

# The Republican War on College

For the cost of cutting corporate income taxes, the U.S. could provide universal pre-K and make tuition free at public colleges for nonaffluent students.



Brian Snyder / Reuters

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There are two big problems with the [GOP's claim](#) that its tax-reform proposals help the middle class.

The first, and most obvious, is that both the House bill, which passed last week, and the Senate bill would raise taxes on [tens of millions of middle-class and low-](#)

[income households](#) by the end of the decade, according to [several analyses](#) of the bills.

The second reason is subtler, but perhaps equally significant. To pay for a permanent tax cut on corporations, the plan raises taxes on colleges and college students, which is part of a broader Republican war on higher education in the U.S. This is a big deal, because in the last half-century, the most important long-term driver of wage growth [has arguably been college](#).

The House bill would reduce benefits for higher education by more than \$60 billion in the coming decade. It would shock graduate students with sudden tax increases, punish student debtors, and force schools to raise tuition at a time when higher education already feels unaffordable for many students. On balance, the GOP plan would encourage large corporations to invest in new machines in the workplace, while discouraging American workers from investing in themselves.

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The most dramatic attack on higher education in the GOP House bill is its tax on tuition waivers. This may sound arcane to non-graduate students, but it's a huge deal. Nearly [150,000 graduate students](#), many of whom represent the future of scientific and academic research, don't pay tuition in exchange for teaching classes or doing other work at university. The GOP tax plan would treat their unpaid tuition as income. So imagine you are a graduate student earning \$30,000 from your school for teaching, while attending a \$50,000 program. Under current law, your taxable income is \$30,000. Under the GOP tax plan, your taxable income is \$80,000. Your tax bill could quadruple. (The provision is not [in the latest Senate version](#) of the bill.)

“It's a huge tax increase on income-constrained students, and the worst part of it is that it would come as a shock to thousands of grad students who aren't

expecting it,” says Kim Rueben, a senior fellow at the Urban Institute. In an essay for [The New York Times](#), Erin Rousseau, a graduate student at MIT who studies mental-health disorders, said she is paid \$33,000 for up to 80 hours of weekly work as a teacher and researcher, but she pays nothing for her tuition, which is priced at \$51,000. By counting that tuition as income, the GOP plan would raise her tax bill by [about \\$9,000](#). Graduate school would suddenly become unaffordable for thousands of students who aren’t independently wealthy or being subsidized by rich parents, and many who are currently enrolled would be forced to drop out.

But that’s just the start. In fact, modern GOP economic policy amounts to a massive, coordinated, multilevel attack on higher education in the U.S. It starts with the elite colleges. The House bill would apply an excise tax to private universities with endowments worth more than \$250,000 per full-time student. The measure is expected to raise about \$2.5 billion from approximately 70 topflight universities.

Elite colleges are just the most prestigious sliver of the U.S.’s higher-education system. Despite their outsize role in national research, Harvard and Stanford, with their multibillion-dollar endowments, might not inspire much sympathy. There is a graver, yet subtler, threat to American higher education, according to Rueben. It is a domino set of public policies and their consequences, starting with Republican health-care and tax policy, continuing on to state budgets, and ending with higher tuition for students.

The first link of this causal chain is health-care spending. Republicans are obsessed with [cutting federal spending on Medicaid](#). Doing so, Rueben points out, would result in many states spending much more on health and public welfare to make up the difference. All things equal, that means states have to raise taxes. But the House bill reduces, and the Senate bill eliminates, the deduction for state and local taxes. This would raise effective tax rates on rich



residents in high-income states, making it harder for state legislators to raise taxes again, which would in turn create a dilemma for states needing more health-care dollars without higher taxes. One solution: Spend less on higher education, and force colleges to raise tuition. This wouldn't be a new initiative so much as the continuation of an old one. Over the past 20 years, the most important contributor to higher tuition costs has been [declining public spending on colleges](#), as cash-strapped states shift money to health care. When states pay less, students pay more.

If that chain of causation was too confusing, here's an executive summary: By pressuring states to spend more on health care while hampering their ability to raise taxes (never an easy thing to begin with), GOP tax and budget policies could deprive public colleges of state funding, which would force American students to pay more.

This would almost certainly lead to a rise in student debt. So it would make sense to make that debt easier to pay off. The House bill does the opposite. It would eliminate a provision that allows low- and middle-income student debtors to deduct up to \$2,500 in student-loan interest each year.

If the GOP lawmakers are proposing to make it harder to be a full-time student, perhaps they are at least going to make it easier to be a part-time student? Nope: The Lifetime Learning Credit, which typically allows workers to deduct the cost of part-time classes, is also eliminated in the House bill. Making it easier for adults to attend college part-time is crucial if, as the White House [has claimed](#), the U.S. economy suffers from a "skills gap." Republicans seem to be arguing that Americans need to get new skills, while making it more expensive to acquire them. (Some economists [doubt](#) that there is a skills gap in the first place, but penalizing mid-career education would be a good way to create one.)

My claim is not that Republicans composed this bill in a smoke-filled room to purposefully screw over public universities and college students. But it's no coincidence that these bills were written by a party that increasingly relies on non-college-educated whites, as young college graduates have voted for Democrats at a historically high margin.

Education is now a more significant dividing line in the electorate than income. According to a [recent Fox News poll](#), non-college-educated whites still approve of the president by an 11 percentage-point margin (50 percent to 39 percent), while white college graduates disapprove by the same margin (56 percent to 45 percent). GOP voters are increasingly not only not college educated, but outright anticollege: [58 percent of Republicans](#) now say that “colleges and universities have a negative effect on the way things are going in this country.” Just 19 percent of Democrats agree.

For the white middle class, a turn against college is a profound historical irony. The GI Bill was more responsible than almost any other law in fashioning the 20th century's middle class. Many Trump voters feel left behind, or worry that their children will grow up poorer. It's extremely unlikely that these families will personally benefit from a large tax cut for General Electric and Apple. What they could use, instead, is some extra money today, plus an education system that prepares their kids for a new career, in a field that isn't in structural decline.

Designing that sort of policy is totally possible, at least mathematically. For the multitrillion-dollar cost of reducing the corporate income tax from 35 percent to 20 percent, the U.S. could provide [universal pre-K education and free tuition at public colleges for nonaffluent students](#). For far less, it could keep the tax code's current higher-education benefits, which help millions to get a college degree and find a higher-paying job.

With a huge corporate tax cut that includes [full expensing](#), “the GOP is encouraging companies to invest in machines and saying it will help labor, but

there is not much evidence for this sort of trickle-down economics,” Rueben says. “But there is lots of evidence that investing in human capital through education is a sure way to increase wages.” Republican tax and budget policies could impoverish public colleges, punish low-income graduate students, and raise the effective price of student debt—all to make it cheaper for large businesses to invest in nonhuman technology.

A post-human workforce is not an inevitability. But in the future that the GOP is constructing, in which machines are cheap and higher education is expensive, companies will see it as an awfully tempting option.

#### ABOUT THE AUTHOR

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