October 15, 2010

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CONGRESSIONAL SCHEDULE

Congress is out of session and will meet again for legislative business on Monday, November 15, for the lame-duck session.

The House adjourned on September 30. The Senate finished its legislative business on September 29, but it is reconvening every few days in pro forma session to keep President Obama from making recess appointments during the period before the lame-duck session.

EXECUTIVE BRANCH

PRESIDENT SIGNS NASA AUTHORIZATION BILL  NEW

President Obama on October 11 signed into law the NASA Authorization Act of 2010 (S. 3729), which authorizes $58 billion for the space agency in fiscal years 2011-2013. The new law paves the way for development of a new heavy-lift launch vehicle, adds one extra shuttle flight, provides support for the International Space Station until 2020, and authorizes federal funding for development of commercial spacecraft. The law also authorizes sustained funding for Earth and space science programs, as well as robust support for aeronautics and space technology development.

PRESIDENT URGES CONGRESS TO EXTEND AMERICAN OPPORTUNITY TAX CREDIT  NEW

President Obama held a Rose Garden event on October 13 to highlight a new Treasury Department report showing that millions of American students have benefitted from the
American Opportunity Tax Credit (AOTC) and to urge Congress to make the tax benefit permanent. The credit expires at the end of 2010.

A White House statement says that the Treasury Department report found that the credit increased overall tax benefits for higher education expenses by 90 percent between 2008 and 2009 and helped more than 12.5 million students and their families pay for college in 2009.

The AOTC, created through the American Recovery and Reinvestment Act (ARRA), provides a tax credit of up to $2,500 per student, calculated at 100 percent of the first $2,000 in tuition and 25 percent of the next $2,000. The tax benefit is more generous that the Hope Scholarship that it replaces for tax years 2009 and 2010. The income range of taxpayers who can claim the credit is wider, up to $1,000 of the credit is refundable, and taxpayers may claim the benefit for four years of school instead of only two.

ASSOCIATIONS COMMENT ON NEW IRS 1099 REPORTING REQUIREMENTS

A group of eight higher education associations, including AAU, submitted comments to the Internal Revenue Service (IRS) late last month on implementation of expanded Form 1099 reporting requirements enacted earlier this year as a revenue-raiser in the health care reform bill. National Journal reports that federal actuaries expect the reporting expansion to raise about $17 billion over 10 years by enabling the IRS to better track the flow of money from one business to the next.

The associations’ comment letter, led by the National Association of College and University Business Officers (NACUBO), offers recommendations for reducing the compliance burden of the expanded reporting requirements, but it also supports repealing the new requirements because of “the vast additional administrative and financial burdens they impose on colleges and universities.”

Under U.S. tax law, businesses are required to submit a Form 1099 for every contractor paid at least $600 for services during a year. This requirement usually does not apply to corporations receiving payments, but the new law removes this exemption beginning in 2012.

As described by NACUBO, the associations:

- Support the exemption of purchasing card transactions (already endorsed by Treasury in proposed banking rules);
- request clarification that all nonprofit and public colleges and universities are exempted from receiving 1099s;
- recommend that students and individuals participating in course material buyback programs be expressly exempt from receiving Forms 1099;
- request that vendors of goods, services, and other property be given the opportunity to receive the Form 1099 electronically;
- request a substantial increase in the annual reporting threshold, from $600 to $5,000; and
- recommend that the new reporting requirements be postponed for one year for reporting the payment for services to corporations and three years for reporting the purchase of goods and other property.
Colleges and universities around the country have received their annual survey of international student enrollments. Campuses are asked to respond to the survey by October 22, 2010, which is available on-line at http://iie.vovici.net/wsb.dll/s/6cg2f7.

The Fall 2010 Survey, which is led by the Institute of International Education (IIE), aims to update the information collected in last year’s online survey and to supplement the more comprehensive data campuses provide each year to the federal Student and Exchange Visitor Information System and to IIE’s Open Doors report.

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