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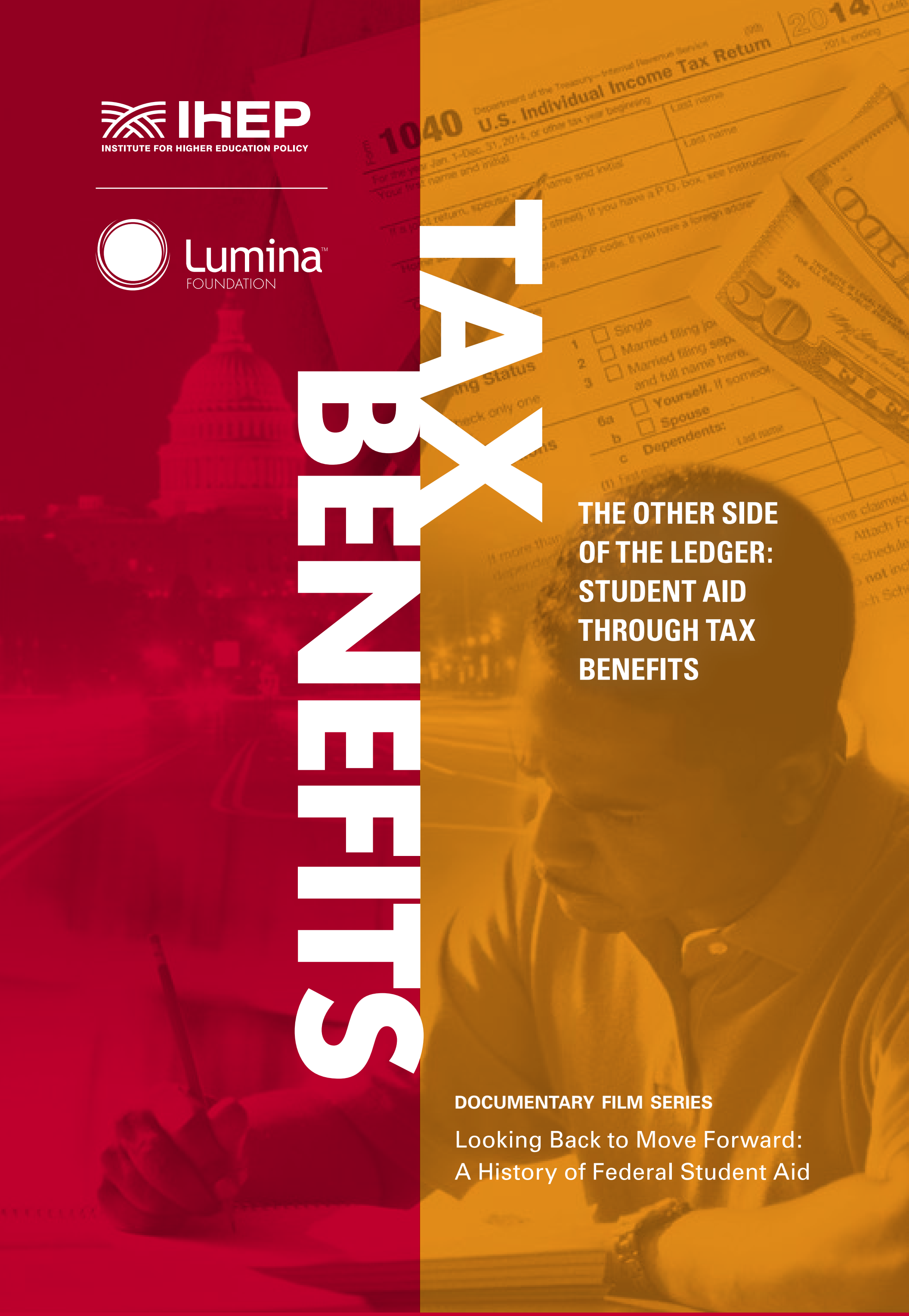


TAX BENEFITS

THE OTHER SIDE OF THE LEDGER: STUDENT AID THROUGH TAX BENEFITS

DOCUMENTARY FILM SERIES

Looking Back to Move Forward:
A History of Federal Student Aid

VIEWING GUIDE

LET'S **LOOK BACK** **TO MOVE FORWARD**

In *A History of Federal Student Aid*, a documentary series produced by Lumina Foundation and the Institute for Higher Education Policy, key policy makers, their staff, and education researchers provide insight into the evolution of federal student aid through their first-hand experiences with the policymaking process. This short film on the development of tax benefits for higher education is one in a series of several that illuminates seminal moments and offers instructive lessons and building blocks to guide newer policy innovations.

FILM SYNOPSIS

The Other Side of the Ledger: Student Aid Through Tax Benefits explains the history of tax benefits such as tax credits, tax deductions, and qualified tuition programs used to pay for higher education related expenses. In an effort to make college more affordable, federal lawmakers have proposed several approaches to make tax benefits—primarily aimed at the middle class—a viable way to supplement the direct student aid programs traditionally targeted at low-income students. Although these efforts began over half a century ago, it was not until the late 1990s that tax benefits for college expenses were written into the tax code. This 14-minute film details important legislative milestones and describes the growth of these benefits.

HISTORICAL INFORMATION

1950s–1990s: Development of Tuition Tax Credits and State Savings Plans

Scene: 1:41-5:15 minutes

Since the early 1950s, congressional leaders have considered using tax benefits to help families pay for college as part of a variety of legislative efforts supporting tax relief via deductions, exemptions, and credits.[1] These bills never left legislative committees until 1954 when Congress passed deductions for student loan interest.[2] In the mid-1960s, in response to the Civil Rights movement and President Lyndon Johnson's Great Society initiatives, congressional Republicans and Democrats proposed tax credits for both the K–12 and postsecondary systems.[3,4] However, the Johnson Administration opposed these benefits because they would divert much-needed

FEATURED TAX BENEFITS FOR HIGHER EDUCATION

TAX CREDITS: A tax credit reduces the amount a filer pays to the Internal Revenue Service (IRS), dollar for dollar. Thus a $1,000 tax credit saves the taxpayer $1,000 in taxes. There are two main types of credits: nonrefundable and refundable. A nonrefundable tax credit can reduce the amount owed down to $0. A refundable tax credit can reduce the amount owed to below $0 and the filer can receive a refund from the IRS for the difference.

TAX DEDUCTIONS: A tax deduction reduces a filer's taxable income at their marginal tax rate. For instance, a filer in the 25 percent tax bracket with a $1,000 deduction saves $250 in taxes (0.25 x $1,000 = $250).

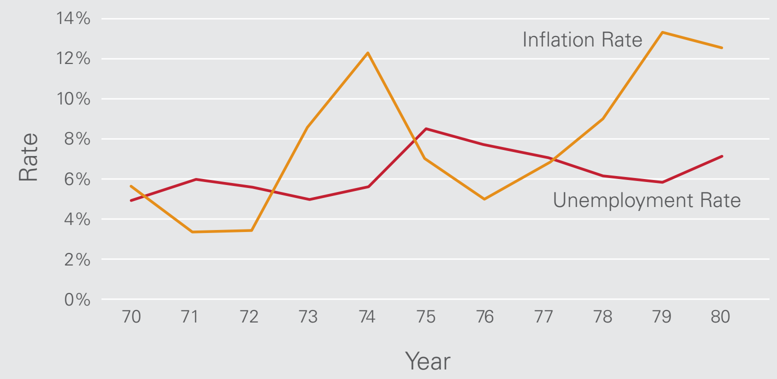
QUALIFIED TUITION PROGRAMS OR 529 PLANS: Prepaid tuition plans and college savings plans, known collectively as Qualified Tuition Programs or 529 plans, provide tax advantages and incentives to make it easier for families and students to pay for college. Prepaid tuition plans can be sponsored by states and educational institutions, and allow individuals to pay for future credit hours at the current tuition rate. College savings plans allow people to invest in an account designated for future higher education expenses, including tuition, fees, books, and room and board. Earnings from 529 accounts are not subject to federal taxes. However, contributions are not tax-deductible.

funds from poor to affluent families given that low-income families typically do not qualify for tax credits due to their little to no tax liability.[5, 6] The administration also believed tax credits would not increase enrollment of needy students, which was the main thrust of the Higher Education Act (HEA) of 1965, and would jeopardize future appropriations for its signature aid programs.[7]

Arguments for tuition tax credits gained strength and popularity in the late 1970s. During President Jimmy Carter's term, several tax credit bills were sponsored by both liberal and conservative members of Congress to help middle-class families facing wage loss due to inflation and rising unemployment rates and were interested in or enrolling in college (see figure 1).[8, 9] In opposition, the Carter Administration, along with key members of Congress, proposed the Middle Income Students Assistance Act—legislation that would make middle-income students eligible for Pell Grants and all families (regardless of income) eligible for federal loans.[10] Although tuition tax credits did not come to fruition at the time, other tax benefits were established through the 1978 Revenue Act, such as an employer-provided tuition benefit—deductible to the employer and not included in the employee's gross income for tax purposes—as well as tax benefits for tuition remission for campus employees and tax benefits for scholarship and grant amounts.[11]

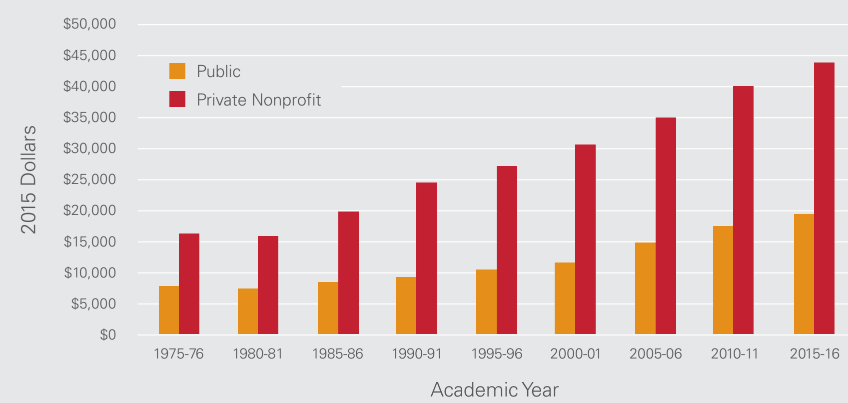
With tuition prices rising (see figure 2), states wanted to provide additional support. Michigan developed the nation's first prepaid tuition program—the Michigan Education Trust (MET) Plan—in 1986.[12] Such prepaid tuition programs enabled people to prepay for future tuition expenses at any public college or university in their state at current tuition rates.[13] This allowed families to begin saving for college early and avoid paying increasingly expensive college tuition in the future. Although investment gains from the MET Plan were initially federally taxed, the courts declared the plan federally tax-exempt in 1994.[14, 15] This decision set a foundation for legislation that was created two years later. In 1996, Congress

FIGURE 1:
U.S. Unemployment and Inflation Rates in the 1970s



Sources: U.S. Bureau of Labor Statistics, Labor Force Statistics from the Current Population Survey, Table 1. Employment status of the civilian non-institutional population, 1945 to date http://www.bls.gov/cps/cpsaat01.htm; U.S. Bureau of Labor Statistics, CPI Detailed Report. Table 24. Historical Consumer Price Index for All Urban Consumers (CPI-U): U. S. city average, all items http://www.bls.gov/cpi/cpid1505.pdf

FIGURE 2:
Average Tuition, Fees, and Room and Board (2015 Dollars)



Source: The College Board, Trends in College Pricing 2015, Table 2A. Average Tuition and Fees and Room and Board in 2015 Dollars, 1975-76 to 2015-16, Selected Years http://trends.collegeboard.org/sites/default/files/trends-college-pricing-web-final-508-2.pdf passed the Small Business Job Protection Act, establishing that the earnings from prepaid tuition programs would be exempt from taxation.[16] This legislation also allowed the earnings from college savings plans—accounts created to pay for future higher education expenses[17]—to be tax-exempt. Officially called Qualified Tuition Plans, prepaid tuition programs and college savings plans are more commonly referred to as 529 plans.

> In 1996, there was a debate about balancing the federal budget between a Democratic President and a Republican Congress. And the Republican Congress was adamant that tax cuts be part of any balanced budget agreement.
>
> *Pauline Abernathy*

1997: Taxpayer Relief Act – Hope Scholarship and Lifetime Learning Tax Credit

Scene: 5:15-7:51 minutes

Tuition tax credits did not reemerge again as a major policy issue until the presidential election of 1996. During his reelection campaign, President Bill Clinton made a promise to middle-class voters to make the first two years of college as common as K–12 education.[18, 19] At the same time, Republicans created a series of policy proposals, known as the "Contract with America," to balance the federal budget and cut taxes.[20] With this as the cornerstone of the new congressional Republican majority, the Clinton Administration proposed a higher education tax credit. Through various negotiations, two income tax credits for higher education expenses—the Hope Scholarship (Hope) and the Lifetime Learning Tax Credits—were authorized by the Taxpayer Relief Act of 1997.[21, 22] Additional tax cuts, such as capital gains and estate taxes for higher-income families, were also authorized as a compromise.[23]

2001: Economic Growth & Tax Relief Reconciliation Act (EGTRRA) – Changes to 529 Plans and Tuition and Fees Deduction

Scene: 7:51-9:52 minutes

In 2001, modifications to 529 plans and the creation of a new tax benefit for college expenses were enacted. The Economic Growth and Tax Relief Reconciliation Act (EGTRRA) legislated that the distributions from 529 plans would no longer be subject to federal taxes.[24] Prior to 2001, the money in 529 plans grew tax deferred, but distributions from the accounts to beneficiaries were subject to tax—similar to income.[25] In brief, EGTRRA made 529 plans more generous.

Additionally, the act introduced a third higher education tax incentive—a deduction (rather than a credit) for tuition and higher education expenses—made available to individuals not using the existing higher education tax credits. Rather than a dollar-for-dollar reduction received through tax credits, these deductions reduced the amount of

income subject to taxation up to $4,000, dependent on the taxpayer's income bracket. The deduction was originally made available to tax filers through December 31, 2005, but has been subsequently extended through the end of 2016.[26]

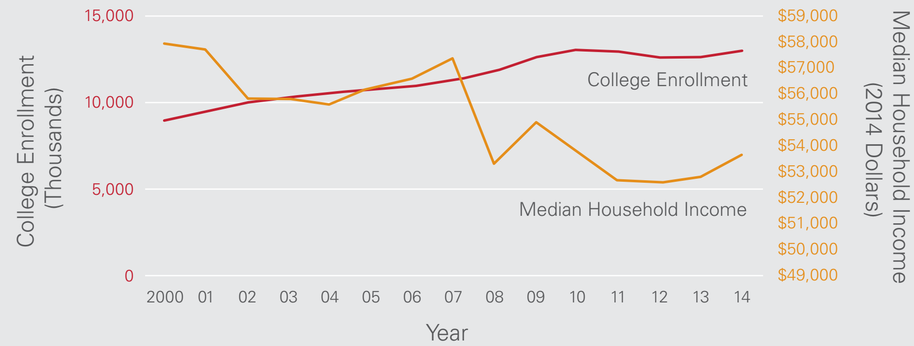
2009: American Recovery and Reinvestment Act (ARRA) – American Opportunity Tax Credit (AOTC)

Scene: 9:52-12:07 minutes

During the Great Recession, college enrollment increased even as families saw their income decline (see figure 3). In 2009, as part of the American Recovery and Reinvestment Act (ARRA), the Obama Administration signed into law the American Opportunity Tax Credit (AOTC)—a temporary tax credit that was more favorable to students than the Hope Tax Credit. The AOTC increased the credit amount from $1,800 to $2,500 and allowed taxpayers to claim the credit for four years of postsecondary enrollment instead of two. It also raised the income limits to allow more upper-income families suffering from the effects of the recession to qualify.[27] To help low-income families with no tax liability, the AOTC made up to 40 percent of the credit refundable—meaning that if a taxpayer is eligible for a credit and the taxes owed by that individual are less

FIGURE 3:

College Enrollment and Median Household Income from 2000 to 2014



Note: Bureau of Labor Statistics CPI Inflation Calculator used to convert real dollars to 2014 dollars http://www.bls.gov/data/inflation_calculator.htm

Sources: National Center for Education Statistics, Digest of Education Statistics, Table 303.10. Total fall enrollment in degree-granting postsecondary institutions, by attendance status, sex of student, and control of institution: Selected years, 1947 through 2023 http://nces.ed.gov/programs/digest/d13/tables/dt13_303.10.asp; U.S. Census Bureau, Current Population Survey (CPS) Reports 2000-2014 https://www.census.gov/hhes/www/income/publications/cps-reports.html

than the credit, the excess can be refunded by the government.[28] Although the AOTC was originally set to expire in 2010, the credit has been extended through legislation several times.[29, 30] The Protecting Americans from Tax Hikes (PATH) Act, signed into law by President Barack Obama at the end of 2015, made the AOTC a permanent part of the tax code, thereby indefinitely replacing the Hope Tax Credit.[31]

Due to the increased generosity of the AOTC and to awareness building, more tax filers now claim higher education credits, which increases the cost to the government. In 2008, prior to AOTC, roughly 7.7 million taxpayers claimed any higher education credit and the cost to the government was $8 billion. In 2014, the tax expenditure was approximately $23 billion.[32, 33]

TAX BENEFITS FOR HIGHER EDUCATION

KEY FACTS

	Qualified Tuition Plans[34]	Hope Scholarship Tax Credit[35]	Lifetime Learning Tax Credit[36]	Tuition and Fees Deduction[37]	American Opportunity Tax Credit[38]
Common Name	529 plans	Hope Credit	Lifetime Learning Credit	Deductions	AOTC
Created	1996	1997	1997	2001	2009
Overview	There are two types of 529 plans: Prepaid tuition plans allow people to purchase tuition credits for a beneficiary at a designated institution for future use. College savings plans allow people to invest in an account for a beneficiary's future higher education expenses. Money grows and is distributed without federal taxation.	Nonrefundable tax credit of up to $1,800 per student for eligible tuition and fees in the first two years of postsecondary education toward a degree or certificate.	Nonrefundable tax credit of up to $2,000 per tax return for eligible tuition and fees (i.e., 20 percent of $10,000 in expenses) for an unlimited number of years to pursue degree, certificate, and/or courses to acquire or improve job skills.	Tax deductions reduce a filer's tax liability at their marginal tax rate. For a filer in the 25 percent tax bracket, a $1,000 deduction saves him or her $250 in taxes (0.25 x $1,000 = $250).	Partially refundable tax credit of up to $2,500 per student for eligible tuition and fees and course-related books, supplies, and equipment in the first four years of postsecondary study.
Income Phase-Out Range (2016)[39, 40]	Any U.S. resident or citizen, regardless of income, can open an account.	$50K–$60K single filers; $100K–$120K joint filers[41]	$55K–$65K single filers; $110K–$130K joint filers	$65K–$80K single filers; $130K–$160K joint filers	$80K–$90K single filers; $160K–$180K joint filers
Status	Tax-free distributions became part of 529 plans in 2006.[42]	Replaced by the AOTC with the passage of the PATH Act of 2015.[43]	Permanent part of the tax code with income limits adjusted for inflation.	Extended through 2016 with the passage of the PATH Act of 2015.[44]	Permanent part of the tax code.[45]

NOTE: Unless otherwise noted, information was collected from the legislation that authorized each program.

TIMELINE

1978

Revenue Act

» Established an employer-provided tuition benefit, which would be excluded from the employee's gross income for tax purposes.[46]

1986

Michigan Education Prepaid Tuition Plan

» Michigan developed the nation's first prepaid tuition program, which allowed families to prepay tuition at any Michigan public postsecondary institution at current tuition rates for any child living in Michigan.[47]

1996

Small Business Job Protection Act

» Established that earnings and disbursements from qualified state tuition programs and college savings plans, later referred to as 529 plans, be exempt from federal taxation starting in the 1996 tax year. Expenses that qualified under the plan included tuition, fees, books, supplies, and equipment required for the attendance of an eligible educational institution.[48]

1997

Taxpayer Relief Act

» Created the Hope Scholarship Tax Credit and Lifetime Learning Tax Credit.[49] The Hope Scholarship Credit provided a dollar-per-dollar reduction of tax liability for the first two years of postsecondary education up to $1,500. The Lifetime Learning Tax Credit provided a dollar-per-dollar reduction of tax liability for unlimited years of postsecondary education up to $2,000.[50]

» Amended the definition of higher education expenses to include room and board for students attending at least half-time.[51]

» Provided special treatment of 529 accounts by gift and estate tax regulations—both important changes for 529 plan donors and beneficiaries—and defined eligible educational institutions as Title IV institutions.[52]

2001

Economic Growth and Tax Relief Reconciliation Act (EGTRRA)

» Enabled taxpayers to claim a Hope Scholarship Tax Credit and Lifetime Learning Tax Credit in the same year that they claim an exclusion from contributions made to an education savings account (e.g., Coverdell and 529 plans), as long as the same expenses are not used for both benefits.[53]

» Made distributions from 529 plans for education-related expenses tax-exempt. This tax-exempt status was set to expire at the end of 2010.[54]

» Enabled taxpayers to claim a deduction for qualified tuition and related expenses, which reduced the amount of income subject to tax by up to $4,000 if the tax filer's adjusted gross income for the taxable year did not exceed a certain amount.[55] The deduction was set to expire at the end of 2014.[56]

» Expanded eligibility for tax deductions for the interest paid on student loans by increasing the maximum deduction amount to $2,500 and removing the 60-month limit on loan interest deductions.[57]

2005

Gulf Opportunity Zone Act

» Temporarily increased the amount of the Hope Scholarship and Lifetime Learning credits for students in the Gulf Opportunity Zone, a federally defined region affected by hurricanes Wilma, Rita, and Katrina, for tax years 2005 and 2006.[58]

2006

Pension Protection Act

» Permanently extended the rule enacted under EGTRRA allowing taxpayers to claim a Hope Scholarship Tax Credit and Lifetime Learning Tax Credit in the same year that they claim an exclusion from contributions made to an education savings account, as long as the same expenses are not used for both benefits.[59]

» Made the tax-exempt status of distributions for education-related expenses from 529 plans permanent.[60]

2007 **College Cost Reduction and Access Act**

- Clarified that the value of 529 accounts should be considered parental assets, rather than student assets, when calculating the amount of money dependent students should be expected to pay for college through the Free Application for Federal Student Aid.[61]

2008 **Heartland Disaster Relief Act**

- Extended increases to the Hope Scholarship and Lifetime Learning Tax Credits enacted for Gulf Opportunity Zone residents to those living in Midwestern states affected by storms, flooding, and tornadoes for tax years 2008 and 2009.[62]

2009 **American Recovery and Reinvestment Act**

- Created the American Opportunity Tax Credit (AOTC) to temporarily replace the Hope Scholarship Tax Credit for the 2009 and 2010 tax seasons. The AOTC increased the Hope Scholarship Tax Credit limit, expanded the number of years a taxpayer could claim the credit, and made more high- and low-income individuals eligible.[63]
- Included course materials as a college expense.[64]

2010 **Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act**

- Extended AOTC for two more tax years: 2011 and 2012.[65]

2012 **American Taxpayer Relief Act**

- Extended AOTC for another five years, through December 2017.[66]

2015 **Protecting Americans from Tax Hikes Act**

- Permanently extended AOTC.[67]
- Extended tax deductions for tuition and education expenses through December 2016.[68]
- Amended 529 plans to allow for the purchase of computer equipment and technology, beginning with tax years after December 2014.[69]

FEATURED EXPERTS[70]

Pauline Abernathy
Policy Advisor, White House and U.S. Department of Education, 1995-1999

Jason Delisle
Legislative Assistant, Office of Congressman Thomas E. Petri (R-WI), 2000–2006; Professional Staff, U.S. Senate Budget Committee, 2006–2007

Brian Fitzgerald
Staff Director, Advisory Committee on Student Financial Assistance, 1988–2005

Gaby Gomez
Professional Staff, U.S. House Education and Labor Committee, 2006–2009; Assistant Secretary for Legislation and Congressional Affairs, U.S. Department of Education, 2009–2014

Frank Holleman
Chief of Staff, Secretary Richard W. Riley, U.S. Department of Education, 1994–1997; Deputy Secretary of Education, U.S. Department of Education, 1999–2000

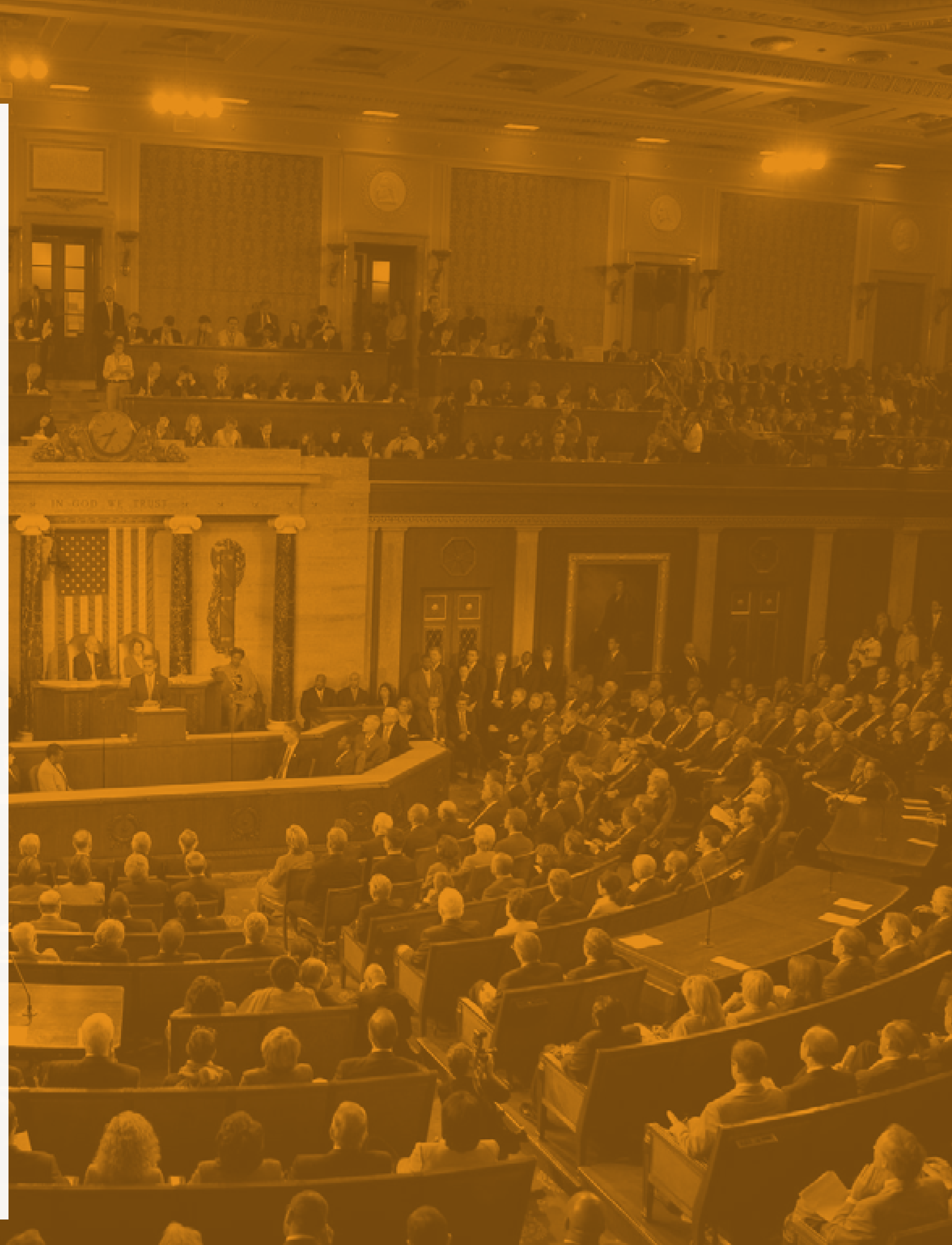
Douglas Holtz-Eakin
Chief Economist, President's Council of Economic Advisers, 2001–2002; Director, Congressional Budget Office, 2003–2005

Karin Johns
Professional Staff, Office of Congressman Fred Grandy (R-IA), 1990–1994; Legislative Director, Office of Representative Phil English (R-PA), 1995–1998

Maureen McLaughlin
Acting Assistant Secretary and Deputy Assistant Secretary, Office of Postsecondary Education, U.S. Department of Education, 1993–2002

Russell Sullivan
Tax Counsel and Legislative Director, Office of Senator Bob Graham (D-FL), 1995–1999; Chief Tax Counsel and Staff Director, U.S. Senate Finance Committee, 1999–2013

Thomas Wolanin
Professional Staff, U.S. House Education and Labor Committee, 1975–1981, 1985–1987, 1991–1993; Senior Staff, U.S. Department of Education, 1993–1996



FOOTNOTES

1 One of the more popular tuition tax credit proposals during this era came from outside Congress. That proposal, developed by the American Council on Education (ACE) in 1954, included a $450 credit to ease the burden of rising tuition and fees. John Meck, vice president at Dartmouth College and ACE's chairman on taxation, formally presented this plan to the House Ways and Means Committee in 1958, but it was not approved due to projected losses in revenue to the U.S. Treasury and concerns about whether such tax relief would benefit middle-income families. In fact, none of these proposals ever left the legislative committees where they were introduced. See Freeman, R. A. (1965). *Crisis in college finance? Time for new solutions.* Washington, DC: The Institute for Social Science Research.

2 Crandall-Hollick, M. L. (2013). *Higher education tax benefits: Brief overview and budgetary effects* (Report No. R41967). Washington, DC: Congressional Research Service. Retrieved from https://fas.org/sgp/crs/misc/R41967.pdf

3 During the debate leading up to the HEA of 1965, proponents of the credits—conservative representatives from both parties led by Senator Abraham Ribicoff (D-CT)—proposed a credit of up to $325 toward tuition and fees, which is about $2,500 in today's dollars.

4 Silliman, B. R. (2011). College tuition tax credits: An examination of the impact of the American Opportunity, Hope, and Lifetime Learning tax credits since 1998. *Proceedings of American Society of Business and Behavioral Sciences, 18*(1), 279–288. Retrieved from http://asbbs.org/files/2011/ASBBS2011v1/PDF/S/SillimanB.pdf

5 The Democratic-controlled Congress, which had already approved a tax break in 1964, generally agreed with Johnson's plans to expand higher education through the HEA, and several proposals for college tuition tax credits never materialized from the House Ways and Means Committee or the Senate led by Abraham Ribicoff (D-CT).

6 Bernstein, I. (1996). *Guns or butter: The presidency of Lyndon Johnson.* New York, NY: Oxford University Press.

7 Silliman, B. R. (2002). Federal tax policy in the making: 32 years to enact college tuition tax credits. *Review of Business, Winter 2002*, 38–43. Retrieved from http://connection.ebscohost.com/c/articles/6425888/federal-tax-policy-making-32-years-enact-college-tuition-tax-credits

8 Tuition tax credits were supported by leading conservative and liberal members of Congress. As a result, two bills, one from the Senate Finance Committee (H.R. 3946) and one from the House Ways and Means Committee (H.R. 12050) emerged in 1978. The Senate bill had more generous provisions, including a higher limit ($500), a refund for those with no tax liability, and, controversially, credits for K–12 tuition. Because the House and the Senate could not agree to exclude tax credits for private K–12 schools in the final bill—and President Carter threatened to veto any bill including such legislation—the proposal was dropped. See CQ Almanac. Tuition tax credit fails under veto threat. (1978). Retrieved from http://library.cqpress.com/cqalmanac/document.php?id=cqal78-1238326

9 Carter, J. (1978, May 5). *Spokane, Washington Remarks and a Question-and-Answer Session at a Town Meeting.* The American Presidency Project. Retrieved from http://www.presidency.ucsb.edu/ws/index.php?pid=30757

10 Silliman, B. R. (2002). Federal tax policy in the making: 32 years to enact college tuition tax credits. *Review of Business, Winter 2002*, 38–43. Retrieved from http://connection.ebscohost.com/c/articles/6425888/federal-tax-policy-making-32-years-enact-college-tuition-tax-credits

11 Revenue Act of 1978. (P.L. 95-600). *United States statutes at large*, 92 Stat. 2763. Sec. 127. Retrieved from http://www.legisworks.org/GPO/STATUTE-92-Pg2763.pdf

12 State of Michigan. (2015). Michigan Education Trust. Retrieved from http://www.michigan.gov/setwithmet/0,4666,7-237-44460-154276--,00.html

13 The National Center for Public Policy and Higher Education. *A national status report on the affordability of American higher education.* (Table: Summary of state-sponsored prepaid tuition plans). San Jose, CA: Author. Retrieved from http://www.highereducation.org/reports/losing_ground/knapp_prepaid.pdf

14 Ibid.

15 Post, K.C. (2013). Higher education tax incentives: Why current reform is necessary. *The Southern Law Journal, XXIII*(73). Retrieved from http://www.southernlawjournal.com/2013_1/SLJ_Spring%202013_Post.pdf

16 Small Business Job Protection Act of 1996. (P.L. 104-188). United States statutes at large, 110 Stat. 1895. Sec. 529. Retrieved from http://www.gpo.gov/fdsys/pkg/STATUTE-110/pdf/STATUTE-110-Pg1755.pdf

17 Qualified higher education expenses include tuition, fees, and books. In 1997, through the Taxpayer Relief Act, room and board was added on as a qualified expense.

18 Silliman, B. R. (2002). Federal tax policy in the making: 32 years to enact college tuition tax credits. *Review of Business, Winter 2002*, 38-43. Retrieved from http://connection.ebscohost.com/c/articles/6425888/federal-tax-policy-making-32-years-enact-college-tuition-tax-credits

19 Smith, S. B. (2007). *For love of politics: Inside the Clinton White House.* New York: NY: Random House.

20 Gingrich, N. (1994, September 22). The Capitol Steps Contract and Cynicism in Washington, DC. Retrieved from http://www.rialto.k12.ca.us/rhs/planetwhited/AP%20PDF%20Docs/Unit%2014/CONTRAC7.PDF

21 Campbell, A. L. (2011). Paying America's way: The fraught politics of taxes, investments, and budgetary responsibility. In T. Skocpol & L. R. Jacobs (Eds.), *Reaching for a new deal: Ambitious governance, economic meltdown, and polarized politics in Obama's first two years.* New York, NY: Russell Sage Foundation.

22 Taxpayer Relief Act of 1997. (P.L. 105-34). United States statutes at large, 111 Stat. 799. Sec. 201(25A). Retrieved from http://www.gpo.gov/fdsys/pkg/PLAW-105publ34/pdf/PLAW-105publ34.pdf

23 Gray, J. (1997, August 1). Congress approves comprehensive tax-cutting bill. *The New York Times.* Retrieved from http://partners.nytimes.com/library/politics/080197congress-budget.html

24 Economic Growth and Tax Relief Reconciliation Act of 2001. (P.L. 107-16). United States statutes at large. 115 Stat. 63. Sec. 402 (b)(1)(B)(i)(ii) Retrieved from http://www.gpo.gov/fdsys/pkg/STATUTE-115/pdf/STATUTE-115-Pg38.pdf

25 The Department of the Treasury. (2009). *An analysis of Section 529 college savings and prepaid tuition plans.* Retrieved from http://www.treasury.gov/resource-center/economic-policy/Documents/09092009TreasuryReportSection529.pdf

26 Protecting Americans from Tax Hikes Act, 2015. (P.L. 114-113). Sec. 153, 825. Retrieved from https://www.congress.gov/114/bills/hr2029/BILLS-114hr2029enr.pdf

27 American Recovery and Reinvestment Act of 2009. (P.L. 111-5). United States statutes at large, 123 Stat. 313. Sec. 1004. Retrieved from http://www.gpo.gov/fdsys/pkg/PLAW-111publ5/pdf/PLAW-111publ5.pdf

28 Ibid.

29 Tax Relief, Unemployment Insurance Reauthorization, and Job Creation Act of 2010. (P.L. 111-312). United States statutes at large, 124 Stat. 3299. Sec. 103. Retrieved from http://www.gpo.gov/fdsys/pkg/PLAW-111publ312/pdf/PLAW-111publ312.pdf

30 American Tax Relief Act of 2012. (P.L. 112-240). United States statutes at large.126 Stat. 2319. Sec. 103. Retrieved from http://www.gpo.gov/fdsys/pkg/PLAW-112publ240/pdf/PLAW-112publ240.pdf

31 Protecting Americans from Tax Hikes Act of 2015. (P.L. 114-113). Sec. 102, 803. Retrieved from https://www.congress.gov/114/bills/hr2029/BILLS-114hr2029enr.pdf

32 Tax expenditures are projected losses in revenue for the U.S. Treasury. They are used to promote social goals without incurring direct expenditures to the federal budget. However, a loss in revenue to the Treasury can increase the federal deficit.

33 Bulman, G. B., & Hoxby, C. M. (2014). *The returns to the federal tax credits for higher education* (NBER Working Paper 20833). Cambridge, MA: National Bureau of Economic Research. Retrieved from http://www.irs.gov/pub/irs-soi/14rpfedtaxcredithighered.pdf

34 Small Business Job Protection Act of 1996. (P.L. 104-188). United States statutes at large, 110 Stat. 1895. Sec. 529. Retrieved from http://www.gpo.gov/fdsys/pkg/STATUTE-110/pdf/STATUTE-110-Pg1755.pdf

35 Taxpayer Relief Act of 1997. (P.L. 105-34). United States statutes at large, 111 Stat. 799. Sec. 201(25A). Retrieved from http://www.gpo.gov/fdsys/pkg/PLAW-105publ34/pdf/PLAW-105publ34.pdf

36 Ibid.

37 Economic Growth and Tax Relief Reconciliation Act of 2001. (P.L. 107-16). United States statutes at large. 115 Stat. 66. Sec. 431(a). Retrieved from http://www.gpo.gov/fdsys/pkg/STATUTE-115/pdf/STATUTE-115-Pg38.pdf

38 American Recovery and Reinvestment Act of 2009. (P.L. 111-5). United States statutes at large, 123 Stat. 313. Sec. 1004. Retrieved from http://www.gpo.gov/fdsys/pkg/PLAW-111publ5/pdf/PLAW-111publ5.pdf

39 Income phase-out range is the income range where the credit begins to decrease, gradually reducing to zero (i.e., no credit granted) at the upper income limit, and is adjusted for cost of living each year. For all the programs outlined here, we use the 2016 income phase-out range, except for the Hope Tax Credit, which uses data from the last year it was applicable (i.e., 2010).

40 U.S. Department of the Treasury. Internal Revenue Service. (2016). *970: Tax benefits for education*. (Cat. No. 25221V). Retrieved from https://www.irs.gov/pub/irs-pdf/p970.pdf

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70 Affiliations of documentary cast members correspond to the policy period discussed in the film.

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