

**The Graduate Student Assembly
The University of Texas at Austin**

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Sponsor: Students for Graduate Education (SAGE) Coalition

Resolution: G.R. 17 (F) 9 – Against Provisions in H.R.1 - Tax Cuts and Jobs Act

WHEREAS (1): The United States House of Representatives have passed a bill called the Tax Cuts and Jobs Act (H.R.1) which has a number of provisions that will add undue financial burden on graduate students¹; and,

WHEREAS (2): H.R.1 eliminates Section 117(d) from the IRS Code. Section 117(d) exempts tuition waivers from being considered taxable income. At UT Austin, tuition waivers exempt tens of thousands of dollars from federal taxation. A Texas resident graduate student owes \$4,174-\$5,214 for a fall and spring semester, and a non-Texas resident graduate student owes \$16,460-\$19,018, both depending on their college program.² For example, a graduate engineering student making \$20,000 a year currently has \$2,493.75 a year withheld in taxes.³ With that added tuition waiver suddenly becoming taxable income, an in-state graduate student would have \$4,305.75-\$4,758.75 withheld in taxes and an out-of-state graduate student would have \$6,117.75-\$6,797.25 withheld in taxes due to the increased apparent salary and higher tax bracket;³ and,

WHEREAS (3): With exemptions from FICA and Medicare taxes, under the current tax code, graduate students will ultimately pay \$963.75 per year after tax refunds. Under the provisions of the Tax Cuts and Jobs Act, in-state students would pay \$2,163.75-\$2,463.75 under this bill and out-of-state students would pay \$3,363.75 - \$3,963.75 after tax refunds, a nearly 400% increase in taxes;³ and,

WHEREAS (4): These example calculations are for a yearly stipend of \$20,000. However, graduate stipends vary, with Graduate Assistants in the College of Education making as low as \$9,900 per year. Students with lower stipends would be disproportionately burdened by changes in the tax code; and,

WHEREAS (5): H.R.1 eliminates Student Loan Interest Deduction (SLID) from the IRS tax code, which currently allows graduate students to deduct up to \$2,500 in federal student loan interest from being taxed.¹ With the average student load debt of a graduate student

¹ Rep. Brady, Kevin [R-TX-8]. "H.R.1 – Tax Cuts and Jobs Act." Congress.gov. Introduced 11/02/2017. <https://www.congress.gov/bill/115th-congress/house-bill/1>

² Tuition at UT Austin. <https://tuition.utexas.edu> (Accessed November 15, 2017)

³ Texas: Tax Return Calculation for 2018 Tax Year. United States Tax Calculator.

https://www.taxformcalculator.com/state_tax/texas/20000.html (Accessed November 15, 2017)

or professional student being \$57,600,⁴ this change in policy creates another increased cost for graduate students already facing immense financial responsibility; and,

WHEREAS (6): H.R.1 additionally repeals Section 127 of the IRS Code, which allows for employer-paid assistance of up to \$5,250 to be tax-free.¹ Removing this section reduces incentives for employers to assist their employees to pursue graduate education; and,

WHEREAS (7): H.R.1 eliminates the Lifetime Learning Tax Credit (up to \$2,000 for tuition⁵) and places a five-year limit on the American Opportunity Tax Credit (up to \$2,500 in course materials, books, and equipment⁶), which currently ease the financial burdens of higher education for non-traditional students and students without tuition waivers; and,

WHEREAS (8): As written, the draft of The Tax Cuts and Jobs Act as passed by the House of Representatives would have a dramatic, damaging effect on the financial solvency of current graduate students and cause a deterrent for future graduate students to be willing to bear the burdens of increased debt in the pursuit of higher education; and,

WHEREAS (9): The Tax Cuts and Jobs Act as passed by the Senate does not have the same provisions regarding graduate taxation and credits.⁷ As the two Bills must now be reconciled, there is an opportunity for these provisions to be removed before a final version is voted on; now,

THEREFORE BE IT RESOLVED THAT (1): The Graduate Student Assembly (GSA) at the University of Texas (UT) at Austin calls upon members of United States House of Representatives and Senate to remove these financially damaging sections from the Bill as it goes through the conference committee before a final vote; and,

THEREFORE BE IT FURTHER RESOLVED THAT (2): The GSA urges students to contact their Representatives to ensure these provisions are removed from the final bill, and that, if they are not removed, they should not vote in favor of the bill; and,

THEREFORE BE IT FURTHER RESOLVED THAT (3): The GSA calls upon the UT Austin administration to implement solutions to prevent tuition waiver taxation, such as by providing non-taxable scholarships instead of waivers or making graduate school free of tuition costs; and,

⁴ Delisle, Jason, Phillips, Owen, & ross van der Linde. (March 2014) Graduate Student Debt Review. In New Education Policy Program. <https://static.newamerica.org/attachments/750-the-graduate-student-debt-review/GradStudentDebtReview-Delisle-Final.pdf> (Accessed November 15, 2017)

⁵ IRS. "Lifetime Learning Credit at a Glance." Updated October 23, 2017. <https://www.irs.gov/credits-deductions/individuals/lifetime-learning-credit>

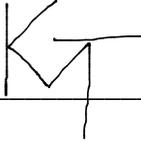
⁶ IRS. "American Opportunity Tax Credit at a Glance." Updated September 22 2017. <https://www.irs.gov/credits-deductions/individuals/american-opportunity-tax-credit-at-a-glance>

⁷ Kreighbaum, Andrew. "Senate Passes Tax Bill With Major Implications for Higher Ed." Insider Higher Ed. December 2, 2017. <https://www.insidehighered.com/news/2017/12/02/tax-bill-key-implications-colleges-clears-senate>

THEREFORE BE IT FURTHER RESOLVED THAT (4): Copies of this bill be sent to the Dean of the Graduate School, the Office of the Executive Vice President and Provost, the Office of the President, *The Daily Texan* and the *Austin American-Statesman*.

PASSED by the GSA General Assembly, December 6, 2017

Signature of the GSA President _____

A handwritten signature in black ink, consisting of a stylized 'K' followed by a 'W' and a vertical line extending downwards.