

NORTH CAROLINA
INDEPENDENT
COLLEGES & UNIVERSITIES

November 9, 2017

A. Hope Williams
President

- Barton College
Wilson
- Belmont Abbey College
Belmont
- Bennett College
Greensboro
- Brevard College
Brevard
- Cabarrus College of Health Sciences
Concord
- Campbell University
Butts Creek
- Catawba College
Salisbury
- Chowan University
Murfreesboro
- Davidson College
Davidson
- Duke University
Durham
- Elon University
Elon
- Gardner-Webb University
Boiling Springs
- Greensboro College
Greensboro
- Guilford College
Greensboro
- High Point University
High Point
- Johnson C. Smith University
Charlotte
- Lees-McRae College
Banner Elk
- Lenoir-Rhyne University
Hickory
- Livingstone College
Salisbury
- Louisburg College
Louisburg
- Mars Hill University
Mars Hill
- Meredith College
Raleigh
- Methodist University
Fayetteville
- Montreat College
Montreat
- N.C. Wesleyan College
Rocky Mount
- Pfeiffer University
Misenheimer
- Queens University of Charlotte
Charlotte
- St. Andrews University
Laurinburg
- Saint Augustine's University
Raleigh
- Salem College
Winston-Salem
- Shaw University
Raleigh
- University of Mount Olive
Mount Olive
- Wake Forest University
Winston-Salem
- Warren Wilson College
Asheville
- William Peace University
Raleigh
- Wingate University
Wingate

The Honorable G. K. Butterfield
US House of Representatives
2080 Rayburn House Office Building
Washington, DC 20515-3301

Dear Congressman Butterfield:

North Carolina Independent Colleges & Universities ("NCICU") is the state-wide advocate for North Carolina's 36 private, non-profit colleges and universities. All of the institutions are gravely concerned about the harm the Tax Cuts and Jobs Act ("H.R. 1") will have on North Carolina students who attend private, non-profit colleges and universities and on their families - as well as the serious injuries it will cause to North Carolina's private colleges and universities. H.R. 1 eliminates important benefits like the Student Loan Interest Deduction and it taxes tuition remission and Sec. 127 employer-provided education assistance. Establishing a tax on endowments, much of which comes from gifts to our colleges and universities, will provide a significant disincentive for alumni and other supporters to make future gifts.

Elimination of the student loan interest deduction would penalize new graduates just when they are entering the job market. At a time when college leaders are working hard to limit the cost of going to college, this would have the opposite effect and tend to decrease the number of students going to college.

The bill also eliminates Private Activity Bonds. This would harm our ability to develop and strengthen infrastructure including academic buildings and residence halls. H.R. 1 does not attack public college bonding, nor should it. But, as a result, it favors one sector of higher education over another which should not be the role of government. In addition, it will, over time, tend to decrease the availability of private higher education, thus increasing the amount state governments will need to spend to educate their citizens.

Elimination of the Sec. 117(d) tuition remission benefit would also increase the cost of going to college. Many college employees are paid less than they could make in other private employment or at public universities, but one of the employee benefits they receive is tuition remission. Taxing this will create "phantom income" and increase the cost these families have of sending their children to college. Eliminating this benefit will be particularly hard on our lowest paid employees.

Section 127 of the Internal Revenue Code helps working students by incentivizing their employers to provide tuition assistance benefits. Elimination of this benefit is hostile to working students, and for that reason alone is peculiar and difficult to understand.

H.R. 1 is also an attack on private, non-profit colleges and universities in that it would add a new tax on endowments. This is specifically directed at private higher education and would not be a tax on public university endowments. Endowments exist to keep institutions viable and to use the earning to enhance the college experience and reduce the cost to students and families, which is particularly important to private colleges since we do not have the financial backing of the state to sustain operations.

The Honorable G.K. Butterfield
November 9, 2017
Page Two

By contrast, we applaud Representative Mark Walker's effort to assist non-profits and taxpayers who claim the standard deduction. Representative Walker's proposed Universal Charitable Giving Act would encourage taxpayers who claim the standard deduction to support non-profits and charities they support, by providing an above-the-line deduction. We believe this would help support the public services provided by non-profits by broadening the number of people who donate to them.

North Carolina's private, non-profit colleges and universities are, collectively, North Carolina's largest private employer. We award more than one in four undergraduate degrees and one in three graduate and professional degrees in the state. Put simply, H.R. 1 makes it more expensive to go to college. It also hurts students in their early working life. It singles out private, non-profit colleges and universities by taxing endowments they use to maintain the viability of their institutions and restricting their access to bonding and growth – costs that will have to be passed on to students and families.

On behalf of North Carolina's 36 private, non-profit colleges and universities, we urge you to reject the harmful provisions in H.R. 1 which single out private, nonprofit colleges and universities.

Sincerely,



A. Hope Williams

Dr. Nathan O. Hatch, Chair, NCICU Board
President, Wake Forest University
Dr. Jo Allen, President, Meredith College
Dr. Dewey Clark, President, NC Wesleyan College
Dr. Lawrence Czarda, President, Greensboro College
Dr. Pamela Davies, President, Queens University of
Charlotte
Dr. Jane Fernandes, President, Guilford College
Dr. Ben Hancock, President, Methodist University
Dr. Jimmy Jenkins, President, Livingstone College
Dr. David Joyce, President, Brevard College
Dr. Leo Lambert, President, Elon University
Mr. Brien Lewis, President, Catawba College
Dr. Paul Maurer, President, Montreat College
Dr. Nido Qubein, President, High Point University
Dr. Lorraine Sterritt, President, Salem College
Dr. Everett Ward, President, Saint Augustine's
University

AHW/ghh