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HOPE [Hope and Opportunity for Postsecondary Education] Act: Distributional Analysis

Stack:	**Row:**	**Section:**	**Shelf:**	**Position:**
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Education Proposals in the President's FY1998 Budget (1)

(1998 Income Levels)

Family Economic Income Class (2) (000)	Families Affected (Percent Distribution) (%)	Average Benefit Per Affected Family ($)	Total Education Benefit	
			Amount (3) ($M)	Percent Distribution (%)
		Tuition Credit and Deduction:		
0 - 30	21.0	351	1.7 ~~838~~	11.7
30 - 50	21.3	607	1,466	20.5
50 - 100	38.0	697	3,007	42.1
100 & over	19.2	837	~~1,818~~ 1.757	25.5
Total (4)	100.0	629	7,137	100.0
		Pell Grant Expansion:		
0 - 30	45.3	558	887	55.6
30 - 50	25.3	482	428	26.9
50 - 100	24.4	268	230	14.4
100 & over	5.0	280	49	3.1
Total (4)	100.0	454	1,594	100.0

March 20, 1997

(1) This table distributes the estimated change in tax burdens due to the proposed tuition tax credit and deduction and the change in grants due to the proposed expansion in the Pell Grant Program in the President's FY1998 Budget.

(2) Family Economic Income (FEI) is a broad-based income concept. FEI is constructed by adding to AGI unreported and under-reported income; IRA and Keogh deductions; nontaxable transfer payments such as Social Security and AFDC; employer-provided fringe benefits, inside build-up on pensions, IRAs, Keoghs, and life insurance; tax-exempt interest; and imputed rent on owner-occupied housing. Capital gains are on an accrual basis, adjusted for inflation to the extent reliable data allow. Inflationary losses of lenders are subtracted and gains of borrowers are added. There is also an adjustment for accelerated depreciation of noncorporate businesses. FEI is shown on a family rather than a tax-return basis. The economic incomes of all family members are added to arrive at the family's economic income used in the distributions.

(3) The change in education benefits is estimated at 1998 income levels but assuming fully phased in (2007) law and behavior.

(4) Families with negative incomes are included in the total line but not shown separately.

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TO: Bob Shireman

FROM: Karl Scholz

Comments/Special Instructions:

~~☐ Add 'Dmons' Bsre on St. Loans.~~
~~☐ New Pres. estimates.~~

- Obey – 'personal honor'

- Whole tax cut
  vs. their whole tax cut