



# THE GRADUATE SCHOOL

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13 November 2017

As dean of the Graduate School at the University of Maryland, I write to express my strong concerns with provisions in HR 1, the Tax Cut and Jobs Act, that affect graduate education. I am particularly concerned with the possible repeal of Section 117(d) of the Internal Revenue Code, which contains a provision that allows universities to lower the cost of graduate education for their students by offering tuition waivers without these waivers being considered taxable income. If HR 1 were passed in its current form, it would cause irrevocable harm to the University of Maryland, threatening the standing of the state's flagship university as a highly ranked research university.

Tuition waivers are essential for research universities to attract and retain the best and brightest graduate students from the United States and around the world. At the University of Maryland, approximately 4700 graduate students, including almost all of our doctoral students, receive tuition waivers as graduate assistants or fellows. In most cases, these students support themselves with the modest stipends paid by the university to graduate assistants and fellows—which, at the University of Maryland, may be as little as \$16,144 for the academic year. This is no anomaly. According to the most recent Department of Education data available from 2011-2012, nearly 55% of all U.S. graduate students had adjusted gross incomes of less than \$20,000. Taxing the value of their tuition waiver, which at the University of Maryland can be worth more than \$35,000 per year, as additional income would create a significant financial burden on these students, serve as a barrier to graduate education for people from lower and middle income backgrounds, and provide significant disincentive for people to pursue graduate education at all.

Perhaps more importantly, graduate students are a vital component of the university's research enterprise, both in their work with faculty and as independent researchers. Student researchers are making discoveries and advancing knowledge in cutting-edge fields, such as computer science and bioengineering, and contributing to solutions in pressing societal problems related to health care, homeland security, and education. Research is the foundation of our nation's security and prosperity and the engine of future economic growth and improvements in human well-being. The University of Maryland attracted more than \$550 million in sponsored research funding in FY 2016, and research and innovation accounts for a substantial portion of the university's more than \$3 billion in economic impact to the state.

The U.S. higher education system is the envy of the world. In the 2017 ranking of world universities by Shanghai Jiao Tong University, the United States captured 16 of the top 20 and half of the top 100 slots. Those rankings were based on research productivity, which relies on superb graduate students that are fully devoted to their education and research. If tuition waivers become taxable, we can expect to recruit fewer top students, and to see many of those forced to take out loans or to supplement their income with outside jobs to pay their tax bill.

In closing, I urge you to vote against this bill so long as it contains this harmful provision, which would decimate graduate education as a driver of innovation and economic growth throughout the state and the country.

Sincerely,

A handwritten signature in black ink, appearing to read "Steve Fetter". The signature is fluid and cursive, with the first name "Steve" and last name "Fetter" clearly distinguishable.

Steve Fetter

Interim Dean, Graduate School

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