UNIVERSITY OF WISCONSIN SYSTEM

Office of the President

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Dear Members of the Wisconsin Delegation:

As the U.S. House and U.S. Senate prepare to conference the House and Senate tax reform bills, we write on behalf of the University of Wisconsin System to share our analysis about specific provisions that we believe would have a negative impact on our students, families, and higher education more broadly. I am also attaching a letter signed by Peter McPherson, President of the Association of Public and Land-grant Universities (APLU), that reflects many of these same concerns.

- **Sec. 1204: Repeal of the Student Loan Interest Deduction (SLID). The House bill would eliminate this provision, while the Senate bill retains this provision.** Eliminating this provision would mean the cost of student loans for borrowers would increase by roughly $24 billion over the next decade. Under current law, any individual with income up to $80,000 (or $160,000 on a joint return) repaying student loans can deduct up to $2,500 in student loan interest paid. In 2014, 12.4 million people claimed the deduction. **We urge that the final bill adopt the Senate's approach in retaining the Student Loan Interest Deduction.**

- **Sec. 117(d) and Sec. 117(d)(5): Maintain Income Exclusion of Tuition Waivers, per the Senate bill. The House bill would eliminate this provision, while the Senate bill retains this provision.** Repeal of this provision would result in thousands of graduate students being subjected to a major tax increase. Eliminating the provision would drastically burden graduate students at UW-Madison and UW-Milwaukee and other prominent research universities throughout the country, ultimately harming our nation's scientific enterprise. The House bill would repeal an existing provision that reduces the cost of graduate education and mitigates the tax liability of graduate students who are filling essential teaching and research roles as part of their academic programs. Roughly 145,000 graduate students nationwide received a tuition reduction in 2011-12, according to the U.S. Department of Education, National Center for Education Statistics, 2011-2012 National Postsecondary Student Aid Study (NPSAS), which is the most recent data available. **We urge that the final bill adopt the Senate's approach in retaining these provisions.**

- **Sec. 1002: Repeal of Lifetime Learning Credit, while not substantially increasing the American Opportunity Tax Credit (AOTC). The House bill eliminates the Lifetime Learning Credit without additional changes to the American**

Opportunity Tax Credit, while the Senate approach is to retain this provision. The House bill consolidates three tax credits that taxpayers may claim for credit for postsecondary expenses: the American Opportunity Tax Credit (AOTC), the Lifetime Learning Credit, and the Hope Scholarship Credit. While the bill expands AOTC to include a fifth year of credit, albeit at reduced support, it would, as written, preclude graduate students, part-time students, lifelong learners (particularly those seek retraining) and any student taking longer than five years to finish their education from accessing the AOTC. This could adversely impact their financial ability to pursue a degree or lifelong learning. Indeed, under the changes proposed in the House version of the bill, many non-traditional students – the fastest growing segment of students in higher education – would lose significant tax benefits they currently rely upon to help finance their education. **We urge that the final bill adopt the Senate approach in retaining this provision.**

Tax relief for hard-working, middle-class and lower-income Americans is very important. However, we are concerned about the impact several of the changes will have on the ability of Wisconsin families to pay educational expenses. Further, we are concerned about increasing federal deficits which will likely result in pressures to cut federal spending. Nearly all federal support for higher education comes from discretionary spending, including funding for federal student aid (except student loans) and research and development. Wisconsin and our nation cannot afford further cuts to our education budgets if we are to fill the employment needs of this economy, or cuts to investments in research and technology for long-term economic health and growth.

Thank you for your consideration of these comments as this important piece of legislation proceeds to conference committee. We welcome the opportunity to work with you.

Respectfully,

Ray Cross

Ray Cross
UW System President

CC: Chancellors