Wilson Fam

Tom & Carolyn Wilson
301-657-8918

2 kids
11th grade ~~Stall~~
Sam - ~~8th grade~~

$2800

Financial advisor
Self employed

Elizabeth. 16

Sam. 14

Copies

862-2049

1. 12:30
15 minutes

6-2767

$108,000

Oklahom

White

2 kids in college

1 in HS

1 in 7th grade

Julie

Julie

721-6320

Marvin + Nancy Jones

Freshman in college

+

SW -

$ under 100,000

Barbara Knoblauch

Merris

Mister & Jeff Menn

301-649-2158

Jim + Peggy Antonisse 301-681-3539

DRAFT

[ENHANCED LIFETIME LEARNING OPPORTUNITIES]:
PROVIDING TAX DEDUCTIONS TO MAKE HIGHER EDUCATION MORE AFFORDABLE
January 20, 2000

30 b
Investing ~~$29.8~~ Billion in [Enhanced Lifetime Learning Opportunities]. Since 1993 the President has taken numerous steps to make college more affordable and accessible, including direct student loans, Pell Grant increases, the Hope Scholarship, and the Lifetime Learning tax credit. But tuition costs continue to rise rapidly and many students and their families are still struggling to make ends meet. That is why today the President will propose the [Enhanced Lifetime Learning Opportunities] that will, when fully phased in, provide up to $2,800 in tax relief for students or their families. The President's proposal would cost $29.8 billion over 10 years.

<u>How Enhanced Lifetime Learning Opportunities Works</u>. The President's proposal would help make college, graduate school, and job courses more affordable for an estimated [[5]] million families. The proposal would provide up to $2,800 in tax relief per family – an average savings of [[$500]] relative to existing tax credits.

- **Making College and Higher Education Tuition Deductible.** The President's proposal would give families the option of taking a tax deduction for tuition and fees to pay for college and other higher education. The proposal would cover up to $5,000 of educational expenses in 2001 and 2002 and rise to $10,000 of educational expenses from 2003 forward. When fully phased in, this proposal would provide up to $2,800 in tax relief to help someone pay for college.
- **Alternatively, Providing a 28 Percent Tax Credit for Tuition.** Alternatively, families would have the option of taking a 28 percent tax credit on their educational expenses. The credit would ensure that all families are eligible for up to $2,800 in tax relief to help pay for college.
- **The [Enhanced Lifetime Learning Opportunities] Would Cover College, Graduate Work, or Job Skills.** Students or families could use the Enhanced Lifetime Learning Opportunities to help pay for college, graduate work, or courses taken to enhance job skills. There is no limit to the number of years that a taxpayer could take this credit, although when fully phased in it is limited to $10,000 in educational expenses per family. A family could choose between the Hope Scholarship or the Enhanced Lifetime Learning Opportunities, but could not take both. The Enhanced Lifetime Learning Opportunities would phase out for individuals with incomes between $50,000 and $60,000 and married filers with incomes between $100,000 and $120,000.

<u>**What the Enhanced Lifetime Learning Opportunities Would Mean for Typical Families**</u>

- **A Family Sends a Child to College.** A family with an income of $65,000 sends a child to a four-year, private college. The tuition costs the family $11,000 after financial aid. The Enhanced Lifetime Learning Opportunities would provide a tax break of $2,800 to offset the cost of tuition. (This example is based on the fully phased in proposal.)
- **An Automobile Mechanic Takes Night Classes in Computers at a Local Technical College.** He or she will pay tuition of $1,200. The Enhanced Lifetime Learning Opportunities would provide a tax break of $336 to offset the cost of tuition.
- **A Homemaker Joins a Graduate Teacher Training Program.** After being out of college for 20 years, a homemaker enters a graduate teacher training program with tuition of $4,000. The Enhanced Lifetime Learning Opportunities tax credit would provide a tax break of $1,120 to offset

the cost of tuition.

<u>The President's New Proposal Builds On His Previous Steps to Make College More Affordable</u>. Since 1993, President Clinton has been dedicated to expanding access to education and training beyond high school. New and expanded programs provide over $50 billion in student aid annually – compared to $22 billion when he took office – and an additional estimated $6.5 billion is available through two tax credits.

- **Hope Scholarship and Lifetime Learning Tax Credit.** In 1997, the President signed the Hope Scholarship and Lifetime Learning Tax Credit into law. In 1999, these two measures provided an estimated $6.5 billion in tax relief for up to 13 million eligible families.
    - **Hope Scholarship.** The Hope Scholarship is part of the President's goal to make the first two years of college as universal as high school. It provides a tax credit worth up to $1,500 *per student* against educational expenses for the first 2 years of college. (The credit provides a tax break of 100 percent of the first $1,000 of tuition and 50 percent of the next $1,000.)
    - **Lifetime Learning Tax Credit.** The President's proposed [Enhanced Lifetime Learning Opportunities] would be a major expansion of his Lifetime Learning tax credit. Under current law, the Lifetime Learning tax credit provides a 20 percent credit on educational expenses for college, graduate work, or job skills. The credit covers up to $5,000 of expenses *per family* through 2002 and then up to $10,000 thereafter.

- **More Affordable Student Loans.** The President's Direct Lending Program and improvements o the student loan program have saved students and estimated $8.7 billion on loans over the last five years while taxpayers have saved over $5 billion through managerial improvements.
    - **$8.7 Billion in Savings for Students.** Students who borrowed student loans since 1993 will save $100 annually for each $10,000 in outstanding loans — and a total of $5 billion — due to a lower interest rate formula. This proposal has saved students $5 billion over the last five years. Also, in 1993, the Administration reduced loan origination fees, saving students nearly $3.7 billion to date. In 1999, in recognition of widespread discounts available on guaranteed student loans, the Administration reduced direct loan fees even further.
    - **More Repayment Options.** Since 1993, borrowers have more flexibility in managing their student loan debt. The income-contingent repayment plan allows direct loan borrowers to repay their loans based upon their income; after 25 years, any remaining loan balance is discharged.
    - **Creating the Direct Loan program.** Under the Direct Loan program, students receive loans directly from the Education Department rather than through government-guaranteed lenders. Because the Direct Loan program is substantially less expensive for taxpayers than the guaranteed loan program, taxpayers have saved over $4 billion over the past five years. The program has pioneered the use of new technology, streamlined loan processing and disbursement, and improved customer service in both programs through competition.
    - **Strengthening the Guaranteed Loan Program.** Federal subsidies for banks and guaranty agencies have been pared down, saving taxpayers $1.6 billion over the past five years.
    - **Reducing Loan Defaults.** The national cohort default rate has been reduced from 22.4 percent five years ago to a record-low 8.8 percent. At the same time, collections on

defaulted loans have more than doubled, from $1 billion in fiscal 1993 to $2.2 billion in fiscal 1998.

- **Expanded Student Aid Opportunities.**
  - **Larger Pell Grant Awards For Needy Students.** When President Clinton took office in 1993, the Pell Grant maximum award was $2,300, the same as it was in 1989. The maximum award has since increased by 43 percent to $3,300 in 2001. The FY 2001 budget proposes increase in the maximum to $3,500, a 56 percent increase over the 1993 level. In 1995, the maximum Pell Grant paid for 86 percent of tuition and fees at a four-year public school; today, it pays for 92 percent.
  - **Early Intervention to Help Low-income Students Succeed in College.** Based on an Administration proposal, the new GEAR UP program funds partnerships between colleges and high-poverty middle schools. The FY2001 budget proposes $325 million to fund mentoring, tutoring, and college scholarships to an estimated 1.4 million low-income students.
  - **More Work-study Opportunities.** Spending for Federal Work-Study increased by 41 percent from 1993 to 2000. The President has requested a $77 million increase in fiscal 2001 to allow one million students to work their way through college.
  - **AmeriCorps education awards.** Since 1994, over 150,000 AmeriCorps volunteers have earned up to $4,725 for college while serving local communities.

Under President Clinton, College Enrollment Has Risen. But Rising Tuition Costs Continue To Present a Challenge.

- [Factoids on enrollment increase since 1993 are to come.]

- **The Cost of Tuition Continues to Rise.** For the last two decades, the cost of tuition and fees for college have risen considerably faster than the rate of inflation. Between 1979-80 and 1999-2000, the average tuition and fees for private four year colleges have risen 123 percent to $15,380 – *even after adjusting for inflation.* For public four year colleges, inflation-adjusted fees rose 112 percent to $3,356 in 1999-2000. [Source: The College Board, *Trends in College Pricing 1999.*]

January 19, 2000

COLLEGE AFFORDABILITY EVENT

Date:	**Thursday, January 20, 2000**
Time:	**12:00 – 1:00 p.m.**
Location:	**OEOB, Room 450**
From:	**Ann O'Leary**

I. PURPOSE

To join the President in announcing the College Affordability Tax Credit, a $30 billion new tax initiative that will help over 5 million families a year be better able to afford college and lifelong learning opportunities.

II. BACKGROUND

Background: Under current law, individuals may claim a Lifetime Learning credit equal to 20 percent of qualified tuition and related expenses up to $5,000 incurred during the year for post-secondary education for the taxpayer, the taxpayer's spouse, or one or more dependents. Beginning in 2003, up to $10,000 of qualified tuition and related expenses will be eligible for the 20-percent credit. The credit phases out for taxpayers filing joint returns with modified adjusted gross income between $80,000 to $100,000, and 40,000 to $50,000 for single taxpayers. The phase-out ranges will be adjusted for inflation occurring after 2000.

College Affordability Tax Credit: To further assist taxpayers in obtaining post-secondary education throughout their lifetimes, the Administration proposes a new College Affordability Tax Credit which would increase the Lifetime Learning credit rate to 28 percent. In addition, the phase-out range for the credit would be increased to $100,000 to $120,000 for joint returns and $50,000 to $60,000 for single taxpayers. To guarantee that all eligible taxpayers receive the full value of this education assistance, taxpayers may elect to deduct qualified tuition and related expenses instead of claiming the credit. This new tax credit is a $30 billion investment over 10 years that will benefit approximately 5 million families each year. When fully phased in, it will offer an average tax relief of $500 per family and a maximum tax relief of $2800 per family.

Hill Action: On July 30, 1999, 53 Senators voted to support an amendment sponsored by Senator Schumer (co-sponsored by Senator Snowe) to make higher education more affordable by providing a full tax deduction for higher education expenses and a tax credit for student education loans. This amendment would have allowed a deduction of up to $4000 in year 2003, $8000 in '04, and $12000 in '05 and would have phased out for joint filers at $105,000. Schumer needed 60 votes under the Byrd rule so this amendment did not pass the Senate.

III. PARTICIPANTS

Speaking Program
First Lady
Secretary Riley
Senator Schumer
REAL PERSON
President

Bio of REAL PERSON

Audience
The audience will include representatives of higher education associations, families who will benefit from this proposal, and Members of Congress.

IV. SEQUENCE OF EVENTS

- YOU will open by outlining the need for this proposal and introducing Secretary Riley
- Secretary Riley will highlight success of HOPE scholarships and the lifelong learning tax credit and will introduce Senator Schumer
- Senator Schumer will thank the President for his leadership and will focus on the need for a college education in the information economy and the rising costs of college, burden of cost on middle class families
- Parent of students about to attend college -- Talk about financial strain and need for this proposal, introduce POTUS
- The President will announce the College Affordability Tax Credit, will highlight his legacy of improving college access and affordability, and will briefly touch on the overall higher education budget with a focus on increases to close opportunity gap (i.e. Pell grant increase, GEAR-UP, etc.)

V. PRESS PLAN

- Open press

VI. REMARKS

- Talking Points Attached

taxable year shall be reduced (but not below zero) by the amount which bears the same ratio to the credit so allowable as—

"(A) the excess (if any) of—

"(i) the taxpayer's modified adjusted gross income for such taxable year, over

"(ii) $70,000 ($110,000 in the case of a joint return), bears to

"(B) $20,000.

"(2) MODIFIED ADJUSTED GROSS INCOME.—For purposes of paragraph (1), the term 'modified adjusted gross income' means the adjusted gross income of the taxpayer for the taxable year increased by any amount excluded from gross income under section 911, 931, or 933.

"(c) FIRST-TIME HOMEBUYER.—For purposes of this section—

"(1) IN GENERAL.—The term 'first-time homebuyer' means any individual if such individual (and if married, such individual's spouse) had no present ownership interest in a principal residence in either an empowerment zone or an enterprise community during the 1-year period ending on the date of the purchase of the principal residence to which this section applies.

"(2) ONE-TIME ONLY.—If an individual is treated as a first-time homebuyer with respect to any principal residence, such individual may not be treated as a first-time homebuyer with respect to any other principal residence.

"(3) PRINCIPAL RESIDENCE.—The term 'principal residence' has the same meaning as when used in section 121.

"(d) CARRYOVER OF CREDIT.—If the credit allowable under subsection (a) exceeds the limitation imposed by section 26(a) for such taxable year reduced by the sum of the credits allowable under subpart A of part IV of subchapter A (other than this section), such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year.

"(e) SPECIAL RULES.—For purposes of this section, rules similar to the rules of subsections (e), (f), (g), and (h) of section 1400C shall apply.

"(f) APPLICATION OF SECTION.—This section shall apply to property purchased after December 31, 1999, and before January 1, 2005."

(b) CONFORMING AMENDMENTS.—

(1) Subsection (a) of section 1016 is amended by striking "and" at the end of paragraph (26), by striking the period at the end of paragraph (27) and inserting ", and", and by adding at the end thereof the following new paragraph:

"(28) in the case of a residence with respect to which a credit was allowed under section 1397F, to the extent provided under such section 1397F."

(2) The table of parts for subchapter U of chapter 1 is amended by striking the last item and inserting the following new items:

"Part V. First-time homebuyer credit.

"Part VI. Regulations."

(3) The table of sections for part VI, as so redesignated, is amended to read as follows:

"Sec. 1397G. Regulations."

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to taxable years beginning after December 31, 1999

SCHUMER (AND OTHERS) AMENDMENT NO. 1416

(Ordered to lie on the table.)

Mr. SCHUMER (for himself, Ms. SNOWE, Mr. BAYH, Mr. SMITH of Oregon, Mr. WYDEN, and Mr. KOHL) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:

On page 32, strike lines 1 through 14, and insert:

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 1999.

(b) PERSONAL EXEMPTIONS ALLOWED IN COMPUTING MINIMUM TAX.—

(1) IN GENERAL.—Subparagraph (E) of section 56(b)(1) is amended by striking ", the deduction for personal exemptions under section 151,".

(2) CONFORMING AMENDMENT.—The heading to section 56(b)(1)(E) is amended by striking "AND DEDUCTION FOR PERSONAL EXEMPTIONS".

(3) EFFECTIVE DATE.—The amendments made by this subsection shall apply to taxable years beginning after December 31, 2005.

SEC. ___. DEDUCTION FOR HIGHER EDUCATION EXPENSES.

(a) DEDUCTION ALLOWED.—Part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to additional itemized deductions for individuals) is amended by redesignating section 222 as section 223 and by inserting after section 221 the following:

"SEC. 222. HIGHER EDUCATION EXPENSES.

"(a) ALLOWANCE OF DEDUCTION.—

"(1) IN GENERAL.—In the case of an individual, there shall be allowed as a deduction an amount equal to the applicable dollar amount of the qualified higher education expenses paid by the taxpayer during the taxable year.

"(2) APPLICABLE DOLLAR AMOUNT.—

"(i) AMOUNT.—The applicable dollar amount for any taxable year year shall be determined as follows:

"Taxable year:	Applicable dollar amount:
2003	$4,000
2004	$8,000
2005 and thereafter	$12,000.

"(b) LIMITATION BASED ON MODIFIED ADJUSTED GROSS INCOME.—

"(1) IN GENERAL.—The amount which would (but for this subsection) be taken into account under subsection (a) shall be reduced (but not below zero) by the amount determined under paragraph (2).

"(2) AMOUNT OF REDUCTION.—The amount determined under this paragraph equals the amount which bears the same ratio to the amount which would be so taken into account as—

"(A) the excess of—

"(i) the taxpayer's modified adjusted gross income for such taxable year, over

"(ii) $62,450 ($104,050 in the case of a joint return, $89,150 in the case of a return filed by a head of household, and $52,025 in the case of a return by a married individual filing separately), bears to

"(B) $15,000.

"(3) MODIFIED ADJUSTED GROSS INCOME.—For purposes of this subsection, the term 'modified adjusted gross income' means the adjusted gross income of the taxpayer for the taxable year determined—

"(A) without regard to this section and sections 911, 931, and 933, and

"(B) after the application of sections 86, 135, 219, 220, and 469.

For purposes of the sections referred to in subparagraph (B), adjusted gross income shall be determined without regard to the deduction allowed under this section.

"(c) QUALIFIED HIGHER EDUCATION EXPENSES.—For purposes of this section—

"(1) QUALIFIED HIGHER EDUCATION EXPENSES.—

"(A) IN GENERAL.—The term 'qualified higher education expenses' means tuition and fees charged by an educational institution and required for the enrollment or attendance of—

"(i) the taxpayer,

"(ii) the taxpayer's spouse,

"(iii) any dependent of the taxpayer with respect to whom the taxpayer is allowed a deduction under section 151, or

"(iv) any grandchild of the taxpayer,

as an eligible student at an institution of higher education.

"(B) ELIGIBLE COURSES.—Amounts paid for qualified higher education expenses of any individual shall be taken into account under subsection (a) only to the extent such expenses—

"(i) are attributable to courses of instruction for which credit is allowed toward a baccalaureate degree by an institution of higher education or toward a certificate of required course work at a vocational school, and

"(ii) are not attributable to any graduate program of such individual.

"(C) EXCEPTION FOR NONACADEMIC FEES.—Such term does not include any student activity fees, athletic fees, insurance expenses, or other expenses unrelated to a student's academic course of instruction.

"(D) ELIGIBLE STUDENT.—For purposes of subparagraph (A), the term 'eligible student' means a student who—

"(i) meets the requirements of section 484(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1091(a)(1)), as in effect on the date of the enactment of this section, and

"(ii) is carrying at least one-half the normal full-time work load for the course of study the student is pursuing, as determined by the institution of higher education.

"(E) IDENTIFICATION REQUIREMENT.—No deduction shall be allowed under subsection (a) to a taxpayer with respect to an eligible student unless the taxpayer includes the name, age, and taxpayer identification number of such eligible student on the return of tax for the taxable year.

"(2) INSTITUTION OF HIGHER EDUCATION.—The term 'institution of higher education' means an institution which—

"(A) is described in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088), as in effect on the date of the enactment of this section, and

"(B) is eligible to participate in programs under title IV of such Act.

"(d) SPECIAL RULES.—

"(1) NO DOUBLE BENEFIT.—

"(A) IN GENERAL.—No deduction shall be allowed under subsection (a) for any expense for which a deduction is allowable to the taxpayer under any other provision of this chapter unless the taxpayer irrevocably waives his right to the deduction of such expense under such other provision.

"(B) DENIAL OF DEDUCTION IF CREDIT ELECTED.—No deduction shall be allowed under subsection (a) for a taxable year with respect to the qualified higher education expenses of an individual if the taxpayer elects to have section 25A apply with respect to such individual for such year.

"(C) DEPENDENTS.—No deduction shall be allowed under subsection (a) to any individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins.

"(D) COORDINATION WITH EXCLUSIONS.—A deduction shall be allowed under subsection (a) for qualified higher education expenses only to the extent the amount of such expenses exceeds the amount excludable under section 135 or 530(d)(2) for the taxable year.

"(2) LIMITATION ON TAXABLE YEAR OF DEDUCTION.—

"(A) IN GENERAL.—A deduction shall be allowed under subsection (a) for qualified higher education expenses for any taxable year only to the extent such expenses are in connection with enrollment at an institution of higher education during the taxable year.

Marty J. Hoffmann

01/18/2000 05:54:58 PM

Record Type: Record

To: Samir Afridi/WHO/EOP@EOP, Ann O'Leary/OPD/EOP@EOP

cc: Joanna E. Slaney/WHO/EOP@EOP, Mark D. Magana/WHO/EOP@EOP
Subject: Info on Schumer/Snowe College Tuition Deductability

Sam, the Speechwriter/policy person for Sen. Schumer is Jim Kessler: 224-6542.

S.AMDT.1416
Amends: S.1429
Sponsor: Sen Schumer, Charles E. (submitted 7/29/1999) (proposed 7/30/1999)

AMENDMENT PURPOSE:
To amend the Internal Revenue Code of 1986 to make higher education more affordable by providing a full tax deduction for higher education expenses and a tax credit for student education loans.

STATUS:

7/30/1999:
Proposed by Senator Schumer.
7/30/1999:
Point of order raised in Senate with respect to SP 1416.
7/30/1999:
Motion to waive the Budget Act with respect to SP 1416 rejected in Senate by Yea-Nay Vote. 53-47. Record Vote No: 241.
7/30/1999:
SP 1416 ruled out of order by the chair.

COSPONSORS(5):

Sen Snowe, Olympia J. - 7/29/1999
Sen Bayh, Evan - 7/29/1999
Sen Smith, Gordon - 7/29/1999
Sen Wyden, Ron - 7/29/1999
Sen Kohl, Herb - 7/29/1999

***The following Members voted for the amendment (53):
Abraham (MI)
Akaka (HI)
Baucus (MT)
Bayh (IN)
Biden (DE)
Bingaman (NM)
Boxer (CA)
Breaux (LA)

Bryan (NV)
Byrd (WV)
Cleland (GA)
Collins (ME)
Conrad (ND)
Daschle (SD)
DeWine (OH)
Dodd (CT)
Dorgan (ND)
Durbin (IL)
Edwards (NC)
Feingold (WI)
Feinstein (CA)
Fitzgerald (IL)
Graham (FL)
Harkin (IA)
Hollings (SC)
Inouye (HI)
Johnson (SD)
Kennedy (MA)
Kerrey (NE)
Kerry (MA)
Kohl (WI)
Landrieu (LA)
Lautenberg (NJ)
Leahy (VT)
Levin (MI)
Lieberman (CT)
Lincoln (AR)
Mikulski (MD)
Moynihan (NY)
Murray (WA)
Reed (RI)
Reid (NV)
Robb (VA)
Rockefeller (WV)
Santorum (PA)
Sarbanes (MD)
Schumer (NY)
Smith (OR)
Snowe (ME)
Specter (PA)
Torricelli (NJ)
Wellstone (MN)
Wyden (OR)

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SCHUMER (AND OTHERS) AMENDMENT NO. 1416 (Senate - July 29, 1999)

[Page: S9773] ***GPO's PDF***

(Ordered to lie on the table.)

Mr. SCHUMER (for himself, Ms. **Snowe**, Mr. **Bayh**, Mr. **Smith** of Oregon, Mr. **Wyden**, and Mr. **Kohl**) submitted an amendment intended to be proposed by them to the bill, S. 1429, supra; as follows:
On page 32, strike lines 1 through 14, and insert:

(3) **Effective date**: The amendments made by this subsection shall apply to taxable years beginning after December 31, 1999.
(b) **Personal Exemptions Allowed in Computing Minimum Tax**:

(1) **In general**: Subparagraph (E) of section 56(b)(1) is amended by striking ', the deduction for personal exemptions under section 151,'.

(2) **Conforming amendment**: The heading to section 56(b)(1)(E) is amended by striking '**and deduction for personal exemptions**'.

(3) **Effective date**: The amendments made by this subsection shall apply to taxable years beginning after December 31, 2005.

SEC. XX. DEDUCTION FOR HIGHER EDUCATION EXPENSES.
(a) **Deduction Allowed**: Part VII of subchapter B of chapter 1 of the Internal Revenue Code of 1986 (relating to additional itemized deductions for individuals) is amended by redesignating section 222 as section 223 and by inserting after section 221 the following:

'SEC. 222. HIGHER EDUCATION EXPENSES.
'(a) **Allowance of Deduction**:

'(1) **In general**: In the case of an individual, there shall be allowed as a deduction an amount equal to the applicable dollar amount of the qualified higher education expenses paid by the taxpayer during the taxable year.

'(2) **Applicable dollar amount**:

'(i) **Amount**: The applicable dollar amount for any taxable year year shall be determined as follows:

Applicable

'Taxable year:

dollar amount:
2003

$4,000
2004

$8,000
2005 AND THEREAFTER

$12,000.
'(b) **Limitation Based on Modified Adjusted Gross Income**:

'(1) **In general**: The amount which would (but for this subsection) be taken into account under subsection (a) shall be reduced (but not below zero) by the amount determined under paragraph (2).

'(2) **Amount of reduction**: The amount determined under this paragraph equals the amount which bears the same ratio to the amount which would be so taken into account as--

'(A) the excess of--

'(i) the taxpayer's modified adjusted gross income for such taxable year, over

'(ii) $62,450 ($104,050 in the case of a joint return, $89,150 in the case of a return filed by a head of household, and $52,025 in the case of a return by a married individual filing separately), bears to

'(B) $15,000.

'(3) **Modified adjusted gross income**: For purposes of this subsection, the term 'modified adjusted gross income' means the adjusted gross income of the taxpayer for the taxable year determined--

'(A) without regard to this section and sections 911, 931, and 933, and

'(B) after the application of sections 86, 135, 219, 220, and 469.

For purposes of the sections referred to in subparagraph (B), adjusted gross income shall be determined without regard to the deduction allowed under this section.
'(c) **Qualified Higher Education Expenses**: For purposes of this section--

'(1) **Qualified higher education expenses**:

'(A) **In general**: The term 'qualified higher education expenses' means tuition and fees charged by an educational institution and required for the enrollment or attendance of--

'(i) the taxpayer,

'(ii) the taxpayer's spouse,

'(iii) any dependent of the taxpayer with respect to whom the taxpayer is allowed a deduction under section 151, or

'(iv) any grandchild of the taxpayer,

as an eligible student at an institution of higher education.

'(B) **Eligible courses**: Amounts paid for qualified higher education expenses of any individual shall be taken into account under subsection (a) only to the extent such expenses--

DRAFT ADMINISTRATION PROPOSAL – DO NOT DISTRIBUTE

Education Opportunity Tax Credit or Deduction

Background: Under current law, individuals may claim a Lifetime Learning credit equal to 20 percent of qualified tuition and related expenses up to $5,000 incurred during the year for post-secondary education for the taxpayer, the taxpayer's spouse, or one or more dependents. Beginning in 2003, up to $10,000 of qualified tuition and related expenses will be eligible for the 20-percent credit. The credit phases out for taxpayers filing joint returns with modified adjusted gross income between $80,000 to $100,000, and 40,000 to $50,000 for single taxpayers. The phase-out ranges will be adjusted for inflation occurring after 2000.

Education Opportunity Tax Credit or Deduction: To further assist taxpayers in obtaining post-secondary education throughout their lifetimes, the Administration proposes that the a new Education Opportunity Tax Credit or Deduction which would increase the Lifetime Learning credit rate to 28 percent. In addition, the phase-out range for the credit would be increased to $100,000 to $120,000 for joint returns and $50,000 to $60,000 for single taxpayers. To guarantee that all eligible taxpayers receive the full value of this education assistance, taxpayers may elect to deduct qualified tuition and related expenses instead of claiming the credit. This new tax credit is a $30 billion investment over 10 years that will benefit approximately 5 million families each year. When fully phased in, it will offer an average tax relief of $500 per family and a maximum tax relief of $2800 per family.

Making Critical Higher Education Investments to Address our Nation's Opportunity Gap
January __, 2000

Critical Investments to Address the Opportunity Gap The FY2001budget includes significant increases in funding for student aid and other higher education programs targeted to closing the Opportunity Gap.

NEW INITIATIVES

- **College Completion Challenge Grants** The FY2001 budget creates a new initiative within the TRIO program called College Completion Challenge Grants (CCCG). The CCCG program is designed to address the college drop out problem with a comprehensive approach including, pre-freshman summer programs, support services and increased grant aid to students. This $35 million initiative will improve the chances of success for nearly 18,000 students.

- **Dual Degree Programs for Minority-Serving Institutions** The FY 2001 Budget proposes a new program to increase opportunities for students at minority-serving institutions. Students would receive two degrees: one from a minority-serving institution, and one from a partner institution in a field in which minorities are underrepresented. This new $40 million program will serve an estimated 2,500 students.

INCREASES IN EXISTING PROGRAMS The FY2001 budget includes significant increases in programs that prepare disadvantaged young people for college, provide valuable support services to promote college access and retention, and provide much needed financial assistance.

- **Pell Grants** The Pell Grant program provides grants to economically disadvantaged young people to help pay the cost of a postsecondary education. The maximum Pell Grant in FY2000 is $3,300. The President's FY2001 budget increases the maximum to $3,500, making a college education more affordable for the nearly 4 million Pell Grant recipients.
- **SEOG** SEOG, the Federal Supplemental Educational Opportunity Grant program, provides campus-based grant assistance to needy undergraduate students. Generally, this program supplements the aid students receive from other sources, and leverages institutional aid by at least one dollar for every three federal dollars. The FY2001 budget provides a $60 million increase for SEOG. An estimated 1.203 million students (over 60,000 more than in 2000) will receive awards in 2001.
- **GEAR UP** GEAR UP is a nation-wide initiative to encourage more young people to have high expectations, stay in school, study hard, and take the right courses to go to college. GEAR UP is funded at $200 million in FY 2000, enough to provide services to over 750,000 students. The FY 2001 budget provides an increase to $325 million, enough to provide services to 1.4 million students.
- **TRIO** The TRIO programs provide funding to higher education institutions and community service agencies for projects that seek to motivate and prepare students for college. The FY 2001 budget, increases TRIO funding by $80 million. This increase will help provide assistance to 750,000 students, 20,000 more than in 2000.
- **Work Study** Work Study provides students the opportunity to work their way through college. The FY 2000 budget achieved the goal of giving one million students the opportunity to participate in Work Study. The FY2001 budget includes an increase of $77 million to continue this commitment to serve a million students.

ACCESS TO COLLEGE
THE CLINTON/GORE RECORD ON STUDENT AID
January __, 2000

Since 1993, President Clinton has been dedicated to expanding access to education and training beyond high school. New and expanded programs provide over $50 billion in student aid annually — compared to $22 billion when he took office — and an additional $7 billion is available through two college tax credits. Students have saved an estimated $8.7 billion on loans over the last five years while taxpayers have saved over $5 billion through managerial improvements. And program management has been strengthened and customer service has improved. In his 2001 budget request, President Clinton will build upon these significant investments in American higher education.

MORE AFFORDABLE STUDENT LOANS

- **$5 billion in interest savings for students.** Students who borrowed student loans since 1993 will save $100 annually for each $10,000 in outstanding loans — and a total of $5 billion — due to a lower interest rate formula. Today's formula is 1.55 percentage points lower than the 1993 formula during school and 0.95 percentage points lower during repayment. The Administration also championed the lower maximum rate paid by students, reduced from 10 percent to 8.25 percent, to protect them against interest rate hikes.

- **$3.7 billion in loan fee savings.** In 1993, the Administration reduced loan origination fees from a maximum of 7 percent of principal to a maximum of 4 percent, saving students nearly $3.7 billion to date. In 1999, in recognition of widespread discounts available on guaranteed student loans, the Administration reduced direct loan fees to 3 percent.

- **More repayment options.** Since 1993, borrowers have more flexibility in managing their student loan debt. Repayment flexibility allows graduates to pursue jobs that pay lower salaries even though they may require an expensive education. The income-contingent repayment plan allows direct loan borrowers to repay their loans based upon their income; after 25 years, any remaining loan balance is discharged.

EXPANDED STUDENT AID OPPORTUNITIES

- **Larger Pell Grant awards for needy students.** When President Clinton took office in 1993, the Pell Grant maximum award was $2,300, the same as it was when President Bush took office in 1989. The maximum award has since increased by 43 percent to $3,300 in 2001. The 2001 budget proposes increase in the maximum to $3,500, a 56% increase over the 1993 level. In 1995, the maximum Pell Grant paid for 86 percent of tuition and fees at a four-year public school; today, it pays for 92 percent.

- **$7 billion in tax credits for higher education.** In 1999, approximately 13 million American taxpayers are eligible for the Hope and Lifetime Learning tax credits for postsecondary training and education, totaling $7 billion in aid. In addition, the restored tax deduction for student loan interest costs during the first five years of repayment — eliminated by the Reagan-Bush

Administrations – will save borrowers $245 million.

- **Early intervention to help low-income students succeed in college.** Based on an Administration proposal, the new GEAR UP program funds partnerships between colleges and high-poverty middle schools. This years proposed budget of $325 million would fund mentoring, tutoring, and college scholarships to an estimated 1.4 million low-income students.

- **More work-study opportunities.** Spending for Federal Work-Study increased by 41 percent from 1993 to 2000. The President has requested a $77 million increase in fiscal 2001 to allow one million students to work their way through college.

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STRENGHTHENED STUDENT AID PROGRAMS

- **Creating the Direct Loan program.** Under the Direct Loan program, students receive loans directly from the Education Department rather than through government-guaranteed lenders. Because the Direct Loan program is substantially less expensive for taxpayers than the guaranteed loan program, taxpayers have saved over $4 billion over the past five years. The program has pioneered the use of new technology, streamlined loan processing and disbursement, and improved customer service in both programs through competition.

- **Strengthening the guaranteed loan program.** Federal subsidies for banks and guaranty agencies have been pared down, saving taxpayers $1.6 billion over the past five years. Improved financial management of the student loan programs helped the Department receive an unqualified opinion from its auditors on its fiscal 1997 financial statement, its first since the Department was founded in 1980. Further improvements were made for the FY 1998 audit, in which remaining student loan-related cost issues were resolved.

- **Reducing loan defaults.** The national cohort default rate has been reduced from 22.4 percent five years ago to a record-low 8.8 percent. At the same time, collections on defaulted loans have more than doubled, from $1 billion in fiscal 1993 to $2.2 billion in fiscal 1998.

- **Using technology to simplify aid.** Students can now apply for student aid through the Department's web site and sign just one "master" promissory note for their loans, rather than submitting a new note for each loan.

January 14, 2000

Making Critical Higher Education Investments to Address our Nation's Opportunity Gap
January __, 2000

Critical Investments to Address the Opportunity Gap The FY2001budget includes significant increases in funding for student aid and other higher education programs targeted to closing the Opportunity Gap.

NEW INITIATIVES

- **College Completion Challenge Grants** The FY2001 budget creates a new initiative within the TRIO program called College Completion Challenge Grants (CCCG). The CCCG program is designed to address the college drop out problem with a comprehensive approach including, pre-freshman summer programs, support services and increased grant aid to students. This $35 million initiative will improve the chances of success for nearly 18,000 students.

- **Dual Degree Programs for Minority-Serving Institutions** The FY 2001 Budget proposes a new program to increase opportunities for students at minority-serving institutions. Students would receive two degrees: one from a minority-serving institution, and one from a partner institution in a field in which minorities are underrepresented. This new $40 million program will serve an estimated 2,500 students.

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Dual-Degree Programs at Minority-Serving Institutions
January XX, 2000

President Clinton's Dual Degrees initiative would expand academic opportunities for students at minority-serving institutions, increase their academic achievement through graduate school, and promote their employment in fields in which minorities are under-represented.

The President's Plan. Under the Dual Degree program, students would study for three years at a minority-serving institution to earn a B.A. and two years at a partner institution, such as a major research university, to earn a B.A. or M.A. in a field in which the student's racial or ethnic group is under-represented. Minority-serving institutions include historically black colleges and universities, Hispanic-serving institutions under Title III of the Higher Education Act, and Tribal colleges and universities. The proposal would serve over 2,000 students in 2001.

Grants would be made to consortia of eligible minority-serving institutions and partner institutions. Federal funds would:
- Establish dual-degree program consortia and provide support to students,
- Provide scholarships to students to allow them to pay only the tuition and fees charged by their home universities, even if the partner universities charge more; and
- Compensate the minority-serving institutions for its revenue loss due to the program participants' accelerated matriculation.

Based on A Proven Model. The Atlanta University Center's Dual-Degree Engineering Program enables roughly 70 students a year at historically black colleges and universities to also earn B.A.s in engineering from nationally recognized research institutions. After three years at are Morehouse, Spelman, Clark Atlanta, and Morris Brown, students study engineering for two years at a cooperating research university such as Columbia, Georgia Tech, or Boston University.
- Many students complete their initial three years but then quit the program because they cannot afford the second institution due to higher tuitions and less financial aid. The President's Dual Degrees initiative would address this obstacle by providing scholarships to participating students.
- Over 95 percent of the students who enroll in the engineering institution graduate.
- The average grade-point-average of Georgia Tech students in the Atlanta program is 2.8, two-tenths of a point higher than their peers.

College Completion Challenge Grants
Addressing the High Drop Out Rate Among Low Income Students

January __, 2000

Low Income Students are More Likely to Drop Out of College Of all students enrolled at four-year institutions, those from low-income families are more likely to drop out and less likely to earn a degree than are students from high-income families.

- Of students whose family incomes were in the bottom quartile, 42% had earned a BA within five years, while 35% had dropped out. In contrast, of those with family incomes in the highest quartile, 62% had earned a BA within five years, while only 21% had dropped out. ***Beginning Postsecondary Students Longitudinal Study*, Department of Education (1994)**
- A slightly different analysis showed that of students seeking bachelor's degrees, 22% of those in the bottom quartile of socioeconomic status had earned a BA within six years, while 52% had left without any degree. For those in the top socioeconomic group, the figures were reversed: 53% had earned a BA, while only 22% had left without a degree. ***Beginning Postsecondary Students Longitudinal Study*, Department of Education (1994)**
- According to one study, of college enrollees from families with incomes below $20,000, 37% received bachelor's degrees and 43% received any degree within five years, while of students from families earning $60,000 or more, 61% had earned bachelor's degrees and 68% had earned any degrees. ***The Impact of Pell Grants on Student Persistence*," John B. Lee, (1997)**

What You Earn = What You Learn

- In 1998, median weekly earnings of full-time workers with a high school diploma were $479, compared with $753 for those with a bachelor's degree, and $956 for those with an advanced degree. Thus, a bachelor's degree provided an earnings premium of 57 percent and an advanced degree increased earnings 100 percent over a high school diploma. ***Current Population Survey*, Bureau of Labor Statistics, (February 3, 1999)**

College Competion Challenge Grants: A Significant New Program With Proven Components of Successful Retention Efforts Research shows that three policies instituted by schools have a positive effect on the persistence of disadvantaged students:

1. An intensive summer program for incoming first-year students;
2. Larger grants for students in their first two years; and
3. A strong student support services program.

College Completion Challenge Grants, a new competitive grant awarded through the TRIO Student Support Services program, will challenge schools to offer effective programs in all three components to provide maximum support for low-income students. This $35 million initiative will increase the chances of success for nearly 18,000 students.

***Restructuring Student Aid Could Reduce Low-Income Student Dropout Rate*, General Accounting Office (HEHS 95-48), (1995)**

Office of Postsecondary Education

U.S. Department of Education
The HOPE Scholarship and Lifetime Learning Credits

- Letter from Secretary Riley to College Presidents
- Families' Guide to the 1997 Tax Cuts for Education
- IRS Notice 97-60: Questions and Answers
- IRS Notice 97-73: Returns Relating to Higher Education and Related Expenses
- IRS Notice 98-7: Returns Relating to Interest on Education Loans
- Applicability of the Family Educational Rights and Privacy Act (FERPA)
- IRS Publication 970: Tax Benefits for Higher Education (in portable document format (147K) - requires Adobe Acrobat Reader)
- Balanced Budget Act of 1997
- Taxpayer Relief Act of 1997

"A balanced budget that honors our values, invests in our people, and cuts taxes for middle class families."
--Bill Clinton

Background:

On August 5, 1997 the President signed both the Balanced Budget Act of 1997 and the Taxpayer Relief Act of 1997. The Taxpayer Relief Act of 1997 provides for the HOPE Scholarship and Lifetime Learning Credits and opens the doors of college to a new generation, with the largest investment in higher education since the G.I. Bill 50 years ago. The IRS has published Notice 97-60: Questions and Answers to provide guidance on the higher education tax incentives enacted by the Taxpayer Relief Act of 1997 (Pub. L. No. 105-34, 111 Stat. 788) (TRA '97). The Families' Guide to the 1997 Tax Cuts for Education provides additional information to students and parents on these new tax cuts as well.

The centerpiece of President Clinton's budget and middle class tax cut proposal has been promoting expanded educational opportunity. The President has long understood that our changing economy demands that people have opportunities to enhance their skills throughout their working lives. This is why the President insisted that, in addition to the HOPE Scholarship for the first two years of college, the tax bill must include a tax benefit for lifetime learning. The Taxpayer Relief Act of 1997 enacts the President's proposals. When fully phased in, 13.1 million students--5.9 million claiming the HOPE Scholarship, and 7.2 million claiming the Lifetime Learning Credit--are expected to benefit each year.

how many this year?

Overview:

$1,500 HOPE Scholarship to make the first two years of college universally available. For students in the first two years of college (or other eligible post-secondary training), taxpayers will be eligible for a tax credit equal to 100% of the first $1,000 of tuition and fees and 50% of the second $1,000 (the amounts are indexed for inflation after 2001). The credit will be available on a per-student basis for net tuition and fees (less grant aid) paid for college enrollment after December 31, 1997. The credit is phased out for joint filers between $80,000 and $100,000 of income, and for single filers between $40,000 and $50,000 (indexed after 2001). The credit can be claimed in two taxable years (but not beyond the year when the student completes the first two years of college) with respect to any individual enrolled on at least a half-time basis for any portion of the year.

Lifetime Learning Credit for College Juniors, Seniors, Graduate Students and working Americans pursuing lifelong learning to upgrade their skills. For those beyond the first two years of college, or taking classes part-time to improve or upgrade their job skills, the family will receive a 20% tax credit for first $5,000 of tuition and fees through 2002, and for the first 10,000 thereafter. The credit is available for net tuition and fees (less grant aid) paid for post-secondary enrollment after June 30, 1998. The credit is available on a per-taxpayer (family) basis, and is phased out at the same income levels as the HOPE Scholarship.

Education Savings Accounts. For each child under age 18, families may deposit $500 per year into an Education IRA. Earnings would accumulate tax-free and no taxes will be due upon withdrawal for net post-secondary expenses for tuition, fees, books, equipment, and room and board. The Education IRA is phased out for families with incomes between $150,000 and $160,000, and for single filers between $95,000 and $110,000. A taxpayer who uses tax-free distributions from an Education IRA may not, in the same year, benefit from the HOPE Scholarship or Lifetime Learning Credit.

Student Loan Interest Deduction. Allows an above-the-line deduction (the taxpayer does not need to itemize in order to benefit) for interest paid in the first 60 months of repayment on private or government-backed loans, post-secondary education and training expenses. The maximum deduction is $1,000 in 1998, $1,500 in 1999, $2,000 in 2000, and $2,500 in 2001 and beyond. It is phased out for joint filers with incomes between $60,000 and $75,000, and to single filers with incomes between $40,000 and $55,000 (indexed after 2002). The deduction is available for loans made before or after enactment of this provision, but only to the extent that the loan is within the first 60 months of repayment. The loan amount eligible for the deduction is limited to post-secondary expenses for tuition, fees, books, equipment, room, and board.

IRA Withdrawals. Taxpayers may withdraw funds from an IRA, without penalty, for the higher education expenses of the taxpayer, spouse, child, or grandchild. The amount that can be withdrawn without penalty is limited to net post-secondary expenses for tuition, fees, books, equipment, and room and board.

Employer-Provided Education Benefits. Extends Section 127 of the tax code for undergraduates for three years (for courses beginning prior to June 1, 2000). This provision allows workers to exclude up to $5,250 of employer-provided education benefits from their taxable income.

Community Service Loan Forgiveness. Excludes from taxable income loan amounts forgiven by non-profit, tax-exempt charitable or educational institutions for borrowers who take community-service jobs addressing unmet needs.

Expand benefits for pre-paid tuition plans. Allows State-sponsored pre-paid tuition plans -- the earnings from which not taxed until the time of withdrawal as a result of last year's tax bill -- to include room and board expenses for students who attend on at least a half-time basis. Withdrawals are eligible for the HOPE Scholarship and Lifetime Learning tax credits.

Repeal Cap on Tax Exempt Bond Issuance by Colleges and Universities. Repeals the $150 million bond cap that affects private higher education institutions and certain other charitable institutions. The repeal applies to tax-exempt bonds issued by these institutions to finance new capital expenditures.

To learn more about other Federal financial aid programs, check out the Student Guide on the Office of Postsecondary Education web site.

Department of Education
Office of Postsecondary Education
Regional Office Building 3 (ROB-3)
7th and D Streets, SW
Washington, DC 20202
Comments

OFFICE OF POSTSECONDARY EDUCATION

This page last updated April 12, 1999 [saw]

Return to OPE News page

S 473 IS

106th CONGRESS

1st Session

S. 473

To amend the Internal Revenue Code of 1986 to make higher education more affordable by providing a full tax deduction for higher education expenses and interest on student loans.

IN THE SENATE OF THE UNITED STATES

February 25, 1999

Mr. SCHUMER (for himself and Mr. MOYNIHAN) introduced the following bill; which was read twice and referred to the Committee on Finance

---

A BILL

To amend the Internal Revenue Code of 1986 to make higher education more affordable by providing a full tax deduction for higher education expenses and interest on student loans.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the 'Make College Affordable Act of 1999'.

SEC. 2. DEDUCTION FOR HIGHER EDUCATION EXPENSES.

(a) DEDUCTION ALLOWED- Section 221 of the Internal Revenue Code of 1986 is amended to read as follows:

'SEC. 221. HIGHER EDUCATION EXPENSES.

'(a) ALLOWANCE OF DEDUCTION- In the case of an individual, there shall be allowed as a deduction an amount equal to--

'(1) the qualified higher education expenses, and

'(2) interest on qualified higher education loans,

paid by the taxpayer during the taxable year.

'(b) LIMITATION BASED ON MODIFIED ADJUSTED GROSS INCOME-

'(1) IN GENERAL- The amount which would (but for this subsection) be taken into account under subsection (a) shall be reduced (but not below zero) by the amount determined under paragraph (2).

'(2) AMOUNT OF REDUCTION- The amount determined under this paragraph equals the amount which bears the same ratio to the amount which would be so taken into account as--

'(A) the excess of--

'(i) the taxpayer's modified adjusted gross income for such taxable year, over

'(ii) $100,000 ($140,000 in the case of a joint return), bears to

'(B) $20,000.

'(3) MODIFIED ADJUSTED GROSS INCOME- For purposes of this subsection, the term 'modified adjusted gross income' means the adjusted gross income of the taxpayer for the taxable year determined--

'(A) without regard to this section and sections 911, 931, and 933, and

'(B) after the application of sections 86, 135, 219, 220, and 469.

For purposes of the sections referred to in subparagraph (B), adjusted gross income shall be determined without regard to the deduction allowed under this section.

'(4) INFLATION ADJUSTMENTS-

'(A) IN GENERAL- In the case of a taxable year beginning after 2000, the $100,000 and $140,000 amounts described in paragraph (2) shall each be increased by an amount equal to--

'(i) such dollar amount, multiplied by

'(ii) the cost-of-living adjustment determined under section 1(f)(3) for the calendar year in which the taxable year begins, determined by substituting 'calendar year 1999' for 'calendar year 1992' in subparagraph (B) thereof.

'(B) ROUNDING- If any amount as adjusted under subparagraph (A) is not a multiple of $5,000, such amount shall be rounded to the next lowest multiple of $5,000.

'(c) QUALIFIED HIGHER EDUCATION EXPENSES- For purposes of this section--

'(1) QUALIFIED HIGHER EDUCATION EXPENSES-

'(A) IN GENERAL- The term 'qualified higher education expenses' means--

'(i) tuition and fees charged by an educational institution and required for the enrollment or attendance of--

'(I) the taxpayer,

'(II) the taxpayer's spouse,

'(III) any dependent of the taxpayer with respect to whom the taxpayer is allowed a deduction under section 151, or

'(IV) any grandchild of the taxpayer,

as an eligible student at an institution of higher education, and

'(ii) reasonable living expenses for such an individual while away from home and attending such institution.

'(B) ELIGIBLE COURSES- Amounts paid for qualified higher education expenses of any individual shall be taken into account under subsection (a) only to the extent such expenses--

'(i) are attributable to courses of instruction for which credit is allowed toward a baccalaureate degree by an institution of higher education or toward a certificate of required course work at a vocational school, and

'(ii) are not attributable to any graduate program of such individual.

'(C) EXCEPTION FOR NONACADEMIC FEES- Such term does not include any student activity fees, athletic fees, insurance expenses, or other expenses unrelated to a student's academic course of instruction.

'(D) ELIGIBLE STUDENT- For purposes of subparagraph (A), the term 'eligible student' means a student who--

'(i) meets the requirements of section 484(a)(1) of the Higher Education Act of 1965 (20 U.S.C. 1091(a)(1)), as in effect on the date of the enactment of this section, and

'(ii) is carrying at least one-half the normal full-time work load for the course of study the student is pursuing, as determined by the institution of higher education.

'(E) IDENTIFICATION REQUIREMENT- No deduction shall be allowed under subsection (a) to a taxpayer with respect to an eligible student unless the taxpayer includes the name, age, and taxpayer identification number of such eligible student on the return of tax for the taxable year.

'(2) INSTITUTION OF HIGHER EDUCATION- The term 'institution of higher education' means an institution which--

'(A) is described in section 481 of the Higher Education Act of 1965 (20 U.S.C. 1088), as in effect on the date of the enactment of this section, and

'(B) is eligible to participate in programs under title IV of such Act.

'(d) QUALIFIED HIGHER EDUCATION LOAN- For purposes of this section--

'(1) IN GENERAL- The term 'qualified higher education loan' means a loan which is--

'(A) made, insured, or guaranteed by the Federal Government,

'(B) made by a State or a political subdivision of a State,

'(C) made from the proceeds of a qualified student loan bond under section 144(b), or

'(D) made by an institution of higher education (as defined in section 1201(a) of the Higher Education Act of 1965 (20 U.S.C. 1141(a))).

'(2) LIMITATION- The amount of interest on a qualified higher education loan which is taken into account under subsection (a)(2) shall not exceed the amount which bears the same ratio to such amount of interest as--

'(A) the proceeds from such loan used for qualified higher education expenses, bears to

'(B) the total proceeds from such loan.

For purposes of the preceding sentence, the term 'qualified higher education expenses' shall be determined without regard to subsection (c)(1)(A)(i)(IV).

'(e) SPECIAL RULES-

'(1) NO DOUBLE BENEFIT-

'(A) IN GENERAL- No deduction shall be allowed under subsection (a) for any expense for which a deduction is allowable to the taxpayer under any other provision of this chapter unless the taxpayer irrevocably waives his right to the deduction of such expense under such other provision.

'(B) DENIAL OF DEDUCTION IF CREDIT ELECTED- No deduction shall be allowed under subsection (a) for a taxable year with respect to the qualified higher education expenses of an individual if the taxpayer elects to have section 25A apply with respect to such individual for such year.

'(C) DEPENDENTS- No deduction shall be allowed under subsection (a) to any individual with respect to whom a deduction under section 151 is allowable to another taxpayer for a taxable year beginning in the calendar year in which such individual's taxable year begins.

'(D) COORDINATION WITH EXCLUSIONS- A deduction shall be allowed under subsection (a) for qualified higher education expenses only to the extent the amount of such expenses exceeds the amount excludable under section 135 or 530(d)(2) for the taxable year.

'(2) LIMITATION ON TAXABLE YEAR OF DEDUCTION-

'(A) IN GENERAL- A deduction shall be allowed under subsection (a) for qualified higher education expenses for any taxable year only to the extent such expenses are in connection with enrollment at an institution of higher education during the taxable year.

'(B) CERTAIN PREPAYMENTS ALLOWED- Subparagraph (A) shall not apply to qualified higher education expenses paid during a taxable year if such expenses are in connection with an academic term beginning during such taxable year or during the first 3 months of the next taxable year.

'(3) ADJUSTMENT FOR CERTAIN SCHOLARSHIPS AND VETERANS BENEFITS- The amount of qualified higher education expenses otherwise taken into account under subsection (a) or (d)(2) with respect to the education of an individual shall be reduced (before the application of subsection (b)) by the sum of the amounts received with respect to such individual for the taxable year as--

'(A) a qualified scholarship which under section 117 is not includable in gross income,

'(B) an educational assistance allowance under chapter 30, 31, 32, 34, or 35 of title 38, United States Code, or

'(C) a payment (other than a gift, bequest, devise, or inheritance within the meaning of section 102(a)) for educational expenses, or attributable to enrollment at an eligible educational institution, which is exempt from income taxation by any law of the United States.

'(4) NO DEDUCTION FOR MARRIED INDIVIDUALS FILING SEPARATE RETURNS- If the taxpayer is a married individual (within the meaning of section 7703), this section shall apply only if the taxpayer and the taxpayer's spouse file a joint return for the taxable year.

'(5) NONRESIDENT ALIENS- If the taxpayer is a nonresident alien individual for any portion of the taxable year, this section shall apply only if such individual is treated as a resident alien of the United States for purposes of this chapter by reason of an election under subsection (g) or (h) of section 6013.

'(6) REGULATIONS- The Secretary may prescribe such regulations as may be necessary or appropriate to carry out this section, including regulations requiring recordkeeping and information reporting.'

(b) DEDUCTION ALLOWED IN COMPUTING ADJUSTED GROSS INCOME- Paragraph (17) of section 62(a) of such Code is amended to read as follows:

'(17) HIGHER EDUCATION EXPENSES- The deduction allowed by section 221.'

(c) CONFORMING AMENDMENTS-

(1) The table of sections for part VII of subchapter B of chapter 1 of such Code is amended by striking the item relating to section 221 and inserting the following new item:

'Sec. 221. Higher education expenses.'

(2) Section 6050S(e) of such Code is amended by striking 'section 221(e)(1)' and inserting 'section 221(d)(1)'.

(d) EFFECTIVE DATE- The amendments made by this section shall apply to payments made after December 31, 1998.

END

January 19, 2000

COLLEGE AFFORDABILITY EVENT

Date:	**Thursday, January 20, 2000**
Time:	**12:00 – 1:00 p.m.**
Location:	**OEOB, Room 450**
From:	**Ann O'Leary**

I. PURPOSE

To join the President in announcing the College Affordability Tax Credit, a $30 billion new tax initiative that will help over 5 million families a year be better able to afford college and lifelong learning opportunities.

II. BACKGROUND

Background: Under current law, individuals may claim a Lifetime Learning credit equal to 20 percent of qualified tuition and related expenses up to $5,000 incurred during the year for post-secondary education for the taxpayer, the taxpayer's spouse, or one or more dependents. Beginning in 2003, up to $10,000 of qualified tuition and related expenses will be eligible for the 20-percent credit. The credit phases out for taxpayers filing joint returns with modified adjusted gross income between $80,000 to $100,000, and 40,000 to $50,000 for single taxpayers. The phase-out ranges will be adjusted for inflation occurring after 2000.

College Affordability Tax Credit: To further assist taxpayers in obtaining post-secondary education throughout their lifetimes, the Administration proposes a new College Affordability Tax Credit which would increase the Lifetime Learning credit rate to 28 percent. In addition, the phase-out range for the credit would be increased to $100,000 to $120,000 for joint returns and $50,000 to $60,000 for single taxpayers. To guarantee that all eligible taxpayers receive the full value of this education assistance, taxpayers may elect to deduct qualified tuition and related expenses instead of claiming the credit. This new tax credit is a $30 billion investment over 10 years that will benefit approximately 5 million families each year. When fully phased in, it will offer an average tax relief of $500 per family and a maximum tax relief of $2800 per family.

Hill Action: On July 30, 1999, 53 Senators voted to support an amendment sponsored by Senator Schumer (co-sponsored by Senator Snowe) to make higher education more affordable by providing a full tax deduction for higher education expenses and a tax credit for student education loans. This amendment would have allowed a deduction of up to $4000 in year 2003, $8000 in '04, and $12000 in '05 and would have phased out for joint filers at $105,000. Schumer needed 60 votes under the Byrd rule so this amendment did not pass the Senate.

III. PARTICIPANTS

Speaking Program
First Lady
Secretary Riley
Senator Schumer
Nina McLaughlin
President

Bio of Nina McLaughlin

(RUBY)

Families on Stage

(RUBY)

Audience
The audience will include representatives of higher education associations, families who will benefit from this proposal, and Members of Congress.

IV. SEQUENCE OF EVENTS

Briefing:
12:35-12:55 in Oval Office

Event:
1:00 – 2:00 p.m.

- YOU will open by outlining the need for this proposal and introducing Secretary Riley
- Secretary Riley will highlight success of HOPE scholarships and the lifelong learning tax credit and will introduce Senator Schumer
- Senator Schumer will thank the President for his leadership and will focus on the need for a college education in the information economy and the rising costs of college, burden of cost on middle class families
- Nina McLaughlin, student, will talk about financial strain on her family and her desire to continue to attend college and make sure her brother has the opportunity to attend college as well
- The President will announce the College Affordability Tax Credit, will highlight his legacy of improving college access and affordability, and will briefly touch on the overall higher education budget with a focus on increases in budget to help close the opportunity gap (i.e. Pell grant increase, GEAR-UP, etc.)

V. PRESS PLAN

- Open press

VI. REMARKS

- Talking Points Attached

A New Opportunity Agenda for Higher Education: Making Critical Investments to Make College More Affordable

January 20, 2000

Critical Investments to Make College More Affordable. Today the President will announce that his FY2001 budget will include a New Opportunity Agenda for Higher Education. This will include a major new initiative to provide enhanced tax deductibility for tuition to make college and other higher education programs more affordable for American families. The budget will also include new initiatives and spending increases for programs designed to close the opportunity gap for college by motivating high school students to stay on track for college, making college more affordable, and encouraging students to complete college.

New Initiatives in the President's FY2001 Budget

expand to

- **[Enhanced Lifetime Learning Opportunities].** The President will propose a tax package to invest ~~costing~~ ~~$29.8~~ billion over 10 years to provide tax relief for up to [[5]] million families struggling to make college more affordable. When fully phased in, the President's proposal would give families the option to deduct up to $10,000 of tuition and related ~~expenses from~~ amount of their taxes or take a 28 percent tax credit. This would provide up to $2,800 ~~in~~ tax relief to help a family trying to pay for college or other higher education. On average, this would provide an additional [[$500]] in support for families relative to the existing tax credits. The [Enhanced Lifetime Learning Opportunities] proposal builds on the Lifetime Learning tax credit that the President signed into law in 1997 which provides a 20 percent tax cut for educational expenses.

- **College Completion Challenge Grants.** The FY2001 budget creates a new initiative within the TRIO program called College Completion Challenge Grants (CCCG). The CCCG program is designed to address the college drop out problem with a comprehensive approach including, pre-freshman summer programs, support services and increased grant aid to students. This $35 million initiative will improve the chances of success for nearly 18,000 students.

- **Dual Degree Programs for Minority-Serving Institutions.** The FY 2001 budget proposes a new program to increase opportunities for students at minority-serving institutions. Students would receive two degrees: one from a minority-serving institution, and one from a partner institution in a field in which minorities are underrepresented. This new $40 million program will serve an estimated 2,500 students.

Expanded Investments in the President's FY2001 Budget. The FY2001 budget includes significant increases in programs that prepare disadvantaged young people for college, provide valuable support services to promote college access and retention, and provide much needed financial assistance.

- **Pell Grants.** The Pell Grant program provides grants to economically disadvantaged young people to help pay the cost of a postsecondary education. The maximum Pell Grant in

FY2000 is $3,300. The President's FY2001 budget increases the maximum to $3,500, making a college education more affordable for the nearly 4 million Pell Grant recipients.

- **SEOG.** SEOG, the Federal Supplemental Educational Opportunity Grant program, provides campus-based grant assistance to needy undergraduate students. Generally, this program supplements the aid students receive from other sources, and leverages institutional aid by at least one dollar for every three federal dollars. The FY2001 budget provides a $60 million increase for SEOG. An estimated 1.203 million students (over 60,000 more than in 2000) will receive awards in 2001.

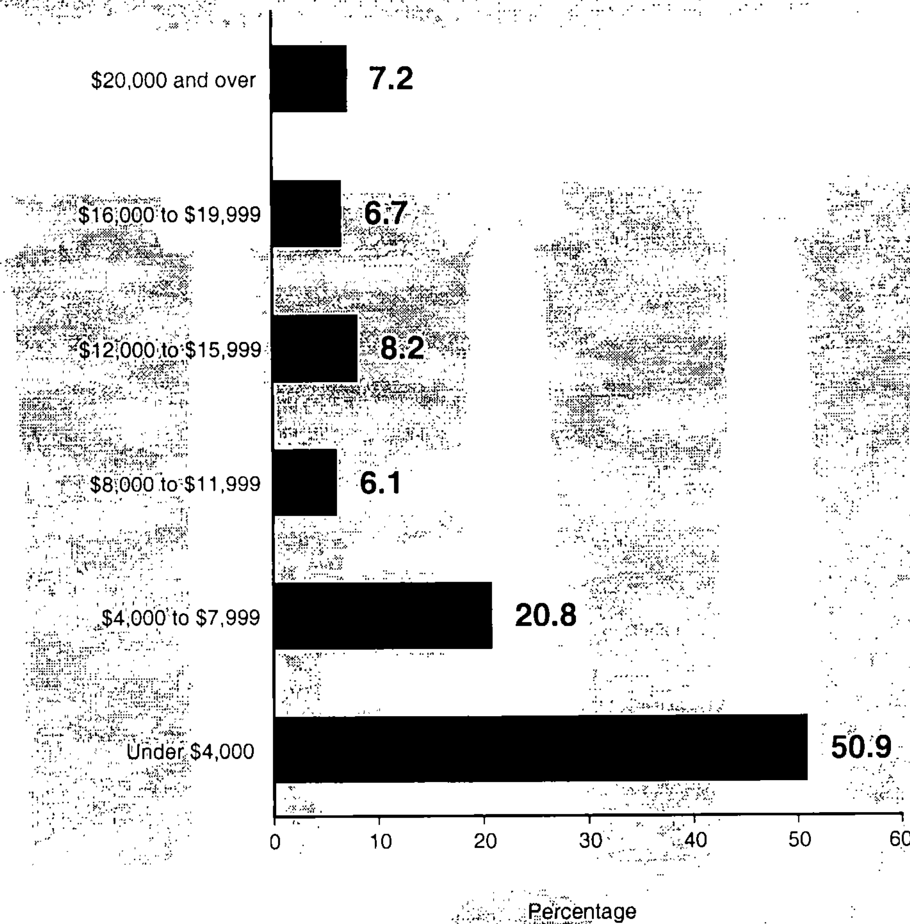
- **GEAR UP.** GEAR UP is a nation-wide initiative to encourage more young people to have high expectations, stay in school, study hard, and take the right courses to go to college. GEAR UP is funded at $200 million in FY 2000, enough to provide services to over 750,000 students. The FY 2001 budget provides an increase to $325 million, enough to provide services to 1.4 million students.

- **TRIO.** The TRIO programs provide funding to higher education institutions and community service agencies for projects that seek to motivate and prepare students for college. The FY 2001 budget, increases TRIO funding by $80 million. This increase will help provide assistance to 750,000 students, 20,000 more than in 2000.

- **Work Study.** Work Study provides students the opportunity to work their way through college. The FY 2000 budget achieved the goal of giving one million students the opportunity to participate in Work Study. The FY2001 budget includes an increase of $77 million to continue this commitment to serve a million students.

TRENDS in College Pricing

FIGURE 1. *Distribution of Full-Time Undergraduates at Four-Year Institutions by Tuition and Fees Charged, 1999-00*



of students
appr 72% attend 4yr colleg
where annual tuition
8000 or below
[illegible]

1999

The College Board

INTRODUCTION

This report provides the latest information on tuition and other expenses associated with attending institutions of postsecondary education in the United States.

The data presented in this publication come from the College Board's *Annual Survey of Colleges (ASC)*. The survey, administered each spring to over 3,200 postsecondary institutions across the country, collects a wealth of data on enrollment, admissions, degrees and majors, tuition, financial aid, and other aspects of undergraduate education. The College Board has conducted the Annual Survey for more than two decades, resulting in an extensive longitudinal data file about two-year, four-year, public and private colleges and universities.

Each fall, the College Board releases information from the Annual Survey on how much colleges and universities plan to charge undergraduate students in the upcoming academic year. Simultaneously we release information from a counterpart survey conducted by the College Board, *Trends in Student Aid*.

Taken together, the companion reports, *Trends in College Pricing* and *Trends in Student Aid*, tell much about the financing of postsecondary educational opportunity in America. One provides the latest information on how much college "costs." The other tracks the amount of financial assistance available to help pay these expenses. In both publications we report trend data in both current and constant (inflation-adjusted) dollars.

This report presents pricing data from the *Annual Survey of Colleges* for the 1999-2000 academic year, including:

- average fixed charges for undergraduates - tuition and fees and room and board;
- average non-fixed budget components - books and supplies, transportation, and other expenses; and
- sample student budgets for each type of institution.

The report also provides trend data over the past 25 years and analysis of college prices in relation to family income as well as available financial aid. In all cases, we have tried to present the data in ways that may be useful to different audiences, while ensuring the integrity of the data.

Page 18 of the report presents a new feature that may be of interest to readers—data courtesy of Statistics Canada on average tuition and fees charged by Canadian colleges and universities, from 1972-73 to 1999-00.

This report would not have been possible without the cooperation and work of the following individuals at the College Board: Renee Gernand and the *Annual Survey of Colleges* staff in Guidance Publishing; Hal Higginbotham, Jack Joyce, and Kathy Payea (consultant) of the College Scholarship Service; and the staff of the Communications and Government Relations Division.

We welcome reader comments and suggestions on these *Trends* reports. Visit College Board Online at *www.collegeboard.org* for an electronic version of this document and its counterpart, *Trends in Student Aid 1999*.

Defining Terms

According to the National Commission on the Cost of Higher Education, defining "cost," "price," and "subsidy" is not just a technical sidenote: it is critical to clarifying the issues in financing postsecondary education.

- **Costs** refer to the expenditures associated with delivering instruction, including physical plant and salaries.
- **Prices** are the expenses that students and parents face. **Sticker price** is the posted price institutions charge for tuition as well as room and board in the case of students residing on campus. A full student budget also includes books, supplies, and transportation. **Net price** is what the student and/or family must cover after financial aid awards are subtracted.
- **General subsidies** make it possible for institutions to charge less than the actual costs of instruction. State, federal, and local appropriations, as well as private philanthropy, reduce the prices faced by all students — whether or not they receive financial aid.

This report focuses on the sticker prices facing students and parents. It does not include estimates of average net price. However, we refer readers to the companion publication, *Trends in Student Aid 1999*, for data on the grant, loan, and work-study funds available to help families cover the expenses of college attendance.

This report also does not focus on the underlying costs of instruction or subsidies to institutions, although we do include an overview of sources of institutional revenue and how they have shifted over time.

TABLE 1. Average Fixed Charges for Undergraduates, 1999-00

	Tuition and Fees			Room and Board		
Sector	1999-00	1998-99	% Change	1999-00	1998-99	% Change
Two-Year Public	1,627	1,554	4.7%	*	*	*
Two-Year Private	7,182	6,940	3.5%	4,583	4,373	4.8%
Four-Year Public	3,356	3,247	3.4%	4,730	4,522	4.6%
Four-Year Private	15,380	14,709	4.6%	5,959	5,754	3.6%

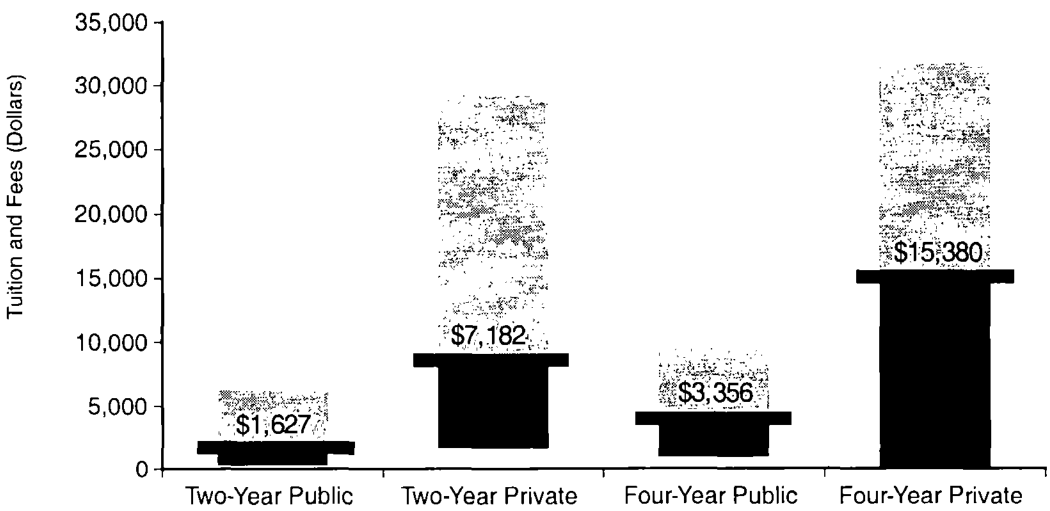
TABLE 2. Average Expenses in Nonfixed Budget Components, 1999-00

	All Students	Resident Students		Commuter Students		
Sector	Books/Supplies	Trans.	Other	Board Only	Trans.	Other
Two-Year Public	645	*	*	2,128	997	1,202
Two-Year Private	681	686	1,132	2,029	932	1,132
Four-Year Public	681	658	1,484	2,213	1,005	1,519
Four-Year Private	700	558	1,054	2,324	907	1,189

* The sample was too small to provide meaningful information.
*These are **enrollment-weighted averages**, intended to reflect the average costs that students face in various types of institutions. See technical notes on page 18 for a description of enrollment weighting.*

SOURCE: *Annual Survey of Colleges*, The College Board, New York, NY.

FIGURE 2. *Average and Range of Tuition and Fee Charges at Postsecondary Institutions, 1999-00*



SOURCE: *Annual Survey of Colleges*, The College Board, New York, NY.

TABLE 3. Sample Undergraduate Budgets (average), 1999-00

Sector	Tuition & Fees	Books & Supplies	Room & Board	Trans-portation	Other Expenses	Total** Expenses
Two-Year Public						
Resident	1,627	625	*	*	*	*
Commuter	1,627	625	2,128	997	1,202	6,599
Two-Year Private						
Resident	7,182	681	4,583	686	1,132	14,264
Commuter	7,182	681	2,029	932	1,132	11,956
Four-Year Public						
Resident	3,356	681	4,730	658	1,484	10,909
Commuter	3,356	681	2,213	1,005	1,519	8,774
Out-of-State	8,706	681	4,730	658	1,484	16,259
Four-Year Private						
Resident	15,380	700	5,959	558	1,054	23,651
Commuter	15,380	700	2,324	907	1,189	10,500

* The sample was too small to provide meaningful information.
**Based on estimated average student expenses.
*These are **enrollment-weighted averages**, intended to reflect the average costs that students face in various types of institutions.*

SOURCE: *Annual Survey of Colleges*, The College Board, New York, NY.

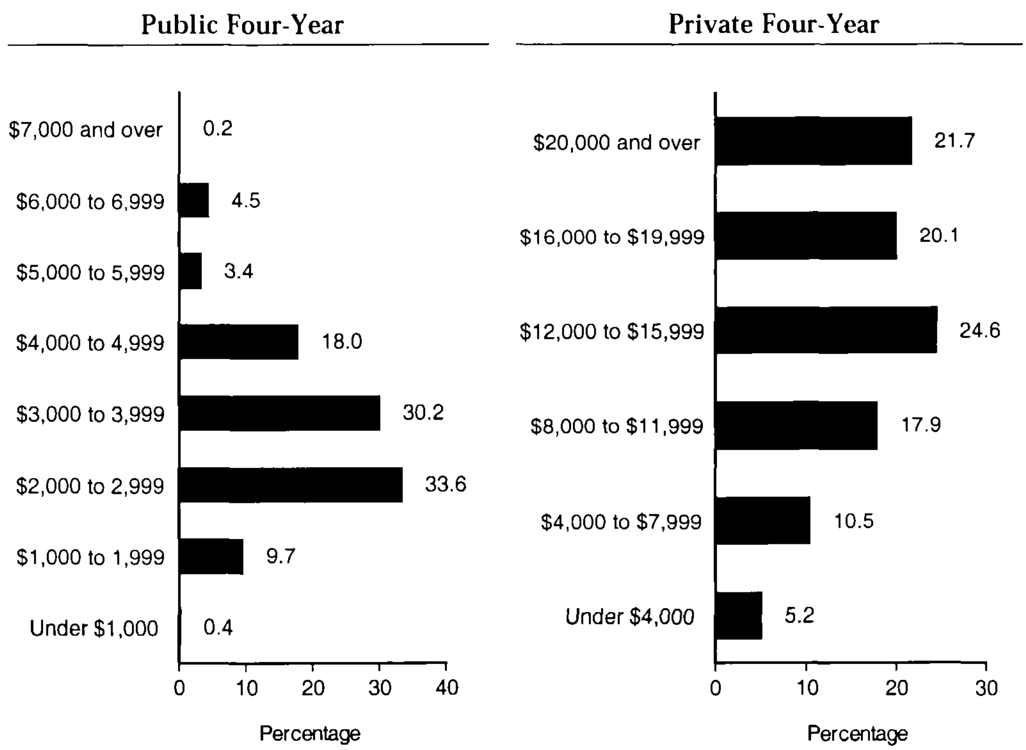


FIGURE 3. ***Distribution of Full-Time Undergraduates at Public and Private Four-Year Institutions by Tuition and Fees Charged, 1999-00***

The cover graphic on this report shows the distribution of full-time undergraduates at all four-year colleges and universities, by tuition and fees charged. The two graphics to the right divide this overall picture into separate distributions for public and private institutions.

SOURCE: *Annual Survey of Colleges*, The College Board, New York, NY.

TABLE 4. Average Student Expenses, by College Board Region, 1999-00

	Tuition & Fees	Out-of-state tuition	Books & supplies	Residential: Room and board	Residential: Trans.	Residential: Other costs	Commuter: Board only	Commuter: Trans.	Commuter: Other costs
NATIONAL									
2-yr public	1,627	3,191	645	—	—	—	2,128	997	1,202
2-yr private	7,182		681	4,583	686	1,132	2,029	932	1,132
4-yr public	3,356	5,350	681	4,730	658	1,484	2,213	1,005	1,519
4-yr private	15,380		700	5,959	558	1,054	2,324	907	1,189
New England									
2-yr public	2,243	4,224	610	—	—	—	2,349	1,034	1,331
2-yr private	*14,332*		*719*	*6,676*	—	*1,110*	*1,953*	*815*	*873*
4-yr public	4,727	5,998	652	5,205	507	1,250	2,047	945	1,206
4-yr private	20,171		708	7,205	489	1,004	2,274	1,048	1,034
Middle States									
2-yr public	2,567	2,951	625	—	—	—	1,782	937	1,163
2-yr private	9,139		685	—	—	—	1,898	876	1,299
4-yr public	4,427	4,447	705	5,409	532	1,275	2,263	926	1,421
4-yr private	16,046		672	6,825	413	984	2,103	843	1,118
South									
2-yr public	1,290	3,067	626	—	—	—	2,105	1,142	1,060
2-yr private	8,383		628	4,143	556	1,206	1,507	976	790
4-yr public	2,748	5,676	690	4,232	789	1,479	2,145	1,189	1,532
4-yr private	13,186		713	5,214	713	1,116	2,384	939	1,167
Midwest									
2-yr public	1,850	3,400	675	—	—	—	2,464	1,024	1,213
2-yr private	7,583		690	3,964	575	1,161	1,649	1,002	1,501
4-yr public	3,813	5,057	635	4,512	533	1,543	2,270	954	1,545
4-yr private	14,558		693	5,009	532	981	2,716	807	1,196
Southwest									
2-yr public	1,106	1,678	658	2,642	830	1,078	1,946	1,128	1,184
2-yr private	5,448		655	3,759	819	1,180	2,108	1,147	1,362
4-yr public	2,536	4,880	663	4,125	939	1,432	2,180	1,333	1,464
4-yr private	11,275		667	4,634	718	1,294	2,204	1,092	1,342
West									
2-yr public	*1,076*	3,779	*651*	—	—	—	*2,137*	*761*	*1,386*
2-yr private	—		—	—	—	—	—	—	—
4-yr public	2,708	6,819	734	5,534	789	1,721	2,224	812	1,618
4-yr private	15,078		780	6,155	654	1,282	2,207	1,002	1,388

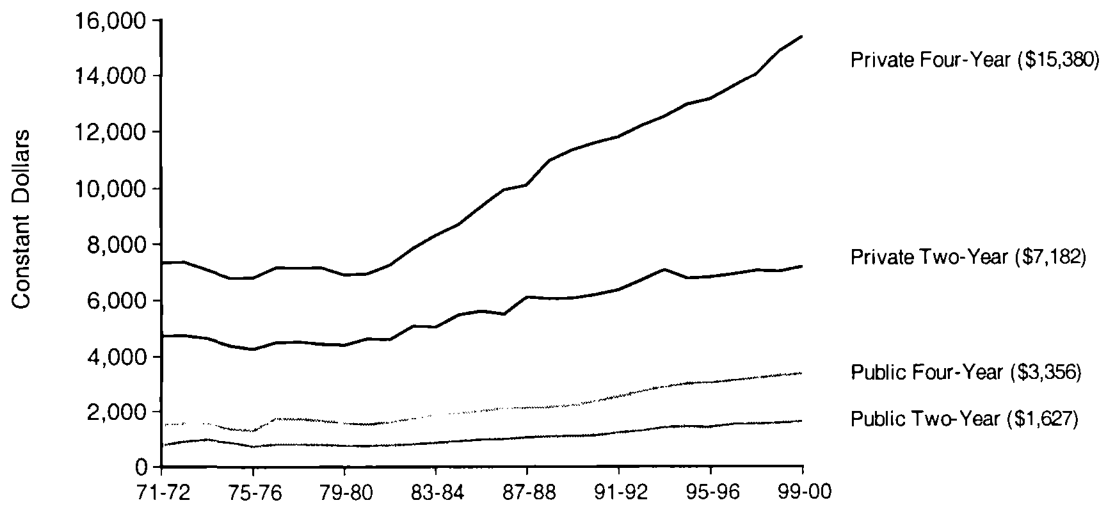
SOURCE: *Annual Survey of Colleges*, The College Board, New York, NY.
Note: Averages in *italicized type* indicate that while the number of institutions reporting data on this item was large enough to support an analysis, the sample size was marginal. Data are enrollment weighted.

TABLE 5. Average Tuition & Fees in Current and Constant Dollars, 1971-72 to 1999-00

Academic Year	Tuition and Fees - Current Dollars				Tuition and Fees - Constant Dollars			
	Private Four Year	Private Two Year	Public Four Year	Public Two Year	Private Four Year	Private Two Year	Public Four Year	Public Two Year
71-72	1,820	1,172	376	192	7,351	4,734	1,519	775
72-73	1,898	1,221	407	233	7,369	4,740	1,580	905
73-74	1,989	1,303	438	274	7,090	4,645	1,561	977
74-75	2,117	1,367	432	277	6,793	4,387	1,386	889
75-76	2,272	1,427	433	245	6,809	4,276	1,298	734
76-77	2,534	1,592	617	283	7,176	4,508	1,747	801
77-78	2,700	1,706	655	306	7,165	4,527	1,738	812
78-79	2,958	1,831	688	327	7,177	4,443	1,669	793
79-80	3,225	2,062	738	355	6,904	4,414	1,580	760
80-81	3,617	2,413	804	391	6,940	4,630	1,543	750
81-82	4,113	2,605	909	434	7,264	4,601	1,605	766
82-83	4,639	3,008	1,031	473	7,855	5,094	1,746	801
83-84	5,093	3,099	1,148	528	8,316	5,060	1,875	862
84-85	5,016	3,404	1,126	599	7,882	5,349	1,769	941
85-86	5,418	3,719	1,242	659	8,275	5,680	1,897	1,007
86-87	5,793	3,910	1,337	663	8,656	5,842	1,998	991
87-88	7,110	4,058	1,359	687	10,201	5,822	1,950	986
88-89	7,693	4,564	1,566	767	10,550	6,259	2,148	1,052
89-90	8,737	4,713	1,694	842	11,436	6,169	2,217	1,102
90-91	9,391	5,003	1,809	884	11,655	6,209	2,245	1,097
91-92	10,017	5,290	2,137	1,022	12,046	6,361	2,570	1,229
92-93	10,498	5,621	2,315	1,292	12,242	6,555	2,700	1,507
93-94	11,025	6,175	2,527	1,229	12,532	7,019	2,872	1,397
94-95	11,709	6,511	2,686	1,298	12,938	7,195	2,968	1,434
95-96	12,432	6,350	2,860	1,387	13,373	6,831	3,077	1,492
96-97	12,823	6,673	2,966	1,394	13,411	6,979	3,102	1,458
97-98	13,664	6,855	3,111	1,501	14,041	7,044	3,197	1,542
98-99	14,709	6,940	3,247	1,554	14,870	7,016	3,283	1,571
99-00	15,380	7,182	3,356	1,627	15,380	7,182	3,356	1,627

SOURCE: 1984-85 to 1999-00: enrollment-weighted data from the *Annual Survey of Colleges*, The College Board, New York, NY; 1971-72 to 1983-84: non-weighted data from Integrated Postsecondary Education Data System (IPEDS), U.S. Department of Education, National Center for Education Statistics.

FIGURE 4.
Average Tuition and Fee Charges, in Constant Dollars, 1971-72 to 1999-00



SOURCE: *See Table 5 above.*

TABLE 6. Average Annual Tuition and Fees, Room and Board, and Total Fixed-Costs for Undergraduates, by Institution Type, in Current Dollars, 1989-90 to 1999-00

	Tuition & Fees										
Sector	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00
Two-Year Public	842	884	1,022	1,292	1,229	1,298	1,387	1,394	1,501	1,554	1,627
Two-Year Private	4,713	5,003	5,290	5,621	6,175	6,511	6,350	6,673	6,855	6,940	7,182
Four-Year Public	1,694	1,809	2,137	2,315	2,527	2,686	2,860	2,966	3,111	3,247	3,356
Four-Year Private	8,737	9,391	10,017	10,498	11,025	11,709	12,432	12,823	13,664	14,709	15,380

	Room and Board										
Sector	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00
Two-Year Public	—	—	—	—	—	—	—	—	—	—	—
Two-Year Private	3,258	3,481	3,734	3,750	3,980	4,040	4,243	4,231	4,543	4,373	4,583
Four-Year Public	3,039	3,161	3,351	3,526	3,680	3,826	3,963	4,152	4,361	4,522	4,730
Four-Year Private	3,898	4,153	4,386	4,575	4,793	4,976	5,199	5,361	5,549	5,754	5,959

	Total Fixed Costs										
Sector	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00
Two-Year Public	842	884	1,022	1,292	1,229	1,298	1,387	1,394	1,501	1,554	1,627
Two-Year Private	7,971	8,484	9,024	9,371	10,155	10,551	10,593	10,904	11,398	11,313	11,765
Four-Year Public	4,733	4,970	5,488	5,841	6,207	6,512	6,823	7,118	7,472	7,769	8,086
Four-Year Private	12,635	13,544	14,403	15,073	15,818	16,685	17,631	18,184	19,213	20,463	21,339

All data are **enrollment-weighted averages**, intended to reflect the average costs that students face in various types of institutions.
SOURCE: *Annual Survey of Colleges*, The College Board. New York, NY.

TABLE 6a. Average Annual Tuition and Fees, Room and Board, and Total Fixed-Costs for Undergraduates, by Institution Type, in Constant Dollars, 1989-90 to 1999-00

	Tuition & Fees												
Sector	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	*10-yr change*	*10-yr % change*
Two-Year Public	1,102	1,097	1,229	1,507	1,397	1,434	1,492	1,458	1,542	1,571	1,627	525	48
Two-Year Private	6,169	6,209	6,361	6,555	7,019	7,195	6,831	6,979	7,044	7,016	7,182	1,013	16
Four-Year Public	2,217	2,245	2,570	2,700	2,872	2,968	3,077	3,102	3,197	3,283	3,356	1,139	51
Four-Year Private	11,436	11,655	12,046	12,242	12,532	12,938	13,373	13,411	14,041	14,870	15,380	3,944	34

	Room & Board												
Sector	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	*10-yr change*	*10-yr % change*
Two-Year Public	—	—	—	—	—	—	—	—	—	—	—	—	—
Two-Year Private	4,264	4,320	4,490	4,373	4,524	4,464	4,564	4,425	4,668	4,421	4,583	319	7
Four-Year Public	3,978	3,923	4,030	4,112	4,183	4,228	4,263	4,343	4,481	4,572	4,730	752	19
Four-Year Private	5,102	5,154	5,274	5,335	5,448	5,498	5,593	5,607	5,702	5,817	5,959	857	17

	Total Fixed Costs												
Sector	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	*10-yr change*	*10-yr % change*
Two-Year Public	1,102	1,097	1,229	1,507	1,397	1,434	1,492	1,458	1,542	1,571	1,627	525	48
Two-Year Private	10,433	10,529	10,852	10,928	11,543	11,659	11,395	11,404	11,712	11,437	11,765	1,332	13
Four-Year Public	6,195	6,168	6,599	6,811	7,055	7,196	7,340	7,445	7,678	7,854	8,086	1,891	31
Four-Year Private	16,538	16,809	17,320	17,577	17,980	18,437	18,966	19,018	19,743	20,687	21,339	4,801	29

All data are **enrollment-weighted averages**, intended to reflect the average costs that students face in various types of institutions.
SOURCE: *Annual Survey of Colleges*, The College Board, New York, NY.

TABLE 7. Tuition and Fees, by Region and Institution Type, in Current Dollars, 1989-90 to 1999-00

	Tuition & Fees										
Sector	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00
National											
2-yr public	842	884	1,022	1,292	1,229	1,298	1,387	1,394	1,567	1,554	1,627
2-yr private	4,713	5,003	5,290	5,621	6,175	6,511	6,350	6,673	7,079	6,940	7,182
4-yr public	1,694	1,809	2,137	2,315	2,527	2,686	2,860	2,966	3,111	3,247	3,356
4-yr private	8,737	9,391	10,017	10,498	11,025	11,709	12,432	12,823	13,785	14,709	15,380
New England											
2-yr public	1,172	1,356	1,749	1,891	2,134	2,236	2,230	2,285	2,343	2,302	2,243
2-yr private	6,780	7,643	7,835	8,216	8,636	9,503	10,801	10,867	12,548	12,237	14,332
4-yr public	2,067	2,550	3,439	3,650	3,921	4,168	4,272	4,313	4,487	4,635	4,727
4-yr private	11,305	12,313	13,487	14,095	14,942	15,593	16,416	17,196	18,050	19,211	20,171
Middle States											
2-yr public	1,336	1,403	1,812	1,915	1,913	1,978	2,202	2,497	2,602	2,622	2,567
2-yr private	6,060	6,440	7,098	7,684	8,330	8,827	8,001	7,987	8,728	9,276	9,139
4-yr public	1,721	2,081	2,770	3,129	3,261	3,490	3,876	3,892	4,054	4,201	4,427
4-yr private	9,471	9,967	10,469	11,079	11,669	12,396	13,201	13,603	14,603	15,381	16,046
South											
2-yr public	697	712	840	907	969	1,002	1,028	1,075	1,180	1,235	1,290
2-yr private	4,160	4,571	4,617	4,691	5,569	6,586	7,426	7,047	8,387	9,250	8,383
4-yr public	1,760	1,804	1,873	2,027	2,175	2,265	2,337	2,419	2,541	2,675	2,748
4-yr private	7,353	7,856	8,478	8,996	9,541	10,096	10,777	11,124	11,961	12,636	13,186
Midwest											
2-yr public	1,118	1,201	1,273	1,400	1,516	1,554	1,632	1,687	1,767	1,834	1,850
2-yr private	4,622	4,360	4,541	5,663	6,135	6,301	6,361	6,681	6,662	7,950	7,583
4-yr public	1,991	2,132	2,348	2,523	2,780	2,930	3,104	3,251	3,440	3,647	3,813
4-yr private	8,028	8,800	9,446	10,075	10,656	11,203	11,875	12,433	13,277	14,007	14,558
Southwest											
2-yr public	540	599	665	701	743	756	812	895	894	995	1,106
2-yr private	2,850	2,904	3,121	3,555	3,338	3,989	4,008	4,121	5,079	—	5,448
4-yr public	1,140	1,176	1,284	1,411	1,534	1,707	1,910	2,147	2,363	2,526	2,536
4-yr private	5,642	6,528	7,106	7,542	7,976	8,691	9,019	9,522	10,123	10,701	11,275
West											
2-yr public	398	405	477	636	794	812	808	834	925	1,053	1,076
2-yr private	2,592	2,662	2,714	2,781	3,251	3,407	3,404	3,337	3,558	3,779	—
4-yr public	1,325	1,398	1,673	1,973	2,267	2,467	2,561	2,588	2,680	2,660	2,708
4-yr private	8,309	9,028	9,793	10,252	10,884	11,616	12,245	12,893	13,587	14,290	15,078

All data are **enrollment-weighted averages**, intended to reflect the average costs that students face in various types of institutions.
SOURCE: *Annual Survey of Colleges*, The College Board, New York, NY.

TABLE 7a. Tuition and Fees, by Region and Institution Type, in Constant Dollars, 1989-90 to 1999-00

	Tuition & Fees												
Sector	89-90	90-91	91-92	92-93	93-94	94-95	95-96	96-97	97-98	98-99	99-00	10-yr change	10-yr % change
National													
2-yr public	1,102	1,097	1,229	1,507	1,397	1,434	1,492	1,458	1,610	1,571	1,627	525	48
2-yr private	6,169	6,209	6,361	6,555	7,019	7,195	6,831	6,979	7,274	7,016	7,182	1,013	16
4-yr public	2,217	2,245	2,570	2,700	2,872	2,968	3,077	3,102	3,197	3,283	3,356	1,139	51
4-yr private	11,436	11,655	12,046	12,242	12,532	12,938	13,373	13,411	14,165	14,870	15,380	3,944	34
New England													
2-yr public	1,534	1,683	2,103	2,205	2,426	2,471	2,399	2,390	2,408	2,327	2,243	709	46
2-yr private	8,874	9,486	9,422	9,581	9,816	10,501	11,619	11,366	12,894	12,371	14,332	5,458	61
4-yr public	2,706	3,165	4,136	4,256	4,457	4,606	4,596	4,511	4,611	4,686	4,727	2,021	75
4-yr private	14,797	15,281	16,219	16,436	16,984	17,230	17,659	17,985	18,548	19,421	20,171	5,374	36
Middle States													
2-yr public	1,749	1,741	2,179	2,233	2,174	2,186	2,369	2,612	2,674	2,651	2,567	818	47
2-yr private	7,932	7,992	8,536	8,960	9,468	9,754	8,607	8,353	8,969	9,378	9,139	1,207	15
4-yr public	2,253	2,583	3,331	3,649	3,707	3,856	4,170	4,071	4,166	4,247	4,427	2,174	97
4-yr private	12,397	12,370	12,589	12,919	13,264	13,697	14,201	14,227	15,006	15,549	16,046	3,649	29
South													
2-yr public	912	884	1,010	1,058	1,101	1,107	1,106	1,124	1,213	1,249	1,290	378	41
2-yr private	5,445	5,673	5,552	5,470	6,330	7,277	7,988	7,370	8,618	9,351	8,383	2,938	54
4-yr public	2,304	2,239	2,252	2,364	2,472	2,503	2,514	2,530	2,611	2,704	2,748	444	19
4-yr private	9,624	9,750	10,195	10,490	10,845	11,156	11,593	11,634	12,291	12,774	13,186	3,562	37
Midwest													
2-yr public	1,463	1,491	1,531	1,633	1,723	1,717	1,756	1,764	1,816	1,854	1,850	387	26
2-yr private	6,050	5,411	5,461	6,604	6,973	6,963	6,843	6,988	6,846	8,037	7,583	1,533	25
4-yr public	2,606	2,646	2,824	2,942	3,160	3,238	3,339	3,400	3,535	3,687	3,813	1,207	46
4-yr private	10,508	10,921	11,359	11,749	12,112	12,379	12,774	13,004	13,643	14,160	14,558	4,050	39
Southwest													
2-yr public	706	743	800	817	845	835	873	936	919	1,006	1,106	400	57
2-yr private	3,730	3,604	3,753	4,146	3,794	4,408	4,312	4,310	5,219	—	5,448	1,718	46
4-yr public	1,492	1,459	1,544	1,645	1,744	1,886	2,055	2,246	2,428	2,554	2,536	1,044	70
4-yr private	7,385	8,102	8,545	8,795	9,066	9,603	9,702	9,959	10,402	10,818	11,275	3,890	53
West													
2-yr public	521	503	574	741	903	897	869	872	950	1,065	1,076	555	107
2-yr private	—	3,304	3,264	3,243	3,695	3,765	3,662	3,490	3,656	3,820	—	—	—
4-yr public	1,734	1,735	2,012	2,301	2,577	2,726	2,755	2,707	2,754	2,689	2,708	974	56
4-yr private	10,876	11,204	11,776	11,955	12,372	12,836	13,172	13,485	13,962	14,446	15,078	4,202	39

All data are **enrollment-weighted averages**, intended to reflect the average costs that students face in various types of institutions.
SOURCE: *Annual Survey of Colleges*, The College Board, New York, NY.

FIGURE 5

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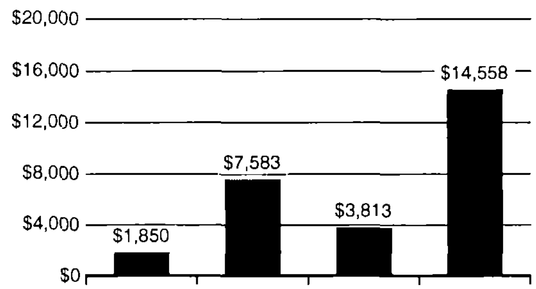
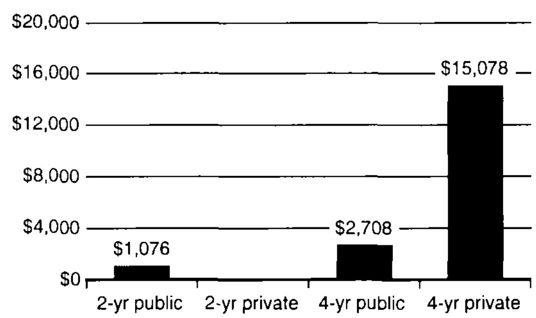
by College Board Re

Midwest



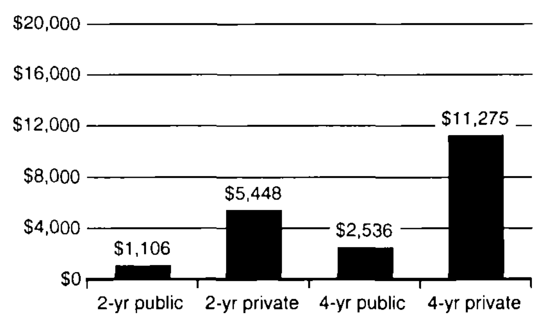
Midwest	1989-90	1999-00	% Change
2-yr public	1,463	1,850	26
2-yr private	6,050	7,583	25
4-yr public	2,606	3,813	46
4-yr private	10,508	14,558	39

West

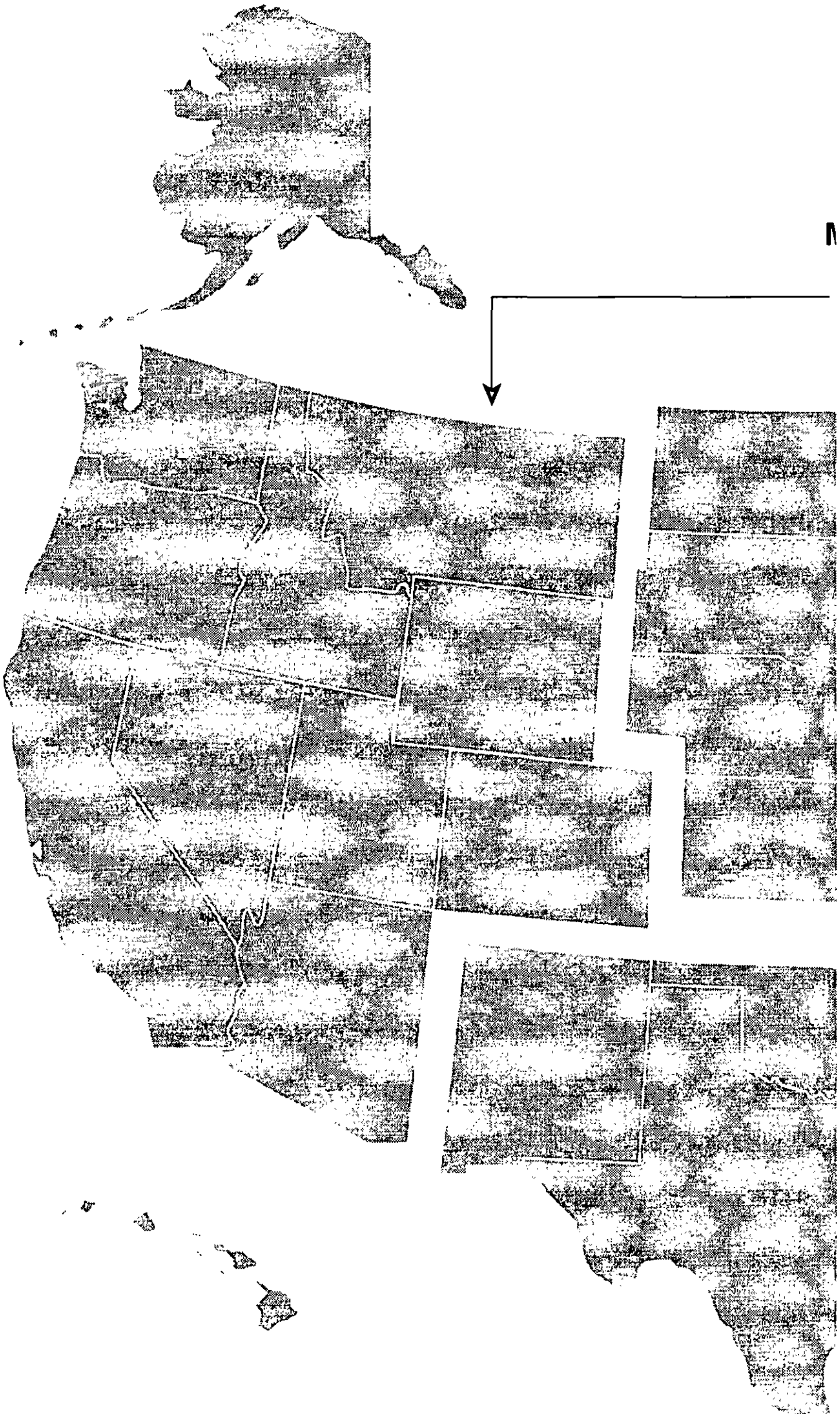


West	1989-90	1999-00	% Change
2-yr public	521	1,076	107
2-yr private	—	—	—
4-yr public	1,734	2,708	56
4-yr private	10,876	15,078	39

Southwest



Southwest	1989-90	1999-00	% Change
2-yr public	706	1,106	57
2-yr private	3,730	5,448	46
4-yr public	1,492	2,536	70
4-yr private	7,385	11,275	53

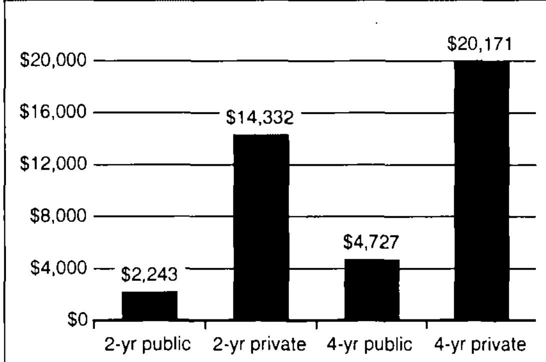


NOTE: All trend data adjusted for inflation (constant dollars).
"—" sample too small to provide meaningful information.
SOURCE: *The Annual Survey of Colleges*, The College Board, New York, NY.

AND FEE CHARGES

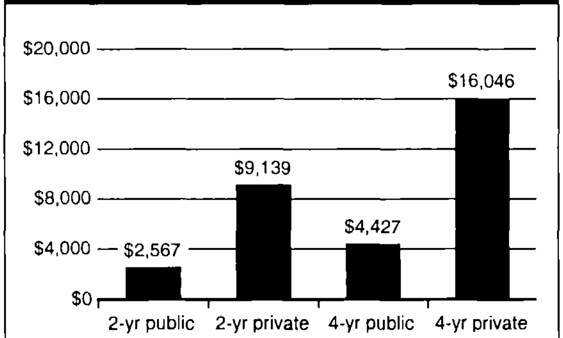
›n, 1989-90 and 1999-00.

New England



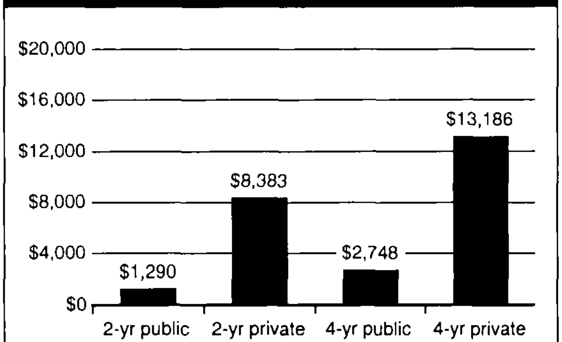
New England	1989-90	1999-00	% Change
2-yr public	1,534	2,243	46
2-yr private	8,874	14,332	61
4-yr public	2,706	4,727	75
4-yr private	14,797	20,171	36

Middle States



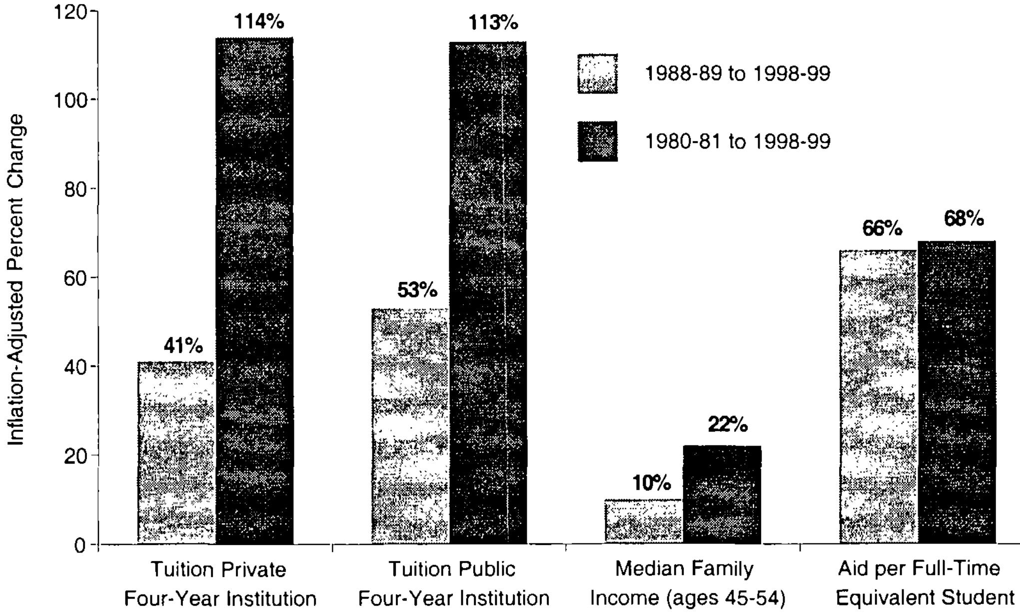
Middle States	1989-90	1999-00	% Change
2-yr public	1,749	2,567	47
2-yr private	7,932	9,139	15
4-yr public	2,253	4,427	97
4-yr private	12,397	16,046	29

South



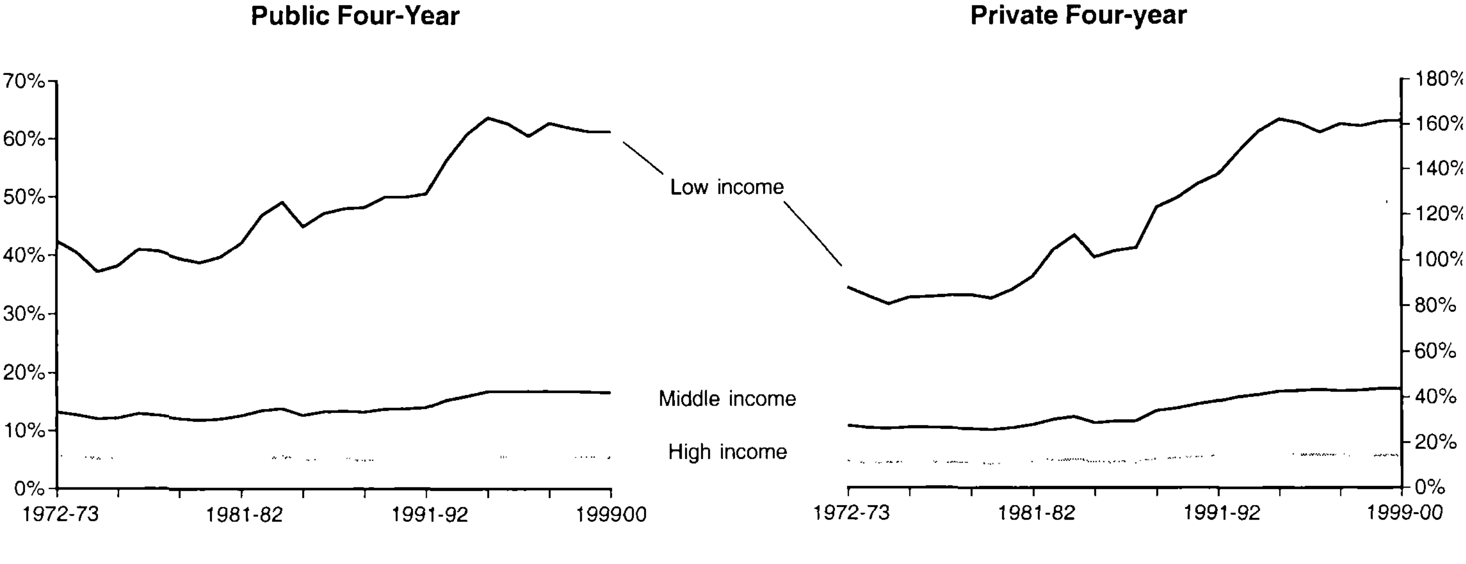
South	1989-90	1999-00	% Change
2-yr public	912	1,290	41
2-yr private	5,445	8,383	54
4-yr public	2,304	2,748	19
4-yr private	9,624	13,186	37

FIGURE 6. *Inflation-Adjusted Changes in Tuition, Family Income, and Student Aid, 1988-89 to 1998-99 and 1980-81 to 1998-89*



SOURCE: *Annual Survey of Colleges* & *Trends in Student Aid 1999*, The College Board, New York, NY.
NOTE: The end-year for this graphic analysis is 1998-99 rather than 1999-00 because family income and financial aid data are not available for the latter year.

FIGURE 7. *Cost of Attendance of Four-Year Public and Private Institutions, as a Share of Family Income, 1972-73 to 1999-00*



SOURCE: *Annual Survey of Colleges*, The College Board, New York, NY; data pre-1984-85 from Integrated Postsecondary Education Data System (IPEDS), U.S. Department of Education, National Center for Education Statistics; income data from the U.S. Department of Commerce, Bureau of Labor Statistics.

TABLE 8. Cost of Attendance at Four-Year Public and Private Institutions as a Percentage Share of Family Income; Cost of Attendance; and Mean Family Income, in Constant Dollars, 1971-72 to 1999-00

	Percentage						Constant Dollar Amounts						
	Public Four-Year			Private Four-Year			COA		Mean Family Income by Quintiles				
Year	Low Income	Middle Income	High Income	Low Income	Middle Income	High Income	Public Four-Year	Private Four-Year	Lowest Fifth	Second Fifth	Middle Fifth	Fourth Fifth	Highest Fifth
1971-72	42%	13%	6%	91%	29%	12%	5,481	11,781	12,928	28,143	41,176	55,765	96,049
1972-73	42%	13%	6%	88%	28%	12%	5,661	11,795	13,359	29,149	42,815	58,469	101,405
1973-74	40%	13%	5%	84%	26%	11%	5,408	11,278	13,374	28,970	42,565	58,171	99,806
1974-75	37%	12%	5%	81%	26%	11%	5,016	10,920	13,478	28,451	41,537	56,909	95,892
1975-76	38%	12%	5%	84%	27%	12%	4,993	10,977	13,087	27,667	41,138	56,326	94,919
1976-77	41%	13%	6%	84%	27%	12%	5,482	11,259	13,394	28,346	42,284	57,773	97,237
1977-78	41%	13%	5%	85%	26%	11%	5,408	11,251	13,286	28,401	42,714	58,922	99,264
1978-79	40%	12%	5%	85%	26%	11%	5,204	11,183	13,165	28,550	42,870	59,065	100,227
1979-80	39%	12%	5%	84%	26%	11%	4,984	10,732	12,841	27,762	41,868	57,642	98,868
1980-81	40%	12%	5%	87%	27%	11%	4,894	10,733	12,300	26,776	40,450	56,119	94,488
1981-82	42%	13%	5%	93%	28%	12%	5,069	11,179	12,014	26,127	39,960	56,104	94,136
1982-83	47%	14%	6%	105%	30%	12%	5,410	12,067	11,523	26,145	39,922	56.633	97,859
1983-84	49%	14%	6%	111%	31%	13%	5,606	12,670	11,409	26,250	40,388	57,561	99,805
1984-85	45%	13%	5%	102%	29%	12%	5,313	11,998	11,818	27,059	41,749	59,700	103,757
1985-86	47%	13%	5%	104%	29%	12%	5,674	12,523	12,019	27,579	42,581	61,036	108,470
1986-87	48%	13%	5%	106%	29%	11%	5,917	12,987	12,309	28,420	44,030	62,911	113,314
1987-88	48%	13%	5%	123%	34%	13%	5,888	15,054	12,205	28,567	44,359	63.486	116,023
1988-89	50%	14%	5%	127%	35%	13%	6,096	15,538	12,198	28,407	44,205	63,485	116,485
1989-90	50%	14%	5%	134%	37%	14%	6,195	16,538	12,388	28,820	44,773	64,416	121,288
1990-91	51%	14%	5%	138%	38%	14%	6,168	16,809	12,203	28,464	43,837	63,043	117,162
1991-92	56%	15%	6%	148%	40%	15%	6,599	17,320	11,705	27,785	43,112	62,528	114,878
1992-93	61%	16%	6%	157%	41%	15%	6,811	17,577	11,178	26,962	42,595	61,914	115,214
1993-94	64%	17%	6%	162%	43%	14%	7,055	17,980	11,070	26,587	42,132	62,455	126,190
1994-95	63%	17%	6%	161%	43%	14%	7,196	18,437	11,478	27,155	42,883	63,389	127,746
1995-96	61%	17%	6%	157%	43%	15%	7,340	18,966	12,118	27,921	43,714	63,960	128,499
1996-97	63%	17%	6%	160%	43%	14%	7,445	19,018	11,858	28,079	44,416	64,899	131,392
1997-98	62%	17%	6%	159%	43%	14%	7,678	19,743	12,389	29,031	45,804	67,165	137,987
1998-99*	61%	17%	6%	161%	44%	14%	7,854	20,687	12,816	29,921	47,193	69,018	142,718
1999-00*	61%	17%	5%	162%	44%	14%	8,086	21,339	13,191	30,922	48,891	71,490	149,261

*1998-99 and 1999-00 income data are estimated using a three-year rolling average.

NOTE: Low, middle, and high income labels above refer to the lowest, middle, and highest income quintiles from the right side of the table.

SOURCE: 1984-85 to 1999-00 Cost of Attendance Data compiled from the College Board's *Annual Survey of Colleges*; pre-1984-85 from the Integrated Postsecondary Education Data System (IPEDS), U.S. Department of Education, National Center for Education Statistics; income data from the U.S. Census Bureau web site (www.census.gov/hhes/income).

TABLE 9. Aid Awarded to Postsecondary Students, 1988-89 to 1998-99 in Current and Constant Dollars (in Millions)

	Current Dollars		Constant Dollars		
		Preliminary		*Preliminary*	*10-year*
	1988-89	1998-99	1988-89	1998-99	*% Change*
Federally Supported Programs					
PELL	4,476	7,242	6,071	7,242	19
SEOG	408	614	554	614	11
SSIG	72	25	98	25	-74
FWS	625	1,002	848	1,002	18
Perkins Loans	874	1,058	1,185	1,058	-11
Income Contingent Loans	5	-	7	-	
Ford Direct Loans	-	11,021	-	11,021	
(Subsidized Stafford)	-	*(6,039)*	-	*(6,039)*	
(Unsubsidized Stafford)	-	*(3,775)*	-	*(3,775)*	
(PLUS)	-	*(1,208)*	-	*(1,208)*	
Family Education Loans	11,985	22,643	16,258	22,643	39
(Subsidized Stafford)	*(9,319)*	*(11,969)*	*(12,642)*	*(11,969)*	*-5*
(Unsubsidized Stafford)	-	*(8,484)*	-	*(8,484)*	*12*
(SLS)	*(2,015)*	-	*(2,733)*	-	
(PLUS)	*(651)*	*(2,190)*	*(883)*	*(2,190)*	*148*
Specially Directed Aid	1,498	2,365	2,032	2,365	16
Total Federal Aid	19,943	45,970	27,053	45,970	70
State Grant Programs	1,581	3,528	2,144	3,528	65
Non-Federal Loans	-	2,417	-	2,417	
(State-Sponsored)	-	*(438)*	-	*(438)*	
(Private Sector)	-	*(1,979)*	-	*(1,979)*	
Institutional and Other Grants	3,978	12,209	5,397	12,209	126
Total Federal, State and Institutional Aid	**25,502**	**64,124**	**34,594**	**64,124**	**85**

SOURCE: *Trends in Student Aid 1999*, The College Board, New York, NY.

FIGURE 8. *Estimated Student Aid by Source for Academic Year, in Current Dollars, 1998-99*

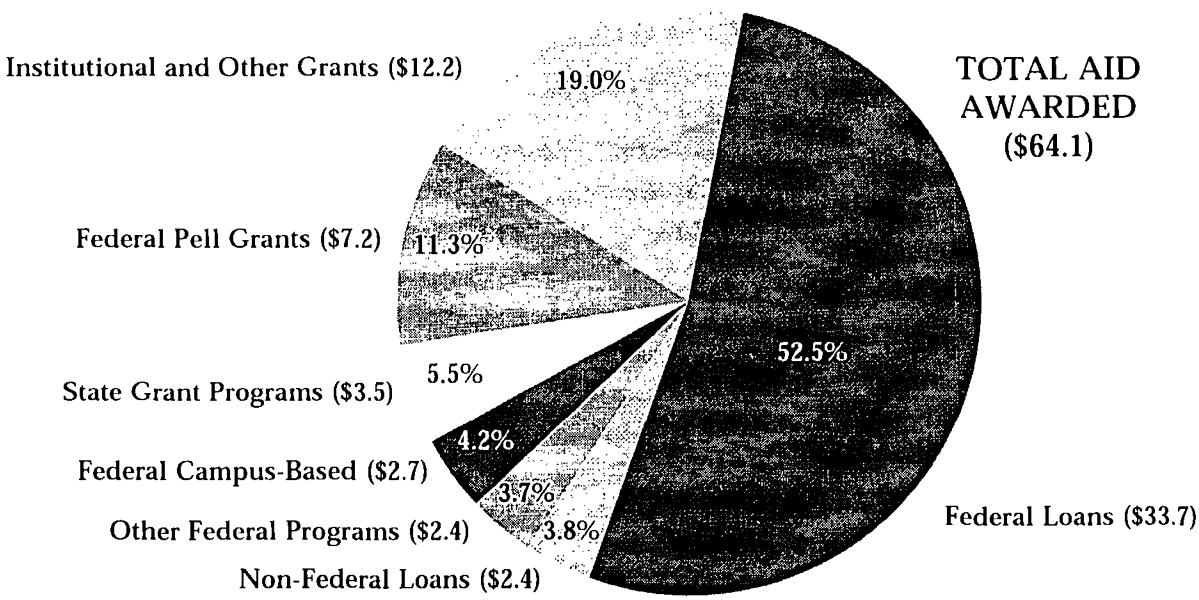
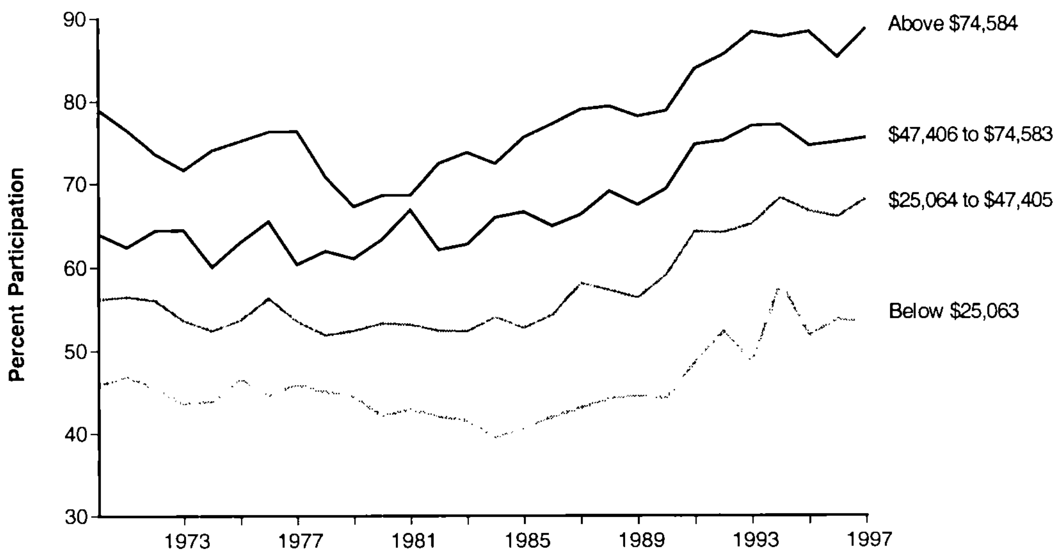


TABLE 10. College Participation Rates for Unmarried 18- to 24-Year-Old High School Graduates, 1970 to 1997, by Family Income Quartile, in Percent

Year	Bottom Quartile	Second Quartile	Third Quartile	Highest Quartile
	Below $25,063	$25,064 to $47,405	$47,406 to $74,583	Above $74,584
1970	46	56	64	79
1971	47	57	62	77
1972	45	56	64	74
1973	44	54	64	72
1974	44	52	60	74
1975	47	54	63	75
1976	45	56	66	76
1977	46	54	60	76
1978	45	52	62	71
1979	45	52	61	67
1980	42	53	63	69
1981	43	53	67	69
1982	42	52	62	72
1983	42	52	63	74
1984	40	54	66	72
1985	41	53	67	76
1986	42	54	65	77
1987	43	58	66	79
1988	44	57	69	79
1989	45	56	67	78
1990	44	59	69	79
1991	49	64	75	84
1992	52	64	75	86
1993	49	65	77	88
1994	58	68	77	88
1995	52	67	75	88
1996	54	66	75	85
1997	53	68	76	89

SOURCE: Mortenson, T. (1999). *Postsecondary Education Opportunity*, Oskaloosa, IA (www.postsecondary.org). Analysis based on U.S. Census Bureau data.

FIGURE 9.
College Participation Rates for Unmarried 18- to 24-Year-Old High School Graduates, 1970 to 1997, by Family Income Quartile



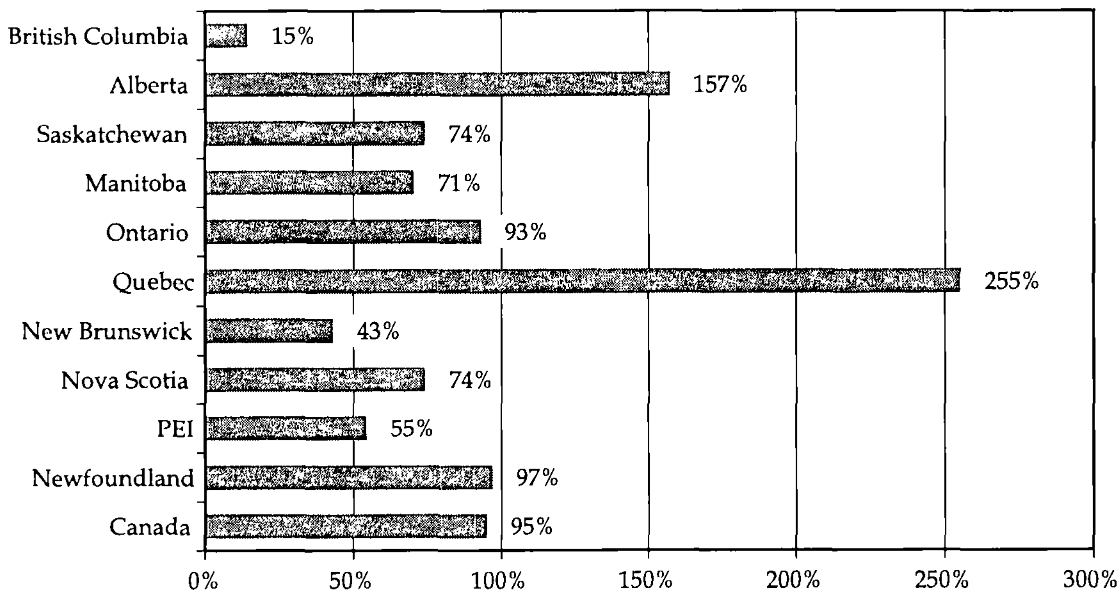
SOURCE: Mortenson, T. (1999). *Postsecondary Education Opportunity*, Oskaloosa, IA. Analysis based on U.S. Census Bureau data.

TABLE 11. Enrollment-Weighted Average Tuition and Fee Charges for Arts in Canada by Province, 1972-73, 1980-81 to 1999-00, in Constant U.S. Dollars

Year	Canada	NFLD	PEI	Nova Scotia	New Brunswick	Quebec	Ontario	Manitoba	Saskatchewan	Alberta	British Columbia
72-73	1,414	1,316	1,447	1,718	1,541	1,318	1,525	1,118	1,099	1,053	1,184
80-81	918	819	1,125	1,174	1,073	644	1,072	804	910	788	764
81-82	919	826	1,137	1,177	1,091	596	1,097	802	902	725	805
82-83	1,002	976	1,285	1,302	1,228	571	1,210	769	947	832	981
83-84	1,022	987	1,328	1,448	1,293	551	1,211	836	977	849	1,048
84-85	1,057	997	1,353	1,503	1,342	531	1,235	888	1,031	872	1,334
85-86	1,080	1,041	1,398	1,520	1,407	516	1,258	936	1,081	880	1,430
86-87	1,111	1,069	1,499	1,560	1,492	507	1,286	1,005	1,118	883	1,454
87-88	1,147	1,077	1,517	1,572	1,526	484	1,312	1,066	1,188	953	1,568
88-89	1,138	1,082	1,524	1,572	1,568	477	1,317	1,112	1,224	938	1,424
89-90	1,174	1,136	1,526	1,600	1,576	455	1,359	1,168	1,232	964	1,462
90-91	1,258	1,131	1,548	1,634	1,597	759	1,390	1,191	1,283	1,046	1,453
91-92	1,397	1,258	1,728	1,794	1,647	1,066	1,455	1,414	1,477	1,240	1,558
92-93	1,484	1,344	1,802	1,909	1,766	1,150	1,509	1,599	1,658	1,427	1,681
93-94	1,560	1,541	1,918	2,054	1,814	1,191	1,573	1,634	1,776	1,671	1,732
94-95	1,661	1,610	1,962	2,187	1,762	1,270	1,681	1,671	1,840	1,854	1,842
95-96	1,739	1,686	2,056	2,291	1,819	1,236	1,801	1,708	1,889	2,000	1,887
96-97	1,882	1,893	2,070	2,482	1,960	1,130	2,081	1,767	1,883	2,104	1,870
97-98	2,054	2,194	2,194	2,590	2,089	1,526	2,264	1,853	2,069	2,228	1,710
98-99	2,163	2,158	2,268	2,675	2,188	1,561	2,421	1,866	2,144	2,365	1,680
99-00	2,290	2,237	2,359	2,788	2,256	1,618	2,624	1,993	2,145	2,480	1,674

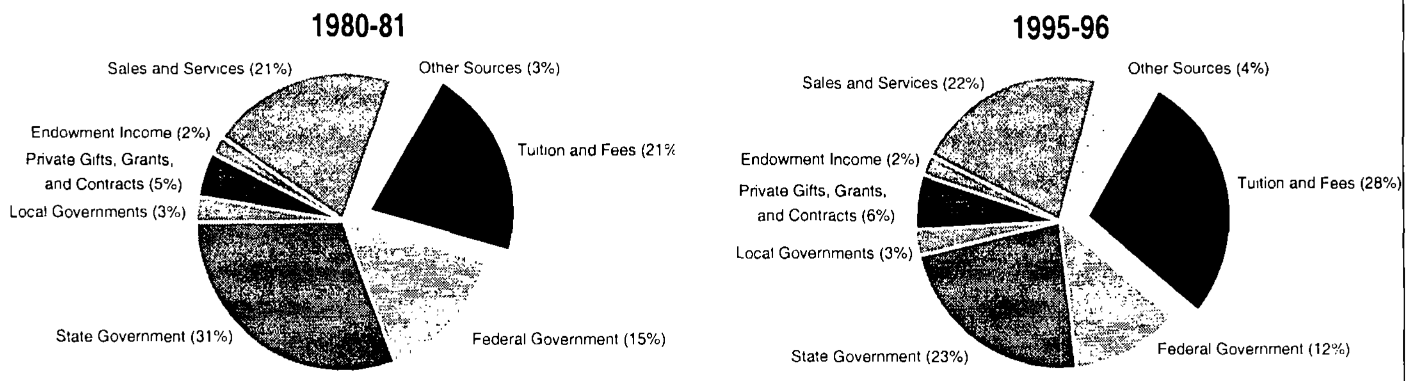
SOURCE: *Statistics Canada, 1999.*

FIGURE 10. *Ten-Year Percent Change in Enrollment-Weighted Tuition & Fee Charges for Arts in Canada by Province, 1989-90 to 1999-00 (Adjusted for Inflation)*



SOURCE: *Statistics Canada, 1999.*

FIGURE 11. *Current-Fund Revenues for Institutions of Higher Education, 1980-81 and 1995-96*



SOURCE *Digest of Education Statistics 1998*, National Center for Education Statistics, U.S. Department of Education. Table 328, Page 352.

FIGURE 12. *Distribution of Full-Time Undergraduates at Four-Year Institutions by Tuition and Fees Charged, 1999-00*

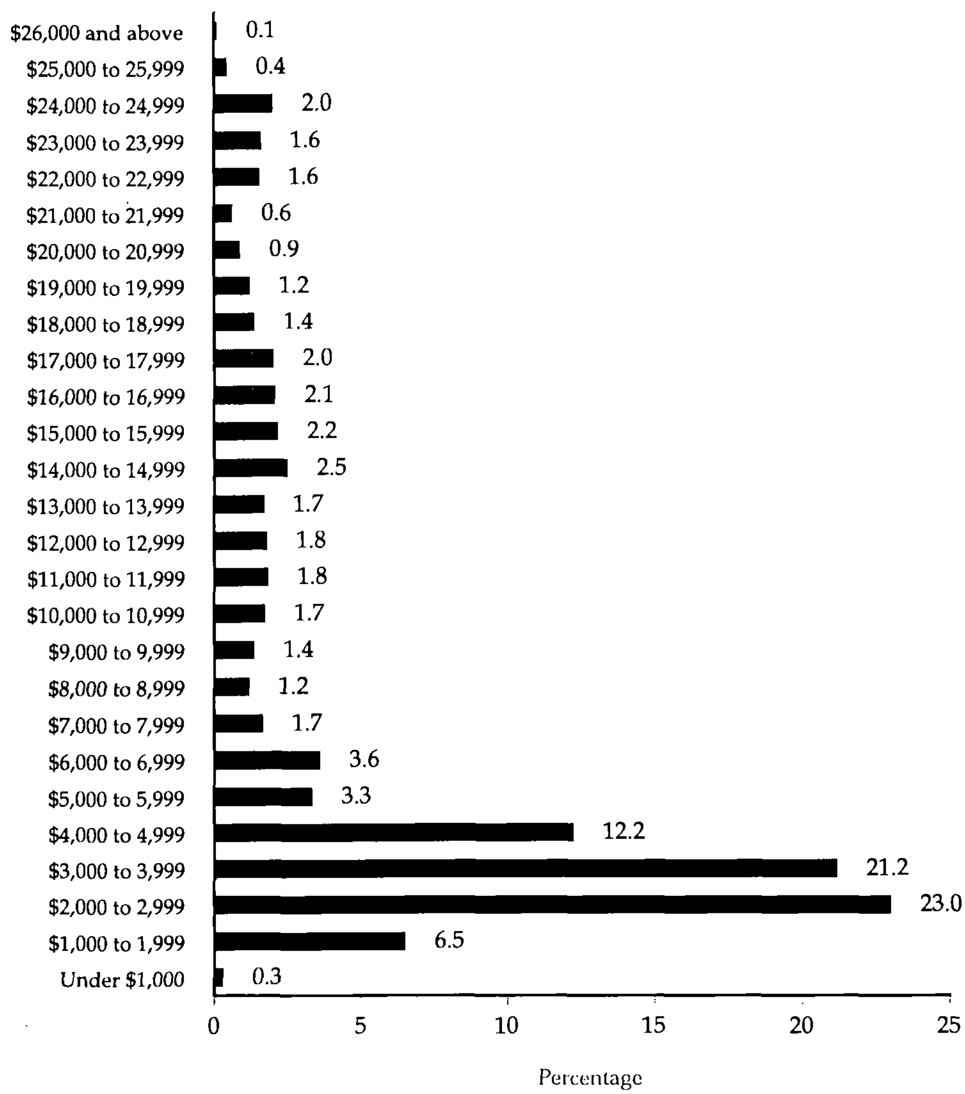
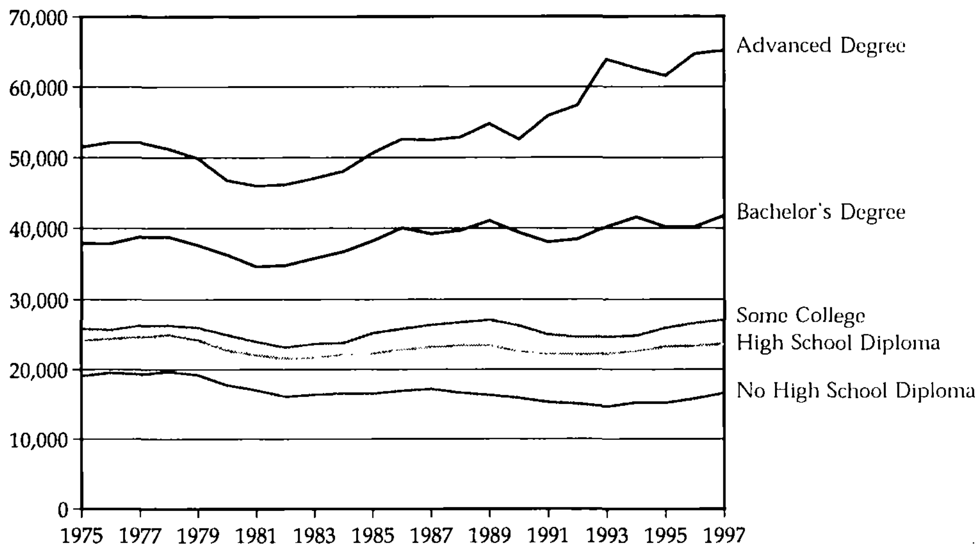


TABLE 12. Average Income by Educational Attainment for Persons 18 Years Old and Over, 1975 to 1997 (Inflation Adjusted for 1999)

Year	Current Dollars						Constant Dollars					
	Total	No High School Diploma	High School Diploma	Some College	BA	Advanced Degree	Total	No High School Diploma	High School Diploma	Some College	BA	Advanced Degree
1975	8,552	6,198	7,843	8,388	12,332	16,725	26,302	19,062	24,121	25,797	37,927	51,438
1976	9,180	6,720	8,393	8,813	13,033	17,911	26,699	19,545	24,411	25,632	37,906	52,093
1977	9,887	7,066	9,013	9,607	14,207	19,077	27,000	19,296	24,613	26,236	38,798	52,097
1978	10,812	7,759	9,834	10,357	15,291	20,173	27,433	19,687	24,951	26,278	38,797	51,184
1979	11,795	8,420	10,624	11,377	16,514	21,874	26,900	19,203	24,229	25,946	37,662	49,886
1980	12,665	8,845	11,314	12,409	18,075	23,308	25,437	17,765	22,724	24,923	36,303	46,813
1981	13,624	9,357	12,109	13,176	19,006	25,281	24,800	17,033	22,042	23,985	34,597	46,020
1982	14,351	9,387	12,560	13,503	20,272	26,915	24,614	16,100	21,543	23,160	34,770	46,164
1983	15,137	9,853	13,044	14,245	21,532	28,333	25,155	16,374	21,676	23,672	35,782	47,083
1984	16,083	10,384	13,893	14,936	23,072	30,192	25,625	16,545	22,135	23,797	36,760	48,104
1985	17,181	10, 24	15,939	18,054	26,919	35,968	27,700	17,224	23,218	26,299	39,212	52,394
1988	20,060	11,889	16,750	19,066	28,344	37,724	28,076	16,640	23,443	26,685	39,670	52,798
1989	21,414	12,242	17,594	20,255	30,736	41,019	28,591	16,345	23,491	27,043	41,037	54,767
1990	21,793	12,582	17,820	20,694	31,112	41,458	27,607	15,939	22,574	26,215	39,412	52,518
1991	22,332	12,613	18,261	20,551	31,323	46,039	27,140	15,329	22,193	24,976	38,067	55,951
1992	23,227	12,809	18,737	20,867	32,629	48,652	27,398	15,109	22,102	24,614	38,488	57,389
1993	24,674	12,820	19,422	21,539	35,121	55,789	28,270	14,689	22,253	24,678	40,240	63,921
1994	25,852	13,697	20,248	22,226	37,224	56,105	28,867	15,295	22,610	24,818	41,566	62,649
1995	26,792	14,013	21,431	23,862	36,980	56,667	29,101	15,221	23,278	25,918	40,167	61,550
1996	28,106	15,011	22,154	25,181	38,112	61,317	29,659	15,840	23,378	26,572	40,217	64,704
1997	29,514	16,124	22,895	26,235	40,478	63,229	30,433	16,626	23,608	27,052	41,738	65,198

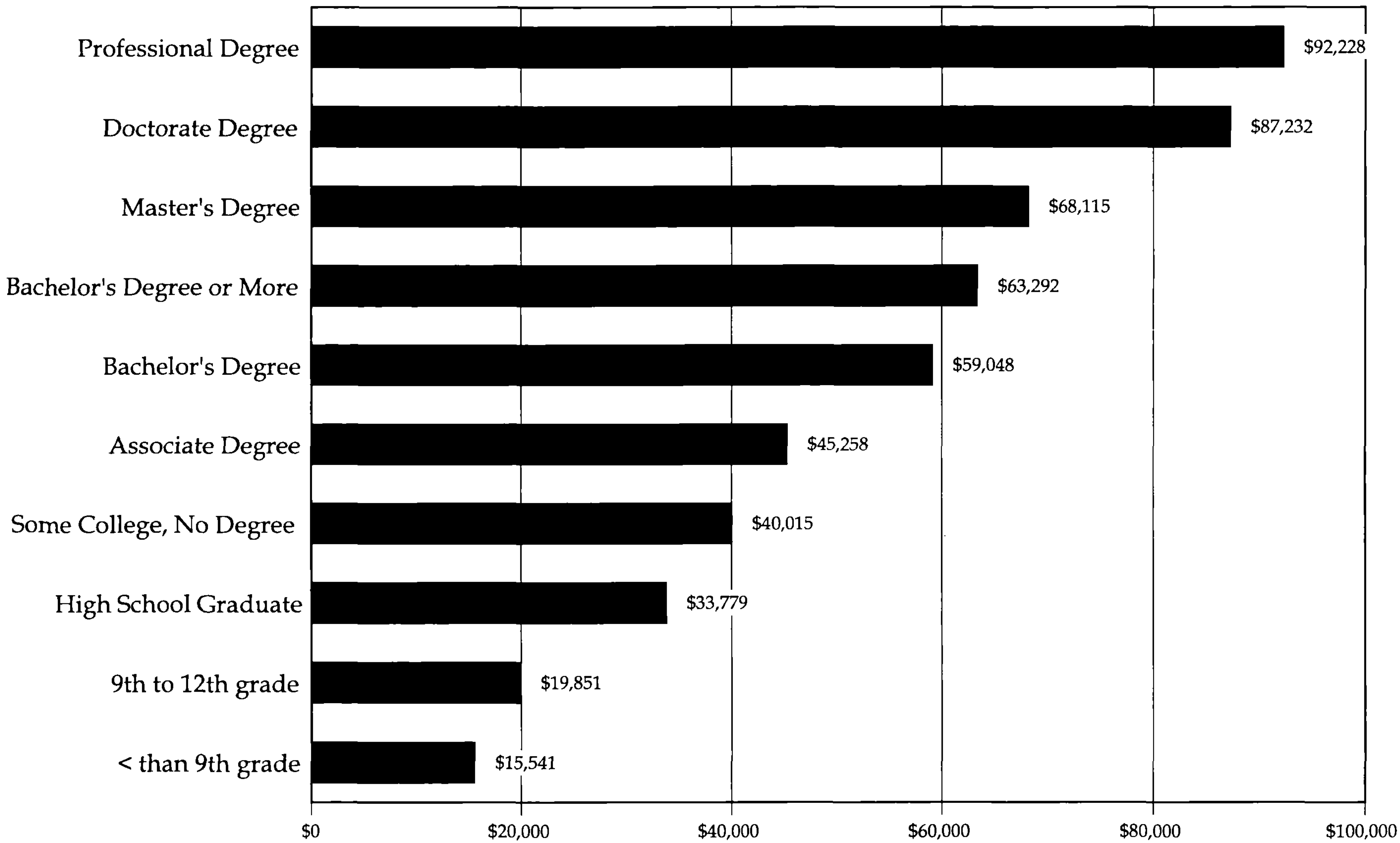
Source: U.S. Source: U.S. Census Bureau. March Current Population Survey. Income Statistics Branch/HHES Division. U.S. Department of Commerce: Washington, DC.

FIGURE 13.
Income by Educational Attainment for Persons 18 Years Old and Over, 1975 to 1997 (Inflation Adjusted for 1999)



Source: U.S. Source: U.S. Census Bureau. March Current Population Survey. Income Statistics Branch/HHES Division. U.S. Department of Commerce: Washington, DC.

FIGURE 14. Median Annual Household Income, by Educational Attainment of the Householder, 1997



Source: U.S. Source: U.S. Census Bureau. March Current Population Survey. Income Statistics Branch/HHES Division. U.S. Department of Commerce: Washington. DC. Table F-18. (www.census.gov/hhes/income/histinc/f018.html)

Notes & Sources

Source of Data

Averages and rates of change described in the press release are based on data reported by colleges and universities as part of the College Board's Annual Survey of Colleges (ASC). Data analysis was performed by the College Scholarship Service (CSS), the financial aid arm of the College Board.

Data were collected on questionnaires distributed in early 1999, and subjected to intensive review and follow-up where necessary throughout the spring and summer months. The data base for this analysis was closed in late August.

In an effort to collect comparable price information, institutions were asked to provide data to specifications for several discrete items (e.g., the annual tuition and fees charged to most first-year, full-time students, based on a nine-month academic year of 30 semester hours or 45 quarter hours). If *firm* 1999-2000 figures were not yet established at the time the data were analyzed, but a reliable institutional or system-wide forecast was available, *projected* data were used in the analysis.

Composition of the Sample

Data from approximately 99 percent of the respondents (2,808 of 2,831) to the Annual Survey of Colleges were examined as part of this year's analysis. Following past practice, the sample was further reduced to include only those institutions for which two consecutive years' worth of current price and enrollment data was available (see Table A). The purpose of this restriction is to minimize the distortions that might otherwise be caused by institutions responding one year and not the next, and thus appearing and disappearing in the sample.

Table A. Composition of Sample for Tuition and Fees (T&F) Analysis

	Universe	Sample N included in T&F Analysis	Percentage of institutions in Sample where T&F are projected (not firm)
2-yr Public	1,004	690 (69%)	<1% 3 schools
2-yr Private	121	76 (63%)	0% 0 schools
4-yr Public	556	503 (90%)	0% 0 schools
4-yr Private	1,150	1,015 (88%)	0% 0 schools

Because institutions are not required to report information in all categories, rates of response vary considerably by budget component. With the single exception of "Books and Supplies," which draws a response rate similar to that for "Tuition and Fees," averages in particular cells (e.g., room and board) are always derived from smaller subsets of the whole. Tables such as the foregoing are constructed for every data cell to ensure that there are sufficient observations to support analysis.

Restricting the analysis to those institutions for which two consecutive years' worth of data are available also requires that CSS annually *recompute* the base-year averages at the same time as it calculates new averages and rates of change. Thus, the base-year values for 1998-99 used in this new analysis differ somewhat from the 1998-99 averages that were reported last year.

"Fixed Charges" and "Estimated Expenditures"

The 1999-2000 data analysis differentiates between fixed charges (sometimes also called "direct charges"), such as tuition, fees, and on-campus room and board, and estimated student expenditures in non-fixed budget categories, such as books and supplies, transportation, personal expenses, and commuters' board-only expenses.

Both kinds of expenses should be taken into account by families in planning to meet educational expenses, *and* by institutions in constructing student aid budgets for purposes of determining need and eligibility. However, students do have some degree of discretionary control over the non-fixed components of their budgets.

"Enrollment-Weighted" and "Unweighted" Averages

This report provides enrollment-weighted averages, or average prices, that students confront. The College Board also calculates unweighted average tuition charges.

TABLE 15. Average Fixed Charges for Undergraduates, 1999-00 *(unweighted)*

	Tuition and Fees			Room and Board		
Sector	1999-00	1998-99	% Change	1999-00	1998-99	% Change
Two-Year Public	1,608	1,551	4%	*	*	*
Two-Year Private	7,744	7,584	2%	4,474	4,330	3%
Four-Year Public	3,274	3,158	4%	4,533	4,340	4%
Four-Year Private	12,894	12,311	5%	5,224	5,031	4%

* The sample was too small to provide meaningful information.
These averages are NOT weighted for enrollment, as in Table 1.

SOURCE: *Annual Survey of Colleges*, The College Board, New York, NY.

Weighted and unweighted averages represent two different vantage points from which costs can be viewed:

- The experience of the average student in incurring charges |weighted|, and
- An averaging of institutional charges |unweighted|.

When weights are used in the calculations, fixed charges and estimated expenditures reported by colleges with larger enrollments are weighted more heavily than institutions with smaller enrollments. When calculations are performed without weighting, the fixed charges and estimated expenditures of all reporting institutions are treated the same and simply averaged.

Neither set of averages is more or less "correct" than the other; they simply describe different phenomena. The College Board produced weighted averages for the first time in 1987, having previously computed unweighted averages only. The College Board believes that the weighted averages are generally more helpful to students and families in planning to meet future education expenses, as well as more easily compared with other enrollment-weighted data produced by other major data sources.

However, some researchers, policy analysts, and academic administrators find the unweighted averages useful in maintaining ongoing longitudinal studies and evaluating a particular institution's practices against a larger set. Thus the College Board continues to compute and publish unweighted averages as well. For additional information on how the weights are applied, please contact the College Board or visit College Board Online.

Inflation Adjustment

The Consumer Price Index for all urban dwellers (the CPI-U) is used to adjust for inflation. Updated CPI data are available from the Bureau of Labor Statistics website (*http://stats.bls.gov/cpihome.htm*). The academic base year for 1998-99 was extrapolated from current CPI data and is inclusive of July 1999 to June 2000 (estimated).

Formula for
Constant Dollar Conversion

$$\text{CONSTANT (base year) Dollars} = \text{CURRENT year dollars} \times \frac{\text{CPI for the base year}}{\text{CPI for the current year}}$$

The table below provides academic and calendar year CPI data. The factor column provides the user with a multiplication factor equal to that of CPI (base year) divided by CPI (current year), as illustrated in the right-hand side of the above equation. A simple multiplication of a current year figure by the associated factor will yield a constant-dollar result.

Consumer Price Index (1982–84=100)

Academic Year			Calendar Year		
Year	CPI	Factor	Year	CPI	Factor
1989-90	127.0	1.3089	1989	124.0	1.3352
1990-91	133.9	1.2411	1990	130.7	1.2668
1991-92	138.2	1.2025	1991	136.2	1.2153
1992-93	142.5	1.1661	1992	140.3	1.1796
1993-94	146.2	1.1367	1993	144.5	1.1458
1994-95	150.4	1.1050	1994	148.2	1.1166
1995-96	154.5	1.0757	1995	152.4	1.0862
1996-97	158.9	1.0459	1996	156.9	1.0552
1997-98	161.7	1.0276	1997	160.5	1.0311
1998-99	164.4	1.0109	1998	162.9	1.0163
1999-00	166.2	1.0000	1999	165.5	1.0000

Data Limitations

The longitudinal data provided in this report provide a best approximation of the changes in fixed and non-fixed costs from year to year. Because the institutional sample varies slightly each year, annual increases reported on longitudinal tables may vary slightly from actual increases. This, however, does not apply to the annual changes reported for 1999-00 and 1998-99, as these data are derived from the exact same sample of institutions.

Data from years prior to 1984-85 were extracted from the National Center for Education Statistics' Integrated Postsecondary Education Database System (IPEDS). Differences in the collection and analysis of IPEDS data and the College Board's *Annual Survey of Colleges* data result in slight variations in terms of average tuition and fee charges for institutions. Some of these differences may be attributed to the enrollment weights attached to the ASC data. Internal analysis, however, shows that the two data sets track very closely.

Canadian Tuition and Fee Data

Quebec data includes both in and out of province students in the weighted-average calculation. British Columbia includes both public and private institutions in the weighted-average calculation. Data is compiled from Statistics Canada. Currency exchange rate of $1.47536 as of September 27, 1999.

The College Board

The Washington Office of the College Board

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Associate Director for Policy Analysis

ALICIA DORSEY
Administrative Assistant

This report provides the most recent and complete statistics available on pricing of U.S. public and private non-profit postsecondary institutions. Based on the College Board's *Annual Survey of Colleges*, data presented in this publication cover tuition and fees, room and board, and other costs associated with going to college.

The College Board

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1999-00 Tuition and Fees

For the 1999-00 academic year, the average tuition charged by public four-year colleges and universities is $3,356, up from $3,247 in 1998-99, an increase of 3.4 percent. Private four-year college tuition increased by 4.6 percent, from $14,709 to $15,380. Two-year public and private institutions are charging an average of $1,627 and $7,182 respectively, up 4.7 and 3.5 percent respectively. The average surcharge for out-of-state or out-of-district students at public institutions is $3,191 at two-year colleges and $5,350 at four-year colleges. (Tables 1 and 4)

Regional Differences

The Southwest offers the lowest tuition rates at both private and public four-year institutions ($11,275 and $2,536 respectively). New England has the highest rates, averaging $20,171 at four-year private institutions and $4,727 at four-year publics. (Table 4)

Room & Board

This year's room and board charges are between 3.6 and 4.8 percent higher than the previous year. Room and board averages $5,959 at four-year private colleges and $4,730 at four-year public colleges. (Table 1)

Tuition & Fee Trends

In the 1970s there was little, if any, real growth in college prices. Since 1980, however, college prices have been rising at twice and sometimes three times the Consumer Price Index. Over the ten-year period ending in 1999-00, after adjusting for inflation, average public four-year tuition and fees rose 51 percent compared to 34 percent for private four-year colleges. Since 1980-81, both public and private four-year college tuitions increased on average more than 110 percent over inflation. Private college tuition rose most sharply in the early and mid-1980s, while public tuition increased the most in the late 1980s and early 1990s. (Figure 4; Tables 5 and 6a)

Affordability

More than half of the students attending four-year institutions pay less than $4,000 in tuition and fees, and almost three quarters face tuition charges of less than $8,000. About 7 percent attend institutions charging tuition of $20,000 or more per year. For most Americans, college remains accessible, especially with the availability of more than $64 billion in financial aid. (Figures 1 and 8; Table 9; also see companion *Trends in Student Aid* report)

Combined with stagnant family income over the past 15 years, however, trends in college tuition present serious problems for low- and moderate-income families. While average, inflation-adjusted tuition has more than doubled at both public and private four-year institutions, median family income has risen only 22 per cent since 1981. Student aid, meanwhile, has increased in total value, but not enough to keep pace with the rise in tuition, and most of the growth in aid has been in the form of student borrowing. (Figure 6)

Median family income, moreover, tells only part of the story, because incomes have grown steadily less equal during the 1980s and 1990s. The share of family income required to pay college expenses has increased for many families, but it has gone up the most for those on the lower rungs of the economic ladder. (Figure 7; Table 8)

Returns to Education

College is an investment for a lifetime. Bachelor's degree recipients earn 75 percent more (on average) than those with only a high school diploma. Over a lifetime, the gap in earning potential between the high school diploma and the BA (or higher) exceeds $1,000,000. While the cost of college may be imposing to many families, the cost associated with **not** going to college is significant . (Figure 13; Table 12)

Institutional Revenue

In 1995-96, tuition and fees covered 28 percent of the revenue raised by institutions of higher education. Although the federal government is responsible for about three-quarters of available student financial aid, it contributes only 12 percent of the total revenues of colleges and universities. The states contribute approximately twice that amount. In 1980-81, tuition and fees generated 21 percent of the revenue of institutions. In the intervening years, a decline in state and federal funding for higher education has shifted more of the cost burden to students and families. (Figure 11)

College Participation

Enrollment in postsecondary education has been rising for all income groups in the 1980s and 1990s. Yet an individual's chances of entering and completing college remain closely correlated with economic background and circumstance. Wide gaps in opportunity persist between those at the bottom of the income ladder and those at the top. (Figure 9; Table 10).

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