

November 13, 2017

The Honorable Orrin Hatch
Chairman
Committee on Finance
United States Senate

The Honorable Ron Wyden
Ranking Member
Committee on Finance
United States Senate

Dear Chairman Hatch and Ranking Member Wyden:

On behalf of the nation's more than 1,100 community colleges, the American Association of Community Colleges (AACC) and the Association of Community College Trustees (ACCT), we write to express our concerns with some of the provisions in the Tax Cuts and Jobs Act, which your committee will be considering this week.

We are heartened to see that many of the provisions contained in H.R. 1 that severely curtail tax benefits for college students are not included in the Chairman's Mark. These include elimination of the Lifetime Learning Credit, employer educational assistance, student loan interest deduction, and qualified tuition reductions. While tax reform is desirable, the country cannot afford to make financing community college more difficult. The average full-year community college tuition is \$3,570, making it the least expensive sector of higher education by far, but students are still heavily dependent on the tax code to meet their college costs. We strongly urge the committee to refrain from including any of these provisions in final legislation.

As your committee begins the process of considering the Chairman's Mark, we would like to take the opportunity to highlight our top priorities:

Charitable Contributions

Charitable contributions are a vital source of support for community colleges, and as such we have deep concerns over the potential impact that the Senate bill may have in this area. The opportunity to deduct contributions from one's taxable income is a key incentive for charitable giving, but one only available to those that itemize their deductions. Doubling the standard deduction would reduce the number of itemizers from about 30% to 5%, reducing charitable giving by as much as \$13 billion annually. To avoid this outcome, we urge the inclusion of a "universal" deduction, available to non-itemizers, for charitable contributions.

State and Local Taxes Deduction

As public institutions, community colleges rely heavily on the support they receive from their state and local governments. We strongly believe that higher education is a public good of benefit to all in the community, not just to the students specifically. Unfortunately, recent years have seen public disinvestment from higher education because of constrained state budgets. Elimination of the deduction for state and local taxes, to the extent it would result in less revenue available to states to make needed investments in higher education, will only exacerbate this trend.

American Opportunity and Lifetime Learning Credits

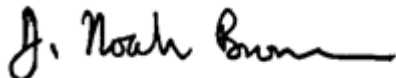
We continue to seek a remedy for a serious flaw in the AOTC that prevents Pell Grant recipients at our institutions from fully benefitting from the credit. Pell Grants and other non-taxable scholarships that students receive are deducted from the educational expenses used to calculate a student's AOTC. In many cases, this results in community college Pell Grant recipients being ineligible for any AOTC. This penalty on our neediest students should be rectified.

Thank you for considering our views on this vitally important matter. We look forward to the opportunity to work with you as legislation moves forward.

Sincerely,



Walter G. Bumpus
AACC President and CEO



J. Noah Brown
ACCT President and CEO