

Title	Student Advocates for Graduate Education (SAGE) Days on the Hill
Staff lead:	Gene Sharratt
Position	Executive Director
Email:	
Phone:	
Synopsis:	Council members will receive a brief overview of SAGE, specific priorities they advocate for at the federal level, and how their work is germane to WSAC, the Roadmap, and the state’s educational attainment goals.
Guiding questions:	How does SAGE’s legislative priorities fit into the Roadmap and educational attainment goals? How does the Council continue to ensure graduate students are represented in our day to day efforts? Are their possibilities for SAGE and WSAC partnerships?
Possible council action:	<input checked="" type="checkbox"/> Information Only <input type="checkbox"/> Approve/Adopt <input type="checkbox"/> Other: _____
Documents and attachments:	<input checked="" type="checkbox"/> Brief/Report <input type="checkbox"/> PowerPoint <input checked="" type="checkbox"/> Third-party materials <input type="checkbox"/> Other

Student Debt: A Growing Obstacle to Graduate Education

GPSS Federal Legislative Priorities

At more than \$1.2 trillion and growing, student loan debt has exceeded both credit card and automobile debt as the largest source of debt in the United States. This growing debt load has serious economic implications, from slowing home purchases, to discouraging potential entrepreneurs, to limiting career choices – all of which impede economic growth.

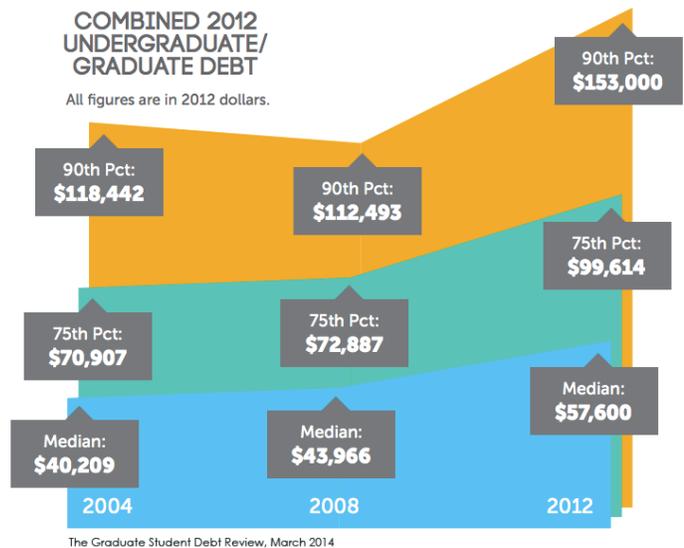
Compounding the looming crisis in student debt, recent changes by Congress to the student loan system are projected to increase unsubsidized borrowing rates for graduate students by 58% between 2013 and 2017. As states continue to increase tuition at public colleges and universities, higher federal loan rates and cuts to need-based programs are creating disincentives for prospective students to pursue advanced degrees.

The Graduate and Professional Student Senate (GPSS) of the University of Washington (UW) ask for your support to solve this problem.

Limiting interest rates on federal loans

Graduate and professional students rely on student loans more heavily than undergraduates, with the additional debt for a graduate degree typically ranging from \$30,000 to \$120,000. However, graduate students are no longer eligible for unsubsidized loans, and steep tuition increases are forcing many to take on even more debt to complete their degrees.

Passed in 2013, the *Bipartisan Student Loan Certainty Act* will **increase graduate loan rates from 5.41% today to 8.55% by 2017**, and from **6.71% today to 9.5% in 2017 for the PLUS loans** needed to cover the cost of rapidly increasing tuition. According to CBO calculations, these changes mean **the government will earn \$185 billion in profit** over the coming decade on student loan interest alone.



We ask you to work with us on new legislation to prevent our student loan system from using financial aid to generate profit at the expense of students that are already dealing with great financial uncertainty.

Reforming “Pay As You Earn”

New rules for income-based repayment (IBR) have thrown a lifeline to graduate students drowning in student debt. Current rules cap monthly payments and forgive remaining debt after a set number of payments, but many who could benefit from the program are not eligible.

To be eligible for “Pay as You Earn”, students must not hold student loans from before 2008 and must receive federal loans after 2011. Forgiven debt under IBR is treated as taxable income, resulting in a strenuous tax liability on individuals who have qualified for IBR precisely because they are unable to pay more. In addition, the monthly payment amount under IBR does not account for the differences in cost of living faced in various regions of the country. Students would benefit greatly if IBR allowed for regional sensitivity and defined disposable income to better represent the ability to repay student loans.

We ask you to support expansion of the “Pay As You Earn” program so it extends to all student borrowers, and oppose an arbitrary cap on loan forgiveness that will deter graduate students from careers in public service.

Graduate education is critical to our economy

Graduate students at the University of Washington are performing cutting edge research on gene therapy, training to become the surgeons, and writing innovative computer programs that will change the world. But as states cut funding and tuition rises, graduate students are struggling to stay afloat.

We need the support of our elected officials in Congress to ensure graduate students do not face crippling debt upon completion of their degree, or are steered away from public service due to financial considerations. Restoring reasonable graduate student loan rates accomplishes two goals. First, it ensures that elite students are not discouraged from attaining a graduate education; second, it enables current students to maintain their course of study.

The United States needs a highly educated and skilled workforce to compete in the coming decades. Strong federal support – that doesn’t leave graduate students with crippling debt – will ensure that we are well prepared for the future.

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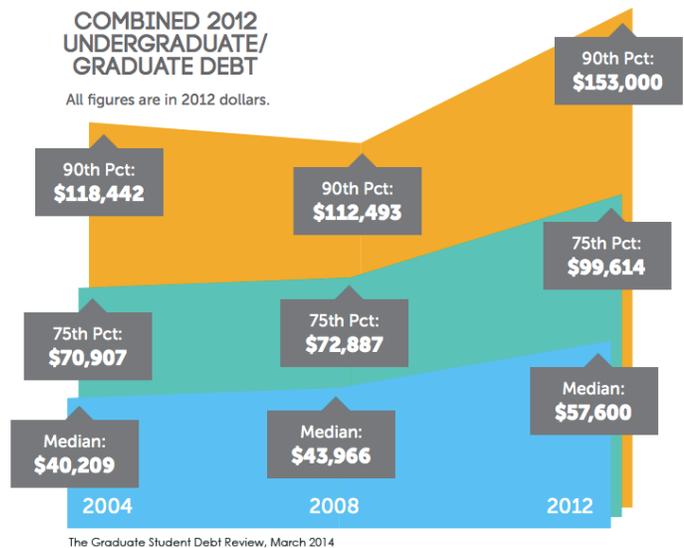
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The United States needs a highly educated and skilled workforce to compete in the coming decades. Strong federal support – that doesn’t leave graduate students with crippling debt – will ensure that we are well prepared for the future.

The State of Federal Research Funding at the University of Washington

Background

Many UW graduate students rely on federal funding to support their graduate education. US federal research funding provides outstanding opportunities through federal agencies such as the National Science Foundation (NSF) and the National Institutes of Health (NIH) to pursue independent and interdisciplinary research that will prepare our graduate students to enter the academic and research workforce with competence and confidence.

The Graduate and Professional Students of the University of Washington advocate that the following six considerations be prioritized in the coming year, as Congress debates key pieces of federal funding legislation:

Recommendations

Continue rigorous support for graduate student grant programs:

Grant programs such as the NSF Graduate Research Fellowship Program (GRFP) provide support for promising graduate researchers all over the country.

Raise federal funding levels for scientific research:

In the face of rising competition for diminishing funds, graduate students and promising early-career researchers are being encouraged to leave the field, or worse, take their talents abroad. We support President Obama's proposed Opportunity, Growth, and Security Initiative, which would give our national science agencies the funding necessary to maintain and fuel the future development of our nation's rising workforce demand in science, technology, engineering, and mathematics.

Avoid another federal shut down:

When the federal government shuts down, it stifles innovation and hurts the United States' international competitiveness. Irregularity and breaks in the federal funding of basic and applied research negatively impacts research laboratories and institutes across the nation, and reverses progress on our long-term investments in the future of American innovation.

Permanently reverse Sequestration and maintain a stable budget process:

We are already losing our nation's competitive edge in innovation, scientific research and technology. The United States cannot afford another sequestration, or we risk losing our scientific and technological advantage to overseas competitors.

End hostility towards science, particularly the targeting of social sciences:

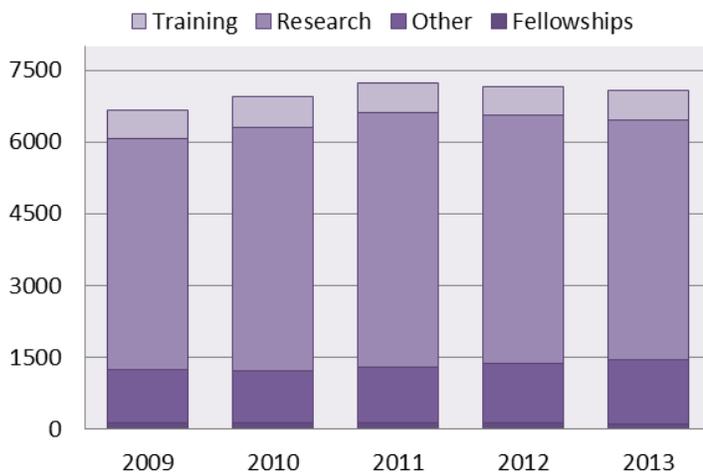
We oppose all actions by Congress to interfere in the peer review process and the recent efforts to cut funding for social sciences. We reject the assertion that these fields do less for the U.S. economy, and thus we oppose the proposed FIRST Act. We support the renewal of the America COMPETES Act.

Overview of Federal Research Funding at the University of Washington

The University of Washington is facing a decline in funding over time

Flat funding levels for research are compromising our national interests. Major agencies like the National Institutes of Health (NIH) are struggling just to keep up with inflation. At the current level of funding, we are unable to educate enough Americans to fill our workforce demand for science, technology, engineering and mathematics (STEM) jobs in the United States. Unless we fill these jobs, many other OECD countries will continue to surpass us in technology and innovation.

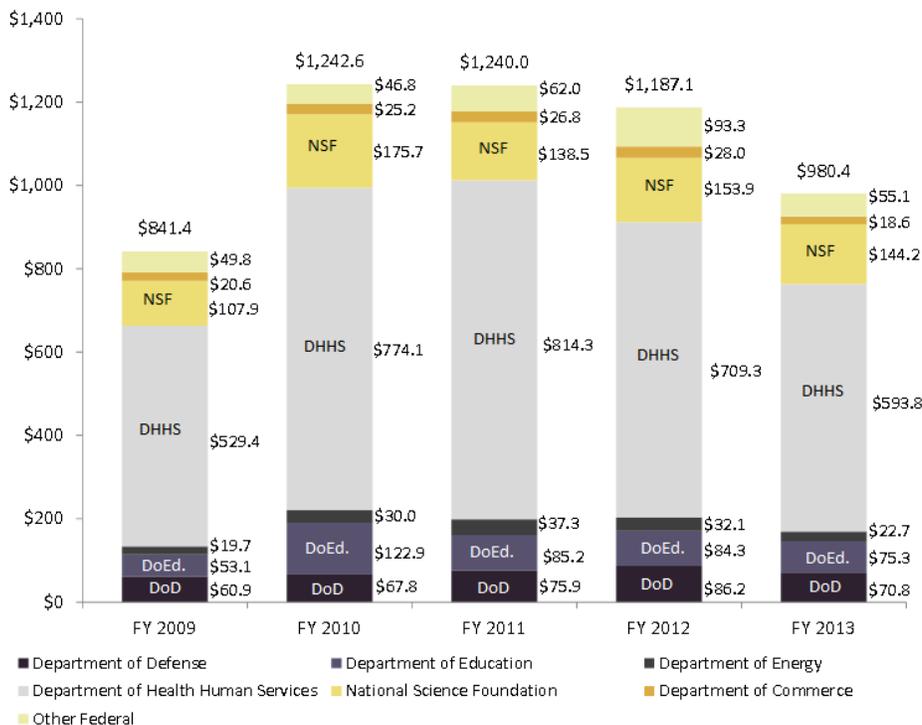
Sum of Paid FTE 2009-2013



In 2013, students in Washington earned 6,529 graduate degrees and UW awarded 68% of all graduate degrees earned in Washington, of which 44% were in STEM or high demand fields.

Research funding at the University of Washington has on average supported more than 6,500 university employees every year, many of them graduate student researchers.

Support from federal research funding can make or break graduate student's careers and research projects.



“NSF Graduate Research Fellowship Program fully funds students so they can dedicate more time to research and enables academic freedom as it is portable.”

-Steve C., PhD Candidate and Graduate Researcher in Chemistry

Immigration Reform

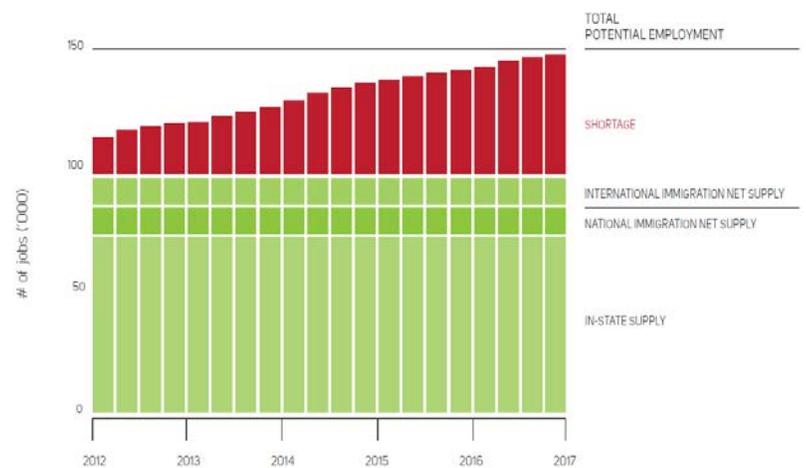
As the U.S. economy globalizes and high tech industries continue to grow, restrictive visa policies limit our ability to retain high-skill workers and innovators. **GPSS supports comprehensive immigration reform.** Not having a system to retain students who graduate with Science, technology, engineering and math (STEM) attained in Washington State and the United States is a wasted investment. Washington is rapidly expanding its high-tech economy and is one of the top applicants for work visas. In order to strengthen and grow this rapidly changing economy, Washington needs a highly educated and innovative workforce. The Graduate and Professional Student Senate (GPSS) of the University of Washington (UW) support the following Visa reforms.

GPSS advocates for:

- **Relaxing work restrictions on F-1 student visas**
- **Availability and priority of H1-B and EB visas to graduates of U.S. institutions**
- **A demonstration/pilot project where international students are provided a gateway to retention in the American labor force.**

I. Relaxing work restrictions on F-1 student visas

At the University of Washington alone there are 2,258 international graduate students (18% of total graduate student population; autumn 2013 enrollment). Under current rules, these students are only permitted to work if their program has an internship requirement. However, once that requirement is fulfilled they are no longer able to work, except for special circumstances. **Revising F-1 visa restrictions would allow students to fill the high-skill temporary work needs of businesses and lessen the need for raising the H-1B visa cap.**



II. Availability and priority of H1-B and EB visas to graduates of U.S. institutions

The current system of educating international students and exporting them after graduation results in a negative return on investment. In an effort to retain these students, it is also important to allow dual intent status so that students may apply for immigrant visas upon graduation. **Exempting students that earn a master's or higher degree from an accredited institution in a STEM field in the U.S. from the numerical limitation cap is a way to prioritize retaining graduates of U.S. institutions to fill the highly skilled jobs gap.**

III. Retention of international students in the American labor force pathway pilot project

There are several locations in the U.S. where a pilot program could be tested due to geographic proximity of public research institutes and high-tech business clusters. These include, but are not limited to, the Puget Sound area in Washington State, the Bay Area in California, and the research triangle in North Carolina. **The "pathway" program would test if relaxing F-1 visas to allow international students to work in high demand industries, and if successful gain access to H1-B or EB visas upon completion of graduation and other program requirements will help: fill the needed skills gap, reduce transition and training costs of current H1-B visa processes, and demonstrate economic benefit from increased retention of graduates from U.S. institutions.**



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SAGE Federal Legislative Priorities

Student Debt and Taxation

Student Debt: A Growing Obstacle for Attaining a Graduate Education: The outstanding student loan balance—\$1 trillion according to the Consumer Financial Protection Bureau—surpasses credit card debt.¹ 69.6% of graduate students hold student loans with an average cumulative debt of \$47,503.² The reduction in many student aid programs in addition to the increase in the cost of education is making the financial burden of an advanced education overwhelming.

SAGE Recommends:

- ***Amend the new Income Based Repayment rules to apply to all outstanding federal student loans, make Income Based Repayment installments regionally sensitive to cost of living, and exclude forgiven student loan debt from taxable income.***

“Qualified Higher Education Expenses” Not Defined as Originally Intended: The Higher Education Act of 1965 (HEA) defines the cost of attendance for higher education as the total cost of education, including tuition, fees, books, supplies, housing, etc. In 1986, changes in tax law uniquely disadvantaged graduate students, making portions of fellowship and student aid, such as room and board, taxable income.

SAGE Recommends:

- ***Amend the tax code to define “Qualified Higher Education Expenses” and “Qualified Tuition and Related Expenses” to match the definition of “Cost of Attendance” in section 472 of the HEA.***

Research Funding

Funding Federal Research is Crucial to Our Country’s Economy: The U.S. economy is dependent on groundbreaking research at leading research universities. If the U.S. is to remain a global leader in innovation and technology development, Congress should maintain or increase federal funding of graduate research, which produces cures to diseases, new technology, and a more powerful workforce.

SAGE Recommends:

- ***Congress should maintain, if not increase, federal funding of research.***

Immigration

Visa Reform: Allow World’s Brightest to Create American Jobs: Domestic universities are global leaders that attract the best and brightest international students in pursuit of graduate and professional degrees. SAGE believes that changes to our visa system should be enacted to lower the barriers to permanent residency and incentivize international graduate students to stay in the United States permanently.

SAGE Recommends:

- ***Reforms to establish a moving cap based on demand for H1-B visas, grant work permits for spouses of visa holders, exempt students earning a masters or higher degree in a STEM field in the U.S. from the numerical limits on EB visas.***
- ***F-1 visa reforms to include the lifting of work restrictions and authorization of dual intent.***

¹ The Project on Student Debt (2011). Student Debt and the Class of 2010. Washington, DC, The Institute for College Access and Success.

² FinAid Page, LLC. Student Loans, 2013. Mark Kantrowitz, Publisher. Available from: www.finaid.org/loans.

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Student Debt and Taxation Policies

How to Support the Next Generation of Innovators and Educators

Education Taxation Policy and Student Debt: An obstacle for graduate education

Graduate students become the innovators, job creators, and leaders who provide the basis for the economic and intellectual advantage that the United States maintains across the globe. The continued decline in graduate student aid programs coupled with an increase in the cost of education makes the financial burden of graduate education overwhelming. The Budget Control Act of 2011 eliminated direct subsidized loans for graduate students; a critical resource that afford over \$10 billion in 2010 to students to pursue their graduate degrees. Students are required to finance a large share of their education, resulting in over \$1 trillion of outstanding student loan debt. The regulatory and tax infrastructure that supports education has not kept pace with the increasing financial stress encountered by students.

SAGE Recommends:

- **Support the American Opportunity Tax Credit Act of 2013 (HR 1738)**
- **Make permanent expiring and keep existing Higher Education Tax Provisions**
 - **American Opportunity Tax Credit (AOTC), IRC Sec. 25A**
 - **Student Loan Interest Rate Deductions, IRC Sec. 221**
- **Support Income Dependent Educational Assistance**
 - **Modifications to existing IBR programs to allow for regional sensitivity**
 - **ExCEL Act, HR 1716.**
- **Support legislation that limits the debt liability for struggling students**
 - **Student Loan Fairness Act, HR 1330**
 - **Student Loan Borrowers Bill of Rights Act, HR 3892**
- **Support the Public Service Loan Forgiveness Program in its existing form**

Optimizing the tax code to address affordability in higher education

Support the AOTC Act of 2013. The AOTC Act of 2013 modifies the current deduction to include a cost of living adjustment, allows a lifetime limit on such credit to \$15,000, and makes permanent this simplified education related tax provision that will allow students and families to gain better access to higher education. Additionally, the AOTC Act of 2013 will correct a conflict in the current tax code by allowing the AOTC to count toward expenses that Pell Grants do not cover.

Make permanent the Student Loan Interest Rate Deduction. This allows students to reduce the amount of income that is subject to tax by up to \$2,500 for qualified education expenses. This deduction is particularly important as student's transition to the workforce and making ends meet is most challenging.

Amend the tax code to define "Qualified Higher Education Expenses" and "Qualified Tuition and Related Expenses" to match the definition of "Cost of Attendance" in section 472 of the Higher Education Act of 1965 (HEA). In 1986, changes in tax law limited this definition making portions of fellowship and student aid ineligible for higher education tax incentives. These include the lifetime learning credit and tax deductions on scholarship and fellowship monies. Current tax law limits "qualified higher education expenses" to tuition and registration fees only. By excluding income used for basic living expenses such as room and board from a qualified educational deduction, this limitation has a direct impact on the affordability of graduate education.

Improving student loan programs and protecting struggling students

Modify current IBR programs to include regional sensitivity and account for cost of living. Evidence suggests that the high amount of student loan debt incurred by many individuals does not exceed the value of their education, and yet the default rate on student loans is at an all time high¹. This has led some to conclude that the nation faces a repayment crisis rather than a debt crisis in terms of student loans. One mechanism to make student debt and repayment more manageable is Income Based Repayment (IBR)². However, the success of this program has been limited as a result of low student enrollment, the lack of regional sensitivity in calculating payment plans, and limitations on which loans are eligible.

Support the ExCEL Act. The ExCEL Act combines all existing federal student loans into a single Income Based Educational Assistance (IDEA) Loan program. This will greatly reduce the complexity of the current program, afford greater protection to borrowers, and streamline payments by linking them to federal withholding. Enrollment is automatic and everyone is required to participate. It is estimated that this program will save the federal government money by reducing the number of defaults and fees associated with debt collection.

Support for students suffering from financial hardship.

Support the Student Loan Borrower's Bill of Rights Act. This act removes educational loans from the list of debts that are non-dischargeable in bankruptcy.

Support the Student Loan Fairness Act. This law will limit repayment for qualified borrowers to 10% of their discretionary income and limit the interest capitalization to 10% of the principle. After 120 eligible months, the loan is forgiven tax-free. Under current loan forgiveness programs, those who qualify are left with an unreasonable tax burden when the loan is discharged which is exactly the type of financial burden these individuals cannot afford. Loan forgiveness would also be capped under this new legislation to encourage borrowers and colleges to utilize loans more judiciously.

Support the Public Service Loan Forgiveness Program. The PSLF is designed to encourage and support students to work in public service. Under the PSLF individuals with a graduate degree who go on to work in government, in a non-for profit organization, or as a teacher, receive loan forgiveness on Direct Loans after making 120 consecutive payments. SAGE supports the PSLF as is, and believes any effort to place a cap on the amount of debt that can be forgiven, or to limit the availability of this program, will discourage those with an graduate degree from entering public service.

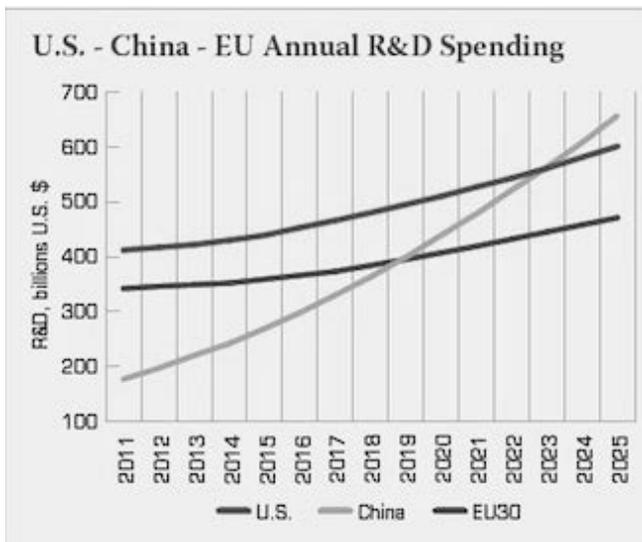
¹ Susan Dynarski and Daniel Kreisman, *Loans for Educational Opportunity: Making Borrowing Work for Today's Students* (Brookings Institute, 2013)

² We use "Income Based Repayment" (IBR) as the general term for all income based programs including the 2009 and 2014 versions of IBR, Income Contingent Repayment (ICR), and Pay as You Earn.



Cuts to Research Funding Put America’s Future at Risk

¹With the deferment of sequestration for two years, the U.S. has been able to continue to fund groundbreaking research. However, if the lack of emphasis on research continues, the U.S. may lose their global lead in R&D investment. Congress should expand federal funding of basic research, which leads to cures for diseases, new technology, a more powerful workforce and keeps the U.S. globally competitive.



Continued improvement for quality of life is directly and indirectly due to investment in R&D. The United States is currently one of the largest investors in R&D, but federal investment in R&D has remained flat the last few years while other countries are steadily increasing their investment in R&D. While we appreciate that R&D has not been ravaged by spending cuts, investment stagnation inhibits economic growth. Halted economic growth is harmful to Americans and to the global community. We must increase our spending in R&D so to create jobs and continue to grow our economy.

Results of Federal Funding for Graduate Research

National Science Foundation (NSF)

SAGE Recommends: \$7.5B

NSF funds research and supports science, math, and engineering education across the country, in all 50 states. NSF funded the graduate student-driven project that grew to be Google, currently worth an estimated \$250 billion and employing 54,000 people.

National Institutes of Health (NIH)

SAGE Recommends: \$32B

NIH is the nation’s primary agency for supporting cutting-edge biomedical research with the goals of improving health and saving lives through medical discovery and scientific leadership.

The NIH-funded Human Genome Project has accrued over \$796 billion since its inception, a 141:1 return on investment.

Agency	President’s FY15	SAGE rec
NSF	\$ 5.8 billion	\$ 7.5 billion
NIH	\$ 30.2 billion	\$ 32 billion
NASA SMD	\$ 5.0 billion	\$ 5.25 billion
NEH	\$ 146 million	\$ 155 million
DOE OoS	\$ 5.0 billion	\$ 5.22 billion
NOAA	\$ 462 million	\$ 462 million
DARPA	\$ 2.9 billion	\$2.91 billion
NEA	\$146 million	\$146 million
DOEd IES	\$637 million	\$637 million

¹ 2014 Global R&D Funding Forecast, December 2013, Battelle

National Aeronautics and Space Administration (NASA) Science Mission Directorate

SAGE Recommends: \$5.25B

The NASA Science Mission Directorate outlines specific, unanswered questions concerning the Earth, Solar System and Universe to be answered through the utilization of NASA resources and capabilities. NASA's Jet Propulsion Laboratory developed a Global Positioning System to track satellite positions in real time that is now utilized in our phones and navigation devices.

National Endowment for the Humanities (NEH)

SAGE Recommends: \$155M

NEH is the lead federal agency focused on the dissemination of knowledge and how it relates to social, economic, and political challenges facing the world today. NEH funding supports important historical projects such as the publication of the papers of Martin Luther King, Jr. and an exhibit concerning the American Revolution on the Frontier.

Department of Energy (DOE) Office of Science

SAGE Recommends: \$5.22B

The DOE Office of Science funds scientific research for energy production and supports the development and operation of open-access scientific facilities. Funding from the DOE Office of Science enabled the path of carbon in photosynthesis to be mapped, which has direct application in solar energy research.

National Oceanographic and Atmospheric Administration (NOAA)

SAGE Recommends: \$462M

NOAA conducts crucial research related to our oceans and atmosphere that provide federal and local decision-makers with important services that enhance the nation's economy, security, and environmental understanding. Particularly, the Sea Grant program is a nationwide network of 30 university-based programs that work with coastal communities on research and outreach to promote better understanding, conservation, and use of our coastal resources.

Defense Advanced Research Projects Agency (DARPA)

SAGE Recommends: \$2.91B

Pentagon officials recognize and hail the importance of basic research to keep our military armed with cutting edge technology and to provide our soldiers with the tools necessary to succeed on the battlefield. DARPA has played an important role in funding high-risk, high-reward research, which has led to many significant defense technologies, such as air-force tactical fighters, as well as civilian technologies, such as the Internet and Siri voice-recognition system.

National Endowment for the Arts (NEA)

SAGE Recommends: \$146M

Founded to bring art to the U.S. public, the NEA strives to educate the public through different forms of art media. Last year the NEA funded a dance series to bring awareness and start discussions about domestic violence.

Department of Education (DOEd) Institute of Education Sciences

SAGE Recommends: \$637M

As the main source of scientifically based research for the department of education, funding from the IES supports research on advancing teaching and learning. Funding from DOEd resulted in better placement tests, ways to assess proficiency in subjects, and education methodologies which creates a stronger education system.



Immigration Policy

Student Immigration Reform Will Keep World's Best in the U.S.

Restrictive visa policies limit our ability to retain the level of high-skill workers and innovators that a global, high-tech economy demands. SAGE supports highly-skilled occupation and student visas for U.S. economic advancement and intellectual property retention. The export of American educated and often federally funded students is a wasted investment and hampers our economy.

- More than half of PhD's in many STEM fields are awarded to international students.
- In 2013 the number of H1-B visa applications exceeded the yearly limit of 65,000 in a single week.
- Immigrant-funded venture-backed companies have a total market capitalization of \$900 billion as of June 2013.¹
- In 2010 more than 40% of the Fortune 500 companies were founded by immigrants.²

Highly-skilled visa reform: Allow world's brightest to fill and create American jobs

Highly-skilled temporary H-1B visas are heavily dependent on the business cycle and their cap should be adjusted to meet demand. On the other hand, employment-based (EB) visas offer permanent residency and provide a long term solution to knowledge retention. Employment-based immigrant visas should be the route of choice for international students by exempting them from numerical limits.

SAGE recommends:

- **Non-immigrant visas:**
 - **Establish a moving cap for H-1B visas based on demand**
 - **Grant work permits to spouses of H-1B visa holders**
- **Employment-based immigrant visas:**
 - **Eliminate per country numerical limits**
 - **Reallocate unused visas since 1992**
 - **For students earning a master's or higher degree from an accredited institution in the U.S., exempt these individuals from numerical limitations and admit them for permanent residence, as supported by the STAPLE Act H.R. 1227.**
 - **Extend conditional permanent resident status to immigrants with an advanced degree to broaden entrepreneurial opportunities, as included in the Startup Bill H.R. 714.**

F-1 Visa Reform: Remove work restrictions and authorize dual intent

The F-1 visa is the primary visa for foreign, full-time students in the United States. To continue attracting the world's best students in the face of rising tuition costs, it's particularly important to allow

¹ National Venture Capitalist Association. 2014.

² Partnership for a New American Economy. 2011.

international students to hold jobs to help support themselves and their families. In an effort to retain these students, it is also important to allow dual intent status so that they may apply for immigrant visas upon graduation.

SAGE recommends:

- **Authorize dual intent for F-1 student visas**
- **Remove off-campus work restrictions for F-1 visa holders**
- **Authorize employment for spouses of F-1 visa holders (F-2 visa holders)**



MISSION—*“Dedicated to creating a community of student leaders from the preeminent public research universities in the United States that is committed to bettering their own student bodies and promoting educational access, quality, and opportunity nationally.”*