.60	349.72	0.00	20.00	0.00
Educational Costs per FYE	0.21	0.02	0.35	10.29	0.00
Institutional Aid per FYE	0.63	0.05	0.35	13.45	0.00
Gifts and Endowment Income per FYE	(0.18)	0.03	(0.18)	(5.56)	0.00
State Grant Aid per FYE	(0.17)	0.14	(0.03)	(1.16)	0.25*
% of Students with Incomes > $60,000 Applying for Aid	3,460.55	1,886.08	0.08	3.19	0.00
Pell and SEOG	(0.91)	0.26	(0.08)	(3.43)	0.00
Total FYE Enrollment	0.05	0.03	0.04	1.54	0.13*
Research/Doctoral Univ. Dummy	1,773.75	389.86	0.13	4.45	0.00
Master's Univ. Dummy	622.63	179.71	0.07	3.47	0.00
Baccalaureate I Dummy	2,695.65	232.71	0.28	11.58	0.00
Region 1 Dummy	1,432.34	248.74	0.12	5.76	0.00
Region 4 Dummy	(846.36)	226.25	(0.07)	(3.74)	0.00
Region 5 Dummy	(1,009.25)	201.40	(0.10)	(5.01)	0.00
Region 6 Dummy	(2,340.90)	290.37	(0.16)	(8.06)	0.00
Region 7 Dummy	(2,311,28)	293.99	(0.16)	(7.86)	0.00

* Not statistically significant

National Association of Independent Colleges and Universities
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A Commitment to Affordability

A Survey of Budget Priorities at Independent Colleges and Universities

Summary Report

National Association of Independent Colleges and Universities
Washington, D.C. • February 1997

A Commitment to Affordability

A Survey of Budget Priorities at Independent Colleges and Universities

Introduction

College and university financing issues always seem to be on the minds of the public, policymakers and the media -- issues that include tuition increases, the ability of students to pay for college, and efforts by institutions to curb expenditures or increase revenues. A major aspect of NAICU's mission is to collect, analyze, and provide information to explain practices in these areas as they relate to independent higher education.

In the fall and winter of 1996, NAICU asked its members for information on revenues and expenditures at independent institutions, and other factors associated with tuition and fee increases during academic years 1994-95, 1995-96, and 1996-97. About 425 institutions (54 percent) responded.

The results demonstrate emphatically that federal student financial aid does not lead to increases in tuition and fees at independent colleges and universities. These institutions are committed to controlling expenditures while maintaining or increasing their quality of instruction.

The basic dilemma for independent colleges and universities has always been how to maintain affordable access to a quality educational program. In the last two decades, independent colleges and universities have dramatically expanded their historic commitment to providing access to needy and talented students through increased institutional expenditures for financial assistance. (In academic year 1995-96, independent colleges and universities provided an estimated $8.2 billion in student financial aid from their own institutional resources.) This commitment is matched by independent institutions continuing efforts to maintain and increase the level of quality in their academic programs and the services provided to students.

Growth in Tuition and Fees

- The top three factors that accounted for tuition and fee growth at independent colleges and universities during the last three years include: technological improvements on campus (mentioned by 85 percent of survey respondents), institutionally provided student financial aid (80 percent), and faculty salaries and benefits (79 percent).

- Other factors cited as having either a "great" or "moderate effect" were the decrease in the amount of federal student financial aid (mentioned by 66 percent of respondents), increase in administrative staff salaries (62 percent), increasing student recruitment expenses (57 percent), and expenditures for campus facilities maintenance (52 percent).

- Although respondents did not say that they necessarily took any of these specific actions, the factors most frequently mentioned as likely to have only a "slight" or "no effect" on tuition increases were: making up for shortfalls in research funding (cited by 96 percent of respondents), decreases in voluntary/philanthropic support (77 percent), growth in the status or popularity of the institution (71 percent), tuition charges at "peer" institutions (60 percent), and general administrative costs (58 percent).

Expenditure Growth

- Eighty-three percent of respondents characterized their institution's current ability to control operating expenditures as "excellent" or "good" (27 percent and 56 percent, respectively). Fifteen percent responded "fair" and 1 percent reported "poor".

- When asked what expenditures had increased faster than the rate of inflation during the last three years, respondents most often mentioned institutionally provided student financial aid and academic computing equipment (both cited by 70 percent of respondents), and administrative computing equipment (59 percent).

- Other expenditures that increased faster than inflation were: student recruitment costs (49 percent of respondents), faculty salaries and benefits (43 percent), telecommunications upgrades on campus (43 percent), and fund-raising costs (40 percent).

- Around half the respondents said that the costs of energy (53 percent), student services (50 percent), and insurance (44 percent) were increasing at the same rate as inflation.

Controlling Expenditures

- The uppermost challenge facing the respondents was balancing the need to maintain and enhance quality while controlling expenditures. There has been greater focus on strategic planning, emphasizing institutional mission and goals, quality of instruction, student services, and efficient resource allocation.

- Independent colleges and universities have taken a wide variety of actions to control expenditures during the last three years. The actions taken that were most often reported as having a "great" or "moderate effect" were implementing institution-wide budget cuts (45 percent of respondents), increasing the operating efficiency of the physical plant (42 percent), restructuring institutional debt and deferring maintenance of campus facilities (both 39 percent), eliminating administrative positions (37 percent), and not filling open faculty positions (35 percent).

- Previous research by NAICU ("Balancing Quality Improvement and Cost Control in Independent Higher Education," 1994) corroborates responses in this survey that indicated that institutions, while concerned about the need to manage and control expenditures, are also concerned that these efforts do not harm the quality of academic programs.

Increasing Revenues

- Sixty-nine percent of respondents characterized their institution's current ability to obtain the necessary level of revenue as "excellent" or "good" (19 percent and 50 percent, respectively). Twenty-six percent responded "fair," and 5 percent reported "poor."

- The actions taken to increase revenue at independent colleges and universities that were most frequently mentioned as having a "great" or "moderate effect" were: increasing full-time enrollment (65 percent of respondents), increasing efforts to obtain voluntary contributions (59 percent), improving cash management practices and investment earnings (57 percent), and reducing student attrition (50 percent).

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