

The AMERICAN ASSOCIATION of
IMMUNOLOGISTS



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December 8, 2017

Re: H.R. 1, the Tax Cuts and Jobs Act

Dear Members of the Conference Committee:

We are writing on behalf of The American Association of Immunologists (AAI) (www.aai.org), the nation's largest professional association of research scientists and physicians who are dedicated to understanding the immune system through basic research. The research conducted by our members, who are funded largely by the National Institutes of Health (NIH), has led to extraordinary advances in preventing, treating, and curing disease.¹

AAI strongly opposes a provision contained in the House version of H.R. 1, the Tax Cuts and Jobs Act, that we believe would seriously damage our nation's ability to recruit and retain the best and brightest students in biomedical research and related fields. This provision would eliminate Section 117(d)(5) of the Internal Revenue Service code, which exempts tuition waivers from taxable income for graduate students, including medical students, who serve as research or teaching assistants.

Graduate students are essential to biomedical research. Although they are in one of the earliest stages of the biomedical workforce pipeline, they are critically important contributors to the work now being done in our nation's scientific laboratories and university classrooms. These students help in the acquisition of knowledge that advances all fields, including health, engineering, energy, and computer science, allowing the United States to lead the world in the development of new technologies, drugs, and medical devices.

These students are also our country's future researchers, teachers, innovators, and inventors. As a nation, we recognize that training the next generation in the fields of science, technology, engineering, and math ("STEM") will propel our young people into roles that will allow the United States to retain its preeminence and worldwide leadership in science and technology, requirements for the country to maintain its dominant position in the global economy.

Graduate students, including medical students, who teach or conduct research help defray the considerable cost of their education through tuition waivers from their universities. With about 57 percent of the nation's 145,000 graduate students who received tuition waivers (in 2011-12) pursuing a degree in the STEM fields,² it is clear that elimination of the tuition waiver tax exemption would have a particularly deleterious impact on the nation's current and future biomedical research and scientific enterprise.

The tuition waiver tax exemption has provided graduate students, many of whom experience long periods of training earning low student stipends, with urgently needed tax relief. With fifty-five percent having adjusted gross incomes of \$20,000 or less (as of 2011-2012),³ these students are already likely to be low or middle income taxpayers. Any additional tax burden could threaten their ability to continue their education, and serve as a major disincentive to attracting future generations of innovators. Hence, this proposed tax change will work at cross purposes with a national imperative to grow, and excel in, the STEM fields.

Because elimination of the Section 117(d)(5) tax exemption for graduate student tuition waivers would increase the cost of attending graduate school and deter students from pursuing advanced degrees, AAI urges you and your colleagues to retain the tax exemption and to remove any other provisions from H.R. 1 that would undermine U.S. efforts to attract and retain the best scientific research workforce in the world.⁴

Please feel free to contact either of us or Lauren G. Gross, J.D., AAI Director of Public Policy and Government Affairs (lgross@aai.org), if AAI can answer any questions or be of any assistance.

Sincerely,



Wayne M. Yokoyama, M.D.
President



Beth A. Garvy, Ph.D.
Chair, AAI Committee on Public Affairs

¹ AAI members work on some of the most critically important and promising areas of biomedical research, including: understanding the immunological basis of cancer and developing immunotherapies; developing effective vaccines to prevent infectious diseases and to protect against agents of bioterrorism; discovering new defenses against re-emerging and drug-resistant bacterial infections; treating debilitating autoimmune diseases; and developing treatments to prevent the rejection of transplanted organs and bone marrow.

² Per the American Council on Education, based on information from the U.S. Department of Education, National Center for Education Statistics, 2011-2012 National Postsecondary Student Aid Study (NPSAS) (most recent data.); see also College and University Professional Association for Human Resources (<http://www.cupahr.org/wp-content/uploads/advocacy/2017-10-06-117d-tuition-reduction.pdf>).

³ According to U.S. Department of Education data cited by the Association of Public and Land-Grant Universities; see also College and University Professional Association for Human Resources (<http://www.cupahr.org/wp-content/uploads/advocacy/2017-10-06-117d-tuition-reduction.pdf>).

⁴ The bill contains numerous other provisions of concern to institutions of higher education that teach and train undergraduate and graduate students; these provisions are described in letters sent to you by the American Council on Education (see <http://www.acenet.edu/news-room/Pages/Letter-to-House-Ways-and-Means-Committee-on-the-Tax-Cuts-and-Jobs-Act.aspx?et rid=238315387&et cid=1649661>) and The Association of Public and Land-grant Universities (see <http://www.aplu.org/news-and-media/News/public-research-universities-detail-deep-concerns-over-tax-bill>).

Sent to: Senators Maria Cantwell (D-WA); Thomas Carper (D-DE); John Cornyn (R-TX); Michael Enzi (R-WY); Orrin Hatch (R-UT); Robert Menendez (D-NJ); Lisa Murkowski (R-AK); Patty Murray (D-WA); Rob Portman (R-OH); Bernard Sanders (I-VT); Tim Scott (R-SC); Debbie Stabenow (D-MI); John Thune (R-SD); Patrick Toomey (R-PA); and Ron Wyden (D-OR); and Reps. Rob Bishop (R-UT, 1st); Diane Black (R-TN, 6th); Kevin Brady (R-TX, 8th); Kathy Castor (D-FL, 15th); Lloyd Doggett (D-TX, 35th); Raul Grijalva (D-AZ, 3rd); Sander Levin (D-MI, 9th); Richard Neal (D-MA, 1st); Kristi Noem (R-SD, At large); Devin Nunes (R-CA, 22nd); Peter Roskam (R-IL, 6th); John Shimkus (R-IL, 15th); Fred Upton (R-MI, 6th); and Don Young (R-AK, At large)