

Graduate Students & The “Tax Cuts and Jobs Act”: What You Need to Know



A Resource Guide

3 November 2017

Introduction

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To those concerned about the future of graduate education in the United States,

Yesterday afternoon the House Republicans published their long awaited proposal to reshape the United States tax system. That draft, entitled the “Tax Cuts and Jobs Act,” is an attempt to reorient the American tax code. Among other things, it lowers the corporate tax rate to 20%. It reduces the State and Local Tax deduction. It eliminates the write-off for medical expenses. And it wipes away critical tax benefits that support graduate students. The SAGE Coalition and its constituent bodies oppose in all forms any attempt to increase graduate students’ tax burden.

Alarming, the “Tax Cuts and Jobs Act” eliminates section 117(d) from the IRS code. While this may seem innocuous, section 117(d) exempts tuition waivers from taxable income. At many schools waivers exceed stipends. Lifting the exemption has the potential to push graduate students into higher tax brackets. Taxing these waivers puts an undue burden on graduate students, especially because those funds never actually enters students’ bank accounts.

The “Tax Cuts and Jobs Act” also repeals section 127, which allows for tax free employer paid education assistance. Many graduate students can only afford to conduct their work because their employer provide funds. Terminating section 127 would reduce incentives for employers to seek continuing education for their employees, for the employees to pursue that education, and force thousands of graduate students nationally to choose between taking on perilous levels of debt or abandoning their education.

Furthermore, the “Tax Cuts and Jobs Act” strikes the Student Loan Interest Deduction from the code. Graduate students make up 14% of the student population in the United States, but carry 40% of the debt load. Terminating this deduction would strain the finances of individuals and families. Increasing the costs these individuals experience early on will reduce their ability to contribute positively to the nation’s economy in the future.

Additionally, the “Tax Cuts and Jobs Act” consolidates the American Opportunity Tax Credit with a five year limit. The tax bill also eliminates the Lifetime Learning Credit. Both of these are programs non-traditional students often rely on to ease the financial burdens of education. Removing them from the tax code will reduce education access.

What does all this mean for graduate students? If passed as it currently stands, the “Tax Cuts and Jobs Act” would be disastrous for both graduate students and higher education as a whole. The Student Advocates for Graduate Education (SAGE) Coalition, their partner organizations, universities, and their constituent graduate student governments are doing everything in their power to block these proposed changes to the tax code from taking effect. We, however, need your help.

Legislators need to hear from YOU about how these changes will impact your life. To aid in this effort, SAGE compiled the contents of this packet to assist those interested in opposing this bill. It contains a summary of the “Tax Cuts and Jobs Act’s” impact on graduate students, information on how to

reach out to and share your opinion on the proposed legislation with legislators, a sample call script and email template, and a set of policy papers produced by SAGE, as well as the Council of Graduate Schools, on the current state of graduate finances and projections on how these changes could affect you.

The authors of the “Tax Cuts and Jobs Act” know the benefits of their bill. They are also aware of who will bear the costs. They are counting on the indifference of graduate students, their friends, families and allies to ease the bill’s passage into law. If passed, the “Tax Cuts and Jobs Act” will cost each graduate student thousands of dollars a year. SAGE has a day of action scheduled for 6 Nov., the day mark up on the bill begins. We hope you will join us in contacting legislators on that date.

Can’t call in then? No problem. Call and email early and often. Only a consistent stream of messaging will help defeat these dangerous changes to the tax code.

As always, we are a resource for you. If you have questions about how the passage of the “Tax Cuts and Jobs Act” or any other legislation will change the lives of graduate students, we are available via email at sagecoalition@gmail.com and on twitter @SAGECoalition. You can also find SAGE’s current and past legislative agendas at our website, sagecoalition.net.



Zachary S. Kopin
Chair
Student Advocates for Graduate
Education

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What is SAGE?

Student Advocates for Graduate Education (SAGE) is a coalition of Graduate Student Organizations from leading U.S. public research universities who are committed to improving the quality of graduate student life at their own campuses, and promoting access, quality, and opportunity for graduate and professional students at the federal level.

Action Alert

Summary

This Action Alert requests that SAGE members and their institutions email or call their representatives in Congress starting on 6 Nov. to preserve tax credits that currently exist and benefit graduate students.

Instructions on whom to contact and how to do so are provided along with sample communications.

Background

The Trump administration's proposed framework aims to "retain benefits" relating to higher education, while also encouraging Congress to "simplify these benefits to improve their efficiency and effectiveness." Many Congressional Republicans are supportive of this framework and this effort. Unfortunately, the simplification encouraged by the Trump administration is proving harmful for graduate students and graduate education, as evidenced by the proposed legislation.

The proposed tax reform legislation was released Thursday, November 2nd, 2017. Multiple tax credits that benefit graduate students are up for elimination. These credits include: Section 117(d), which makes tuition waivers for graduate students and children of professors at universities tax-free; the Lifetime Learning Credit; the American Opportunity Tax Credit; the FICA tax credit; and Section 127, which provides employer education assistance credits. More specific information on these suggested tax credit eliminations can be found [here](#).

Congressional Republicans want the passage of this plan before or soon after Christmas, if not as soon as Thanksgiving. We have to act quickly and with close partners to compel Congress to maintain these beneficial credits. In addition to contacting Congress, we recommend contacting your graduate education dean. The Council of Graduate Schools and the American Council on Education are extremely supportive of this effort to preserve these credits. The more universities that speak out against reforms that eliminate these credits, the better the chances are to preserve them.

How to Help

This packet contains a template email for you to customize and send to your representatives using their contact forms; you can find your representatives' contact information [with our Contacting Congress webform](#). For your convenience, we also have included the contact information of some relevant legislators below:

1. [Get your Zip+4](#) if you don't have it (for email contact forms).
2. [Find your representatives'](#) contact information.
3. Check if any of your representatives are on the budget conference committee, then edit email or call scripts accordingly.
4. Either...
 1. customize the sample email below and submit via the contact forms linked from your Contacting Congress results, or
 2. customize the relevant sample phone script below and call each of your representatives using the phone numbers listed in your Contacting Congress results.

It is *crucial* that you customize your message. According to the [Congress Foundation's 2011 study on how Congress members respond to communications](#), individualized messages and phone calls are about an order of magnitude more influential than form emails (see their fig. 2).

You may also wish to tweet to your representatives. Generally, members will have links on their websites if they are active on Twitter. When you tweet, we recommend you use the hashtags #XXXXXXXXX to tie into existing campaigns by local coalitions and membership organizations with similar goals. Make sure you add @SAGECoalition to your tweets!

Remember legislators need to hear your stories. Anecdotes, not statistics, change minds.

Relevant Legislators

House Ways and Means Committee

Republicans (Majority)

- **Rep. Kevin Brady (TX-8), House Ways and Means Committee, Chair**
- Mike Bishop (MI-8)
- Sam Johnson (TX-3)
- Devin Nunes (CA-22)

- Pat Tiberi (OH-12)
- Dave Reichert (WA-8)
- Peter Roskam (IL-6)
- Erik Paulsen (MN-3)
- Kenny Marchant (TX-24)
- Tom Reed, II (NY-23)
- Jim Renacci, CPA (OH-16)
- Pat Meehan (PA-7)
- George Holding (NC-2)
- David Schweikert (AZ-6)

Democrats (Minority)

- **Rep. Richard Neal (MA-1), House Ways and Means Committee, Ranking Member**
- Sander Levin (MI-9)
- Lloyd Alton Dogget, II (TX-35)
- Mike Thompson (CA-5)
- Ron Kind (WI-3)
- Bill Pascrell, Jr. (NJ-9)
- Joe Crowley (NY-14)
- Danny Davis (IL-7)
- Linda Sanchez (CA-38)
- Brian Higgins (NY-26)
- Suzan DelBene (WA-1)
- Dr. Judy Chu, PhD (CA-27)

Senate Finance Committee

Republicans (Majority)

- **Sen. Orrin Hatch (R-UT), Chair**
- Sen. John Cornyn (R-TX)
- Sen. Richard Burr (R-NC)
- Sen. Rob Portman (R-OH)
- Sen. Patrick Toomey (R-PA)

Democrats (Minority)

- **Sen. Ron Wyden (D-OR), Ranking Member**
- Debbie Stabenow (D-MI)
- Maria Cantwell (D-WA)
- Robert Menendez (D-NJ)
- Sherrod Brown (D-OH)
- Robert Casey, Jr. (D-PA)
- Mark Warner (D-VA)

Leadership and Other Relevant Legislators

House Republicans (Majority)

- Rep. Paul Ryan (WI-1), Speaker of the House

House Democrats (Minority)

- Rep. Nancy Pelosi (CA-12), House Minority Leader

Senate Republicans (Majority)

- Sen. Mitch McConnell (R-KY), Senate Majority Leader

Senate Democrats (Minority)

- Sen. Chuck Schumer (D-NY), Senate Minority Leader
- Sen. Patty Murray (D-WA), Senate Assistant Minority Leader

Email Template

Draft SAGE Email to send to Representative

[EDIT BEFORE SENDING]

Dear Senator/Representative X,

My name is *[YOUR NAME]*, and I am graduate/professional student at *[Institution]* in *[City, State]* and a constituent of *[Sen/Rep. Congressperson]*. I am contacting you in regard to the tax reform bill that was

released on November 2nd, 2017. As a graduate/professional student, I am asking that you oppose this legislation because of the removal of Section 117(d) of the tax code and other tax credits that benefit graduate/professional students and education.

These tax credits offer additional financial assistance for graduate/professional students, who already face tuition rates significantly higher than undergraduate students. Additionally, because loan options for graduate/professional students are far more limited than for undergraduates and have higher interest rates, these tax credits allow graduate/professional students easing of financial burdens that we cannot easily avoid.

[Personalized story of how issue impacts you].

Removing these tax credits vastly increases the financial burden for graduate/professional education. Allowing these removals will discourage more graduate/professional students in the future at a time when so many jobs in our country require specialized training that is provided by these programs.

If you have any questions about the effects of tax credits on graduate/professional students or if I can be of any further help to you in the future, please do not hesitate to contact me. I am happy to help you in whatever way I can.

Thank you for your time.

Sincerely,

[Your name]

Phone Scripts

Below we have two sample call-in scripts. One is for main players: these are legislators on the relevant committees (see pg. 5-6). The other is for congress people who represent you. Both need to hear how these changes to the tax code will impact you.

Sample Phone Call to Main Player in Issue

STAFFER: Hello, Senator Murray's office, can I help you?

GRAD STUDENT: Yes, I would like to speak with a staffer responsible for higher education issues/tax policy.

STAFFER: OK, I will see if they are in right now. <pause> They can speak with you now [note; you may get voicemail, leave same message as the next bit of conversation]

SCI. STAFFER: Hello, I'm [staff name] and I'm responsible for higher education issues/tax policy... How can I help you?

GRAD STUDENT: Hi, my name is *[YOUR NAME]* and I am a graduate/professional student at *[YOUR INSTITUTION]*, and a constituent of Senator Murray's. I am calling to ask Senator Murray to oppose the tax reform legislation recently introduced.

As the legislation currently stands, tax credits that are beneficial to graduate/professional students and that ease our financial burden will be discontinued, forcing us to be subject to taxes that we cannot afford. In order to maintain the financial integrity of graduate/professional students and the affordability of our programs, I urge the Senator to oppose the removal of these tax credits in this legislation. Graduate/professional students cannot sustain these changes.

SCI. STAFFER: Thank you for your message, I'll let the Senator know your point of view.

GRAD STUDENT: Thank you so much. If I can ever be of help to Senator Murray, please let me know. I am happy to help however I can.

Sample Phone Call to Your Legislator:

STAFFER: Hello, Congressman Hurt's office, can I help you?

GRAD STUDENT: Yes, I would like to speak with a staffer about higher education issues/tax policy.

STAFFER: OK, I will see if they are in right now. <pause> He can speak with you now [note; you may get voice mail, leave same message as the next bit of conversation]

SCI. STAFFER: Hello, I'm [staff name] and I'm responsible for [issue]... How can I help you?

GRAD STUDENT: Hi, my name is *[YOUR NAME]* and I am a graduate/professional student at *[YOUR INSTITUTION]*, and a constituent of Senator Murray's. I am calling to ask Senator Murray to oppose the tax reform legislation recently introduced.

As the legislation currently stands, tax credits that are beneficial to graduate/professional students and that ease our financial burden will be discontinued, forcing us to be subject to taxes that we cannot afford. In order to maintain the financial integrity of graduate/professional students and the affordability of our programs, I urge the Senator to oppose the removal of these tax credits in this legislation. Graduate/professional students cannot sustain these changes.

SCI. STAFFER: Thank you for your message, I'll let the Congressman know your point of view.

GRAD STUDENT: Thanks so much. If I can ever be of help to Congressman Hurt, please let me know. I am happy to help however I can.

Sample Tweets

.@pattymurray @SAGECoalition

.@RepRonBarber @SAGECoalition