





MEMORANDUM

To: USC Graduate Students

From: Elizabeth Graddy 
Vice Provost for Academic and Faculty Affairs

Sally Pratt 
Vice Provost for Graduate Programs

Date: November 15, 2017

Subject: Proposed Federal Tax Changes

While proposals to change the tax code are under debate in Congress, we wanted to update you on our efforts to support our graduate students. We know that many of you are stressed by these uncertain times. We want you to know that we are vigorously advocating on your behalf.

Currently, the tax code allows tax-free tuition for graduate students who serve as teaching and research assistants. The reform proposals in the House bill would eliminate these provisions so that tuition waivers would become taxable income. Deductions for student loans and the tax exclusion for qualified education assistance programs would also be halted. These proposals would be seriously harmful to our PhD students, who rely on these stipends for support as they develop as researchers and teachers, and to all of our graduate students who have student loans or qualify for other assistance.

The Senate version maintains the deduction for student loan interest, and continues the employer-provided tuition reduction programs.

We believe that the current practice—allowing students who serve as TAs and RAs to receive the untaxed tuition benefit—is a vital component of your academic training and of our ability to recruit and retain our top-level students.

We are working with our peer institutions, including the Association of American Universities, the American Council on Education, the National Association of College and University Business Officers, the Council of Graduate Schools, and other tax reform and higher education groups to ensure that qualified tuition reduction programs and the student loan interest deduction, among other provisions, are maintained. We also are reaching out to our relevant Congress members and their staff.

Research universities play a critical role in our society, and we will continue to advocate for all of our students as we monitor events in Washington. We will keep you updated as we learn more.

cc: Graduate Deans Council
Graduate School Advisory Council
Academic Senate
Graduate Student Government
Chairs, DGS's, and Graduate Advisors