

November 15, 2017

Board of Regents of the University System of Georgia
270 Washington Street
Atlanta, Georgia 30334

Chancellor Steve Wrigley, PhD
270 Washington Street
Atlanta, Georgia 30334

On behalf of more than 30,000 graduate and professional students within Georgia's vibrant system of universities, we, the undersigned, urgently submit to you this letter expressing our deep concern regarding the Tax Cuts and Jobs Act, or H.R. 1.

The language appearing in the current version of H.R.1 threatens to greatly disrupt the educational, research, and service enterprises which sit at the core of our identity as a state and as a nation. We hope that the University System of Georgia will stand in solidarity with the many students who have dedicated their lives to the grand pursuit of higher education. The consequences of H.R.1, if passed in its current form, will be felt for years to come, and will greatly tarnish the luster of what remains, for now, one of the greatest university systems in the world.

We would like to draw the Board's attention to key items in the bill that will impact graduate and professional students, and—both explicitly and by extension—will impact the quality of undergraduate education throughout the state. This list is not exhaustive:

- I. Section 117(d)(5): Repeal of qualified tuition reduction;
- II. Section 1204: Repeal of the Student Loan Interest Deduction;
- III. Section 1201: Repeal of the Lifetime Learning Credit;
- IV. Section 1303: Repeal of deduction for certain taxes not paid or accrued in a trade or business.

I. Section 117(d)(5)

Under the proposed bill, tuition waivers for graduate and professional students would become taxable income, despite no additional income actually being earned by those students. This would place an overwhelming burden on graduate students, whose already low income places them at or below the poverty line. By taxing their tuition waivers as income, this bill would effectively place graduate students among the highest tax brackets in the country, paying more as a percentage of their income than corporations with billions of dollars.

Many current graduate students will be unable to afford this additional tax, and would fail to finish their programs as a result. Out-of-state and international students would see their cost of attendance double. Universities would suddenly produce fewer graduates and would be left with fewer instructors and teaching assistants for undergraduate courses. A shortage of graduates with highly technical skills would further widen the gap between supply and demand for such graduates. Research productivity would immediately decline, and years of scientific progress would be lost.

The cascading effects of this tax would be immitigable and far-reaching. To tax graduate student tuition waivers would close thousands of doors of opportunity and exacerbate structural inequality by deterring low SES individuals from pursuing higher education. To levy this tax would be indirectly discriminatory as well as fiscally and morally unethical.

II. Section 1204

Language in the proposed bill seeks to repeal the current Student Loan Interest Deduction (SLID). This deduction allows an individual with an income of \$80,000 or less to deduct up to \$2,500 in student loan interest paid over the year. For these individuals, a portion of the interest paid can be recouped, allowing some relief from the pressure of student loan debt. Section 1204 also allows for students to claim tax benefits on qualifying educational expenses, including qualified tuition and related expenses (i.e. books and computers). By eliminating this benefit, students and their families are further burdened by the rising cost of education.

III. Section 1201

Under the Lifetime Learning Credit, a student receives a tax credit equaling twenty percent of the first \$10,000 spent on qualified education expenses, with the maximum credit equaling \$2,000. By repealing this credit, graduate and professional students will have yet another tax deduction taken from them.

While the proposed bill does expand American Opportunity Tax Credit (AOTC), it only provides reduced support for a fifth year of higher education. Under its current application, the AOTC does not allow those who have completed four years of higher education to claim this credit. This credit, in the current and proposed applications, automatically precludes those who wish to continue their education, such as graduate and professional students, as well as those students who may take five or more years to complete their education. Figures from the National Student Clearinghouse report that

the average Bachelor's Degree earner takes 5.1 academic years of full time enrollment to complete his or her degree¹. This figure does not broach the amount of time a student will spend in Masters, Doctoral, or Postdoctoral fellowship programs.

Eliminating the Lifetime Learning Credit will discourage individuals from pursuing higher education or completing technical training for their careers.

IV. Section 1303

The proposed bill suggests changes to the state and local tax (SALT) deduction, purportedly to cut the amount of taxes payable at those levels. Lower tax revenue decreases the amount of funding available for vital public services. In a report from the Georgia Budget and Policy Institute, it is shown that the state of Georgia cut support of higher education from seventy percent in 2007 to approximately fifty percent in 2015². This cost has ultimately been passed to universities, and by extension to students in the form of higher tuition rates. Beyond this, many universities continue to cope with rising costs by renewing institutional fees held over since the recession in the late 2000s.

Endowments and donations would also be taxable under the proposed language. Colleges and universities in the state of Georgia rely on endowments and donations to provide scholarship opportunities to students, especially for those from disadvantaged backgrounds who otherwise would be unable to pursue higher education.

Critically, higher education promotes diversity—of thought, ideas, and life experiences (i.e. race, gender, sexual orientation)—by providing a “rich variety of high quality academic programs”³ to students. This proposed bill is implicitly discriminatory by greatly reducing the affordability of education for students, especially for students from underserved and underrepresented backgrounds.

In sum, graduate students play an invaluable role in driving research excellence and delivering high quality undergraduate education. By imposing additional burdens on these students, the current bill will negatively impact our universities' abilities to remain world leaders in academic research and technological innovation. If this bill is passed into law, many outstanding individuals are likely to forego higher education and many

¹ National Student Clearinghouse. September 19, 2016. “The New Reality for College Students: Earning a Bachelor's Degree Takes 5 to 6 Years and Students Attend Multiple Institutions.” <https://nscnews.org/the-new-reality-for-college-students-earning-a-bachelors-degree-takes-5-to-6-years-and-students-attend-multiple-institutions/>. Date accessed: November 10, 2017.

² Lee, Jennifer. “College Students Squeezed as State Shrinks its Share of School Costs.” April 5, 2017. Georgia Budget and Policy Institute. <https://gbpi.org/2017/college-students-squeezed-state-shrinks-share-school-costs/>. Date accessed: November 9, 2017.

³ University System of Georgia. http://www.usg.edu/divisions/academic_affairs. Date accessed: November 10, 2017.

more will be forced to end their postbaccalaureate pursuits before they are complete. By so severely limiting accessibility to higher education, the Tax Cuts and Jobs Act undermines the present and future of higher education in the state of Georgia and in the United States.

Respectfully submitted,



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