

AMERICAN COUNCIL ON EDUCATION



OFFICE OF THE PRESIDENT

December 4, 2007

The Honorable Harry Reid
Senate Majority Leader
United States Senate
Washington, DC 20510

The Honorable Mitch McConnell
Senate Minority Leader
United States Senate
Washington, DC 20510

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

Dear Majority Leader Reid, Minority Leader McConnell, Chairman Baucus, and Ranking Member Grassley:

On behalf of the American Council on Education and the undersigned higher education associations, I am writing to express our strong support for several provisions included in the Temporary Tax Relief Act of 2007 (H.R. 3996): the one-year extensions of the above-the-line deduction for qualified tuition and the IRA Charitable Rollover; and a provision that would permit tax-exempt organizations, including colleges and universities, to invest directly in domestic hedge funds without being subjected to the Unrelated Business Income Tax (UBIT). We are extremely grateful that they were included in this legislation and urge you to include these provisions, in particular the extensions of the qualified tuition deduction and IRA Charitable Rollover, in any tax legislation to be passed before the end of this year.

Currently set to expire at the end of this year, the above-the-line deduction for qualified tuition and related expenses is an important tax provision. This tax benefit allows students or parents who do not qualify for the Hope or Lifetime Learning tax credits to deduct qualified higher education expenses from their taxable income. Specifically it provides for a \$4,000 deduction for single filers earning up to \$65,000 annually, and joint filers earning up to \$130,000 annually. Many students and families rely on this assistance to help with tuition costs. It would be extremely problematic for these students if the deduction is not extended, or if it were extended retroactively next year. A retroactive extension would cause confusion and uncertainty in family budgeting and could result in students feeling they are unable to continue their course work.

Higher Education Letter to the Senate and Finance Leadership

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The IRA Charitable Rollover is a crucial tax provision which is also scheduled to expire this year. As passed as part of the Pension Protection Act in August 2006, the IRA Charitable Rollover permits IRA owners starting at age 70½ to make tax-free charitable gifts totaling up to \$100,000 per year from their IRAs directly to eligible charities, including colleges and universities. Since its enactment, the IRA Charitable Rollover has generated millions of dollars in new or increased contributions that benefit students and the higher education institutions that serve them. Failing to enact an extension of the IRA Charitable Rollover this year would create needless uncertainty for donors, deter many charities from dedicating time and scarce resources to educate their donors about this giving incentive, and ultimately harm the efforts of all charities, including colleges and universities, to generate additional funds to support their important work.

We strongly support these tax provisions and particularly want to see an extension of the expiring tax incentives – the qualified tuition deduction and IRA Charitable Rollover – this year. We therefore urge you to include them in any tax legislation that Congress passes during the remainder of this session.

Sincerely,



David Ward
President

DW/bj

On behalf of:

American Association of Community Colleges

American Association of State Colleges and Universities

American Council on Education

Association of American Universities

Association of Community College Trustees

Association of Jesuit Colleges and Universities

Council for the Advancement and Support of Education

National Association for Equal Opportunity in Higher Education

National Association of Independent Colleges and Universities

National Association of State Universities and Land-Grant Colleges