



University of Colorado

Boulder | Colorado Springs | Denver | Anschutz Medical Campus

November 10, 2017

The Honorable Diana DeGette
United States House of Representatives
2111 Rayburn House Office Building
Washington, DC 20515

The Honorable Scott Tipton
United States House of Representatives
218 Cannon House Office Building
Washington, DC 20515

The Honorable Doug Lamborn
United States House of Representatives
2402 Rayburn House Office Building
Washington, DC 20515

The Honorable Ed Perlmutter
United States House of Representatives
1410 Longworth House Office Building
Washington, DC 20515

The Honorable Jared Polis
United States House of Representatives
1727 Longworth House Office Building
Washington, DC 20515

The Honorable Ken Buck
United States House of Representatives
1130 Longworth House Office Building
Washington, DC 20515

The Honorable Mike Coffman
United States House of Representatives
2443 Rayburn House Office Building
Washington, DC 20515

Re: Higher Education Provisions in the *Tax Cuts and Jobs Act* (H.R. 1)

Dear Representatives DeGette, Polis, Tipton, Buck, Lamborn, Coffman and Perlmutter:

On behalf of the University of Colorado, we write to express our strong concerns with provisions included in H.R. 1, the *Tax Cuts and Jobs Act*, that will eliminate essential support for students and universities in Colorado and across the United States.

The University of Colorado (CU) is a public research university with multiple campuses serving Colorado, the nation, and the world through high-quality education, research, public service and healthcare delivery. As Colorado's flagship university and one of its largest employers, CU contributes \$12.5 billion in economic impact annually. Our four campuses enroll more than 72,000 students, employ some 34,000 individuals, attract over \$1 billion in sponsored research annually, and have a combined total of more than 200,000 alumni in Colorado and 450,000 around the world.

We recognize that these are challenging economic times that require lawmakers to balance diverse priorities and make difficult decisions about the federal budget and tax policy. However, we are deeply concerned that H.R.1, as currently written, will make college more expensive for middle class families, weaken the workforce pipeline in Science, Technology, Engineering and Math (STEM) fields, and harm universities' ability to make infrastructure investments that grow the economy. While the tax bill includes a broad range of issues that will impact CU, we would like to highlight several especially problematic areas. These include provisions that will raise the cost of college for our students, discourage private investment in CU's important missions, and limit our ability to make critical infrastructure investments.

Making College Affordable for Students

We believe that colleges and universities have a responsibility to ensure college remains affordable, which is why CU invested over \$184 million in institutional aid for our students across our four campuses last year. These investments illustrate CU's commitment to ensure that our students graduate with as little debt as possible. However, diminishing state support for higher education has made the federal tax code an increasingly important part of the college affordability equation for students and their families. As such, CU strongly supports the "three-legged stool" framework in the current tax code that encourages saving for higher education, helps students pay for college, and assists borrowers as they repay student loans. We are very concerned by a handful of provisions in H.R.1 that will undermine the current framework. **CU urges Congress to retain the Lifetime Learning Credit (LLC), Student Loan Interest Deduction (SLID), and Section 117(d) to ensure college remains within reach for all Colorado students.** Taken together, the education provisions in H.R. 1 would increase the cost of education for students attending college by \$65 billion nationwide over the next decade. Eliminating and consolidating these tax credits will hurt graduate students in particular, who already receive limited federal educational support. Section 117(d)(5) currently treats qualified tuition reductions for graduate students, who are serving as teaching and research assistants, as a tax-exempt benefit. Eliminating this benefit will make it dramatically more costly for students to pursue a graduate degree and harm the research enterprise, as well as the STEM pipeline.

Encouraging Private Support of CU's Missions

For public colleges and universities like CU, the charitable deduction is vital to generating private support to help achieve our educational missions of teaching, research, public service, and patient care. H.R. 1 nearly doubles the standard deduction, a change that is projected to eliminate use of the charitable deduction for more than 90 percent of U.S. taxpayers. This week, the nonpartisan Joint Committee on Taxation (JCT) estimated that H.R. 1 would decrease use of the charitable giving tax credit by \$95 billion next year alone. This could result in a loss of millions of dollars for financial aid programs that benefit CU students, groundbreaking teaching and research activities by CU faculty, and vital patient care programs. **CU encourages Congress to adopt a universal, above the line, charitable deduction, which would preserve incentives for charitable giving while still simplifying the tax code.**

We are likewise concerned by the repeal of the charitable deduction for the right to purchase tickets at college athletic events. This is another tool that incentivizes charitable giving to support our students, research and public service. Finally, H.R. 1 creates a tax on endowments targeted at private colleges and universities. While this provision does not directly impact CU, we remain deeply concerned about the precedent of an endowment tax. CU's endowment is a vital tool for philanthropists to fund the important missions of the university in perpetuity. Taxing these funds will rob future generations of Coloradans of opportunities in education and science.

Financing Colorado's Infrastructure Investment Needs

CU uses tax-exempt bond financing to make important capital infrastructure investments such as the construction of academic buildings, residence halls, student centers, and many other facilities. CU is particularly concerned by the inclusion of Section 3602 in H.R.1, which would repeal the tax exemption for advanced refunding bonds. Public university systems like CU have used advanced refunds to great effect over the last decade – reducing costs for students and faculty even as state financial resources have been severely restricted. We estimate that CU has saved approximately \$60 million in borrowing costs over the last decade by using advanced refunds. Eliminating this tax-exemption will dramatically

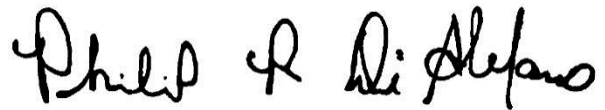
increase CU's borrowing costs in the future. Likewise, CU has concerns about Section 3601, which eliminates private activity bonds. CU has worked closely with entities such as our hospital partners, our faculty practice plan and the CU Foundation to utilize private activity bonds to lower the costs of many important facilities on our campuses. Ultimately, savings to CU campuses on bond payments free up our budget to focus on student affordability. **We urge Congress to preserve the tax exemption for both advanced refunding bonds and private activity bonds to ensure cost effective options for investing in Colorado's scientific, education and healthcare infrastructure needs.**

As you and your colleagues continue to work on tax reform legislation, CU urges you to consider the impacts H.R. 1 will have on not only our students, faculty, and staff, but also the innovation and workforce pipeline in Colorado and the nation. We would welcome the opportunity to work with you to improve tax reform legislation for the American middle class at this critical time.

Sincerely,



Bruce D. Benson, President
University of Colorado



Philip DiStefano, Chancellor
University of Colorado Boulder



Venkat Reddy, Chancellor
University of Colorado Colorado Springs



Dorothy Horrell, Chancellor
University of Colorado Denver



Donald Elliman, Chancellor
University of Colorado Anschutz Medical Campus