COLLEGE OF
Saint Benedict

OFFICE OF THE PRESIDENT

November 7, 2017

The Honorable Tom Emmer
315 Cannon House Office Building
Washington, D.C. 20515

Dear Representative Emmer,

I reach out to you today to express serious concerns about the potential impact of the Tax Cuts and Jobs Act on students at the College of Saint Benedict and the future viability of the college. The legislation as currently proposed would inflict significant damage to provisions of the federal tax code important to our students and to the vitality of CSB and, more generally, to private non-profit higher education.

We appreciate that the proposal protects 529 Savings Plans and the American Opportunity Tax Credit, as well allowances for charitable contributions, which help both our families save and prepare for college and the College of Saint Benedict to provide them with an exceptional learning experience. However, H.R. 1 eliminates important benefits that help our students to pay for college and repay their loans and help CSB to remain productive and competitive:

- **Elimination of the student loan interest deduction will raise the price our student's pay for their College of Saint Benedict education.** During the current academic year, we will provide nearly $40 million of our own resources in scholarship and grant aid to our students this year. While we provide that assistance to limit the amount our students borrow, student loans play a signature role in making a College of Saint Benedict education accessible and affordable. Nearly three-quarters of our students take out student loans, the overwhelming majority of those loans from federal programs. Our 2017 graduates collectively took out $14 million in student loans to help finance their CSB education. Eliminating the loan interest deduction will raise their repayment cost, impacting our graduates at precisely the moment they are trying to get on their feet and establish careers. The federal government already earns a profit on student loans, and this would simply be an additional tax on students who must borrow to pay for college.
- **The elimination of Private Activity Bonds critically damages our ability to support our mission and cost-effectively invest in our infrastructure and our future.** Those bonds, provided to us by the Minnesota Higher Education Facilities Authority, help underwrite the cost of improvements to academic buildings, residential buildings, and other facilities that shape the student experience here. We most recently used those bonds to make significant

College of Saint Benedict
37 South College Avenue
St. Joseph, MN 56374

P 320-363-5505
F 320-363-6091
W www.csbsju.edu

additions and improvements to academic, administrative, and athletic facilities, projects that collectively will benefit generations of students to come. Under H.R. 1, we would no longer have access to tax-exempt bonds, raising our cost of borrowing and requiring our students pay more, which not only creates a burden for our families but also would put us at a competitive disadvantage vis-à-vis public colleges and universities, who would retain access to those tax-advantaged debt financing. We estimate that our interest rates on borrowed funds would rise by approximately two percentage points with this change, adding enormous cost over the long-term life of the bonds.

- **The addition of a new tax on private college and university endowments represents a change targeted exclusively at just one sector of higher education**. While the College of Saint Benedict would not be impacted by the new tax today, it could certainly affect us in the future. We use our endowment exclusively for educational purposes. It provides a key source of funding for scholarships and grants for our students, particularly our lowest income students. We know that we need to grow it significantly in the coming years. Unlike any other income source, endowment represents an investment in our future. All other revenue sources support only current operations. None of them is guaranteed. The endowment tax would materially harm our ability to invest in future generations of highly-skilled, taxpaying women.

We cannot endorse tax policy changes that would effectively raise the price of college for young people and diminish our ability to provide a high quality college experience at a time our nation needs them and us more than ever. Passage of H.R. 1 will result in a substantial loss of important revenue to the College of Saint Benedict and damages our ability to achieve our mission. As a major employer and constituent in your Congressional district, I urge you to reject the provisions of H.R. 1 that will harm non-profit colleges and the students we serve.

Sincerely,

Mary Hinton

Mary Dana Hinton, Ph.D.
President
College of Saint Benedict