December 21, 2017

The Honorable Lamar Alexander  
United States Senate  
455 Dirksen Senate Office Building  
Washington, DC 20510

Dear Senator Alexander,

On behalf of the undersigned higher education associations, we write to thank you for your leadership and efforts to improve provisions for higher education in H.R. 1, the Tax Cuts and Jobs Act, including the new excise tax on endowments at certain private colleges and universities.

As you are well aware, the partnership between higher education and donors has been critical in helping create and sustain endowments, which play an increasingly critical role in the financing equation of higher education and in making a college education affordable. While the vast majority of the nation’s 4,700 colleges and universities do not have significant endowments, colleges and universities with larger endowments use those resources to provide substantial student financial aid to enhance access, particularly for low- and middle-income students. Indeed, the institutions with the largest endowments often have the lowest net price because they provide significant grant aid to students.

Institutions also depend on their endowments to support new and emerging fields of study and research, along with nearly every aspect of an institution’s operation. Each dollar spent from an endowment to deliver an education—from libraries to laboratories—reduces the cost to all students. At many institutions with the largest endowments, funds from endowments are the largest source of financial support, ranging from 20-50 percent of their operating budgets.

In addition, endowments are collections of hundreds or thousands of individual funds established by donors and managed and invested by institutions to serve current and future needs. Institutions only solicit and accept gifts that further that mission and align with strategic institutional priorities. Endowments are not savings accounts or rainy day funds being built up to demonstrate wealth but instead provide a steady and reliable long-term funding source to support students, research, and other programs that would otherwise be paid for by tuition, state and federal funding, or other resources.

This new unprecedented tax will be burdensome to comply with for the institutions directly affected and, more importantly, sets a dangerous precedent that could allow the federal government to tax other non-profits. It will take money from colleges and universities that would otherwise be used for student aid, research, and academic programs.

We are grateful that you recognize the importance of these endowments and sought to protect provisions of importance to institutions of higher education during the tax debates. Thank you for your continuing leadership in making college more affordable and accessible for the nation.
Sincerely,

Ted Mitchell
President

On behalf of:

- American Association of Collegiate Registrars and Admissions Officers
- American Council on Education
- American Indian Higher Education Consortium
- Association of American Medical Colleges
- Association of American Universities
- Association of Community College Trustees
- Association of Governing Boards of Universities and Colleges
- Association of Public and Land-grant Universities
- College and University Professional Association for Human Resources
- Council for Advancement and Support of Education
- Council for Christian Colleges & Universities
- Council of Graduate Schools
- EDUCAUSE
- National Association of College and University Business Officers
- National Association of Independent Colleges and Universities
- National Association of Student Financial Aid Administrators
- Thurgood Marshall College Fund
- UNCF
December 21, 2017

The Honorable Rodney Davis
U.S. House of Representatives
1740 Longworth House Office Building
Washington, DC 20515

Dear Representative Davis,

On behalf of the undersigned higher education associations, we write to thank you for your leadership regarding the December 7 Dear Colleague letter to House Ways and Means Chairman Kevin Brady and Senate Finance Chairman Orrin Hatch on the importance of preserving Section 117 (d) and Section 127 in H.R.1, the Tax Cuts and Jobs Act.

Section 117 (d) enables colleges and universities to provide their employees, spouses, or dependents with tuition reductions that are excluded from taxable income, helping them afford a college education and providing an important benefit to many middle- and lower-income college employees. It is also reduces the cost of graduate education and mitigates the tax liability of graduate students teaching and researching as part of their academic programs. Roughly 145,000 graduate students received a tuition reduction in 2011-2012. Repeal of this provision would result in thousands of graduate students being subjected to a major tax increase. The provision is also critical to the research endeavor at major universities, particularly in the crucial science, technology, engineering, and math (STEM) fields. According to data from the Department of Education, 57 percent of tuition reductions went to graduate students in STEM programs.

Section 127 allows employers to offer employees up to $5,250 annually in tuition assistance, which is excluded from taxable income. This provision has been an important means of building and adding to the competencies of the workforce and is a critical tool to help our nation accelerate its economic growth. As your letter notes, both of these provisions are also important tools to reduce student loan indebtedness.

We are pleased that the final version of H.R.1 retains these important tax provisions and recognizes the importance of these provisions to U.S. competitiveness and our economic growth. Thank you again for your efforts to protect these important tax provisions.

Sincerely,

Ted Mitchell
President

On behalf of:

American Association of Collegiate Registrars and Admissions Officers
American Association of Community Colleges
American Association of State Colleges and Universities
American Council on Education
American Indian Higher Education Consortium
Association of American Medical Colleges
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The Honorable Randy Hultgren
U.S. House of Representatives
2455 Rayburn House Office Building
Washington, DC 20515

Dear Representative Hultgren,

On behalf of the undersigned higher education associations, we write to thank you for your leadership in recognizing the importance of preserving private activity bonds and advance refunding bonds in H.R.1, the Tax Cuts and Jobs Act, and more specifically, for your efforts on the November 29 Dear Colleague letter to House and Senate leadership on these provisions.

We agree with your letter that the repeal of these programs is incompatible with President Trump’s request for infrastructure investment in the United States. Further, proposing their elimination is at odds with efforts to address college costs—taxable debt would simply be more costly for most institutions.

Infrastructure is critical in supporting college and university missions. Higher education institutions use federal bond programs to acquire, construct, and/or expand capital infrastructure such as academic buildings, residence halls, student centers, athletic facilities, energy plants, and museums. The savings from tax-exempt bond financing ultimately helps institutions use other revenue to provide scholarships and further important academic, research, and other programs. For many institutions, public or private, revenue from operations or from restricted gifts does not provide enough funds to build, expand, and renovate the physical plant, property, and equipment needs.

We are disappointed that the final version of H.R.1 repeals the advance refunding bond provision, but grateful that it preserves private activity bonds. Thank you again for your leadership on this issue and we hope we can work with you on future efforts to strengthen federal bond programs.

Sincerely,

Ted Mitchell
President

On behalf of:

American Association of Collegiate Registrars and Admissions Officers
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The Honorable James Lankford
United States Senate
316 Hart Senate Office Building
Washington, DC 20510

Dear Senator Lankford,

On behalf of the undersigned higher education associations, we write to thank you for your leadership regarding your support to preserve and expand the charitable deduction during the debate on H.R.1, the Tax Cuts and Jobs Act.

As you know, we remain concerned that the doubling of the standard deduction in H.R.1 will dramatically reduce the number of taxpayers who benefit from the charitable deduction by reducing the number of taxpayers who itemize their tax returns. Your amendment would have helped to address the negative impact doubling the standard deduction has on charitable giving while ensuring that all American taxpayers benefit from the charitable deduction.

We believe a primary goal of our tax policy should be to encourage all individuals and families, regardless of income, to give more to educational institutions and other charitable organizations. Thank you again for your leadership on this issue and we hope we can work with you on future efforts to strengthen charitable giving.

Sincerely,

Ted Mitchell
President

On behalf of:

American Association of Collegiate Registrars and Admissions Officers
American Association of Community Colleges
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The Honorable Daniel Lipinski
U.S. House of Representatives
2346 Rayburn House Office Building
Washington, DC 20515

Dear Representative Lipinski,

On behalf of the undersigned higher education associations, we write to thank you for your leadership regarding the December 7 Dear Colleague letter to House and Senate leadership on the importance of preserving Section 117 (d) in H.R.1, the Tax Cuts and Jobs Act.

Section 117 (d) enables colleges and universities to provide their employees, spouses, or dependents with tuition reductions that are excluded from taxable income, helping them afford a college education and providing an important benefit to many middle- and lower-income college employees. It is also reduces the cost of graduate education and mitigates the tax liability of graduate students teaching and researching as part of their academic programs. Roughly 145,000 graduate students received a tuition reduction in 2011-2012. Repeal of this provision would result in thousands of graduate students being subjected to a major tax increase, including at the University of Illinois, as you note in your letter. The provision is also critical to the research endeavor at major universities, particularly in the crucial science, technology, engineering, and math (STEM) fields. According to data from the Department of Education, 57 percent of tuition reductions went to graduate students in STEM programs.

We are pleased that the final version of H.R.1 retains this important tax provision and recognizes the importance of graduate students to U.S. competitiveness and our economic growth as our future leaders, scientists, medical researchers, and engineers. Thank you again for your efforts to protect this important tax provision.

Sincerely,

Ted Mitchell
President

On behalf of:

American Association of Collegiate Registrars and Admissions Officers
American Association of Community Colleges
American Association of State Colleges and Universities
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The Honorable Pete Sessions
U.S. House of Representatives
2233 Rayburn House Office Building
Washington, DC 20515

Dear Representative Sessions,

On behalf of the undersigned higher education associations, we write to thank you for your December 7 letter to Speaker Ryan, Senate Majority Leader McConnell, House Ways and Means Chairman Brady, and Senate Finance Chairman Hatch regarding the importance of preserving Section 117 (d) for graduate students in H.R.1, the Tax Cuts and Jobs Act.

Section 117 (d) reduces the cost of graduate education and mitigates the tax liability of graduate students teaching and researching as part of their academic programs. Roughly 145,000 graduate students received a tuition reduction in 2011-2012. Repeal of this provision would result in thousands of graduate students being subjected to a major tax increase. The provision is also critical to the research endeavor at major universities, particularly in the crucial science, technology, engineering, and math (STEM) fields. According to data from the Department of Education, 57 percent of tuition reductions went to graduate students in STEM programs.

We are pleased that the final version of H.R.1 retains this important tax provision and recognizes the importance of graduate students to U.S. competitiveness and our economic growth as our future leaders, scientists, medical researchers, and engineers. Thank you again for your efforts to protect this important tax provision.

Sincerely,

Ted Mitchell
President

On behalf of:

American Association of Collegiate Registrars and Admissions Officers
American Association of Community Colleges
American Association of State Colleges and Universities
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December 21, 2017

The Honorable Lamar Smith
U.S. House of Representatives
2409 Rayburn House Office Building
Washington, DC 20515

Dear Representative Smith,

On behalf of the undersigned higher education associations, we write to thank you for your leadership regarding the November 30 Dear Colleague letter to House and Senate leadership on your opposition to the proposed excise tax on endowments at certain private colleges and universities in H.R. 1, the Tax Cuts and Jobs Act.

As you are well aware, the partnership between higher education and donors has been critical in helping create and sustain endowments, which play an increasingly vital role in the financing equation of higher education and in making a college education affordable. While the vast majority of the nation’s 4,700 colleges and universities do not have significant endowments, colleges and universities with larger endowments use those resources to provide substantial student financial aid to enhance access, particularly for low- and middle-income students. Indeed, the institutions with the largest endowments often have the lowest net price because they provide significant grant aid to students.

Institutions also depend on their endowments to support new and emerging fields of study and research, along with nearly every aspect of an institution’s operation. Each dollar spent from an endowment to deliver an education—from libraries to laboratories—reduces the cost to all students. At many institutions with the largest endowments, funds from endowments are the largest source of financial support, ranging from 20-50 percent of their operating budgets.

In addition, endowments are collections of hundreds or thousands of individual funds established by donors and managed and invested by institutions to serve current and future needs. Institutions only solicit and accept gifts that further that mission and align with strategic institutional priorities. Endowments are not savings accounts or rainy day funds being built up to demonstrate wealth but instead provide a steady and reliable long-term funding source to support students, research, and other programs that would otherwise be paid for by tuition, state and federal funding, or other resources.

This new unprecedented tax will be burdensome to comply with for the institutions directly affected and, more importantly, sets a dangerous precedent that could allow the federal government to tax other non-profits. It will take money from colleges and universities that would otherwise be used for student aid, research, and academic programs.

We are grateful that you recognize the importance of these endowments in supporting all of our missions—teaching, research, and community service. Thank you for your continuing leadership in making college more affordable and accessible for the nation.

Sincerely,
Ted Mitchell
President

On behalf of:

- American Association of Collegiate Registrars and Admissions Officers
- American Council on Education
- American Indian Higher Education Consortium
- Association of American Medical Colleges
- Association of American Universities
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December 21, 2017

The Honorable Glenn Thompson
U.S. House of Representatives
124 Cannon House Office Building
Washington, DC 20515

Dear Representative Thompson,

On behalf of the undersigned higher education associations, we write to thank you for your leadership regarding the December 7 Dear Colleague letter to House Ways and Means Chairman Kevin Brady and Senate Finance Chairman Orrin Hatch on the importance of preserving the Student Loan Interest Deduction (SLID), the Lifetime Learning Credit (LLC), and Section 117 (d) in H.R.1, the Tax Cuts and Jobs Act.

We agree that the tax code should incentivize individuals to pursue higher education. SLID and the LLC are essential tools to helping lower overall student loan indebtedness for students. In addition, Section 117 (d) enables colleges and universities to provide their employees, spouses, or dependents with tuition reductions that are excluded from taxable income, helping them afford a college education and providing an important benefit to many middle- and lower-income college employees. It is also reduces the cost of graduate education and mitigates the tax liability of graduate students teaching and researching as part of their academic programs. Roughly 145,000 graduate students received a tuition reduction in 2011-2012. Repeal of this provision would have resulted in thousands of graduate students being subjected to a major tax increase. The provision is also critical to the research endeavor at major universities, particularly in the crucial science, technology, engineering, and math (STEM) fields. According to data from the Department of Education, 57 percent of tuition reductions went to graduate students in STEM programs.

We are pleased that the final version of H.R.1 retains these important tax provisions and recognizes the importance of these provisions to U.S. competitiveness and our economic growth. Thank you again for your efforts to protect these important tax provisions.

Sincerely,

Ted Mitchell
President

On behalf of:

American Association of Collegiate Registrars and Admissions Officers
American Association of Community Colleges
American Association of State Colleges and Universities
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The Honorable Michael R. Turner  
U.S. House of Representatives  
2368 Rayburn House Office Building  
Washington, DC 20515  

Dear Representative Turner,

On behalf of the undersigned higher education associations, we write to thank you for your leadership regarding the December 7 Dear Colleague letter to House Ways and Means Chairman Kevin Brady and Senate Finance Chairman Orrin Hatch on the importance of preserving Section 117 (d) and Section 127 in H.R.1, the Tax Cuts and Jobs Act.

Section 117 (d) enables colleges and universities to provide their employees, spouses, or dependents with tuition reductions that are excluded from taxable income, helping them afford a college education and providing an important benefit to many middle- and lower-income college employees. It is also reduces the cost of graduate education and mitigates the tax liability of graduate students teaching and researching as part of their academic programs. Roughly 145,000 graduate students received a tuition reduction in 2011-2012. Repeal of this provision would result in thousands of graduate students being subjected to a major tax increase. The provision is also critical to the research endeavor at major universities, particularly in the crucial science, technology, engineering, and math (STEM) fields. According to data from the Department of Education, 57 percent of tuition reductions went to graduate students in STEM programs.

Section 127 allows employers to offer employees up to $5,250 annually in tuition assistance, which is excluded from taxable income. This provision has been an important means of building and adding to the competencies of the workforce and is a critical tool to help our nation accelerate its economic growth. As your letter notes, both of these provisions are also important tools to reduce student loan indebtedness.

We are pleased that the final version of H.R.1 retains these important tax provisions and recognizes the importance of these provisions to U.S. competitiveness and our economic growth. Thank you again for your efforts to protect these important tax provisions.

Sincerely,

Ted Mitchell  
President  

On behalf of:  

American Association of Collegiate Registrars and Admissions Officers  
American Association of Community Colleges
American Association of State Colleges and Universities
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