



November 14, 2017

Members of the Iowa Congressional Delegation:

As presidents of Iowa's Regent universities, we write to share our concerns regarding the Tax Cuts and Jobs Act pending before the 115th Congress.

We appreciate the effort by Congress to simplify the tax code and create incentives for U.S.-held foreign businesses to relocate to the United States. However, there are provisions of the bill that would discourage students from pursuing higher education, increase the costs for students and their families, and jeopardize our campuses' ability to operate cost-effectively.

Of the utmost concern for us are the provisions that will have the biggest impact on our students and their families. The House's proposal to eliminate the Student Loan Interest Deduction and the Lifetime Learning Credit is concerning because of the negative impact this would have on students' ability to finance their education. Though the House version extends the American Opportunity Tax Credit (AOTC) to a fifth year, the proposed legislation does not expand the credit amount during a taxpayer's availability of the credit. Repealing the Student Loan Interest Deduction and Lifelong Learning Credit would result in a tax increase for those students who benefit under current law.

We are deeply concerned about the House's proposal to repeal Section 117(d) of current law, which exempts tuition waivers as a taxable form of income to employees, including graduate assistants who receive a tuition waiver as part of their academic program. This provision would affect more than 8,000 graduate and professional students across Iowa's public universities. Repealing 117(d) would increase tax liability per student by an estimated \$3,000-\$10,000—depending on the terms of the employment arrangement—at each of our public universities. At UNI, for example, full-time graduate assistants receive an average stipend of \$5,450 per year; increasing their tax liability would result in a net loss of income. The repeal of 117(d) would serve as a significant disincentive to pursuing graduate education and undermine our ability to prepare highly specialized professionals to meet the economic and workforce needs across Iowa.

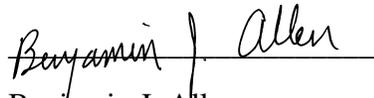
We applaud the Senate for largely preserving these credits, deductions, and exemptions in their current version of the Tax Cuts and Jobs Act and encourage the House to adopt similar measures as the legislative process continues.

Another provision in the proposed legislation that is of concern is Section 3602, which would eliminate or greatly inhibit the Regents' ability to issue advanced refunds that refinance existing debt at lower rates. Under current law, interest on advanced refunding bonds issued by the Regents is tax-exempt when the proceeds are used to refinance outstanding tax-exempt bonds. The Tax Cuts and Jobs Act would repeal the tax-exempt status of advanced refunding bonds. The net present value savings realized from the interest rate savings of these issues for the Regent institutions totals over \$63.7 million since 2012. The elimination of the tax-exempt bond option will limit our ability to modernize education and research facilities, stunt growth, and drive up costs for students.

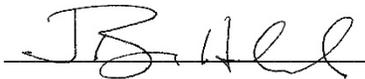
There are various other provisions that would inhibit our ability to carry out our teaching, research and innovation, and public service missions through provisions affecting, among other things, incentives for charitable giving and unrelated business income.

We appreciate your consideration of our observations and concerns and are ready to work with Congress to ensure that the Tax Cuts and Jobs Act does not undermine students' abilities to obtain an affordable, high quality education.

Sincerely,



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J. Bruce Harreld
President
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Mark A. Nook
President
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