

## Director's Letter

Hope everyone enjoyed a safe holiday season and is looking forward to a prosperous new year. The first portion of the 2018 election cycle — the primary sprint — has begun. Texas has the earliest primaries in the country, with early voting starting Feb. 20. Get ready for some super-heated primaries, with a record number of candidates competing for open seats at both the state and federal levels.

Eight Texas congressmen — including two Aggies — will not return to the U.S. House in 2018. On behalf of The Association of Former Students, I'd like to thank Rep. Joe Barton '72 and Rep. Jeb Hensarling '79 for their many decades of public service and support for Texas A&M and higher education.

The biggest news at the federal level regarding higher education was the passing of the GOP Tax Plan — formally known as the Tax Cut and Jobs Act of 2017. As you may have heard, many higher education advocacy groups, university presidents, and student groups weighed in on the potential impacts of the legislation. Members in both the House and Senate heard this message, and the final bill was not as “dire” for colleges and students as predicted. Rep. Bill Flores '76 was particularly helpful in eliminating the graduate student “tax.” Please read our Federal Update section below for a list of the bill's final provisions and a quote from Texas A&M System Chancellor John Sharp.

The U.S. House of Representatives also continued work on the re-authorization of the Higher Education Act. The current version of the House-proposed legislation is formally known as the PROSPER Act. The Senate has also taken up the issue but will most likely move slower during its committee process. You can expect another “full court press” from various higher education groups as the details are made available and they seek to understand the bill's impacts.

At the state level, several lawmakers will also be vacating their seats — including a surprise announcement from state Rep. Leighton Schubert '05. Leighton has been a great friend of the university, The Association, and an outstanding public servant. We wish him and his family all the best during their next stage. There was also an announcement regarding the state House members who were selected to serve on the Joint Interim Committee on Higher Education Formula Funding. Please read our State Update section below for a list of their names — which include two Aggies — and a preview of the committee's work.

I appreciate your continued interest in, and support of, Texas A&M. It will — without a doubt — be a momentous year for both politics and higher education.

Thanks and gig 'em,

Dave Fujimoto '17

Director of Strategic Engagement

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## Federal Update

Since our last newsletter, two additional members of the Texas delegation have announced they will not seek re-election: Rep. Joe Barton '72 (R-Ennis) and Rep. Blake Farenthold (R- Corpus Christi). In all, more than 20 percent of the 36-member Texas Congressional delegation will be freshmen lawmakers when they are sworn-in in 2019. This turnover is a result of an unprecedented number of retirements, and has created opportunities for candidates new to the political world and those now seeking a higher office. There will definitely be some new faces representing Texas congressional districts, and there is a possibility that the composition of the Texas congressional delegation — currently 25 Republicans and 11 Democrats — could change. For a complete list of all of the candidates that are running in Texas primaries and/or general elections, for both state and congressional seats, please click on the following link provided by the Texas Tribune: [Who's on the ballot](#) in Texas.

The *Tax Cut and Jobs Act of 2017* is the biggest change to federal tax law since the 1980s. It will have a direct or indirect effect on almost every American, and there were significant portions of the bill that affect higher education. There remains a concern that the long-term impacts of the legislation may lead to a reduction in overall charitable giving, and increased pressure on state legislatures to reduce their spending (due to limits on individual deductions on state and local taxes) on higher education. The following are some of the other key provisions which were included in the final language:

- Excise Tax on Endowments. The bill imposes a 1.4 percent excise tax on the net investment income of colleges and universities with at least 500 students, and whose assets not used to carry out the educational mission are at least \$500,000 per student. The tax does not apply to state colleges and universities. Based on current estimates, the provision impacts approximately 25 universities.

- Work-Related Education. Employees may not deduct work-related education expenses. This provision is part of the larger removal of deductions subject to the 2 percent floor. There is no protection for currently enrolled education programs. This provision sunsets after 2025.
- Charitable Contribution Limit. The charitable contribution limit increases to 60 percent of adjusted gross income for the amount of cash that can be deducted annually as charitable contributions to public charities, including colleges and universities. This provision sunsets after 2025.

Due to the efforts of national-level higher education advocacy groups, the leadership of both public and private universities, and student-interest groups, some of the more controversial aspects of the proposed tax law were eliminated or reduced. After the final version of the tax bill was passed by Congress and signed by the president in late December, higher education leaders praised the decision to eliminate the tax increase on graduate students. Chancellor John Sharp specifically lauded the work of U.S. Rep. Bill Flores '76, saying he was "literally saving the education of tens of thousands of graduate students." Flores, whose district includes A&M and Baylor, said "robust graduate education programs are economic engines for America and it is crucial that policy makers recognize and promote these important components of our higher education infrastructure." (The Eagle, 16 Dec 18). Additional higher education-related provisions of *Tax Cut and Jobs Act* that were not included in the final bill include:

- Student Loan Interest Deduction. The proposed repeal of the deduction for student loan interest.
- Tuition Remission. The proposed repeal of the deduction for education benefits supplied under tuition remission programs to employees or graduate students.
- Educational Assistance Programs. The proposed repeal of the \$5,250 exclusion for annual education assistance provided by employers.



North Carolina Representative Virginia Foxx

While much of the national focus was on the GOP tax plan, congressional committees in both chambers were also at work debating the re-authorization of the Higher Education Act (HEA). The HEA promises to be at the top of the agenda for higher education in D.C. during the first quarter of 2018. Sen. Lamar Alexander, the Tennessee Republican who chairs the Senate education committee, has said reauthorizing the law is a top priority for 2018. Rep. Virginia Foxx (R-NC), the chair of the House education and workforce committee, said, “No American — no matter their walk of life — can afford for us to simply reauthorize the Higher Education Act. They need us to reform it.” (The Chronicle of Higher Education, 13 Dec 17).

The House version of the HEA re-authorization bill is known as the PROSPER Act. The acronym stands for *Promoting Real Opportunity, Success, and Prosperity through Education Reform*. This bill includes many recommendations from a bipartisan task force aimed at simplifying federal mandates to ease administrative costs for schools. Republicans intend to pass this legislation with a focus on student outcomes, including changes to the *Free Application for Federal Student Aid* or FAFSA process. In its current form, the bill would make the biggest change to the financing of graduate student education since 2005. However, there is concern among some national and student advocacy groups that the House proposals would make college less affordable, and that there has not been enough time for public input. The House education and workforce committee advanced the PROSPER Act to the full chamber along a party-line vote in December.

Sen. Alexander has also stated that he plans to begin work on his own version of the legislation in a more bipartisan manner along with the committee’s top



Democrat, Sen. Patty Murray (D-WA). Their bill would likely begin moving through the Senate committee process in March. Texas A&M University staff are currently reviewing the potential impact of this draft legislation. For more details on the politics and specific provisions contained in the *PROSPER Act*, click [here](#)!



Texas House of Representatives during the 2017 session

## State Update

For a preview of the 2018 state elections please click [here](#) for Ross Ramsey's article titled, *"What recent election results in Texas State House districts tell us about 2018."*

It is unusual for Congress to have so much business related to higher education — especially two major bills at the same time. At the state level, elections and the inevitable change are right around the corner. Texas has the earliest primaries in the country: Early voting begins Feb. 20, and Election Day is March 6. Candidates are busy getting the word out, and a number of races have either attracted a large number of candidates and/or are shaping up to be contests between social conservatives and moderate Republicans. The next round of campaign finance filings at the end of January will give Texans a clearer picture of which candidates are prepared for the final weeks ahead of the primaries.

The state House members of the Joint Interim Committee on Higher Education Formula Funding have finally been announced (committee members from the state Senate were announced in October):

- Trent Ashby '95 (Co-Chair, R-Angelina, Houston, Leon, Madison, San Augustine, Trinity)

- Donna Howard (D-Travis)
- Justin Rodriguez (D-Bexar)
- John Raney '69 (R-Brazos)
- Geanie Morrison (R-Aransas, Calhoun, DeWitt, Goliad, Refugio)

We are pleased that this group includes members of the standing House Higher Education Committee as well as two Aggies. They will examine funding special items as well as formula funding. The latter process takes classes, the number of students enrolled in them, the academic discipline and other factors into account in determining how big of a slice each school gets of the appropriations pie. Schools with growing enrollments tend to secure a larger slice, while those that are not growing lose out.

The select committee's recommendations are due no later than April 15 of 2019 so that they can be considered by the Legislative Budget Board and the governor's office in shaping budget instructions to campuses for the 2020-21 biennium. We look forward to the work of the committee over the interim and will report on their progress as it becomes available.

## Aggie Marine Honored For Rescuing Divers In Okinawa

1st Lt. Aaron Cranford, a supply officer with Headquarters and Service Company, 3rd Reconnaissance Battalion, 3rd Marine Division, was awarded the Navy and Marine Corps Medal for saving three divers and a local Okinawan who were caught in a rip current during a recreational dive at Onna Point, Okinawa, Japan on April 23, 2017.



1st Lt. Aaron Cranford speaks in an interview with Justin Kinjo and Yusuke Teruya

Cranford surfaced from a 35-minute dive and noticed three distressed divers caught in a surf zone about to be swept out to sea by a rip current.

After he ensured his dive group had reached a safe point to exit the water, Cranford returned to the surf zone at risk to his own life to begin rescuing the divers one by one

To read the rest of this story, please click [here](#)!

through scholarships, programming, and events. The Association is able to create these opportunities through the generous gifts of former students and friends of Texas A&M who wish to impact Texas A&M through the Century Club. If you are interested in impacting Texas A&M through The Association of Former Students, I encourage you to click the button below to help Pass It Back and Pay It Forward. Whoop!

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