Resolution # 67-02

The Graduate and Professional Student Association (GPSA)
The Pennsylvania State University

of the 67th Assembly
12/06/2017

Be it decided by the Assembly of Elected Delegates,

Resolution in Opposition to Recognition of Tuition Waivers as Federally Taxable Income

Oppose increases in tax obligations for students receiving tuition waivers as part of the benefits package received being a graduate assistant
(Decided: [ Y / N / A ])

Nature of the Situation:

On Wednesday, November 16, 2017, the US House of Representatives passed the Tax Cuts and Jobs Act, with the purported goal of lowering taxes for most Americans. While the bill could reduce taxes for middle-income households, the legislation includes a provision that would have a severe impact upon the income of students receiving both a graduate assistant stipend and a tuition waiver. As it currently stands, most students on assistantship receive a tuition waiver as a non-taxable benefit. The recently passed legislation would consider this benefit as taxable income. On the Graduate School’s website (gradschool.psu.edu/graduate-funding.info), the average 9-month graduate assistantship stipend is listed as $21,762. Furthermore, the average tuition waiver benefit is assessed as $17,660 for the fall and spring semesters with an added $7,488-14,760 for the summer. This benefit is, on average, worth more than the stipend that graduate students receive. Ultimately, Penn State estimates that this would result in about a $2000 increase in tax obligation for students. For many students, this would effectively reduce pay by one month’s amount. Students already struggling to fulfill financial obligations would likely need to take out further student loans in order to make graduate school a reality.
Graduate students receive assistantships at several Penn State campuses including University Park, Great Valley, and Harrisburg. Rep. Glenn Thompson (PA-5), Rep. Ryan Costello (PA-6), and Rep. Charlie Dent (PA-15) represent the districts in which these campuses reside, and all voted in favor of the Tax Cuts and Jobs Act.

On December 2, 2017, the Senate passed its own tax reform legislation that did not contain any language pertaining to tax liability associated with tuition waivers. Sen. Pat Toomey voted for the bill, while Sen. Bob Casey Jr. voted against it. The House and Senate are moving into a conference committee to reconcile the differences between the two pieces of legislation.

Through the Office of Government and Community Relations, Penn State has dedicated resources to opposing this legislation. Furthermore, larger organizations such as the Association of American Universities (AAU), the Association of Public and Land-grant Universities (APLU), and the National Association of Graduate-Professional Students have all stated opposition to converting the tuition waiver to a non-taxable benefit.

**Recommended Course of Action:**

1. The Graduate and Professional Student Association (GPSA) opposes any federal legislation that would consider waived tuition as taxable income.
2. GPSA commends efforts on behalf of the Pennsylvania State University to oppose any legislation that would increase the tax burden on its graduate students.
3. GPSA urges the US Congressmen that represent districts containing Penn State campuses and the US senators from Pennsylvania to consider the negative impact that these tax code changes could have on members of their constituency.
4. GPSA encourages graduate and professional students call and write to legislators in their home districts opposing the aforementioned potential increases in tax obligation.

Respectfully submitted,

**Brian Conway**  
Delegate, Eberly College of Science  
Speaker of the Assembly

**Gerald Knapp**  
Delegate, Intercollegiate Graduate Degree Programs  
Chair, Advocacy and Diversity Committee

President _____________________________  
Affirm  
Veto

The Graduate and Professional Student Association