July 21, 2014

Dear Representative:

On behalf of the American Association of Community Colleges (AACC) and the Association of Community College Trustees (ACCT), which represent the nation’s more than 1,100 community college presidents and their trustees, we write in support of HR 3393, the Student and Family Tax Simplification Act. The legislation achieves several important objectives for the nation’s college students, who continue to face substantial financing challenges, even at low-cost community colleges. Its simplification of the current array of higher education tax benefits is critical given that their complexity has led to widespread under-utilization.

H.R. 3393 also includes a number of enhancements to the American Opportunity Tax Credit (AOTC) that benefit college students:

- Makes AOTC Permanent: Currently set to expire at the end of 2017, the AOTC is the most important source of support for college students in the tax code. HR 3393 makes the benefit permanent and ensures that it will remain in place for students and families.

- Increases Refundability: The AOTC’s partial refundability is of great assistance to the many low-income students who attend community college. Currently, the maximum refundability under the AOTC is $1,000. HR 3393 increases that amount by 50%, raising it to $1,500, and provides students an easier path to claim that full refund.

- Creates Better Alignment with the Pell Grant: Currently, an estimated one million college students with unmet financial need do not receive any benefit from the AOTC due to its poor coordination with the Pell Grant program. The vast majority of these students attend low-cost institutions, particularly community colleges. H.R. 3393 remedies this situation.

- Indexes the AOTC to Inflation: HR 3393 recognizes that college prices are not static, and adjusts the AOTC for inflation (but not college tuition) starting in 2018.

We recognize that this legislation embodies certain trade-offs. Overall, however, it would better target benefits to community college students and other low-income students, and create a simplified system that greatly benefits all students and families. These are critically important objectives, and action on them is overdue. We thank you for your consideration of this legislation and urge its approval by the House of Representatives.

Sincerely,

Walter G. Bumphus
AACC President and CEO

J. Noah Brown
ACCT President and CEO