Office of the President
University of Cincinnati
P.O. Box 210063
Cincinnati, OH 45221-0063

Phone: (513) 556-2201
Email: President@uc.edu

November 13, 2017

Dear Congressman Wenstrup:

I write to express the University of Cincinnati's (UC) concerns over provisions included in H.R. 1, the *Tax Cut and Jobs Act.* The legislation includes several proposals that would negatively impact our students and the institution itself, ultimately making college less affordable, discouraging participation in higher education, and damaging U.S. competitiveness globally.

The legislation would have a significant impact on many UC students and alumni, as well as campus employees and their family members who are seeking higher education. H.R. 1 proposes a modified American Opportunity Tax Credit (AOTC) which repeals the Lifetime Learning Credit and Hope Scholarship Credit. This eliminates tax benefits for non-traditional students taking longer than five years to complete their degrees, part-time students, graduate students, and lifetime learners. Additionally, deductions for tuition and related expenses and student loan interest are also eliminated. These proposals run counter to efforts around college affordability and student loan debt.

UC students and employees would be severely impacted by the elimination of Section 117(d) provisions, which allows UC to provide employees and their dependents tax-free tuition waivers. Included in this proposed repeal, is the elimination of Section 117(d)(5), which allows universities to provide tax-free tuition for graduate students who teach and conduct research as part of their academic programs.

Repeal of these provisions would create a new tax on both employees and students. According to a 2017 survey of nearly 300 institutions by the College and University Professional Association for Human Resources, 50 percent of employees receiving tuition reductions under Section 117(d) for themselves or family members earned $50,000 a year or less, and 78 percent earned $75,000 or less. Section 117(d) is a valuable tool for recruiting and retaining employees at UC, and employees who may receive this benefit include faculty, administrative staff, physical plant staff, security officers, and food service workers, to name a few. According to the most recent data from the Department of Education, 60 percent of tuition reductions went to graduate students in STEM programs. Close to 145,000 total graduate students received a qualified tuition reduction in 2011-12 as part of Section 117(d)(5). Withdrawing support from this talent development pipeline will have negative consequences on our workforce in a time of increasing global competitiveness.

We appreciate that H.R. 1 would not subject public higher education institutions to the proposed 1.4 percent excise tax on the investment income of endowments that would be placed on some private colleges and universities. However, UC has concerns that this new excise tax sets a precedent in the tax code for all of higher education. University endowments fund students through scholarships, services, academic programs, as well as scientific research and patient care.

We acknowledge and support that the goal of tax reform is to aid the middle class and spur economic development, but these proposed provisions run counter to these goals by making higher education more expensive for working and middle-class students and families and harming our nation's research enterprise that fuels innovation. If the United States wants to remain the global leader of high-tech talent and continue to enhance our economic well-being, our tax policies should encourage the pursuit of postsecondary education and support our basic research enterprise. I ask that the House remove such harmful proposals during floor consideration of H.R. 1.

Sincerely,

Neville G. Pinto
President, University of Cincinnati