ATTENTION ALL INSTRUCTORS

Please consider taking 5 minutes at the end of class to discuss the tax reform plan with your students. The more information we share, the better chance we have of stopping Congress's plan from moving forward.

Grads Together
There's a better way.

UNION OF PITT FACULTY

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WHAT WILL CONGRESS'S TAX REFORM PLAN DO TO HIGHER ED?

Graduate Students in the United States could see their taxes increase by up to 400%! By repealing Section 177 (d) of the US Tax Code, the current House of Representative's tax reform legislation would make graduate students pay taxes on their tuition waivers. At Pitt, a tuition waiver could be worth more than twice what a graduate student employee (for example, a teaching assistant or a research assistant) actually gets paid. Currently, tuition waivers operate just like any scholarship, but under the new plan, they would be taxed just like income. Legislative director of the National Association of Graduate-Professional Students Samantha Hernandez says that this kind of tax increase would make it financially impossible to earn a Ph.D. in the United States.

All Students who pay taxes can qualify for the Lifetime Learning Credit. The Lifetime Learning Credit offsets 20% of the first $10,000 of qualified education expenses—reducing your tax bill by as much as $2,000—and can be used for as many years as you want, but it comes with an income cap: your modified adjusted gross income must be $65,000 for single filers or $131,000 for married filers. The congressional plan repeals the Lifetime Learning Credit, which can also be used by parents and spouses with student dependents.

Faculty and Staff would also lose under the new plan. Just like graduate students, faculty and staff are often able to get tuition waivers for themselves or their children, but now the waivers would also be taxed as income. Many staff members at universities seek out jobs at universities so they can send their children to get an education. It helps universities retain excellent employees, who may now be forced seek employment elsewhere.

People with student loans would no longer be able to deduct loan interest from their taxes. The deduction allows student loan borrowers who make up to $65,000 and married couples who make up to $130,000 to lower their taxable income by $2,500. In 2015, over 12 million borrowers deducted the interest on their student loans. With 4.2 million borrowers in default as of the end of 2016 (up from 3.6 million in 2015), increasing the financial burden on student loan borrowers could cause millions more to fall behind on payments.

Parents of undergraduate students often qualify for the American Opportunity Tax Credit. The credit gives parents up to $2,500 a year for every child in college. Currently, families can claim this credit for four years of a child's education. The Congressional tax reform plan would allow parents to claim this benefit for a student's fifth year (for $1,250 only), and would decrease the value of the benefit to $2,000 in the first four years.

WHAT ARE THE IMMEDIATE EFFECTS?

- Education would become more expensive for everyone.
- Massive dropout rates. Many graduate students would no longer be able to afford to continue their education.
- International graduate students would have to come up with a way to pay increased taxes (in some cases, more than 20 times the current amount paid), or return home.
- Universities would struggle to find researchers and instructors to replace graduate student employees. In turn, research projects would shut down and courses for undergraduates would be cancelled.

WHAT CAN YOU DO?

- Call your elected officials in Washington at 1-844-913-7734.
- Attend a letter delivery to Senator Pat Toomey's office (310 Grant St.) on December 6 at noon.
- Visit usw.to/stopthetax to send letters to your congressional representatives.

For more information contact: info@pittgradunion.org