

The Miami Student

U.S. House tax bill jeopardizes graduate students' financial futures

By Asst. News Editor Jake Gold

Among other changes, the House GOP's latest tax bill — the Tax Cuts and Jobs Act (TCJA), passed in the House on Nov. 16 — counts graduate school tuition waivers as taxable income, a move which could discourage poorer students from pursuing a Master's degree or Ph.D.

Most students in graduate programs are paid in two ways: stipends, that are generally between \$20,000 and \$30,000, and tuition waivers, which allow students to attend classes at a heavily-discounted rate. Even with the stipends and tuition waivers, graduate students can still have a tough time scraping by — especially for those who need to support their families.

In the current federal tax codes, stipends are taxed at the same rate as any other monetary income. Tuition waivers are tax-exempt. But the House tax reform proposal (which some Republican legislators believe will be passed by the end of 2017) counts students' taxable income as their stipend plus the value of their tuition waiver.

In a document circulated throughout graduate programs, Vetri Velan — a Ph.D. candidate at the University of California Berkeley — declares that a student at Berkeley could see their federal income taxes rise by 30 to 60 percent. A student at a private institution like MIT, Velan notes, could see an increase of up to 240 percent.

For Miami's chemistry Ph.D. candidates — one of the highest-stipend programs at Miami — those numbers could be up to 55 percent, according to an analysis by *The Student*.

Other graduate programs could have significantly higher increases in their federal tax burden: A \$17,000 stipend would result in a 125 percent increase in taxes paid.

The Senate GOP's version of the bill does not tax tuition waivers, but the two have not been resolved in conference committee. If the bill passes with the tuition waiver clause intact, the changes will begin in 2018, calling into question the ability of many current and prospective graduate students to afford further

education. And economics dictates that when prices rise — this bill effectively raises the price of graduate education by increasing the tax burden — the quantity demanded decreases.

“Anything that makes education more costly will have an impact on enrollment,” said Melissa Thomasson, an economics professor and director of the economics department’s graduate studies program. “I find it surprising that — at a time when we’re talking nationwide about how to make college more affordable — that we’re doing things that would make college less affordable.”

In order to reduce their costs, graduate students can get money from family or take out loans, but for some, neither option is practical. Some students, fourth-year chemistry Ph.D. candidate Katie Eudy said, will just leave.

“They wouldn’t think the return is worth it. It’s not like med school, where you’re going to take \$200,000 or less or so in loans, and then you have a short residency, and then you’re going to be able to make that back quickly,” Eudy said. “With graduate school, you’re not really going in it to get a high paying job, necessarily... A lot of them aren’t going to give that return well enough that you can actually feasibly see yourself being able to pay that back anytime soon, and then it’s still a risk thinking you can get through grad school and can get that job in order to pay back those loans.”

The number of graduate students (and people who hold graduate degrees) doesn’t exist in a vacuum, though: A decrease in the number of well-educated people would send ripples throughout the economy.

“I think that this discourages things that we value: innovation, new research. Graduate students do a lot of research. They turn into professors and scientists and other people who continue to do research,” Thomasson said. “So I think it has a long-run impact on those kinds of activities.”

Eudy once hoped to run her own research lab after graduation. Now, she hopes to look at the intersection of science and policy — and look into how she can advocate for graduate students on in politics.

“It seems like either someone’s not listening, or someone’s not speaking up,” Eudy said.