The Campaign for College Opportunity
Increasing college graduates to strengthen California

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THE "TAX CUTS AND JOBS ACT" IS DETRIMENTAL TO CALIFORNIA AND ITS STUDENTS

Yesterday, the United States House of Representatives voted by a 227-205 margin to pass H.R. 1, the "Tax Cuts and Jobs Act," authored by Rep. Kevin Brady (R-TX), which impacts key tax provisions that make college more accessible and affordable. At a time when states like California face major shortfalls of college educated workers, this bill would undermine our ability to prepare students for a 21st century economy. California currently faces a projected shortfall of 1.7 million college credentials needed to meet workforce demands by 2025. While there are many means through which we can better utilize federal tax policy to support college completion, the House's tax bill is likely to make higher education more expensive and further out of reach for many hard-working students and their families.

Three ways in which the House "Tax Cuts and Jobs Act" does not serve the interest of California or its students:

- In streamlining the three existing higher education tax credits into the American Opportunity Tax Credit, the House's tax proposal would simultaneously eliminate $17.5 billion in taxpayer support for higher education. While consolidating the currently available education tax benefits could better support and target students in need, the House bill does neither. Any taxpayer investment on higher education should be preserved within programs that support college access and affordability, rather than be redirected towards other uses.

- Elimination of the state and local tax deduction on federal income taxes would make less revenue available for California and further contribute to the budgetary pressures that have led to declining state funding for the UC and CSU. Federal tax policy should not make it more difficult for states to support higher education and jeopardize our ability to enroll more students. Ten years since the onset of the Great Recession and despite recent reinvestment, we have still not yet reached 2008 levels of state funding for the California State University and University of California. Insufficient state support for public higher education has led to reduced capacity and increasing selectivity while we graduate record numbers of college-eligible high school students, as well as higher tuition rates for those that are admitted.

- Under the House bill, the interest paid on student loans would no longer be tax deductible. In 2015, more than 12 million borrowers across the U.S. used this tax deduction on student loan interest payments. Student loans can be an important tool to cover unmet financial need, especially in the face of the decreasing purchasing power of student aid programs like the Pell Grant. Making interest payments on student debt taxable makes college less affordable.

While tax reform is a worthwhile goal for our country and economy, college access and affordability is too steep a price to pay.

We call on the Senate to closely review these provisions and advance a tax reform bill that better meets workforce needs and keeps college affordable.

To see how your Congressional representative voted on this issue, go here.
To call your representative and U.S. Senator to express your thoughts on the tax reform bill go here.

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About Campaign for College Opportunity:
The Campaign for College Opportunity is a California non-profit research and advocacy organization focused on a single mission: to ensure all Californians have an equal opportunity to attend and succeed in college in order to build a vibrant workforce, economy and democracy. For more information, visit www.CollegeCampaign.org / Facebook.com/CollegeCampaign or follow @CollegeOpp.