



THE UNIVERSITY OF CALIFORNIA



THE CALIFORNIA STATE UNIVERSITY



CALIFORNIA COMMUNITY COLLEGES

December 8, 2017

## HOUSE AND SENATE CONFEREES ON TAX REFORM LEGISLATION

Dear Conferees:

As you negotiate final Tax Cuts and Jobs Act legislation, we write to highlight the priorities of California's public higher education institutions, including protecting higher education tax benefits and deductions for students and families, supporting provisions that encourage charitable giving, preserving existing categories of tax-exempt bond financing, and maintaining the state and local income tax deduction.

Together, the University of California (UC), California State University (CSU) and the California Community Colleges systems serve more than 2.5 million students and employ a combined 300,000 employees across 147 campuses, helping to drive our state's, and the nation's, economy. Our three systems consistently provide an outstanding return on federal investments in our students, institutions, and research. More than 330,000 students graduated from our institutions last year, prepared to enter the workforce across all economic sectors. Many were first-generation and low-income. To achieve this kind of success, we depend upon federal tax provisions that support our students, help us attract and retain top-flight faculty and other employees, and maintain our infrastructure.

We appreciate the Senate bill's maintaining an array of tax benefits that encourage promising students, especially from lower- to moderate-income households, to pursue higher education. These include the American Opportunity Tax Credit, the Lifetime Learning Credit, the Hope Scholarship Credit, the Student Loan Interest Deduction, Income Exclusion of Tuition Waivers (including Section 117(d) Qualified Tuition Reductions) and Employer-Provided Tuition Assistance. We urge you to retain existing higher education tax benefits for California's students and families in any final legislation.

Our institutions depend greatly on charitable contributions to help make higher education accessible to millions of students across California. We are concerned that the current proposal in both bills to increase the standard deduction for tax filers,

without including an incentive for the majority of Americans who do not file itemized tax returns to engage in charitable giving, could have a significant negative impact on charitable giving to our institutions. We therefore support inclusion of an “above the line” charitable deduction, which would allow itemizers to subtract their charitable contributions from their taxes, before choosing whether to file itemized or non-itemized returns.

We are also concerned that both bills would repeal Advance Refunding Bonds, while the House’s bill would additionally repeal Private Activity Bonds. These tax-exempt bonds are critical tools used by our institutions to fund capital projects, including classrooms, training facilities, housing complexes, and hospitals, which will serve students, faculty and staff, as well as patients, and we ask that these classes of tax-exempt bonds be maintained in any final agreement.

The State of California provides critical support to our success, including through the generous, need-based Cal Grant Program, which makes college possible for over 300,000 Californians each year. We are concerned that scaling back the state and local taxpayer (SALT) deduction will undermine revenues that provide such public services in California, especially across the entire education continuum. Both the Senate and House bills would end the deductibility of state and local income taxes, and allow taxpayers to deduct only up to \$10,000 annually in property taxes. Our institutions encourage the conferees to further restore the SALT deduction to allow for taxpayers to deduct state and local income taxes in addition to property taxes, which is especially important to taxpayers in our state.

Thank you for your consideration. If you have questions about UC’s position on the House and Senate Tax Cuts and Jobs Act legislation being conferenced, please contact UC’s Interim Associate Vice President for Federal Governmental Relations, Chris Harrington, at [Chris.Harrington@ucdc.edu](mailto:Chris.Harrington@ucdc.edu); at the CSU, please contact Assistant Vice Chancellor for Federal Relations Jim Gelb at [jgelb@calstate.edu](mailto:jgelb@calstate.edu); and at the California Community Colleges, please contact Vice Chancellor for External Relations, Laura Metune, at [lmetune@CCCCO.edu](mailto:lmetune@CCCCO.edu).

Yours very truly,



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University of California



Timothy P. White  
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cc: California Congressional Delegation