

November 28, 2017

The Honorable Mitch McConnell
Majority Leader
United States Senate
S-230 Capitol Building
Washington, DC 20510

The Honorable Charles E. Schumer
Democratic Leader
United States Senate
S-221 Capitol Building
Washington, DC 20510

Re: Education Benefits Provisions Repealed by the House Version of H.R. 1, the *Tax Cuts and Jobs Act*

Dear Majority Leader McConnell and Democratic Leader Schumer,

As the Senate considers its version of H.R.1, the *Tax Cuts and Jobs Act*, we write to reiterate our strong concerns regarding the House bill's repeal of and detrimental changes to important education tax benefits that help millions of students and their families finance and repay a college education. Even if the Senate adopts portions of the House-passed bill during the Senate floor debate, we urge the Senate to reject these proposals, which would discourage participation in higher education and increase the cost of college for those who do enroll.

The House-passed bill would repeal the Lifetime Learning Credit (LLC), while not substantially increasing the American Opportunity Tax Credit (AOTC) (Sec. 1002); repeal the Student Loan Interest Deduction (SLID) (Sec. 1204); repeal the qualified tuition reduction (Sec. 117 (d)); and repeal educational assistance programs (Sec. 127). The Joint Committee on Taxation has reported that a repeal of these provisions would cost an additional \$71 billion to students and families.

Repeal of these benefits would be a large step backwards, not an improvement, for many students and their families who benefit under current law. While we have long supported efforts to reform some of the higher education tax credits to make them more effective, we are extremely concerned that the changes in the House bill to the AOTC and the repeal of the LLC would harm older, non-traditional students (the fastest-growing segment of higher education), part-time students, lifelong learners (particularly those seeking retraining), and graduate students by taking away significant tax benefits they currently rely upon to finance their higher educations.

The House bill repeals the Student Loan Interest Deduction, which 12 million taxpayers benefited from in 2014. Eliminating this provision would mean that the cost of student loans for borrowers would increase by more than \$21 billion over the next decade, at a time when many are worried about rising student loan debt.

In addition, the House bill repeals two important provisions—Section 117(d) or qualified tuition reductions and Section 127 or employer education assistance—that enhance access to higher education for thousands of employees, their families, and graduate students.

Section 117(d) permits educational institutions to provide their employees, spouses, or dependents with tuition reductions that are excluded from taxable income, helping them afford a college education. The majority of employees benefitting from the provision are low- and middle-income. Fifty percent of employees receiving tuition reductions for themselves or family members earned \$50,000 or less, and 78 percent earned \$75,000 or less, according to a 2017 survey of nearly 300 institutions by the College and University Professional Association for Human Resources.

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Section 117(d)(5) also significantly lowers the cost of graduate education by providing thousands of Ph.D. and Master's graduate students with a non-taxable tuition reduction from their university while serving as teaching or research assistants, a key component of their academic training. Roughly 145,000 graduate students received a tuition reduction in 2011-2012, and approximately 60 percent were enrolled in crucial science, technology, engineering, and math (STEM) fields.¹ Repeal of this provision would be devastating to thousands of graduate students who would be subjected to a major tax increase, forcing many of them to either drop out or take on increased student loan debt, the interest for which would no longer be deductible under the House bill.

Finally, 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 helping our nation accelerate its economic growth.

For these reasons, and for our students and families, we ask that the Senate reject these misguided House provisions and ensure the preservation of these important education benefits.

Sincerely,

A handwritten signature in black ink, appearing to read "Ted Mitchell". The signature is stylized with a large "T" and a cursive "M".

Ted Mitchell
President

¹ U.S. Department of Education, National Center for Education Statistics, 2011-2012 National Postsecondary Student Aid Study (NPSAS). (Most recent data.)