



November 14, 2017

Dear U.S. House of Representative,

On behalf of the Coalition to Preserve Employer Provided Education Assistance, we strongly urge you preserve employer-provided education assistance, Section 127 of the Internal Revenue Code (IRC) as you consider H.R. 1, the Tax Cuts and Jobs Act. The Coalition is a broad-based coalition of more than 85 groups representing business, labor and education dedicated to preserving and expanding Section 127.

Section 127 of the tax code is an important provision that allows an employee to exclude from income up to \$5,250 per year in assistance for any type of educational course work at the undergraduate and graduate level. Section 127 was enacted as an expiring tax benefit in 1978, and unfortunately, the benefit amount of \$5,250 annually has not been increased in almost 40 years. At the time, the benefit was intended to allow employers to completely cover the cost of higher education. It remained an expiring provision until it was finally made permanent in the American Taxpayer Relief Act (Pub.L. 112–240) on January 1, 2013.

H.R. 1 proposes to eliminate this important benefit. Removing the tax treatment of employer-provided tuition assistance will negatively affect both employers and employees. Employers utilize Section 127 to attract and retain top talent and build a skilled workforce. They also offer the benefit as a way to retrain and reskill their current workforce. At a time when employers are facing challenges with finding skilled talent - 68 percent of employer across industries report challenges with recruiting in the current talent market - employers need resources available that enable them to invest in their most precious asset – their employees.<sup>1</sup>

Conversely, this benefit enables employees to advance their education and improve their skillsets to compete in a global economy. Entry-level and mid-management education assistant recipients received, on average, a 43 percent incremental wage increase over a three-year period as compared to non-recipients.<sup>2</sup> Employees truly value this benefit – tuition assistance was the second most important employer-provided benefit according to the National Association of Colleges and Employers' *The Class of 2014 Student Survey Report*.<sup>3</sup>

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<sup>1</sup> Society for Human Resource Management, *The New Talent Landscape: Recruiting Difficulty and Skills Shortages*, July 21, 2016

<sup>2</sup> Lumina Foundation, *Talent Investments Pay Off White Paper, Cigna Realizes Return on Investment from Tuition Benefits*. 2016

<sup>3</sup> National Association of Colleges and Employers', *The Class of 2014 Student Survey Report*. 2014

While reforming the tax code is a complex and challenging task, it is vital that efforts do not remove common-sense provisions that prepare America's workforce for the jobs of tomorrow. The Coalition strongly urges you to preserve Section 127 of the IRC.

Sincerely,

**Members of the Section 127 Coalition:**

American Association of College Registrars  
American Association of Community Colleges  
American Association of State Colleges and Universities  
American Association of University Professors  
American Council on Education  
American Federation of State, County and Municipal Employees  
American Federation of Teachers  
American Society for Engineering Education  
Arizona State University  
Asbury College  
Associated General Contractors of America  
Association of Public and Land Grant Universities  
Association for Talent Development  
Association of American Universities  
Association of Community College Trustees  
Association of Independent California Colleges and Universities  
Association of Jesuit Colleges and Universities  
Bellarmino University  
Bellevue University  
Brescia University  
College & University Professional Association for Human Resources  
College Bound  
Cornell University  
Corporate Voices for Working Families  
Council for Adult and Experiential Learning  
Council of Graduate Schools  
Creighton University  
Dobler College Consulting  
Duke University  
Edlink, LLC  
Emory University  
ERISA Industry Committee  
Fresno Pacific University  
Government Finance Officers Association  
Guidance Gurus  
Hartford Consortium for Higher Education  
Hewlett-Packard  
Hope College  
Information Technology Industry Council

Institute of Electric and Electronics Engineers  
International Public Management Association for Human Resources  
Jobs for the Future  
John Carroll University  
Lehigh University  
Loyola University  
Marquette University  
Mercer University  
MetroHartford Alliance  
National Adult Learner Coalition  
National Association of College and University Business Officers  
National Association of Graduate Professional Students  
National Association of Independent Colleges and Universities  
National Association of Independent Schools  
National Council for Advanced Manufacturing  
National Public Employer Labor Relations Association  
National Tooling and Machining Association  
Neumann University  
New York University  
North American Die Casting Association  
Pace University  
Pepperdine University  
Precision Machined Products Association  
Princeton University  
Rochester Institute of Technology  
Seton Hall University  
Society for Human Resource Management  
Starbucks Coffee Company  
St. John's College  
St. John's University  
Syracuse University  
TechAmerica  
The George Washington University  
The Precision Metalforming Association  
Training Solutions, Inc.  
United Auto Workers  
United Technologies Corporation  
University Professional and Continuing Education Association  
University of Pennsylvania  
University of Rochester  
Vanderbilt University  
Webster University  
Westminster College  
Yale University  
Zmarketeers, Inc