May 24, 2019

The Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, DC 20510

The Honorable Charles Schumer
Democratic Leader
United States Senate
Washington, DC 20510

The Honorable Charles Grassley
Chairman
Senate Committee on Finance
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member
Senate Committee on Finance
Washington, DC 20510

Dear Leaders McConnell and Schumer, Chairman Grassley and Ranking Member Wyden:

On behalf of the twenty-seven Jesuit colleges and universities across the nation, I write to urge you to expedite Senate consideration of H. R. 1994 (the Setting Every Community Up for Retirement Enhancement Act of 2019), which includes provisions that are very important to low- and middle-income students on our campuses and others across the nation. Yesterday, the House of Representatives approved this legislation on an overwhelming bipartisan vote of 417 to 3.

The Tax Cuts and Jobs Act of 2017 (TCJA) included provisions which inadvertently subjected students and their families to considerably higher tax rates on the portion of scholarships that cover expenses in excess of tuition and fees (e.g. room and board). In practice, scholarship funds for expenses like room and board are often essential for many students to be able to pursue higher education, and we are certainly proud of the Jesuit colleges and universities that have provided such aid so that needy students can indeed pursue their education on our campuses and be ready to contribute to our economy and society in important ways.

The changes in the TCJA unintentionally tax scholarship dollars in excess of tuition and fees as net unearned income at the rates used for trusts and estates rather than at the marginal tax rate of their parents’ income. Unless corrected, the result is a dramatic increase in the taxes owed by a family, in some instances approaching double the tax burden on this portion of their income. Unless this legislation is quickly enacted, this could disrupt some students’ ability to continue their education.

Since this was an unintended consequence of the TCJA and H. R. 1994 passed with such a solid bipartisan vote, our hope is that you can bring this legislation to an early vote in the Senate. It is safe to assume that taxpayers who prepare their own tax returns were likely unaware of the change as they prepared their returns. That makes it very important that this provision be enacted retroactive to December 31, 2017, and that the legislation be passed and signed into law without delay.

Thank you for your help in moving this legislation toward enactment.

Sincerely,

Rev. Michael J. Sheeran, S.J.
Association of Jesuit Colleges & Universities