November 6, 2017

The Honorable Kevin Brady  
Chairman  
Ways and Means Committee  
United States House of Representatives  
1106 Longworth House Office Building  
Washington, DC 20515

The Honorable Richard Neal  
Ranking Member  
Ways and Means Committee  
United States House of Representatives  
1106 Longworth House Office Building  
Washington, DC 20515

Re: Higher Education Provisions in H.R. 1 the Tax Cuts and Jobs Act

Dear Chairman Brady and Ranking Member Neal:

On behalf of the members of the Consortium listed below, I am contacting you today regarding the Tax Cuts and Jobs Act to express our support of some sections of the bill and our deep concerns with those aspects of the bill that would have severe negative effects on the students at our institutions and their families.

We are very appreciative of the protection of the 529 Savings Plans and of the American Opportunity Tax Credit (AOTC), and the protection of charitable contributions, including the IRA Charitable Rollover. The savings plans and tax credit provide critical ways for students and families to save and pay for college, while the charitable contribution options provide much-needed support that typically translates into institution-based financial aid for students. Both sets of provisions are essential to our families and member institutions.

In contrast, several provisions in the bill hurt students and families. H.R. 1 eliminates important benefits like Sec. 127 employer-provided education assistance, the Student Loan Interest Deduction, and Sec. 117(d) tuition remission benefits. These benefits assist students in paying for college and repaying loans. Most devastating, the elimination of the student loan interest deduction would affect our most recent graduates just when they are trying to get on their feet by immediately increasing their debt. On the surface, the elimination of Sec. 117(d) would seem targeted at employees who do not need an “extravagant perk.” The facts, though, are that this benefit helps employees at the lower end of the salary scale the most; in many cases, this benefit is the only way that these employees can send their children to college. Taxing this benefit makes college more expensive for all, and out of reach for many. We should not be penalizing hard-working parents by instituting a disincentive regarding college for their children; instead, we should be doing

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Georgetown University • Howard University • Marymount University • Montgomery College
Northern Virginia Community College • Prince George’s Community College • Trinity Washington University
University of the District of Columbia • University of Maryland College Park
everything possible to support their ability to support their children's educational dreams and the future of the country's economy.

Adding a new tax targeting only private college and university endowments is unjustified and will be counterproductive. Endowments exist to keep institutions viable in the long term. This is particularly important to private colleges that do not have either the full faith and credit of the state or annual appropriations to sustain them, as public colleges do. Donations from private citizens, most often alumni, are used to provide substantial financial aid to students, among other purposes, most of which are donor-imposed. Forcing universities to pay 1.4% of the net return in excise taxes means that these funds will no longer be available to support students.

The elimination of Private Activity Bonds will remove a critical resource that supports our infrastructure (academic buildings, residence halls, technology capability, etc.). Because public college bonding is preserved (as it should be), the elimination of the Private Activity Bonds is favoring one sector of higher education over another.

Passing H.R. 1 means that Congress, by this action, will increase the cost of attending college and eliminate critical revenue to our member institutions that also act to keep down costs to students and their families. We urge you to reject the provisions in H.R. 1 that will harm private, nonprofit colleges and the students we serve.

Thank you for your attention and consideration.

Sincerely,

John C. Cavanaugh, Ph.D.
President & CEO