The Tax Bill that will Cripple Higher Education

The House version of the tax reform bill, Tax Cuts and Jobs Act, would have a large negative impact on graduate education, the American science and innovation ecosystem, and America’s image as one of the most innovative countries in the world. The bill would repeal a provision that exempts graduate students from being taxed on the tuition that their university or an outside company pays for them (similar to a scholarship), meaning that grad students could face a tax increase of up to $10,000 or more and end up paying more than one-third of their income in taxes.

For the hundreds of thousands of current grad students across the nation as well as other future leaders in American science and innovation, grad school could suddenly become a financial impossibility. This would cause severe damage to American innovation and economic growth.

What does it mean to be a graduate student?

Grad students are students pursuing an advanced degree beyond their undergraduate college education, such as a Master's degree or Ph.D, and are training to become future leaders in science, technology, and education. Graduate education typically looks very different from undergraduate education. While grad students do take some classes, the bulk of their time is spent advancing their fields by conducting research and supporting education by helping teach undergraduate students.

Grad students receive a modest stipend in exchange for their work as research assistants and teaching assistants. These stipends scale with the local cost of living and are intended to cover basic living expenses. Tuition for many grad students is paid for by their school or an outside company or organization, and grad students never see that money. This tuition award is not currently counted as income for grad students, but it would be under the proposed rules.

A step backwards for accessibility of education

Going to grad school is already a financial squeeze for many students, especially those who are paying off undergraduate loans or starting families. It typically takes 5-6 years of all-consuming work and study to obtain a Ph.D., leaving little to no time to take on other jobs to earn additional income. Taxing tuition and asking grad students to live on incomes below the cost of living would prevent many potential future leaders in science and innovation from seeking further education and have devastating consequences on the accessibility of graduate education.

Solving large-scale problems requires researchers of different backgrounds and experiences to come together. Making grad school an option only the wealthy can afford increases inequality in the education system and in careers requiring advanced degrees. It also artificially diminishes the collective creativity of the graduate workforce and thus threatens future innovation.

What this means for the future of American science and innovation

Graduate students, along with graduate-school-trained researchers and leaders, drive the fundamental research and technological development that take place in this country and pave the way for breakthroughs and innovations in medicine, clean energy technology, advanced manufacturing, and other fields. Erecting an additional tax barrier of up to $10,000 or more per year to obtaining a graduate degree could dramatically reduce the number of scientists and researchers training and working in America, slowing innovation and threatening national competitiveness.
The House version of the Tax Cuts and Jobs Act in its current form imposes a significant burden on grad students that would have substantial and far-reaching negative effects on graduate education and the future of American science and innovation. We urge everyone to contact their Congressional representatives to reiterate the crucial role of science, research, and innovation in our economy and the importance of accessible and affordable higher education, and to urge Congress to support research, innovation, and education by not taxing grad student tuition.

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