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The Tax “Cuts” & Jobs Act: A Vote to Increase Taxes on Graduate-Professional Students

On Thursday, November 16, the U.S. House of Representatives passed H.R. 1, the Tax Cut and Jobs Act with a vote of 227-205. The National Association of Graduate-Professional Students (NAGPS) is disappointed in the outcome of the vote and stands firmly opposed to the provisions in this legislation that are detrimental to higher education. There are many provisions within this bill that will make higher education significantly more expensive for graduate students. These provisions are:

- Eliminating the tax-free nature of tuition remission and counting “Qualified Tuition Reduction” or tuition waivers as taxable income, resulting in an increase of tax liability on graduate students by as much as 300%,
- Eliminating the student loan interest deduction,
- Eliminating the deduction for employer provided education assistance, and
- Eliminating tax credits such as Lifetime Learning Credit and Hope Scholarship that graduate students depend on and consolidating them into one American Opportunity Tax Credit (AOTC).

If implemented, these provisions will have a detrimental effect on graduate students and institutions of higher education. Graduate students, who already live on limited financial resources, will be forced to spend a large portion of their stipends on taxes, and will have to take on more debt to afford graduate school. The increased costs will make the reality of graduate school unattainable for many, which would also hinder our institutions of higher education from being able to attract the best and brightest talent, both domestically and internationally. Ultimately, this legislation will disincentivize and limit students from pursuing advanced degrees, stymie innovation, and will make the U.S. less competitive in the global economy.

NAGPS will continue our efforts to organize and mobilize its constituents and allies to draw attention to the devastating impact the House Tax Cut and Jobs Act will have on hundreds of thousands of graduate-professional students across the country. We will continue to fight to ensure that any tax reform legislation passed by the U.S. Congress does not include provisions that negatively affect graduate students. We call upon members of the Congress to reevaluate the consequences of these provisions, and recognize the devastating impact this will have on higher education. We also encourage graduate-professional students, faculty members, supporters, partners and allies to actively participate in the #ReworkTheReform campaign to continue highlighting the importance of graduate education.

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NAGPS is a national non-profit composed of graduate and professional student governments across the US that represents over 144,000 graduate and professional students at a diverse group of member institutions.