ISSUE BRIEF
Tax Policy – Education Related Provisions

The Tax Cuts and Jobs Act, passed by Congress in 2017, made significant changes to the U.S. tax code. CGS continues to have concerns about the law's adverse impact on institutions of higher education due to the broader changes to endowments, charitable contributions and state and local tax deductions, for example. However, tax code provisions that directly affect the ability of graduate students to pursue master's and doctoral education, and which were considered seriously for elimination, were protected in the final agreement.

Tax policies should encourage, not discourage, the pursuit of master's and doctoral education because advanced knowledge and skills have become the threshold requirement for many fast-growing and high-demand fields and careers. Additionally, master's degrees are required to qualify for licensure in many critical healthcare, education, and service occupations. The U.S. cannot afford to discourage talented individuals from pursuing graduate education if we are to remain competitive in a global economy. All students, especially those from diverse economic and demographic backgrounds must have access to high quality, affordable master's and doctoral education.

To achieve that goal, CGS recommends the following principles:

Make permanent the above the line deduction for qualified education expenses related to tuition and fees.

Improve employer provided tax-exempt educational assistance under the Internal Revenue Code Section 127, by including student loan repayment assistance and increasing the annual limit of $5,250.

Provide tax credit incentives for low- and moderate-income individuals to contribute to 529 education savings accounts, including employer tax credits when they match the contributions.

Retain benefits in the tax code that support the ability of graduate students to finance their education such as Student Loan Interest Deduction (SLID); section 117(d)(5), which excludes tuition waivers and remissions from being included as taxable income; and Lifetime Learning Credit.