December 8, 2017

The Honorable Paul Ryan
Speaker
United States House of Representatives
1233 Longworth House Office Building
Washington, DC 20515

Dear Speaker Ryan:

I am writing to share Cornell University’s grave concerns with many provisions in HR 1, the Tax Cuts & Job Growth Act, as passed by the House and the Senate. This legislation strikes at the heart of Cornell’s missions of education, research, patient care, and community engagement, and upends the premise that universities are nonprofit entities created and operating for the public good.

It is troubling that the House and, to a lesser extent, the Senate have voted to advance a suite of provisions that simply raise revenue without an underlying public policy rationale driving critical decisions. This bill will not help students better afford to go to college or continue on in graduate school, it will not reward or incentivize philanthropists whose generosity supports education and research, and it will not make it easier for the university to control its operating costs. In particular, I am most concerned with:

- **Provisions that target graduate education, students, and families:** These include repeal of the Section 117(d) tuition remission program (House Section 1204), repeal of the Section 127 employer-provided educational assistance program (House Section 1204), repeal and consolidation of tuition tax credits, deductions, and college savings incentives (House Sections 1201–1203), and repeal of the student loan interest deduction (House Section 1204).

  The Section 117(d) tuition exemption is a lifeline for graduate students, who are essential to Cornell’s excellence in research and education. Taxing tuition credits would put graduate education out of reach for most students, greatly diminishing the next generation of American scholars, scientists, and innovators. Similarly, the Section 117(d) and 127 exemptions are instrumental in helping Cornell staff complete and continue their educations. Nearly three-quarters of the employees who participate in these programs earn less than $100,000 per year. Additionally, repeal of these provisions will harm hundreds of Cornell employees who are relying on tuition credits to educate their children.

- **Provisions that target philanthropy:** These include imposition of an excise tax on university endowment earnings (House Section 5103, Senate Section 13701) and elimination of the incentive to itemize charitable deductions (House Sections 1002, 1306; Senate Sections 11021, 11023).
University endowments do not operate like private foundations, and there is no policy justification to tax them in a similar manner. The Cornell University endowment is a collection of 8,000 separate funds that pay for student financial aid, academic enrichment and student support services, distinguished faculty salaries, research programs, libraries, community engagement, patient care, and state-of-the-art facilities at the university.

- **Provisions that would add to university operating costs:** These include repeal of private activity bonds (House Section 3601) and advance refunding bonds (House Section 3602; Senate Section 13532), imposition of an excise tax on executive compensation (House Section 3802, Senate Section 13602), and changes to the way unrelated business income is characterized and taxed (House Sections 3308, 5001–5002; Senate Sections 13304, 13702).

  Of note, repealing private activity bonds will add substantially to the cost of building critically needed student housing, laboratories, and other new facilities at Cornell.

In short, Congress is writing a law that will make higher education more expensive, even as many lawmakers criticize colleges and universities for being too expensive. As the conference committee works to iron out differences between the House and Senate versions of HR 1, Cornell University urges leaders and conferees to take a second look at the provisions noted above that target college students and families, graduate students, philanthropy, college graduates with student loan debt, and university operations, and to strike or substantially modify those sections that would add needlessly to the cost of higher education in America.

Sincerely,

[Marta E. Pollack]

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