The **Torch**

October 21, 2011

A bi-weekly report from the Coalition of Higher Education Assistance Organizations

COHEAO News

- **COHEAO Seeks Nominations for the Board of Directors**
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- **Financial Literacy Corner: COHEAO Financial Literacy Task Force Members Present at MCN MEGA Conference**
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The Congress

- **Harkin and Miller Offer Recommendations for Super Committee**
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- **FY 12 Appropriations: First Minibus Fails in Senate, Yet Another CR Appears Likely**
  Although much of the focus in Washington remains on the secretive negotiations of the Super Committee, those proposals are to address long-term spending issues and Congress is continuing to work on the appropriations bills for FY 2012.
- **Senate Vote on 3% Withholding Repeal Fails, But Reid Promises Action "Within a Matter of Weeks"**
  The repeal of the 3% federal tax withholding rules ended up playing a prominent role in the Senate's debate over the jobs proposal for teachers and first responders.
- **House Subcommittee Hearing to Examine Direct Lending**
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- **Proposal for Ginnie Mae-Style Financing for Direct Lending Circulating on Capitol Hill**
  The New America Foundation recently reported on a proposal circulating on Capitol Hill to use private capital to finance Direct Loans.
- **Boxer and Coburn Call for IG Report on Law Schools**
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The Administration

- **TIGTA: Over 2 Million Filers Erroneously Claim Stimulus College Tax Credit**
  The Treasury Inspector General for Tax Administration (TIGTA) released report this week stating 2.1 million taxpayers received $3.2 billion in American Opportunity Tax Credits (AOTC) “that appear to be erroneous.”
- **Dear Colleague Letter Warns of Financial Aid “Fraud Rings”**
  In response to recent reports of increases in financial aid frauds and “fraud rings” seeking to falsely claim Federal Student Aid funds, FSA issued a Dear Colleague Letter this week.
- **President’s Jobs Council Calls for Expanding IBR**
  The President’s Council on Jobs and Competitiveness released an interim report that includes a proposal to expand the Direct Loan income-based repayment system.
- **NCES Examines Private Student Loans from 2003-2004 to 2007-2008**
  The National Center for Education Statistics released a “Stats in Brief” report this week, “The Expansion of Private Loans in Postsecondary Education.”

Industry News

- **Different Viewpoints on the “Occupy” Protests & Student Debt via Pictures and Media**
  A fair amount of attention is being given to the national “Occupy Wall Street” protests. Though the loosely configured groups have been criticized for a lack of coherent message, the one apparent area of agreement among nearly all of the protesters is a concern with student debt.

Attachments

- **Board of Directors**
- **COHEAO Commercial Members**
- **Board of Directors Nomination Form**
- **COHEAO Letter to House Ways and Means Committee on 3% Withholding Repeal**

COHEAO News

COHEAO Seeks Nominations for the Board of Directors

COHEAO is currently seeking nominations for the Board of Directors that will take office at the annual conference in January 2012. The COHEAO Board of Directors is comprised of four elected officers (President, Vice- President, Secretary and Treasurer), three elected Members-at-Large and 10 appointed chairpersons. All positions are two-year terms (with a two-term limit for any individual position).

The President, Vice-President and all chairpersons serve terms beginning in odd numbered years. The positions of Secretary, Treasurer and Member-at-Large begin in even numbered years.
We are currently seeking nominations for Secretary, Treasurer and 3 Members-at-Large, for a two-year term that begins in January 2012.

We encourage all COHEAO members to nominate primary members for positions on the Board. Nominations can be made via email at COHEAOelections@wpllc.net with a cc to t-schm@umn.edu, via fax at 1-202-371-0197, or by mailing the form attached at the end of the Torch to:

COHEAO
1101 Vermont Ave. N.W.
Suite 400
Washington DC 20005-3521

Nominations can be made by any COHEAO member, however, only the "primary" member of a school or institution may serve on the Board of Directors. Please consult the Member Area on the COHEAO website at www.coheao.org for a complete list of primary members or if you have any questions about the responsibilities of these positions (as outlined in the by-laws). All nominees will be contacted in late November and encouraged to pursue one of the available Board positions. This year's elections for Secretary and Treasurer will be conducted via email ballot.

All nominations must be received by October 31, 2011.

If you have any questions, please contact Tom Schmidt, COHEAO Internal Operations Chair, at t-schm@umn.edu; Harrison Wadsworth at hwadsworth@wpllc.net; or Wes Huffman at whuffman@wpllc.net.

Financial Literacy Corner: COHEAO Financial Literacy Task Force Members Present at MCN MEGA Conference

The COHEAO Financial Literacy Task Force was well-represented at this week's Minnesota Collection Network MEGA Conference. In a panel moderated by Task Force Chairman Carl Perry of Progressive Financial Services, two members of the Task Force, Kris Alban of iGrad and Denny DeSantis of the University of Pittsburgh, joined Wes Huffman of COHEAO for a panel discussion, "Financial Literacy: WIIFM."

WIIFM stands for "What's in it for Me" and the panel discussed the advantages of improving financial knowledge of students from a school, student, and community standpoint. If you would like a copy of the presentation slides, please email whuffman@wpllc.net or cperry@progressivefinancial.com

In addition to the financial literacy panel discussion, Huffman also gave a brief talk to provide a COHEAO update for MEGA Conference attendees. If you would like a copy of the slide presentation that served as the basis for these remarks, please email whuffman@wpllc.net.

The Congress

Harkin and Miller Offer Recommendations for Super Committee

Last Friday was the deadline for recommendations to be submitted to the Super Committee in their efforts to reduce $1.2 trillion to $1.5 trillion from the deficit. In the case of student loans and the Super Committee, the recommendations sent from the HELP and Education and the Workforce Committees, particularly the Democrats, were more remarkable for what was not in them, as opposed to what was.

Both House Education and Workforce Ranking Member George Miller (D-CA) and Senate HELP Chairman Tom Harkin (D-IA) submitted recommendations to the Joint Select Committee. Most notably, neither of these recommendations called for the President's proposal to "modernize and expand" the Perkins Loan Program by converting it to Direct Lending (with the same terms and conditions as unsubsidized Stafford Loans) and expanding to $8.5 billion in loans per year. In fact, Miller stayed away from specific recommendations altogether in terms of student aid. Instead, he simply called on the Committee to recognize the importance of this funding.

Harkin, on the other hand, did call for the program to incent borrowers with both FFELP and Direct loans to re-finance their FFELs into the Direct Loan Program. This proposal to eliminate "split servicing" does call for an expansion of Direct Loans, but on a relatively small scale. However, Republicans have remained steadfast in their opposition to any expansion of Direct Lending. Still, if such a provision is seen as "borrower friendly" and remains relatively limited in scope, it may be more tenable for Republicans than the much larger "Direct Perkins" proposal.

Meanwhile, House Education and the Workforce Committee Chairman Kline (R-MN) sent his own letter last week. The letter does not mention student loan programs, instead simply calling for adoption of House Appropriations Committee proposals to limit the cost of the Pell Grant program by cutting back on eligibility – mainly by repealing expansions passed in 2007, 2008 and 2010 legislation. Kline also included a generic call for elimination of wasteful and duplicative programs.

Miller's letter is available online: **http://www.democraticleader.gov/pdf/EducationWorkforce101311.pdf**

Kline's letter is available online:
http://edworkforce.house.gov/UploadedFiles/10-14-11_Kline_Deficit_Reduction.pdf

If you would like a copy of the Harkin letter, please email **whuffman@wpllc.net**.

FY 12 Appropriations: First Minibus Fails in Senate, Yet Another CR Appears Likely

Although much of the focus in Washington remains on the secretive negotiations of the Super Committee, those proposals are to address long-term spending issues and Congress is continuing to work on the appropriations bills for FY 2012. Though the House was in recess this week, there was significant action, but ultimately no movement, on spending issues on the Senate Floor.

First, the Senate took up the first of several so-called "minibuses" to fund the federal government in FY 2012. Agencies included in this bill are the Departments of Agriculture, Commerce, Justice, the science agencies, Transportation and HUD. This $182 billion spending plan covering so many agencies at once led to a confusing and often contentious debate.

At one point during the proceedings, Senator Jeff Bingaman (D-NM), discouraged about the pace and tone of the amendments, suggested that the Congress go ahead and pass a yearlong continuing resolution (CR) right now as meeting the November 18th deadline when the CR currently in effect will expire. The Senate failed to complete action on the bill before adjourning for a week long recess. The debate will continue on November 1st. By late Thursday night Members appeared resigned to the fact that they would not meet the November 18th expiration date for the current CR and that their minibuses were perhaps not roadworthy.

The second debate in the Senate was an attempt to pass a slimmed down version of President Obama's latest jobs bill after the defeat last week of his $447 billion proposal. The $35 billion bill would provide funds to states to keep teachers and first responders employed. President Obama toured cities on the East Coast to rally support for the bill while Majority Leader Harry Reid (D-NV) did the same within the halls of the Congress. These efforts were insufficient to convince even the entire Democratic caucus to support the measure as Sens. Pryor (D-AK) ,Nelson (D-NE) and Lieberman (I-CT) all joined the Republicans to defeat it.

Senate Vote on 3% Withholding Repeal Fails, But Reid Promises Action "Within a Matter of Weeks"

The repeal of the 3% federal tax withholding rules ended up playing a prominent role in the Senate's debate over the jobs proposal for teachers and first responders. In exchange for a vote on the bill, Senate Majority Leader McConnell got a vote on legislation from Sen. Scott Brown to repeal the problematic tax provision. Ultimately, the cloture tally failed to reach the 60-vote threshold by three votes, 57-40.

Although this effort failed, there is strong Democratic support in the Senate to repeal the withholding rule. 30 cosponsors are on the Brown bill, S. 164, and many of them are Democrats. However, Senate Majority Leader Harry Reid (D-NV) indicated that the Democratic alternative is preferable because of the way it offsets the supposed costs to the federal government of repealing the rule and many Democrats voted against the measure.

In spite of the vote, Reid also said the Senate was aware that repealing the 3% withholding provision was "the right thing to do." He also argued against the Brown bill for constitutional reasons, stating it would be "blue slipped" in the House because it deals with revenues. In a debate with McConnell, the Majority Leader said the House was poised to pass a 3% withholding repeal bill and the Senate would then take it up, appending the Democratic plan for offsets. He indicated this would happen in a "matter of weeks."

In the House, the Committee on Ways and Means last week favorably reported by voice vote H.R. 647, sponsored by Rep. Wally Herger (R-CA) and Rep. Earl Blumenauer (D-OR), to repeal the 3 percent withholding rule on certain payments made to vendors by government entities. The bill may reach the House Floor as soon as the week of October 24.

A 2005 reconciliation bill included a provision requiring state and local governments to withhold 3 percent of payments for federal tax purposes. While the lack of revenues for business, particularly small business, has galvanized legislative action, the cost of this unfunded mandate for state and local government entities, including public colleges and universities, is significant. Several higher education associations, including

COHEAO and NACUBO, have voiced concerns with the cost of using public colleges and universities to enforce federal tax compliance.

The letter COHEAO recently sent to the Ways and Means Committee in support of this repeal is included with today's *Torch* as a special attachment.

House Subcommittee Hearing to Examine Direct Lending

On October 25, the House Subcommittee on Higher Education and Workforce Training will convene a hearing, "Government-Run Student Loans: Ensuring the Direct Loan Program is Accountable to Students and Taxpayers." A witness list is below:

Mr. James W. Runcie
Chief Operating Officer
Office of Federal Student Aid, U.S. Department of Education
Washington, DC

Mr. Ron H. Day
Director of Financial Aid
Kennesaw State University
Kennesaw, GA

Ms. Nancy Hoover
Director of Financial Aid
Denison University
Granville, OH

Mr. Mark A. Bandré
Vice President for Enrollment Management and Student Affairs
Baker University
Baldwin City, Kansas

The hearing is set for 10:00 a.m. in 2175 Rayburn. It will also be webcast. Additional information is available online: **http://edworkforce.house.gov/Calendar/EventSingle.aspx?EventID=264844**

Proposal for Ginnie Mae-Style Financing for Direct Lending Circulating on Capitol Hill

The New America Foundation recently reported on a proposal circulating on Capitol Hill to use private capital to finance Direct Loans. Although the proposal may have a budgetary cost (at least when scored under the Federal Credit Reform Act), supporters of such a proposal are hopeful it may make its way into the recommendations of the Super Committee because it is being characterized as a mechanism for reducing the national debt.

The document describes the proposal as applying the Ginnie Mae (GNMA) model to student lending with one critical difference—The US Department of Education would remain the sole lender for federal student loans. It identifies the following as the key elements of the GNMA pass-through security:

1. Certified lenders originate mortgages under federal guidelines;
2. Issuers pool together mortgages and create mortgage backed securities (MBS);
3. Issuers sell GNMA securities through a highly competitive auction process;

4. For a fee, GNMA guarantees MBS investors for timely payment of principal and interest on securities; and
5. Investors in the MBS product receive the full asset coupon of the loan pools net of guarantee and servicing fees.

On multiple occasions the document indicates the Department of Education would remain as the sole loan originator. It also states, “However, the basic mechanics of the guarantee fee, servicing fee, and net pass-through of loan cash flow to security investors would remain the same as the GNMA model. Investors would buy securities that pass through the underlying student loan principal and interest payments and guarantee costs.”

The document acknowledges such securities would price higher than traditional Treasuries, the current funding mechanism for Direct Lending, which could lead to budget costs in relation to the deficit. However, it also indicates these increased costs would be offset with three principal benefits: 1) The reduction of federal government debt; 2) a diversification of funding sources; and 3) interest rate risk management. It also says the proposal would avoid “any changes to loan terms, disbursement and servicing of the loans from the student’s perspective, preserving the benefits of the Direct Lending Program, and continuing to help Americans pay for school.”

The appetite of the Super Committee and others on Capitol Hill for such a proposal is largely unknown, but it would appear to face an uphill climb if it is scored as increasing the federal deficit. Additionally, harsh criticism from the New America Foundation, which said the plan “effectively addresses what some see as the direct loan program’s biggest shortcoming; it doesn’t allow Wall Street to make a ton of money off of it,” will likely encourage opposition.

A summary of the proposal is available online:
http://higheredwatch.newamerica.net/sites/newamerica.net/files/articles/Wall%20Street%20Debt%20Reduction%20Proposal.pdf
A blog post from Jason Delisle of the New America Foundation is available online:
http://higheredwatch.newamerica.net/blogposts/2011/wall_streets_pitch_to_profit_on_federal_student_loans-58962

Boxer and Coburn Call for IG Report on Law Schools

Senators Tom Coburn (R-OK) and Barbara Boxer (D-CA) recently asked the Department of Education’s Inspector General to provide information about key law school job placement, bar passage and loan debt metrics in light of serious concerns that have been raised about the accuracy and transparency of information being provided to prospective law school students.

This letter follows repeated calls from Senator Boxer to the American Bar Association to provide stronger oversight of reporting by law schools and better access to information for students. In addition to Boxer, Sen. Charles Grassley (R-IA) has also been seeking information from the ABA on these matters.

In their letter, the Senators pointed to media reports that raise questions about whether the claims law schools use to recruit prospective students are, in fact, accurate. They also cited reporting that questions whether law school tuition and fees are used for legal education or for unrelated purposes.
The letter requests a report from Inspector General Kathleen Tighe with the following information:

1. The current enrollments, as well as the historical growth of enrollments, at American law schools – in the aggregate, and also by sector (i.e., private, public, for-profit).

2. Current tuition and fee rates, as well as the historical growth of tuition and fees, at American law schools – in the aggregate, and also by sector (i.e., private, public, for-profit).
3. The percentage of law school revenue generated that is retained to administer legal education, operate law school facilities, and the percentage and dollar amount used for other, non-legal educational purposes by the broader university system. If possible, please provide specific examples of what activities and expenses law school revenues are being used to support if such revenue does not support legal education directly.
4. The amount of federal and private educational loan debt legal students carried upon graduation, again in the aggregate and across sectors.
5. The current bar passage rates and graduation rates of students at American law schools, again in the aggregate and across sectors.
6. The job placement rates of American law school graduates; indicating whether such jobs are full- or part-time positions, whether they require a law degree, and whether they were maintained a year after employment.

The letter also requests "a description of the methodology the IG employed to acquire and analyze information for the report." Adding, in a thinly veiled reference to the difficulties Boxer and others have had with obtaining information from the ABA, "Please also note any obstacles to acquiring pertinent information the agency may encounter."

After the letter to the IG, the ABA responded to Boxer's most recent inquiry. The Section on Legal Education and Admissions to the Bar sent Boxer a memo detailing recent changes in reporting requirements for job and placement data as well as indicating it was currently reviewing penalties for misrepresenting consumer information and further examining the consumer implications of scholarship retention policies at law schools.

The letter from Boxer and Coburn is available online:
http://boxer.senate.gov/en/press/releases/101411.cfm#
The ABA response to Boxer is available online: **http://www.abanow.org/wordpress/wp-content/files_flutter/1319141066senboxer_lettermemo.pdf**

The Administration

TIGTA: Over 2 Million Filers Erroneously Claim Stimulus College Tax Credit

The Treasury Inspector General for Tax Administration (TIGTA) released report this week stating 2.1 million taxpayers received $3.2 billion in American Opportunity Tax Credits (AOTC) "that appear to be erroneous." Of those alleged erroneous returns, more than 50% (1.1 million) were prepared by a paid return preparer.

The AOTC was the signature college affordability provision of the Obama Administration's initial stimulus bill, the American Recovery and Reinvestment Act (ARRA) of 2009. According to TIGTA:

- 1.7 million taxpayers received $2.6 billion in education credits for whom there was no supporting documentation in IRS files that they had attended an educational institution.
- 370,924 individuals claimed as students who were not eligible because they did not attend the required amount of time and/or were postgraduate students, resulting in an estimated $550 million in erroneous education credits.
- 63,713 taxpayers received $88.4 million in education credits for students claimed as a dependent or spouse on another taxpayer's tax return.
- 250 prisoners erroneously received $255,879 in education credits.

TIGTA also noted that a valid Social Security Number is required for Title IV benefits, but not the education tax credits. The report indicates more than 80,000 students without a Social Security Number were claimed by taxpayers who received $103 million in credits.

The report offered several recommendations for the IRS, including modifications to the tax form related to this credit. It also indicated Treasury should determine whether legislation is necessary to clarify whether or not the credit may be claimed by students without a valid Social Security Number. Additionally, TIGTA recommended improved coordination between the IRS and the Department of Education on these benefits as well as a review of compliance programs.

The full report is available online:
http://www.treasury.gov/tigta/auditreports/2011reports/201141083fr.pdf

Dear Colleague Letter Warns of Financial Aid "Fraud Rings"

In response to recent reports of increases in financial aid frauds and "fraud rings" seeking to falsely claim Federal Student Aid funds, FSA issued a Dear Colleague Letter this week. FSA's summary of the letter is provided below:

> *The purpose of this letter is to provide guidance to address potential fraud in the Federal student aid programs at institutions of higher education that offer distance education programs. This letter provides an overview of the fraud schemes that the Department's Inspector General (IG) detected, and recommends immediate steps that institutions can take to detect and prevent fraud. In this letter, we also describe further actions that institutions can take and that the Federal government is committed to taking, including increasing technical assistance to institutions of higher education, the convening of a Department-wide task force on distance education fraud, and plans for recommending legislative and regulatory changes to address the relevant issues.*

The full letter is available online: **http://ifap.ed.gov/dpcletters/GEN1117.html**
Additional coverage from *Inside Higher Ed* is available online:
http://www.insidehighered.com/news/2011/10/21/us-warns-colleges-about-financial-aid-fraud-rings

President's Jobs Council Calls for Expanding IBR

The President's Council on Jobs and Competitiveness recently released an interim report that includes a proposal to expand the Direct Loan income-based repayment system. The relevant portion of the proposal reads as follows:

Talent: Address talent needs by reducing student loan burden and accelerating immigration reforms
Our research indicates that a large number of recent graduates who aspire to work for a start-up or form a new company decide against it because of the pressing burden to repay their student loans. This has a direct and negative impact on job creation. Younger, newer firms tend to be founded by younger entrepreneurs and populated with younger workers. Moreover, we believe that if a student has taken out loans and graduated on time, he or she deserves the chance to take a risk at a new firm. The Council therefore recommends that the Administration promote Income-Based Repayment Student Loan Programs for the owners or employees of new, entrepreneurial companies.

The entire interim report, titled "Taking Action, Building Confidence: Five Common Sense Initiatives to Boost Jobs and Competitiveness" is available online at: **http://files.jobs-council.com/jobscouncil/files/2011/10/JobsCouncil_InterimReport_Oct11.pdf**

NCES Examines Private Student Loans from 2003-2004 to 2007-2008

The National Center for Education Statistics released a "Stats in Brief" report this week, "The Expansion of Private Loans in Postsecondary Education." Notably, the report relies on data through 2007-2008; the following year, the private loan market began dramatically contracting and is now estimated to be only one-third the volume of 2007-2008.

Although the private student loan market has been subject to fundamental changes since 2008, the release this week of a National Center on Education Statistics report on usage of the loans is of interest, if for no other reason than to better understand what happened way back then.

Here are a few of the key findings of the report:

- *The percentage of undergraduates obtaining private loans from 2003–04 to 2007–08 rose from 5 percent to 14 percent. During this period, Stafford loan borrowing among undergraduates increased from 32 percent to 35 percent, and borrowing from all sources, including Parent PLUS loans, rose from 34 percent to 39 percent.*

- *Among full time dependent undergraduates, higher percentages of students from lower middle income (21 percent) and upper middle-income (20 percent) families than students from low-income (15 percent) or high-income (16 percent) families borrowed private loans in 2007–08.*

- *The largest proportion of borrowers who took out private loans either exclusively or in combination with public loans (42 percent) was found among those enrolled at for-profit institutions in 2007–08. Among private loan borrowers at private nonprofit 4-year institutions, for example, 25 percent took out private loans in 2007–08.*

- *Fifty-three percent of dependent undergraduates who obtained a private loan had borrowed the maximum federal (Stafford) loan amount in 2007–08.*

- *From 2003–04 to 2007–08, the percentage of graduate students who took out private loans rose 4 percentage points, from 7 percent to 11 percent, compared with an increase of 9 percentage points among undergraduates, from 5 percent to 14 percent.*

The entire NCES report may be accessed at: **http://nces.ed.gov/pubs2012/2012184.pdf**

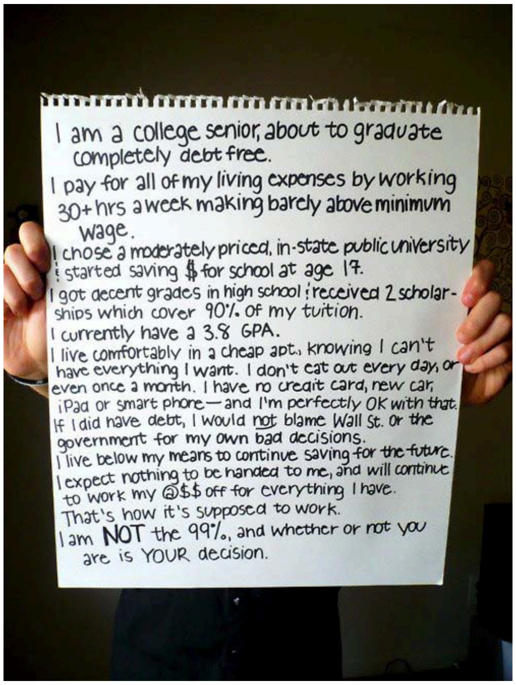
Industry News

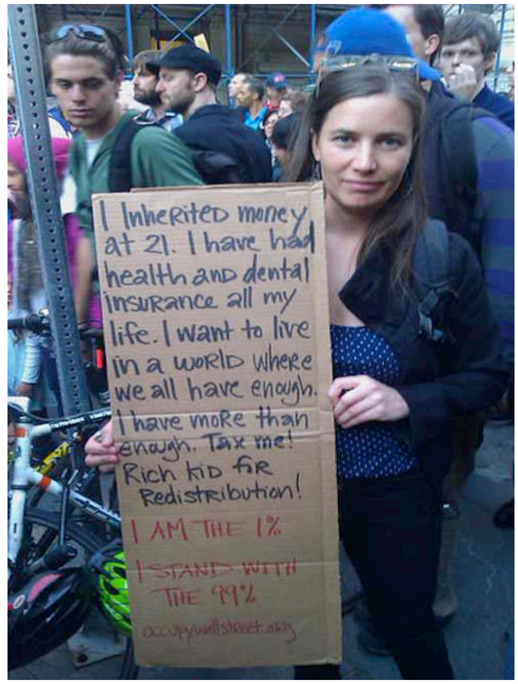
Different Viewpoints on the "Occupy" Protests & Student Debt via Pictures and Media

A fair amount of attention is being given to the national "Occupy Wall Street" protests. Though the loosely configured groups have been criticized for a lack of coherent message, the one apparent area of agreement among nearly all of the protesters is a concern with student debt.

Below is a collection of varying viewpoints on the protests, student loans, and the struggles of students and families collected from around the web:

- Pictures of support and criticism of the protests from students:





- An article from the *Associated Press* (via *The State* of Columbia, SC), "These Occupy Wall St Protesters Have a Message": **http://www.thestate.com/2011/10/14/2009782/these-occupy-wall-street-protesters.html**
- A blog post from the *National Review*, "Occupy Wall Street and Student Loans": **http://www.nationalreview.com/blogs/print/279471**
- A column from *Reuters*, "Why the Wall Street Protests Are Going Mainstream": **http://www.usnews.com/news/blogs/rick-newman/2011/10/20/why-the-wall-street-protests-are-going-mainstream_print.html**
- A column from CNBC, "Buried in Student Loans? Don't Blame the Banks": **http://www.cnbc.com/id/44876501?__source=google%7Ceditorspicks%7C&par=google**
- A column from Anya Kamenetz for *Huffington Post*, "Generation Debt at the Barricades": **http://www.huffingtonpost.com/anya-kamenetz/generation-debt-at-the-ba_b_1004110.html**
- A petition, "Want a Real Economic Stimulus and Jobs Plan? Forgive Student Loans": **http://signon.org/sign/want-a-real-economic.fb1?source=s.fb&r_by=806487**
- A column from Justin Wolfers for *Freakonomics*, "Forgive Student Loans? Worst Idea Ever": **http://www.freakonomics.com/2011/09/19/forgive-student-loans-worst-idea-ever/**
- A blog post from Megan McArdle of *The Atlantic*, "Debt Jubilee? Start with Student Loans": **http://www.theatlantic.com/business/archive/2011/10/debt-jubilee-start-with-student-loans/246307/**

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COHEAO Would Like To Thank Its Commercial Members
For Supporting More Education for More People

Account Control Technology, Inc.

ACS Inc.

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National Credit Management

NCO Financial Systems, Inc.

Northland Credit Control, Inc.

Progressive Financial Services, Inc.

Recovery Management Services, Inc.

Regional Adjustment Bureau, Inc.

Reliant Capital Solutions, LLC

Todd, Bremer & Lawson, Inc.

Williams & Fudge, Inc.

Windham Professionals

Coalition of Higher Education Assistance Organizations
Request for Nominations

COHEAO Board of Directors Nomination Form-Due by 10/19/2011

I nominate the following **primary** member(s) for the COHEAO Board of Directors as noted:

Secretary Nominee's Name	Organization	E-Mail or Telephone

Treasurer Nominee's Name	Organization	E-Mail or Telephone

Member-at-Large nominations - There are three open positions. You may nominate as many **primary** members as you wish.

Nominee's Name	Organization	E-Mail or Telephone

Please return form via email to: COHEAOelections@wpllc.net with a cc to t-schm@umn.edu or send it by mail to: COHEAO, 1101 Vermont Ave. N.W., Suite 400, Washington, DC 20005-3521 or by fax to: 1-202-371-0197.

Coalition of Higher Education Assistance Organizations
1101 Vermont Avenue N.W., Suite 400
Washington, D.C. 20005-3586
(202) 289-3910 Fax (202) 371-0197

October 7, 2011

Chairman Dave Camp
Committee on Ways and Means
1102 Longworth House Office Building
Washington, DC 20515

Dear Chairman Camp:

The Coalition of Higher Education Assistance Organizations (COHEAO) would like to thank the Committee for considering H.R. 674 and offer our strong support for this legislation to repeal the 3% federal tax withholding requirement for certain payments to vendors from government entities.

Specifically, the bill would repeal Section 511 of the Tax Increase Prevention and Reconciliation Act of 2005 (PL 109-222) which created an unfunded mandate for enforcing federal tax compliance for state and local governments that will have a disparate impact on public colleges and universities as well as many large community colleges. The full repeal of this provision will ensure public institutions of higher education are freed from yet another undue regulatory burden and unfunded mandate from the federal government.

Public colleges and universities regularly enlist the services of vendors and outside entities in all aspects of their operations and would often be subject to this requirement. The cost of compliance in updating campus systems to allow for this type of withholding is significant and ultimately, it would have to be paid for by state funds or, in the worst case scenario, increased tuition prices. Additionally, the cost of compliance for state and local governments will undoubtedly surpass the savings estimated from this Section by the Joint Committee on Taxation.

Thank you again for considering this important piece of legislation. Should the Committee seek to learn more on the relief provided by H.R. 674 for public colleges and universities, please do not hesitate to consider COHEAO as a resource.

Sincerely,

Bob Perrin, COHEAO President

Harrison Wadsworth, COHEAO Executive Director

cc: Representative Sander Levin
Representative Wally Herger
Representative Earl Blumenthal