



ALLEN

November 7, 2017

ANDERSON

BENEDICT

**The Honorable Lindsey Graham
U. S. Senate
Washington, DC 20510**

**The Honorable Tim Scott
U. S. Senate
Washington, DC 20510**

CHARLESTON
SOUTHERN

CLAFLIN

COKER

**The Honorable Mark Sanford
U. S. House of Representatives
Washington, DC 20515**

**The Honorable Joe Wilson
U. S. House of Representatives
Washington, DC 20515**

COLUMBIA

COLUMBIA
INTERNATIONAL

CONVERSE

ERSKINE

**The Honorable Jeff Duncan
U. S. House of Representatives
Washington, DC 20515**

**The Honorable Trey Gowdy
U. S. House of Representatives
Washington, DC 20515**

FURMAN

LIMESTONE

MORRIS

**The Honorable Ralph Norman
U. S. House of Representatives
Washington, DC 20515**

**The Honorable James E. Clyburn
U. S. House of Representatives
Washington, DC 20515**

NEWBERRY

NORTH
GREENVILLE

PRESBYTERIAN

SOUTHERN
WESLEYAN

**The Honorable Tom Rice
U. S. House of Representatives
Washington, DC 20515**

SPARTANBURG
METHODIST

VOORHEES

WOFFORD

Dear Gentlemen of the South Carolina Congressional Delegation:

We are contacting you today on behalf of South Carolina's twenty private non-profit colleges and universities to share with you our mutual concerns for the deleterious effects that the Tax Cuts and Jobs Act (H.R. 1) could have on the students who attend our institutions, their families, and the overall viability of many of our state's independent colleges and universities.

The current tax code contains a number of provisions, enacted independently over time, that together create a framework that functions as a kind of "three-legged stool" intended to advance three important goals: 1) encourage saving for higher education; 2) help students and families pay for college; and 3) assist with the repayment of student loans. This framework serves the needs of low- and middle-income students and families as they invest in themselves and in higher education.

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In addition, students and families benefit from the non-profit tax-exempt status of public and private colleges and universities through charitable giving, endowments, and tax-exempt bond financing, which help institutions to provide financial aid and advance their teaching, research and public service missions.

Certain provisions of H.R. 1 threaten the very basis of a tax code that encourages educational attainment and personal growth to the greater benefit of both individuals and the economy and society as a whole. We respectfully request that you pay particular attention to the following provisions of the Tax Cuts and Jobs Act which we believe will have a significant adverse impact on the ability for students and families to access and afford a college education.

- **The Elimination of the Student Loan Interest Deduction:** Our students find the student loan interest deduction incredibly important as they are starting their careers and student loans payments. The federal government already makes a profit on student loans, this would be an additional tax on students who must borrow to pay for college.
- **The Elimination of Sec. 127 – Employer-Provided Education Assistance:** Sec. 127 provides much-needed assistance to working students by incentivizing employers to provide tuition assistance benefits. Most recipients of this benefit are non-traditional students trying to improve their skills and workplace mobility. Colleges, businesses, and labor organizations all support this important benefit that allows employers to invest in their workforce, while allowing employees the ability to advance their education and experience.
- **The Elimination of Private Activity Bonds:** Qualified 501(c)(3) private activity bonds provide favorable terms for private, nonprofit institutions, such as colleges, universities, and hospitals, resulting in considerable cost savings and enabling us to use those savings for our educational purposes. We employ bonds only after close scrutiny of risk and financial plans, and manage them prudently. If an institution holds such tax-exempt debt, it is required to meet significant post-issuance disclosure and compliance requirements. This type of bond financing for not-for-profits is a proven tool with a decades-long record of success for providing vital public services and creating jobs. Bond issuance for private nonprofit hospitals and universities is typically overseen by a unit of state or local government, or a municipal bond conduit authority, which is authorized by the state legislature to issue bonded debt. Low-cost access to capital helps keep private colleges and universities strong, enabling us to

keep expenditures low so we can focus on the work we do for the public good and the students and families that we serve.

- **The Elimination of 117(d), Tax-Free Tuition Assistance:** Our employees, who are generally paid less than they could make in the private sector, work at our college because of the benefits and because of their love of our mission to serve students. Among the most important benefits we provide is assistance to help pay their own, and their children's college tuitions. Taxing this benefit makes college more expensive for them and makes it harder for us to attract workers. Eliminating this benefit would particularly harm employees who are poised to send their children to college and have premised their career choices and college savings decisions on the existing tuition benefits for their children, hurting the lowest-paid college employees the most.
- **New Excise Tax on Endowments:** Endowments are critical to sustaining quality and excellence in American private higher education. Investment income from endowments is used every day to support nearly all aspects of an institution's operations, including all the components vital to its mission and the delivery of a high quality, affordable education. Every dollar spent from the endowment to deliver an education reduces the cost paid by all students and their parents. While the current mark-up does not affect any SCICU member with this new tax, this sets a terrible precedent for taxing nonprofit funds, and it will likely be revisited by Congress, and affect many more institutions and charities over time. The federal government should not take funds for itself that private citizens gave to IRS approved charities for issues and causes they chose to support.

More than 33,000 students are enrolled in South Carolina private non-profit colleges and universities. Seventy percent of the students are South Carolina residents, 45% of all students are minority, and more than 50% receive need-based federal Pell Grants for low-income students. They are served by 20 very diverse two and four-year institutions of higher learning that include among its membership many faith-based schools, historically black colleges and universities, and all women's colleges.

The passage of H.R. 1 will mean a substantial loss of critical revenue to the state's private non-profit colleges and universities and will add to the cost of college for many students and

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their families. As a major employers educating a broad constituency in every Congressional district in this state, we urge you to reject those provisions in H.R. 1 that will harm private, nonprofit colleges and the students we serve.

Yours very truly:

A handwritten signature in black ink that reads "Mike LeFever". The signature is written in a cursive, flowing style.

Mike LeFever

President and CEO