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U.S. House of Representatives

Washington, D.C. 20515

The Honorable Orrin Hatch

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Committee on Finance

U.S. Senate

Washington, D.C. 20510

The Honorable Richard Neal

Ranking Member

Committee on Ways & Means

U.S. House of Representatives

Washington, D.C. 20515

The Honorable Ron Wyden

Ranking Member

Committee on Finance

U.S. Senate

Washington, D.C. 20510

December 12<sup>th</sup>, 2017

Dear Chairman Brady, Chairman Hatch, Ranking Member Neal & Ranking Member Wyden:

The American Society for Pharmacology & Experimental Therapeutics (ASPET) strongly opposes the repeal of the income exclusion for graduate tuition waivers in the *Tax Cuts and Jobs Act (H.R. 1)*, and urges the conference committee to reject its inclusion in the final conference report.

ASPET is a 5,000 member scientific society whose members conduct essential basic and clinical pharmacological research and work for academia, government, large pharmaceutical companies, small biotech companies, and non-profit organizations. ASPET members work in a variety of different fields and their efforts help to develop new medicines and therapeutic agents to fight existing and emerging diseases. Many of our current members benefit or have benefited from the graduate tuition waiver.

Repeal of the income exclusion for graduate tuition waivers will create financial hardships for current students with modest incomes. More than half of all master's and Ph.D. candidates have adjusted gross incomes of \$20,000 or less. Graduate students never see the money from a graduate tuition waiver: their university immediately waives it. Under current law, this waiver is not taxable. A repeal of the exclusion will increase the taxable income of graduate students by at least \$12,000 and in some cases up to \$50,000. Current law protects these students from a substantial tax at a time when they are unprepared to afford it. To avoid saddling current students with a crippling financial burden, the exclusion must not be repealed.

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A tax increase on graduate education undoubtedly will dissuade future students from pursuing the education necessary to advance and succeed in their field. In 2011-2012, 57% of waiver recipients were graduate students in STEM education. Increasing the financial burdens on graduate students will reduce the number of graduate students in these fields and encourage others to seek educational opportunities outside of the U.S. This policy will gradually erode the U.S.'s position as a leader and innovator in scientific research, and the secondary effects will be felt economically.

Attracting and retaining the most talented students is a core function of creating a dynamic and thriving scientific community. Changes in the tax code that create financial hardships for current graduate students and increase the potential burden for future students will threaten the quality of the U.S.'s scientific research. For these reasons, ASPET is calling for the conference committee to oppose the repeal of the income exclusion for graduate tuition waivers.

Sincerely,

A handwritten signature in black ink, appearing to read "John D. Schuetz", with a stylized flourish at the end.

John D. Schuetz, PhD  
President, ASPET