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# Five tax changes that will hurt U.S. higher education

A letter to Members of Congress from the leaders of Penn's Faculty Senate



Laura Perna Dec 6, 2017 · 3 min read



To the Members of the U.S. Senate and House of Representatives:

We write to express our strong opposition to problematic potential changes in Federal tax law. During the reconciliation process, we urge you to recognize the profound negative implications of these proposed changes for students, colleges and universities, and our nation, and not include these changes in the final law.

**Do not count tuition benefits to graduate students as taxable income:** Graduate students are critical to the production of the knowledge and research that our nation needs to be internationally competitive. This change will make graduate education unaffordable to all but those from the wealthiest families. Instead, federal policymakers should be encouraging the best and brightest to obtain graduate education, regardless of their family income and personal wealth.

**Do not increase the standard deduction on charitable contributions:** Charitable contributions reflect decisions by private individuals about how to invest personal resources. Increasing the standard deduction will likely reduce these contributions. Charitable contributions are vital to our nation's public and private colleges and universities. Diversifying revenue sources has become more important to both public and private colleges and universities over time, especially as per student funding from state governments has declined.

**Do not tax investment earnings on endowments of private colleges and universities:** Endowments represent the

accumulation of funds donated to colleges and universities from private sources. Private contributors dedicate these funds to colleges and universities for particular uses and purposes. This proposed tax will reduce not only the real value of these contributions, but also the resources available for supporting need-based financial aid and also advancing research and educational programs.

**Do not repeal tax deductions for federal student loans:**

Eliminating deductions for student loans will increase the cost of higher education to the many students who borrow to pay college costs, add to the challenges that many borrowers experience when trying to repay their loans, and may discourage college graduates with student loan debt from taking on other consumer debt.

**Do not include as taxable income tuition benefits to**

**dependents of employees of colleges and universities or employer-provided education assistance:** These programs encourage employers to allocate resources that increase the human capital of their employees. As such, these programs increase the education and skills of our nation's population.

**Do recognize the many public benefits of higher education:**

Individuals who participate in higher education benefit from higher earnings and in many other ways. But, **our nation and communities also benefit greatly from higher education.**

Higher education is critical to ensuring that our workforce has the

skills and training needed for today's and tomorrow's jobs, promoting economic development, and advancing research, development, and technological change. Higher education is essential to our nation's economic competitiveness and to our democracy.

We urge you to **recognize the importance of higher education to our society**. If enacted, these changes will hurt our students, increase the cost of higher education, and threaten the quality and contributions of our colleges and universities to the long-term detriment of our nation.

**Sincerely,**

**The Tri-Chairs of the Faculty Senate of the University of Pennsylvania**

**Laura W. Perna**, James S. Riepe Professor, Graduate School of Education, Immediate Past Chair of the Faculty Senate

**Santosh S. Venkatesh**, Professor of Electrical and Systems Engineering, Chair of the Faculty Senate

**Jennifer A. Pinto-Martin**, Viola MacInnes/Independence Professor of Nursing and Professor of Epidemiology, Perelman School of Medicine, Chair Elect of the Faculty Senate

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