Dear Congressional Representative,

While we at Minneapolis College of Art and Design deeply appreciate the House Ways and Means Committee preserving the charitable deduction, IRA charitable rollover, and incentives for families to save and pay for college in the Tax Reform Bill, other provisions will be devastating to our institution, employees, and the students and families we serve.

Among the most concerning provisions are:

**Endowments**

- We are deeply appreciative of the reduction on the tax penalty on endowments, but we strongly urge you to eliminate this provision in its entirety.
- The claim that this tax merely aligns private college endowments with the tax on private foundations is untrue. Colleges and universities do not support non-profit purposes; they provide non-profit services through education and research.
    - A foundation that is assessed this tax is an entity that supports charitable activities by making grants to unrelated organizations or institutions or to individuals for charitable purposes, and is generally financially supported by one or a small handful of sources—an individual, a family, or a corporation.
    - University endowments are closely aligned with operating foundations (as they are public charities) which have never been taxed on their investment income. An operating foundation is "publicly supported," and devotes its assets to the active conduct of charitable activities, rather than making grants to other organizations as private foundations do. For example, museums and libraries can qualify as operating foundations.
- Endowments are critical to sustaining quality and excellence in American private higher education. Investment income from endowments is used every day to support nearly all aspects of an institution's operations, including all the components vital to its mission and the delivery of a high quality, affordable education: financial aid, teaching, research, faculty, student retention and success programs, libraries, and facilities.

•Every dollar spent from the endowment to deliver an education reduces the cost paid by all students and their parents.
•Endowments function for private colleges in a way similar to the full faith and credit of the states do for public colleges.
•While MCAD might not currently be affected by this new tax, this sets a terrible precedent for taxing nonprofit endowment funds, and it will likely be revisited by Congress, and affect many more institutions and charities over time.
•The federal government should not take funds for itself that private citizens gave to IRS approved charities for issues and causes they chose to support. The version of the tax included in the bill will have a particularly punitive effect on smaller colleges.

**The Elimination of the Student Loan Interest Deduction:**
Our students find the student loan interest deduction incredibly important as they are starting their careers and student loans payments. The federal government already makes a profit on student loans, this would just be an additional tax on students who must borrow to pay for college. We serve a very needy student population (41% Pell Grant Eligible) and have committed significant institutional resources to reduce student debt to help students as they pursue their careers. This would be a major setback for our students and students across the country.

**The Elimination of Sec. 127 –Employer-Provided Education Assistance:**
Sec. 127 provides much-needed assistance to working students by incentivizing employers to provide tuition assistance benefits.
Most recipients of this benefit are non-traditional students trying to improve their skills and workplace mobility. Colleges, businesses, and labor organizations all support this important benefit that allows employers to invest in their workforce, while allowing employees the ability to advance their education and experience.

**The Elimination of Private Activity Bonds:**
Qualified 501(c)(3) private activity bonds provide favorable terms for private, nonprofit institutions, such as colleges, universities, and

hospitals, resulting in considerable cost savings and enabling us to use those savings for our educational purposes. We employ bonds only after close scrutiny of risk and financial plans, and manage them prudently. If an institution holds such tax-exempt debt, it is required to meet significant post-issuance disclosure and compliance requirements. This type of bond financing for not-for-profits is a proven tool with a decades-long record of success for providing vital public services and creating jobs. Bond issuance for private non-profit hospitals and universities is typically overseen by a unit of state or local government, or a municipal bond conduit authority, which is authorized by the state legislature to issue bonded debt.
Low-cost access to capital helps keep private colleges and universities strong, enabling us to keep expenditures low so we can focus on the work we do for the public good and the students and families that we serve.

**The Elimination of 117(d):**
Our employees, who are generally paid less than they could make in the private sector, work at our college because of the benefits and because of their love of our mission to serve students. Among the most important benefits we provide is assistance to help pay their own, and their children's college tuitions. Taxing this benefit, makes college more expensive for them and makes it harder for us to attract workers. Eliminating this benefit would particularly harm employees who are poised to send their children to college, and have premised their career choices and college savings decisions on the existing tuition benefits for their children, hurting the lowest-paid college employees the most.

Please do not support these tax changes that would harm the very people, the next generation workforce, that is critical to the future of our state and our country in maintain our economic and world standing.

Sincerely,