November 30, 2010

The Honorable Max Baucus  
Chairman  
Committee on Finance  
United States Senate  
Washington, DC 20510

The Honorable Charles E. Grassley  
Ranking Member  
Committee on Finance  
United States Senate  
Washington, DC 20510

The Honorable Sander M. Levin  
Chairman  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, DC 20515

The Honorable Dave Camp  
Ranking Member  
Committee on Ways and Means  
U.S. House of Representatives  
Washington, DC 20515


Dear Chairman Baucus, Chairman Levin, Ranking Member Grassley and Ranking Member Camp:

On behalf of the American Council on Education and the undersigned higher education associations, I write to urge you to extend a number of expired or expiring higher education related tax provisions before the end of this year. Specifically, we strongly support extensions of the American Opportunity Tax Credit (AOTC); the above-the-line deduction for qualified tuition and related expenses (which expired in 2009); Section 127 Employer Provided Education Assistance (Sec. 127); the enhanced Student Loan Interest Deduction (SLID); expanded Coverdell Education Savings Accounts (ESAs); and the Individual Retirement Account (IRA) Charitable Rollover (which also expired in 2009).

The AOTC significantly improves the longstanding Hope Scholarship Credit by increasing the credit from $1,800 to $2,500, expanding eligible expenses, making it available for four rather than only two years of college, increasing the income phase-out thresholds, and making the credit partially refundable. Like the AOTC, the tuition deduction enhances access to higher education by helping to reduce the cost of attending college. Unfortunately, the potential expiration of the AOTC and the expiration of the tuition deduction in 2009 have already created great uncertainty for the many students and families that rely on these important provisions. Ideally, Congress will permanently extend the AOTC, which in turn would obviate the need for the tuition deduction to apply to undergraduate students in the future.
In addition to the AOTC and the tuition deduction, Sec. 127 will expire in its entirety this year. Sec. 127 allows employers to offer up to $5,250 in tuition assistance to employees annually. These funds offer tax benefits to both employers and student employees. It is critical that Sec. 127 be extended as soon as possible to provide certainty to employers and student employees as they make plans for the coming year and beyond. Also, improvements made to SLID and Coverdell ESAs in 2001 are set to expire this year. If not extended, SLID will be drastically limited by reduced income thresholds and a 5-year limit and Coverdell ESAs will revert to allowing only $500 in tax-free annual contributions (currently $2,000).

The IRA Charitable Rollover is a crucial charitable giving tax incentive which should be extended this year to help colleges and universities generate new or increased charitable contributions that can be used in a myriad ways to benefit students, including financial aid. Its lapse in 2009 impaired the ability of colleges and universities to raise private charitable funds to help them weather the economic crisis and severe declines in state appropriations and endowments.

These provisions enhance access to higher education through direct support to students or their families and indirectly by helping generate charitable donations to college and universities that are frequently used to support institutional student financial aid. We thank you for your consideration of these important provisions.

Sincerely,

Molly Corbett Broad
President

MCB/Idw

On behalf of:

American Association of Colleges of Nursing
American Association of Collegiate Registrars and Admissions Officers
American Association of Community Colleges
American College Personnel Association
American Council on Education
American Dental Education Association
APPA: Leadership in Educational Facilities
Association of American Universities
Association of Community College Trustees
Association of Governing Boards
Association of Jesuit Colleges and Universities
Association of Public and Land-grant Universities
Association of State Colleges and Universities
Council for Advancement and Support of Education
Council for Christian Colleges and Universities
Council for Opportunity in Education
Council of Graduate Schools
Council of Independent Colleges
NASPA - Student Affairs Administrators in Higher Education
National Association for College Admission Counseling
National Association of College and University Business Officers
National Association of Independent Colleges and Universities
National Association of Student Financial Aid Administrators
Thurgood Marshall College Fund
University and Professional Continuing Education Association
Women’s College Coalition