



November 13, 2017

The Honorable Marcia C. Kaptur
United States House of Representatives
2186 Rayburn House Office Building
Washington, DC 20515

Dear Congresswoman Kaptur:

As you continue to work on H.R. 1, the “Tax Cuts and Jobs Act,” I wanted to express concern over provisions that will have negative consequences for students, families and Ohioans who rely on research universities for undergraduate and graduate education and cutting-edge research that saves lives, creates new technologies and advances competitiveness.

The Ohio State University is discouraged to see that H.R. 1 continues to include the repeal of provisions that encourage employers to help students with their education expenses: Section 117(d), Qualified Tuition Reductions, and Section 127, Employer Provided Education Assistance.

- Section 117(d) permits educational institutions like The Ohio State University to provide their employees, spouses or dependents with tuition reductions that are excluded from taxable income, helping employees and their families afford a college education. At Ohio State, more than 4,500 employees utilize the tuition benefit for either themselves, their spouse or dependents.

The majority of employees and their families benefitting from this provision are low or middle income. At Ohio State, the majority of employees using tuition assistance make less than \$75,000 per year. Nationally, 50 percent of the employees receiving tuition benefits under this provision earned \$50,000 or less, and 78 percent earned \$75,000 or less. If Section 117(d) is repealed, taxable income for these employees will increase, thus providing a disincentive for employees to utilize the benefit and reducing the opportunity for employees and their family members to further their education.

- Universities often support graduate students serving in essential roles in research and teaching with tuition assistance. Section 117(d)(5) significantly reduces the cost of graduate education by enabling universities to provide graduate students who are engaged in teaching and research activities at the university with non-taxable tuition reductions.

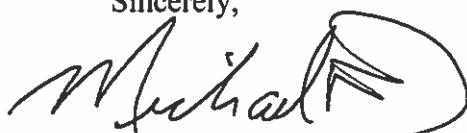
According to available U.S. Department of Education data, nearly 55 percent of all graduate students had adjusted gross income of \$20,000 or less and almost 87 percent had incomes of \$50,000 or less. At Ohio State, more than 4,300 students receive non-taxable tuition waivers under Section 117(d)(5). Without this provision in place, these students will be subject to a major tax increase, making it difficult for universities to recruit them and thus hindering our research and innovation mission.

- Section 127 allows an employee to exclude from income up to \$5,250 annually in tuition assistance provided by their employer. Repealing this provision will take away an important tool for universities and companies in developing a highly qualified workforce.

Universities as well as all other nonprofit organizations are concerned about changes in standard deductions for individuals and couples. The change will reduce the number of taxpayers who itemize, significantly lowering the value of the charitable deduction. In 2017, Ohio State had more than 267,000 donors contributing over \$532 million to education, research, athletics and innovation, including a cash total of \$403 million. More than 78,000 alumni contributed nearly \$105 million, and current students and parents gave more than \$5 million. As state and federal funding for public universities have continued to decrease over the years, universities increasingly rely on donations from individuals to further their educational, scientific and charitable purposes. Increasing the standard deduction will have a negative effect on a funding source that has become increasingly important to public universities, including Ohio State. I recommend that you consider including a modification that would expand the charitable deduction to non-itemizers.

Thank you for your consideration of the impact that this measure will have on students and families as well as The Ohio State University and other universities' ability to continue to provide top-notch education, research and innovation for the benefit of all.

Sincerely,

A handwritten signature in black ink, appearing to read "Michael V. Drake". The signature is stylized and includes a large, circular flourish at the end.

Michael V. Drake, MD
President