MASSACHUSETTS INSTITUTE OF TECHNOLOGY

GRADUATE STUDENT COUNCIL

Statement on Graduate Student Finances

The MIT Graduate Student Council (GSC) represents the more than 6,800 graduate students of the Massachusetts Institute of Technology (MIT). We support policies that aim to minimize financial burdens on graduate students, which would not only support students currently in graduate school but also work to ensure that all prospective students have the opportunity to pursue graduate school, regardless of their financial situation. There have been a number of bills introduced in the House and Senate recently to tackle these problems. **We commend the concerted bipartisan effort in both Chambers to address student financial needs and urge Congress to move these efforts into law.**

Many graduate students have outstanding student loans from their undergraduate education, and these financial burdens can often hinder students' ability to succeed in graduate school. For example, MIT graduate students reported an average of over $6,000 in undergraduate debt, and an expected debt from graduate school of over $13,000 in 2014.[1] Nationally, the situation is even more bleak, with an average of more than $30,000 in student debt for undergraduate students graduating in 2016.[2] Loan assistance programs can help students to reduce the impact of their financial burdens, enabling students to design manageable, clear-cut loan repayment plans to reduce debt in a reasonable timeframe. We urge Congress to not only ensure that student debt interest rates remain low, but also to provide information and resources that enable students to develop the skills and know-how to enter their professional lives in a financially responsible manner. For these reasons, **we support legislation that aims to control student loan interest rates, provide free or discounted financial guidance to students, or otherwise incentivize financially disadvantaged individuals to finish their education regardless of student loan status.**

For the 30% of graduate students nationally with children[3], including 6% of MIT graduate students[1], and for parents who are considering attending graduate school, financial issues are of even greater concern. Childcare affordability is a national issue that impacts individuals across professions, and graduate students with children face similar financial difficulties when it comes to affording childcare. While many full-time graduate programs provide modest stipends for living expenses, these stipends are often too little to cover childcare in addition to general living costs. For example, the average annual stipend for doctoral students at MIT in 2014 was $33,252.[4] In contrast, the average annual cost for childcare reported by MIT graduate students was approximately $10,000.[1] This issue is not isolated to MIT students, with childcare costs per child exceeding $10,000 per year nationally.[5] Under these circumstances, without another source of income in the household, caring for a dependent is financially challenging at best and impossible at worst for graduate students. Additional financial support, such as subsidized childcare for students, would alleviate this burden and allow more individuals with families to pursue graduate educations. Therefore, **we urge congress to pass legislation which eases the financial burden on low-income households with dependents, with attention to how graduate students in particular may overcome this burden.**

Beyond loan protection and assistance and resources for students with dependents, the GSC encourages Congress to examine options to protect the financial stability of working students. One source of funding

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[1] MIT Graduate Student Council, "2014 Cost of Living Survey," Retrieved on 20 September 2017 from http://gsc.mit.edu/about-gsc/cost-of-living-analysis/.

[2] Z. Friedman "Student Loan Debt In 2017: A $1.3 Trillion Crisis" *Forbes*, 21 February 2017. Retrieved 25 September 2017 https://www.forbes.com/sites/zackfriedman/2017/02/21/student-loan-debt-statistics-2017/#eb799825daba.

[3] "Profile of Students in Graduate and First-Professional Education: 2007–08" *National Center for Education Statistics*, September 2010. Retrieved 25 September 2017 https://nces.ed.gov/pubs2010/2010177.pdf.

[4] Graduate Admissions: Stipend Rates. Retrieved September 25, 2017. https://gradadmissions.mit.edu/costs-funding/stipend-rates.

[5] K. Renzulli, "This Is How Much the Average American Spends on Child Care" *Time Money*, 9 August, 2016. Retrieved on 25 September 2017 from http://time.com/money/4444034/average-cost-child-care/.

that graduate students rely on is federally issued student loans (8% of MIT graduate students).[1] Since graduate students are almost always independent, increasing income protection allowances opens up loan options for students whose only source of financial income is a stipend, or who work an additional job during graduate school without a cost of living stipend. Increasing loan options, in particular federal student loans, for students who file taxes as independents again provides opportunities for financially burdened individuals to continue their education, and **we urge Congress to pass legislation to expand income protection allowances for working students.**

Finally, graduate students also have a unique problem with saving for retirement if they receive a fellowship. Fellowship income is not treated as "earned income", and is therefore not eligible to be saved in an Individual Retirement Account (IRA), but other forms of stipend income are treated as "earned income". Removing this distinction would allow all students to invest their income with equal opportunity. For graduate students, particularly those in PhD programs, the stipend they receive is their only income for upwards of five years, and the inability to put any of it in a tax-advantaged retirement account can greatly hinder their ability to save for retirement and plan for the future. **We urge Congress to pass legislation to allow students to utilize an IRA regardless of the funding source for their stipend**.

All of the above legislative ideas would enable more students to attend graduate school, provide assistance to students who experience financial burdens throughout graduate school, and allow all students to attend graduate school without sacrificing their retirement. The GSC strongly supports all steps taken to promote affordable tuition and low student loan interest rates, provide access to affordable, quality childcare both on and off campus for all graduate students, and equalize treatment of graduate student income sources for retirement savings. **We urge Congress to take a broad view of the financial issues faced by graduate students and consider passing legislation ameliorating these difficulties.**

Prepared by the External Affairs Board on behalf of the MIT Graduate Student Council. September, 2017