NAGPS Review of the Student and Family Tax Simplification Act (H.R. 3393)

July 22, 2014

Bill Sponsor:
Rep. Black (TN-6)

The National Association of Graduate-Professional Students (NAGPS) supports the core intentions of H.R. 3393, to simplify currently complicated educational tax credits. We support the efforts of the bill in making the American Opportunity Tax Credit (AOTC) permanent, indexing it to inflation, and improving the coordination with Pell Grants in the tax system. However, some of the changes proposed by the bill would negatively impact our nation’s graduate and professional students and their families who benefit under the current law. Therefore, NAGPS does not support H.R. 3393 in its present form.

The bill eliminates the Lifetime Learning Credit and the tax deduction for tuition and fees, which would terminate the tax assistance to all graduate and professional students. Currently, the Federal Education Tax Credits and Deductions account for nearly 9% of the total Federal Financial Aid to graduate and professional students. Eliminating this aid would increase the financial burden on graduate and professional students and severely limit their ability to contribute to our struggling economy.

The continued loss of financial assistance leaves our nation’s best and brightest students economically vulnerable. The loss of tax benefits is in addition to financial hardships we now face as a result of recent policy changes. Last year, graduate and professional students were forced to pay higher interest rates than undergraduates on their student loans for the first time in history. We also lost our eligibility to access the in-school interest subsidy in 2012 as a part of the Budget Control Act of 2011.

The impact of H.R. 3393 on students is part of a problematic trend making the pursuit of advanced degrees increasingly financially prohibitive.

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