

DATE: November 17, 2017

TO: All Graduate Students

FROM: Carol Genetti, Graduate Dean

RE: **Potential change in tax law could significantly impact graduate students**

I am sure many of you are aware that the U.S. Congress is currently engaged in significantly reforming the tax laws of the United States. For the benefit of our international students, I will provide a brief overview of the process: In the U.S., the two houses of Congress – the House of Representatives and the Senate – each propose and vote on their own versions of a bill (a proposed law). If the bill receives a passing vote in both houses, members of the two groups then meet in a conference committee to negotiate and draft a single version. This new version is then sent back for another vote in both houses. If it passes it is forwarded to the President, who can sign it (in which case it becomes law), veto it (in which case it does not become law unless it goes back to Congress and passes again with very large numbers), or he can do neither (in which case it eventually expires and does not become law).

Regarding the current tax bill: The President has asked Congress to have the tax bill on his desk for signature before the December holiday break. A version of the bill passed in the House of Representatives yesterday. A different version of the bill is currently being debated in the Senate. If it passes the Senate, then the two sides must compromise and draft a single version.

Most significantly for graduate students, **the House bill would eliminate Tax Code 117(d), which states that fees and tuition payments made by universities on behalf of student employees are exempt from taxable income.** This means that tuition and fee payments that the University makes when students are employed as TAs, Teaching Associates, or Graduate Student Researchers will have to be declared as taxable income. For many students, this will significantly increase the amount that they are required to pay to the Federal Government in taxes. I have attached a document to this email entitled “Tax FAQs” that explains this a bit more. Many articles have been published about this in the U.S. news media. One was published earlier this week in *Nature*: <https://www.nature.com/articles/d41586-017-05925-6>. An internet search for “tax bill graduate students” will bring you to many more.

A second provision of the House’s version of the would no longer allow deduction of interest paid on federal student loans. This would also have a negative financial impact on many students. For the graduate student population, the impact is much smaller than elimination of Tax Code 117(d), but it would still constitute an additional financial burden for some students.

This has not yet become law and may not go through. The good news is that the Senate version of the bill contains no such provision. In addition, our system of participatory democracy means that U.S. citizens can express their opinions to their elected representatives, which places pressure on them to advocate for specific provisions in a law. **The next few weeks will be critical to this debate.**

There are a number of ways to contact members of Congress. I have attached an action alert from the Student Advocates for Graduate Education (SAGE), a national graduate student group, which provides detailed instructions and advice. In addition, some websites are set up that allow people to submit letters quickly and painlessly. One such website is the following:

<https://www2.acenet.edu/actioncenter/?vvsrsrc=%2fcampaigns%2f55189%2frespond>.

If this is important to you, consider sending this information on to friends and family members, and asking them to advocate on behalf of graduate students nationwide. The GradPost will be using social media to spread the word on this and we encourage you to share it with your social networks.

The University of California has provided the California congressional delegations with briefs that have included discussion of this provision. In addition, I have prepared materials which were sent to the offices of our local members of the House of Representatives (Salud Carbajal, Tony Cardenas, Julia Brownley, and Jared Huffman) as well as to both California senators. I will continue to follow this issue closely. I am also in conversation with the GSA's Vice President for External Affairs and look forward to working with the GSA on this issue.