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CONGRESSIONAL SCHEDULE
The House and Senate are out of session for the August recess.

BUDGET & APPROPRIATIONS
ADMINISTRATION WILL PROVIDE DETAILS ON IMPACT OF SEQUESTRATION  NEW

The President on August 7 signed legislation (H.R. 5872) approved by Congress last month that requires the White House Office of Management and Budget (OMB) to provide specifics on how the Administration would implement the across-the-board spending cuts in discretionary spending scheduled for early January. OMB now has 30 days to issue the report.

OMB officials have resisted providing any details on implementing the $109 billion in cuts for FY13, arguing that the cuts to both defense and nondefense discretionary programs would be so egregious that Congress should instead focus on preventing the sequester from taking place.

The budget sequester was approved in last summer’s Budget Control Act as a means of forcing the congressional supercommittee to come up with a major deficit-reduction deal. But the committee failed to reach agreement. Unless policymakers are able to reach an alternative deficit-cutting plan, the sequester will go forward on January 2 with a $55 billion cut in defense spending and about a $54 billion cut in nondefense spending.

Senator Patty Murray (D-WA) told Politico that she hopes the OMB report will pressure both parties to reach a last-minute deal. “I think we all need to step back. Sequestration was never written into law to be enacted. …Nobody should be saying it’s going to happen, but what we all ought to be saying is how we get to a balanced approach so it doesn’t go into effect.” Senator Lindsey Graham (R-SC) told the publication that both the President and Republicans would benefit politically from reaching an election-year deal that would create more certainty in the
economy and at the Pentagon. He said he would work with the President to reach an agreement, adding, “He gets the benefit from solving the problem, so do we.”

ASSOCIATIONS SUBMIT TESTIMONY ON HIGHER EDUCATION TAX INCENTIVES
NEW

A group of 12 higher education associations, including AAU, has submitted testimony for the record to the Senate Finance Committee on education tax incentives and tax reform. Along with supporting the extension of several expired and expiring education tax incentives, the letter endorses consolidation of several of the tax credits and deductions. It also provides background on the factors driving up college costs and campus efforts to control costs.

The letter, organized by the American Council on Education, supports extension of the American Opportunity Tax Credit, the above-the-line deduction for qualified tuition and related expenses, employer-provided educational assistance benefits (Section 127), the expanded student loan interest deduction, and the expanded Coverdell Education Savings Accounts. “It is essential that these tax provisions be extended this year to help make higher education accessible to millions of Americans and to ensure our nation will have the educated citizenry the future requires,” says the letter.

The associations also note that they have long supported legislative efforts to consolidate and simplify these tax incentives and strongly support Senator Charles Schumer’s (D-NY) legislation to do so, the “American Opportunity Tax Credit Permanence and Consolidation Act of 2012” (S. 3267).

The associations’ letter includes a section with data on college costs and trends, and identifies several reasons for rising costs, including four particularly strong drivers: reduced state appropriations, the increasing costs of information technology and knowledge creation, government regulation, and the fact that “higher education is among the most labor- and skill-intensive sectors of the economy.” The letter also discusses a wide range of steps that colleges and universities are taking to contain and cut costs, as well as help students pay for their education.

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