

July 17, 2014

RE: Student and Family Tax Simplification Act (H.R. 3393)

Dear Representative:

On behalf of the higher education associations listed below, I write to express concerns about H.R. 3393, the Student and Family Tax Simplification Act, and encourage further improvements to this important legislation when it is considered on the House floor next week.

We have long supported reform of the American Opportunity Tax Credit (AOTC), the Hope Scholarship Credit, the Lifetime Learning Credit (LLC), and the tuition deduction. All of these currently are overly complex and difficult for students and their families to correctly use. We believe a consolidated credit can simplify the higher education tax benefits while retaining positive aspects of the present credits and deductions to better serve low- and middle-income traditional and nontraditional students now and in the future, helping them attain an associate or bachelor's degree or pursue post-baccalaureate education or lifelong learning.

Overall, H.R. 3393 takes several important steps forward to create a simpler, single tax credit. We applaud the fact that the bill increases refundability and includes an important fix to better coordinate the AOTC and the Pell Grant. We are also very pleased that the bill was amended at markup to maintain the AOTC's current income phase-out limits.

However, as we discussed in our attached letter of April 4, 2014 to Ways and Means Committee members, there are a number of other changes in the legislation which cause us great concern. Even as reported, the bill would negatively impact many low- and middle-income students and families who benefit under current law. It also would harm graduate students and lifetime learners who utilize the tuition deduction or the LLC. Because we continue to have serious concerns about the Student and Family Tax Simplification Act, we cannot support the bill as currently written, even in the form as reported.

As a result of our strong support for reforming these credits, we have had many discussions with tax staff over the past months about ways to implement reforms that address our concerns. We believe the legislation could be modified to ensure students

Floor consideration of the Student and Family Tax Simplification Act

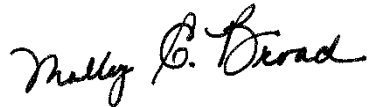
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who are currently eligible for a federal tax benefit could still receive some benefit. For example, one improvement we support is replacing the bill's proposed four-year limit for the AOTC with a lifetime dollar cap that would allow part-time, full-time, and graduate students to take advantage of the credit.

We remain deeply committed to continuing to work with the authors of the bill and the Ways and Means Committee to improve the Student and Family Tax Simplification Act to better serve traditional and non-traditional low- and middle-income students, now and in the future.

Sincerely,

A handwritten signature in black ink that reads "Molly C. Broad". The signature is written in a cursive, flowing style.

Molly Corbett Broad
President

MCB/ldw

On behalf of:

American Association of State Colleges and Universities
American Council on Education
Association of American Universities
Association of Governing Boards
Association of Jesuit Colleges and Universities
Association of Public and Land-grant Universities
College and University Professional Association for Human Resources
Council for Christian Colleges & Universities
Council of Graduate Schools
Hispanic Association of Colleges and Universities (HACU)