

Congress of the United States
Washington, DC 20515

December [##], 2017

The Honorable Mitch McConnell
317 Russell Senate Office Building
United States Senate
Washington, DC 20510-0001

The Honorable Paul Ryan
H-232 The Capitol
United States House of Representatives
Washington, DC 20515-0001

The Honorable Orrin Hatch
104 Hart Senate Office Building
United States Senate
Washington, DC 20510-0001

The Honorable Kevin Brady
1011 Longworth House Office Building
United States House of Representatives
Washington, DC 20515-0001

Dear Leader McConnell, Speaker Ryan, Chairman Hatch, and Chairman Brady:

We the undersigned strongly oppose the repeal of the income exclusion for graduate tuition waivers in the *Tax Cuts and Jobs Act* as passed by the House of Representatives on November 16, 2017. A tax on graduate tuition waivers would be unfair, would undermine our competitive position, and would inhibit the economic growth that tax reform promises.

Repeal of the income exclusion for graduate tuition waivers would subject thousands of graduate students to a major tax increase at a time in their lives when they likely lack the ability to pay. Graduate students never see the money from a graduate tuition waiver. Their university charges them for tuition then immediately waives it. Under current law, this waiver is not taxable. According to the Bureau of Labor Statistics, a graduate teaching assistant earns a median wage of \$34,240, yet repeal of this income exclusion would increase the taxable income of these graduate students by \$12,000–\$50,000. The income exclusion under current law protects students from paying a substantial tax at a time when they simply cannot afford it, and it should not be repealed.

Taxing graduate tuition waivers would not only harm students but also adversely impact the United States' technological position. In 2011–12, 57% percent of waiver recipients were graduate students in science, technology, engineering, and math. A policy that increases students' costs would discourage our nation's brightest minds from developing greater expertise in their area of study and engaging in leading-edge research. These potential graduate students are our country's future medical researchers who discover life-saving cures; engineers that develop cost-saving methods production; and software programmers that code the next market-transforming mobile app. Tax policy should

make our country more competitive, and creating barriers to technological progress is contrary to that goal.

The primary motivations for tax reform have been to fuel economic growth, create jobs, and raise wages, and a well-educated workforce is critical to those ends. Businesses simply demand it. For example, Amazon's request for proposal for its second headquarters location listed "a highly educated labor pool" as a decision driver and "a strong university system" as a requirement. For businesses to grow and hire, they need access to a labor pool that meets their needs. As the economy transforms, businesses increasingly demand specialized graduate education. If businesses cannot find the requisite talent domestically, we risk that they will invest in growth and jobs elsewhere.

A repeal of the income exclusion for graduate tuition waivers would harm our nation's students, undermine our competitive position, and hold back economic growth. We strongly urge you to ensure that this harmful provision is not in the final version of the *Tax Cuts and Jobs Act*.

Sincerely,

Pete Sessions
Member of Congress

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Member of Congress

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Member of Congress

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