Innovation Deficit

This week the Association of Public and Land-grant Universities (APLU), the Association of American Universities (AAU), and The Science Coalition (TSC) joined with industry, higher-education and science organizations to launch a new video titled “Closing the Innovation Deficit”. The campaign calls for Congress to increase investments in research and higher education ensuring that the U.S. maintains its role as global leader.

Tax Reform

House Ways and Means Committee Chairman, Dave Camp (R-MI), released a tax reform “discussion draft” this week. The Tax Reform Act of 2014 is a comprehensive overhaul of the U.S. tax code with the principal goals of simplification and reduction of tax rates. The committee released both the discussion draft and a section-by-section summary. Recent statements by Speaker John Boehner (R-OH) indicate it is unlikely the legislation will advance in the House this year.

The proposal would consolidate four existing higher education tax benefits: the American Opportunity Tax Credit (AOTC), Hope Scholarship Credit (HSC), Lifetime Learning Credit (LLC) and the tuition deduction into a permanent, reformed AOTC. The new AOTC would provide a 100-percent tax credit for the first $2,000 of certain higher education expenses and a 25-percent tax credit for the next $2,000 of such expenses. It would be available for up to four years of higher education, and eligible expenses would include tuition, fees and course materials. The first $1,500 of the credit provision would be refundable.

The draft bill also eliminates taxing Pell Grant refunds as income and ends tax deductions for tuition, student loan interest and teachers' classroom supplies; it also ends tax student loan forgiveness for public servants, "Section 127" programs that contribute to paying for employees' higher education, and tuition discounts for college employees. In total, it would consolidate 15 higher education tax provisions into five.

Veterans’ In-state Tuition Bill

The Senate considered S.1982, the Comprehensive Veterans Health and Benefits and Military Retirement Pay Restoration Act this week. However, the bill was sent back to committee on a procedural vote derailing the $21 billion omnibus bill that includes an in-state tuition provision and other medical benefits for veterans.

The in-state tuition provision is identical to S.944, the Veterans' Educational Transition Act of 2013. The legislation requires public institutions provide veterans discharged within the last three years of service in-state tuition rates as a pre-condition for receiving GI Bill education benefits. The in-state tuition policy would begin in July 1, 2015 and would include dependents. The bill would eliminate eligibility for public
institutions to qualify for the out-of-state federal benefit of the GI Bill Yellow Ribbon Program since the veterans/students would no longer be considered out-of-state.

APLU sent the attached letter on S.1982, stating in principle, APLU believes that individual states should retain their autonomy to determine in-state residency status. However, if the bill passes, APLU prefers the narrower House-passed language in H.R. 357 regarding in-state residency for veterans which doesn’t include dependents and is effective July 2016. SUNY shared these concerns with Senator Schumer and Gillibrand.

President’s FY2015 Budget

The President’s Budget will be released in two stages. The main document, key proposals, summaries, agency information and a detailed appendix will be released on March 4, while the following week on March 11, they will release the historical tables and analytical perspectives. SUNY Office of Federal Relations will analyze and share this information over the coming weeks.

The President’s Budget will adhere to the existing discretionary spending caps for FY 2015 but will raise the sequester level cap by $56 billion (half non-defense discretionary and half defense) by closing tax loopholes and mandatory savings. The “Opportunity, Growth, and Security Initiative” would fund research, education, manufacturing and skills training. The budget will provide examples of what the funds could be used for, not line item distribution. Examples, the Opportunity, Growth and Security Initiative will include:

- Skills training proposals aimed at expanding apprenticeships and pairing colleges and private employers together to get our workers the skills they need to compete for good jobs.
- “Race to the Top” initiative for energy efficiency to support States that implement effective policies to cut energy waste and modernize the grid.
- Education proposals for universal Pre-K and improved head start options for all families.
- Create 45 new manufacturing institutes across the country.