

On November 16, 2017, the U.S. House of Representatives passed a tax bill that, if signed into law, would place an immense burden on students working toward advanced degrees in the U.S. Among the changes to the IRS tax code proposed by the Tax Cuts and Jobs Act is a repeal of Section 117(d)(5), which defines tuition waivers and remission as non-taxable income. As employees of public and private universities, the estimated 145,000 graduate students affected by this bill work as instructors, tutors, teaching assistants, research assistants, and administrators, in addition to our own studies. For these services, we receive a stipend to cover living expenses and a tuition waiver or scholarship, without which we could not afford to pursue an advanced degree. This reform means that a typical graduate student at the University of Iowa could, on a stipend of about \$19,000, be responsible for nearly \$30,000 in taxable income. The effects on graduate students at private institutions would be even more pronounced. For example, a graduate student at MIT making \$33,000 per year could pay nearly \$10,000 in taxes. How the repeal of IRS Code 117(d)(5) will affect individuals is subject to a range of factors, but most graduate students would see a tax increase of between 200% and 400%.

These tax provisions would make living expenses more difficult to meet for graduate students, many of whom are already cost-burdened according to the U.S. Department of Housing and Urban Development. Additional expenses would discourage domestic and international applicants from U.S. universities in favor of less expensive programs abroad, or exclude them from graduate education altogether. This bill also eliminates itemized deductions that students and alumni take advantage of, including those related to student loan interest, tuition and education expenses, employer educational assistance, as well as the Lifetime Learning Credit and Hope Scholarship. The bill currently under consideration in the U.S. Senate does not include these repeals; it is unclear how ongoing debates will change the bill given how quickly the House tax bill passed. It is clear, however, that the additional tax burden would push many students under the poverty line and make higher education an option only for the independently wealthy.

Graduate students are integral to the undergraduate teaching and innovative research missions of U.S. universities. Without us, classes would go untaught and groundbreaking lab work would go undone. The House bill, in its current form, would create additional obstacles for students wishing to pursue advanced degrees, particularly those from poor and minority backgrounds who are already marginalized in higher education. Our universities train scholars and professionals whose careers enrich education, industry, and our communities.

We, the members of the University of Iowa's Graduate Student Senate, Graduate and Professional Student Government, and Campaign to Organize Graduate Students strongly oppose this tax proposal. We remain committed to informing our constituents about this legislation and will continue to advocate for graduate and professional education.