

# Congress of Graduate Students Florida State University

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A207 Oglesby Union Tallahassee, FL 32306-4027 Phone: (850) 644-6950

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## The 26<sup>th</sup> Congress of Graduate Students

### Resolution 2

Sponsored by the Academics & Student Life Committee

### Opposition to Taxation of Graduate Student Tuition Waivers and Remissions

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**WHEREAS:** The Congress of Graduate Students (COGS) is the official representative body of graduate students at Florida State University. As the body representing graduate students, COGS represents 8,978 (as of fall 2016) graduate, law, and medical student interests to the university and community, and is empowered to issue resolutions expressing the views of graduate students and calling attention to important issues.

**WHEREAS:** On Thursday, November 2, 2017, the House Ways and Means Committee Chairman Kevin Brady introduced a tax reform bill, House Resolution 1, the **Tax Cuts and Jobs Act**. The Tax Cuts and Jobs Act has many provisions that adversely impact graduate students. The most important of these provisions is **Sec. 1204** of The Tax Cuts and Jobs Act, which repeals various provisions of the Tax Code, including **Qualified Tuitions Reductions** (Sec. 117(d)), **Employer-Provided Educational Assistance** (Sec. 127), **Interest Payments on Qualified Education Loans, Tuition and Related Expenses**, and Interest on United States Savings Bonds. Other provisions that have been negatively altered include the tax credits lines of **American Opportunities Tax Credit (AOTC)**, and the **HOPE Scholarship and the Lifelong Learning Credit**, which have all been combined and reduced.

**WHEREAS:** On Thursday, November 9, 2017, Representative Lloyd Doggett (D- TX35) introduced an **amendment to strike out Sec. 1204** from the text of the bill. The amendment also included other provisions, one of which was a proposal to expand AOTC to a lifetime limit of \$15,000. Unfortunately, the amendment **was voted down** 16-24. COGS strongly condemns the decision of members of the House Ways and Means Committee who voted against the amendment.

**WHEREAS:** On Thursday, November 9, 2017, the Senate Finance Committee also released the text of the Committee Chairman's markup of The Tax Cuts and Jobs Act. The Senate version of the bill appears to preserve the various provisions of the tax code that the House Ways & Means committee has proposed to repeal. COGS applauds the efforts of the Senate Finance

Committee to continue to make higher education, in particular graduate education, accessible to all.

**WHEREAS:** On Thursday, November 16, 2017, the House passed legislation to overhaul the tax code; the measure was approved by a vote of 227-205.

**WHEREAS:** On December 2<sup>nd</sup>, the Senate passed an amended version of House Resolution 1; the measure was approved by a vote of 51-49.

**WHEREAS:** As per congressional procedure, House Resolution 1 will go to a conference committee for reconciliation between the two bills.

**THEREFORE, BE IT RESOLVED:** That graduate students from diverse economic and demographic backgrounds should have access to high quality, and affordable graduate education. COGS recommends the following principles to the Congressional Conference Committee regarding Federal education tax policy:

1. Maintain provisions for graduate students to use education tax credits for qualified expenses related to tuition and fees.
2. Maintain or extend the Student Loan Interest Deduction (SLID) for interest paid on student loans, and for qualified tuition and related expenses.
  - a. Subsidized federal student loans are no longer available to graduate students. They either pay the interest on their loans immediately, or allow the interest to accrue which only increases their debt.
  - b. Graduate students pay higher interest rates for their loans. Removing the ability to deduct their interest payment and qualified tuition, and related expenses only increases their debt.
  - c. Maintain or extend (SLID) with income based repayment strategies that extend repayment periods for graduate students. The elimination of SLID only adds to their debt.
3. Retain section 117(d) in the tax code which excludes tuition waivers and remissions from overall tax burden.
  - a. About one out of four students (24.4%) pursuing doctoral degrees in the Academic Year 2011- 12 received institutional tuition and fee waivers; the average amount being \$12,645.90. In addition, 6.2% of Master's degree seeking students also received institutional tuition and fee waivers; the average amount being \$6,510.80 in the Academic Year 2011-12.
  - b. Repealing this provision would drastically increase graduate students' tax liability on "income" they never see. Per the Council of Graduate Schools' estimates, at a public institution such as Florida State University, a doctoral degree student with a \$14,500 stipend and a \$9,500 tuition waiver will see their income tax rise from \$847.50 to \$2,272.50, or a 168% increase; while a master's degree student with a \$7,000 stipend and a \$6,500 tuition waiver will have to foot a bill increased by 618%, paying \$755 instead of \$105.
  - c. Stipends or salaries earned for teaching assistantships or research assistantships would remain unaffected by the proposal.
4. Expand what constitutes employer provided tax-exempt educational assistance under the Internal Revenue Code Section 127 to include student loan repayment assistance.

5. Provide tax credit incentives for low- and moderate-income individuals to contribute to 529 education savings accounts, and allow for employer tax credits to match these contributions.

**BE IT FURTHER RESOLVED THAT:** Copies of this resolution be sent to:

Edward E. "Ed" Burr, Chair of Florida State University Board of Trustees  
John E. Thrasher, President of Florida State University  
Sally E. McRorie, Provost  
Amy Hecht, Vice President for Student Affairs  
Mark Riley, Interim Dean of the Graduate School  
Renisha Gibbs, Assistant Vice President for Human Resources/ Finance and Administration  
Chief of Staff  
Kyle J. Hill, Student Body President of Student Government Association  
Cynthia Green, Director Center for Global Engagement  
Laura Osteen, Director Center for Leadership and Social Change  
Todd Adams, President of the Faculty Senate

**U.S. Senators for Florida:**

Rubio, Marco  
Nelson, Bill

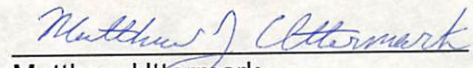
**U.S. Representatives for Florida:**

Gaetz, Matt  
Dunn, Neal  
Yoho, Ted  
Rutherford, John  
Lawson, Al  
DeSantis, Ron  
Murphy, Stephanie  
Posey, Bill  
Soto, Darren  
Demings, Val  
Webster, Daniel  
Bilirakis, Gus M.  
Crist, Charlie  
Castor, Kathy  
Ross, Dennis  
Buchanan, Vern  
Rooney, Tom  
Mast, Brian  
Rooney, Francis  
Hastings, Alcee L.  
Frankel, Lois  
Deutch, Ted  
Wasserman Schultz, Debbie  
Wilson, Frederica  
Diaz-Balart, Mario  
Curbelo, Carlos  
Ros-Lehtinen, Ileana

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Joshua Scriven  
Speaker



Matthew Uttermark  
Deputy Speaker for Finance

December 4<sup>th</sup>, 2017