November 27, 2017

Dear Senators Markey and Warren, and Representatives Capuano, Clark, Keating, Kennedy, Lynch, McGovern, Moulton, Neal and Tsongas:

On behalf of the five-campus, 75,000-student University of Massachusetts system, we are writing to thank you for your strong record of support for public higher education. Your advocacy for federal financial aid and federal research funding has helped make the University of Massachusetts the largest contributor to the state’s highly educated workforce and an economic development engine that generates $6.2 billion in annual economic impact in the Commonwealth.

As you know, Congress has unveiled a tax reform package (H.R. 1, the “Tax Cuts and Jobs Act”) that threatens the financial stability of universities and specifically and unfairly targets college students, particularly graduate students.

While we are aware that the process of writing both the House and Senate bills has been uniquely partisan, we hope that bringing these specific provisions to your attention might inform some of your efforts to work toward a more sensible tax policy. To that end, below are provisions and proposals that adversely affect UMass, our students and our mission:

- The House-passed bill repeals Internal Revenue Code (IRC) Section 117(d)(5), which exempts the tuition waivers granted to graduate students. Approximately 5,000 graduate students at UMass face the prospect of their tax burden significantly increasing – in some cases by more than 100 percent – which could stifle research and scholarship and have a negative effect on critical workforce development in the Commonwealth.
- The House-passed bill would eliminate the Lifetime Learning Credit and the Hope Scholarship Tax Credit, benefits utilized by many graduate students who are no longer eligible to claim the time-limited American Opportunity Tax Credit.
Credit. The bill adds a fifth year to the American Opportunity Tax Credit, but would not fully compensate for the loss of the other two credits.

- The House-passed bill eliminates the Student Loan Interest Deduction, which benefits more than 10 million taxpayers annually, including a large percentage of young UMass alumni, more than two-thirds of whom remain in Massachusetts to live and work.
- The House-passed bill repeals IRC Sections 117(d) and 125, meaning that university employees and their families would be taxed for tuition waivers or discounts they receive, weakening an important benefit and negatively affecting employee recruitment and retention.
- The Senate Finance Committee-passed bill repeals the income deduction for personal exemptions for college-age dependents. This change will reduce a family’s ability to support a child’s college education.
- The Senate Finance Committee-passed bill would tax income derived from licensing a university’s name or logo, reducing auxiliary revenue that funds UMass services.
- Both bills include provisions that would disincentivize charitable contributions, including to university endowments, endangering vital financial support for UMass and our students.
- Both bills include provisions to substantially repeal the state and local tax deduction. Repeal of this popular deduction negatively impacts our employees and could threaten state support for public higher education as policymakers are pressured to lessen the state tax burden on constituents.

The University of Massachusetts believes that both current versions of the tax reform legislation would have serious adverse impacts on the university, our students and our employees. We thank you for your continued work in the interest of UMass, and we ask that you continue to oppose any and all policies that adversely impact public higher education.

We thank you for your attention to this matter.

Sincerely,

Martin T. Meehan, President
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Barry Mills, Chancellor
UMass Boston

Jacqueline F. Moloney, Chancellor
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