

A Look Back at the Education Tax Incentives of 1997 and 2001 – Concerns and the Actual Impact

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Abstract

The Taxpayer Relief Act of 1997 and the Economic Growth and Tax Relief Reconciliation Act of 2001 provided multiple tax subsidies to help individuals afford higher education. The Senate passed six similar proposals from 1967 to 1978, but all were voted down by Congress because legislators considered the subsidies too costly, complex, and inefficient. A decade later, this study considers whether the original opposition correctly predicted the downside of the education tax subsidies. The findings are: 1) lost revenues were less than predicted and this might even be lessened over time by having a more highly educated workforce earning higher incomes and thus, paying higher taxes; 2) college enrollments were found to have increased after the tax incentives became available, but whether this is a direct result of the tax incentives is undetermined; and 3) the AICPA agrees that the tax incentives are complex, but since professionals prepare the vast majority of tax returns, the added complexity is not believed to be an issue.

Introduction

The Taxpayer Relief Act of 1997 (Public Law 105-34, 1997) contained higher education tax benefits for students and their families. The Act created two tax credits—the HOPE Scholarship and two Lifetime Learning credits: 1) a tax-exempt education savings account called an education IRA, and 2) a deduction for interest payments made on education loans. The Act also made other changes regarding state tuition savings programs, IRA withdrawal penalties, and employer education assistance. This legislation marked a significant expansion in the use of tax policy to encourage college enrollment and to help families and communities pay for higher education.

The Act provides multiple ways for families and individuals to get tax subsidies for higher education by allowing taxpayers a benefit in the years they save for college, in the years they pay tuition costs, and in the years they repay loans. The legislation provides different approaches to finance postsecondary education and gives families a means to adapt their plans to changing circumstances (Zimmerman, 1999).

The Economic Growth and Tax Relief Reconciliation Act of 2001 (Public Law 107-16, 2001) (EGTRRA) introduced an additional above-the-line deduction for qualified higher education expenses and increased the contribution limits for the education IRA. Qualified tuition plans were amended allowing both state and private institution sponsorship. The incentives created by these two Acts were expanded in 2009.

These provisions made financial planning for college more complicated, and opposing legislators' argued that the complexity would result in inequitable benefits to taxpayers. Additionally, there were concerns whether the tax benefits would supplement or supplant assistance provided by state or other federal sources (Zimmerman, 1999).

The Joint Committee on Taxation estimated the cost at \$40 billion for fiscal years 2000 through 2004. Opponents believed the tax benefits might encourage some students to continue their studies, particularly after obtaining their initial degree, and some to consider a wider range of schools. Additionally, they did not believe the tax benefits would be significant enough to motivate people to attend college if they were not already planning to do so (Lyke, 2000).

The IRS and other sources used for this paper have a two-three year time lag. Therefore, this paper focuses on the decade from 1999 to 2009 to determine whether the concerns raised by the opponents materialized. The research includes the incentives which provide the largest direct benefit to taxpayers and for which the IRS reports the data. These incentives include the two tax credits, interest deduction, and the tuition and fees deduction.

The paper first describes the different tax reduction tools, referred to as education incentives, which are available to taxpayers. The arguments opponents used against the tax provisions are then presented and discussed. The actual impact of the tax provisions is determined by tracking the costs, efficacy, and issues regarding the complexity of the provisions as each is identified and discussed. This is followed by the conclusions drawn from the research.

Higher Education Tax Incentives Overview

Tax Credits

The Taxpayer Relief Act of 1997 (Public Law 105-34, 1997) created two tax credits for postsecondary education expenses. The first is the HOPE Scholarship Credit which was effective January 1, 1998. The credit equals 100% of the first \$1000 of qualified tuition and fees and 50% of the next \$1,000 that taxpayers pay for themselves, their spouse, or their dependents. The credit was available for two taxable years per student, assuming the student had not completed the first two years of postsecondary education before the beginning of the year for which the credit was claimed. Students convicted of a felony drug offense do not qualify.

Students must be enrolled or accepted for enrollment, in a degree, certificate, or other program leading to a recognized educational credential, and qualify at least as part-time students. The total potential credit was \$1,500 with phase out starting for single taxpayers earning an AGI of \$40,000 (\$80,000 for joint-return taxpayers). By 2008 the HOPE credit increased to \$1,800 (100% of first \$1,200 and 50% of next \$1,200) with a phase out between \$48,000 and \$58,000 for single taxpayers, and \$96,000 to \$116,000 for married taxpayers filing joint returns (Hope and Lifetime Learning Credits, 2008).

The Lifetime Learning Credit, effective July 1, 1998, provides a \$1000 credit calculated as 20 percent of the first \$5,000 of qualified tuition and fees (increased to the first \$10,000 after 2002). The expenses must be for the taxpayer, their spouse, or their dependents. The credit is available for any number of years of postsecondary education and does not require part-time enrollment status. It has the same phase out limitations as the HOPE credit (Hope and Lifetime Learning Credits, 2008). Credits cannot be combined nor overlap. The HOPE and Lifetime Learning Credits cannot be claimed for the same student in the same tax year. Additionally, taxpayers may not take either credit if they can be claimed as a dependent by another taxpayer. Both credits were non-refundable until changes made in 2009 made them partially refundable.

Interest Deduction

The Taxpayer Relief Act (Public Law 105-34, 1997) authorized a deduction for interest payments on qualified education loans effective January 1, 1998. The deduction is used in calculating adjusted gross income (an “above-the-line” deduction). The deduction was originally \$1,000 but increased to \$2,500 for 2001 and beyond. The maximum allowable deduction is phased out for single taxpayers with modified adjusted gross income between \$40,000 and \$55,000 (\$60,000 to \$75,000 for married filing joint returns) before 2002. Beginning in 2002 the phase out began at \$50,000 for single and \$100,000 for married taxpayers (Public Law 107-16, 2001). Taxpayers are not eligible for the deduction if they can be claimed as a dependent by another taxpayer.

Qualified education loans are any loans incurred to pay qualified expenses for the taxpayer, their spouse, or their dependents at Title IV HEA institutions or at institutions of higher education, hospitals, or health care facilities conducting internship or residency programs leading to a certificate or degree. At the time the debt is incurred, students must be enrolled (or accepted for enrollment) in a degree, certificate, or other program leading to a recognized educational credential and must carry at least one-half the normal full-time work load. Qualified expenses generally equal the cost of attendance minus scholarships and other education payments excluded from taxes.

Tuition and Fees Deduction

The tuition and fees deduction allows the taxpayer to deduct up to \$3,000 in 2002 and 2003. The deduction is reduced for single taxpayers with adjusted gross income (AGI) over \$65,000 and is completely eliminated for single taxpayers with \$80,000 AGI. This phase out starts at \$130,000 for married taxpayers and is complete at \$160,000. In 2004 and beyond, the potential deductible amount increased to \$4,000 with the same AGI restrictions.

To summarize, taxpayers must choose between the HOPE Credit, Lifetime Learning Credit, or Tuition and Fees deduction for each dependent for a given year. The credits and deductions noted are mutually exclusive, so taxpayers should choose the one with the greatest tax advantage given their particular situation.

Arguments against Tax Incentives

The Senate passed tuition tax credit measures in 1967, 1969, 1971, 1976, 1977, and 1978 but none of them made it into law (Recent Action in the Congress, 1984). In the past, the Treasury's arguments against education tax credits and deductions fell into three broad categories: cost, efficacy, and complexity (Thorndike, 1996). This section outlines these arguments, starting with cost.

Concerns about Costs

The first argument against credits and deductions supporting higher education is the cost. The obvious cost to the federal government is loss of revenue by allowing tax deductions to taxpayers. Another potential cost is the reduction in other resources devoted to education in response to the tax deductions. The Treasury may not expand or may decrease other funding, such as federally guaranteed student loans, in response to the deductions. This could result in an overall increase in higher education costs for taxpayers or an unexpected shift in funding (Thorndike, 1996).

Efficacy

Legislators expressed concern that the tax savings may be too small to be a deciding factor in whether or not to attend college. The Treasury argued that universities were likely to raise tuition in response to new tax deductions, thereby undermining the effectiveness of the tax proposal.

Additionally, the opposition conjectured that states would decrease funding to institutions of higher learning in response to the federal tax credits and deductions to taxpayers. They rationalized that the credits and deductions would make higher education costs more affordable to taxpayers thus leading to increased enrollments and increased revenue via tuition to the institutions. Further, state tax laws frequently follow the federal tax laws. In this case, the state would also give up tax revenue for higher education deductions, thus increasing the likelihood of decreasing or eliminating other state funding for higher education (Thorndike, 1996).

Complexity

The high level of complexity of the tax law and higher education tax deductions was a major concern. Opponents argued that those families that could benefit most would not understand the tax deductions and therefore not garner the benefit while the families whose children would go to college with or without the tax incentives would benefit (Lyke, 1997).

Actual Impact of Tax Incentives

Education Credits

According to the most recent IRS statistics available, the education credits for 1999 were \$6.1 billion and \$10.98 billion in 2009, both in 2009 dollars. Cumulative total education credits for this period were \$77.9 billion in 2009 dollars.¹ The credits were estimated to cost \$76 billion over ten years (Tax Act Citizens, 1997). So the original estimate appears to be very close to the total credits reported by the IRS for the ten year period.

Credits represent a dollar for dollar reduction in taxes paid, so there is no “refund” to the taxpayer. However, the reported amount of higher education costs may be higher than the actual cost to the Treasury since the credits were not refundable until after 2009. This means that if a taxpayer does not owe taxes equal to or higher than the credit, all or part of their credit would provide no benefit. For example, if a taxpayer’s total tax liability was \$1,000, and they have an education credit for \$1,200, they would receive a benefit of only \$1,000. Therefore, low income taxpayers that qualify for the earned income credit, or who are subject to little tax impact, would receive little to no benefit.

As an example, according to a report from the Center on Budget and Policy Priorities (Aron-Dine, 2007), a couple, married filing joint (MFJ), with one minor child and one child in college would start to receive benefit from the education credits with income of \$24,300, but would need to make about \$40,515 to receive full benefit from the Hope credit, or \$42,850 for the Lifetime Learning credit (Aron-Dine, 2007). The median income for a family of four was \$67,019 in 2005 according to the US Census Bureau, and the credits for married taxpayers start to phase out at \$80,000. Therefore, it appears that lower to median income taxpayers would receive some benefit from the tax incentives.

Student Loan Interest

According to the latest reported IRS statistics, student loan interest deductions totaled \$2.9 billion in 1999 and \$8.4 billion in 2009, both reported in 2009 dollars (Table 1). For the period from 1999 to 2009 student loan interest deductions totaled approximately \$61 billion dollars, in 2009 dollars. These deductions are used to calculate adjusted gross income (AGI), but do not represent a dollar for dollar revenue reduction to the federal government. The tax rate for single taxpayers with

income between \$27,050 and \$65,550 was 27.5% (\$45,200 - \$109,250 for MFJ) before 2002. This would have been the highest potential tax savings for taxpayers falling within the phase out range of \$40,000 - \$55,000 for single taxpayers (\$60,000 - \$75,000 MFJ). By 2009 the comparable tax rates had dropped to 25%. The cost to the Treasury for allowing the student loan interest deduction is the decrease in taxes paid by the taxpayers. Therefore, a reasonable estimate of the cost to the Treasury for the period would be 25% of \$61 billion or around \$15 billion dollars.

In 1997, the Treasury estimated the education credits and student loan interest deductions would cost \$40 billion over the fiscal years 1997 through 2002 (Lyke, 1997). The total was \$41,255,241,000 per IRS (Table 1) statistics. As explained earlier, this amount is actually high since the credits were nonrefundable and the tax deduction for student loan interest does not equate to a dollar for dollar decrease in taxes collected by the Treasury. The actual decrease in tax revenue is lower than the original \$40 billion estimate.

Tuition and Fees

The tuition and fees deduction was implemented in 2002. The most recent data available from the IRS website relating to tuition and fee deductions used to calculate AGI were about \$7.3 billion in 2002 and about \$5.4 billion in 2009. For the 2002 – 2009 period the deduction was about \$76.8 billion in 2009 dollars (Table 1).

The deduction increased from \$3,000 to \$4,000 between 2002 and 2004, which would explain some of the increase in the IRS reported amounts shown in Table 1. The tuition and fees deduction does not reduce Treasury revenue dollar for dollar as would a tax credit. The cost is the lost tax revenues to the Treasury or the tax savings for the taxpayers. Note that the phase out of the tuition and fees deduction for singles is in the 27.5% tax rate for 2002, but in the 30% rate bracket for MFJ. The difference in tax brackets is similar in 2004. Therefore, a high estimate of the cost of this deduction using an average rate of 28.5% times the 2002-09 total Tuition and Fees of \$76.8 billion is \$21.9 billion. Even this estimate is overstated because the highest applicable tax bracket was used for taxpayers qualifying for the student loan interest and the tuition and fee deductions. For example, taxpayers in the 10% bracket would “cost” less than those in the 27.5% bracket because they benefit by only 10% of the deduction. However, the estimate provided proves the tax provisions cost less than expected and reported.

Table 1 - Tax Incentive Costs in 2009 Dollars in Thousands

| Year | Education Credit | Student Loan Interest | Tuition and Fees |
|--|----------------------|-----------------------|------------------|
| 1999 | \$ 6,108,727 | \$ 2,885,800 | |
| 2000 | 6,063,973 | 3,299,340 | |
| 2001 | 6,239,067 | 3,281,197 | |
| 2002 | 5,810,595 | 5,318,760 | \$ 7,323,433 |
| 2003 | 6,777,914 | 5,115,387 | 7,753,012 |
| 2004 | 6,859,158 | 5,014,557 | 12,071,778 |
| 2005 | 6,731,594 | 5,557,992 | 11,931,689 |
| 2006 | 7,513,989 | 6,587,846 | 10,294,058 |
| 2007 | 7,186,828 | 7,762,305 | 11,002,119 |
| 2008 | 7,632,594 | 7,730,515 | 11,001,733 |
| 2009 | 10,981,087 | 8,397,082 | 5,439,714 |
| Total | \$77,905,526 | \$60,950,779 | \$76,817,536 |
| Estimated Actual Costs at tax rates of 25% & 28.5%, respectively | No estimate possible | \$15,000,000 | \$21,892,998 |

Source: See endnote i

Decreased Support Via Cross-subsidies

Another argument against the tax incentives for higher education relates to decreased support by other federal programs or state organizations. This does not appear to have happened during the period between 2003 and 2005 (Table 2) where support increased across all categories. However, state appropriations, grants and contracts decreased below 2005 levels in 2009, so it appears that funding may not have been cut immediately, but it decreased between 2005 and 2010. The economic downturn that started in 2008 is most likely reflected in these decreases and is supported by Kelderman’s research which finds that states were forced to decrease funding for higher-education in 2001, and the recent recession resulted in additional cuts of 13% per student (2010).

Table 2 - Revenue per Full-time-equivalent (FTE) Student Revenue of Postsecondary Degree-granting Institutions in 2010-2011 (Constant Dollars in Millions)

| Year | Tuition and fees | Appropriations | | | Total Revenue | Grants and Contracts | | |
|-----------|------------------|----------------|---------|-------|---------------|--|-------|-------|
| | | Federal | State | Local | | Federal(excludes Federal Direct Student Loans) | State | Local |
| 2003-2004 | \$3,970 | \$182 | \$6,086 | \$870 | \$25,061 | \$3,262 | \$744 | \$800 |
| 2004-2005 | \$4,752 | \$220 | \$6,824 | \$948 | \$28,966 | \$3,709 | \$841 | \$923 |
| 2009-2010 | \$5,307 | \$204 | \$5,926 | \$945 | \$28,781 | \$2,694 | \$655 | \$913 |

Adapted from National Center for Education Statistics table from <http://nces.ed.gov/programs/coe/tables/table-prs-1.asp>ⁱⁱ.

Over the period of the study, Tuition and fees continued to increase (Table 2) as did Student Aid and Non-federal Loans per FTE (Table 3). Note that Benefits from the Education Tax actually decreased 6.1% and Federal Campus-based Programs decreased 43.8%. On the other hand, Loans and Grants all increased by double digits, with Federal Parent Loans and Unsubsidized Federal Stafford loans increasing more than 50% over the period reported. Overall, the increase in Student Aid and Nonfederal Loans was about 33.8%.

It is also worth noting that the original maximum tax credit corresponded to the average annual tuition charge at two-year community colleges at the time of the enactment. The credit has not been indexed for inflation, but the qualifying costs were expanded in 2010. This may explain some of the decrease in the Benefits from the Education Tax incentives reported in Table 3.

As may be expected, when student loans increase, student loan defaults often follow, and that is the currently the case (Briefing, 2011). The 2010 default rate for student loans that entered repayment phase in 2008 was 7 percent overall. The rate was 12 percent for 2-year institutions and 11 percent for PFP 4-year institutions, while public and NP 4-year institutions were both 4 percent.

Table 3. Student Aid And Nonfederal Loans Per FTE (in Constant 2009 Dollars)

| Student Aid and Nonfederal Loans per FTE | 99-00 | 00-01 | 03-04 | 04-05 | 08-09 | 09-10 | % Change Over Period |
|---|----------------|--------------|---------------|-----------------|-----------------|-----------------|-----------------------------|
| Nonfederal Student Loans | \$464 | 491 | \$919 | \$1,187 | \$751 | \$550 | 15.7% |
| Benefits from Education Tax | \$479 | 453 | \$502 | \$521 | \$458 | \$451 | -6.1% |
| Federal Parent Loans (PLUS) and Grad PLUS Loans | \$381 | 403 | \$567 | \$634 | \$805 | \$917 | 58.5% |
| Unsubsidized Federal Stafford Loans | \$1,409 | 1,430 | 1,782 | \$1,880 | \$2,716 | \$2,893 | 51.3% |
| Subsidized Federal Stafford Loans | \$1,875 | 1,787 | 2,004 | \$2,050 | \$2,217 | \$2,378 | 21.1% |
| Private and Employer Grants | \$618 | 638 | 701 | \$733 | \$802 | \$683 | 9.5% |
| Institutional Grants | \$1,774 | 1,771 | 1,802 | \$1,863 | \$2,034 | \$2,161 | 17.9% |
| Federal Pell Grants | \$835 | 868 | 1,156 | \$1,131 | \$1,226 | \$1,826 | 54.3% |
| State Grants | \$471 | 520 | 545 | \$569 | \$563 | \$565 | 16.6% |
| Other Federal Programs | \$284 | 292 | 375 | \$403 | \$456 | \$808 | 64.9% |
| Federal Campus-Based Programs | \$305 | 296 | 319 | \$302 | \$190 | \$212 | -43.8% |
| Total | \$8,894 | 8,948 | 10,671 | \$11,272 | \$12,217 | \$13,444 | 33.8% |
| Source: 1999-2000 – 2009-2010 adapted from College Board Figure 1 prepared in October 2010, http://trends.collegeboard.org/student_aid/indicator/index . | | | | | | | |

Efficacy

Efficacy was another issue cited by opponents of the tax incentives. Lawmakers posited that the deductions would not be large enough to influence people to attend college; however, college enrollments increased during the period under review (Table 4). Whether or not this enrollment increase would have occurred without the tax incentives is unknown.

Based on College Enrollments from 2000 to 2009 presented Table 4, there was an increase in enrollments of 30% in public colleges and about 57.8% in private colleges. While the number of public institutions decreased slightly, the number of private institutions increased by 339 from 2484 to 2823—a 13.6% increase. Private

Not for Profit (NP) enrollments increased less than the public enrollments, but PFP (Private For Profit) institutions experienced tremendous growth at 312%.

Table 4. College Enrollments

| Year | Type | 4 yr. Institutions | Enrollment | % Increase in Enrollment |
|------------------------------------|------------|--------------------|------------|--------------------------|
| 2009 | Public | 1672 | 14811 | 26% |
| | Private | 2823 | 5617 | 57.8% |
| | NP | | 3765 | 21% |
| | For Profit | | 1852 | 312% |
| 2000 | Public | 1698 | 11753 | |
| | Private | 2484 | 3560 | |
| | NP | | 3109 | |
| | For Profit | | 450 | |
| Source: U.S. Census Bureau. (2010) | | | | |

According to data from the National Center for Education Statistics presented in Table 5, the cost of undergraduate tuition, room and board increased 37% between 1999-2000 and 2009-2010 for public institutions and 25% over the same period for private institutions after adjusting for inflation (National Center for Education Statistics, 2011). The costs of NP and PFP institutions were not reported separately in the table because the private nature of the organizations limits accessibility of the data. However, even with the combined data, it is clear to see from Tables 4 and 5 that even though private universities cost significantly more, students are increasingly choosing them over public universities. In addition, it appears that cost increases during this period did not deter students from enrolling in institutions of higher learning overall.

While the college costs are high, the benefit to society of a college degree must also be considered. According to labor statistics (Bureau of the Census, 2010a), the unemployment rate in 2009 for individuals with a four-year college degree was 5.2% while the rate for those with only a high school diploma was 9.7%. Additionally, those with a degree had a median salary of \$1025 per week, while those without had a median salary of \$626. Over a lifetime, the college degreed individuals may collect less unemployment and potentially pay more taxes due to their higher incomes, thus offsetting the cost of education.

Complexity

The complexity of the tax code in general is frequently cited in the news. The complexity related to the higher education tax incentives is no exception. Qualifying expenses vary between taxpayers as do the phase outs and qualifications to take the deductions. Taxpayers are using these methods to assist with college costs, but there is no way to measure the number of qualified taxpayers that are not taking the deductions.

Table 5. Total Tuition, Room and Board Rates for Full-time Undergraduate Students in Degree-granting Institutions (in constant 2008-2009 dollars)

| Year | All Universities | | Public Universities | | Private Universities | |
|---------|------------------|----------|---------------------|----------|----------------------|----------|
| | Percent Change | Costs | Percent Change | Costs | Percent Change | Costs |
| 1980-81 | | \$7,685 | | \$5,881 | | \$13,555 |
| 1990-01 | 36.9% | \$10,518 | 29.7% | \$7,625 | 52.7% | \$20,693 |
| 2000-01 | 26.1% | \$13,263 | 22.0% | \$9,300 | 26.6% | \$26,197 |
| 2009-10 | 31.7% | \$17,464 | 36.4% | \$12,681 | 21.7% | \$31,876 |

Adapted from U.S. Department of Education, National Center for Education Statistics (2011). Digest of Education Statistics, 2010 (NCES 2011-015), Chapter3.

According to a Treasury report on tax preparers, in 2002, 56% of taxpayers had their taxes prepared by paid preparers, while for 2007 and 2008, 80% of returns were prepared by paid preparers (Department of the Treasury, 2009). Additionally, more returns are prepared for low to middle income taxpayers by the Volunteer Income Tax Assistance (VITA) program. Therefore, it would seem that if the taxpayer qualifies for any of the education deductions, it is likely that they are using a trained tax preparer and therefore, receiving that benefit.

In August of 2012, the American Institute of CPA's (AICPA) reported to the Senate Finance Committee, that education tax incentives are too complicated. Differences in definitions, income phase outs, and the temporary nature of education incentives were cited as contributing to the complexity of the provisions. They suggested reducing the number of education related incentives and standardizing the definitions and phase outs. They indicated that if the rules are simplified, it may help those preparing their own tax returns and perhaps paid preparers as well. Based on the fact that more than 80% of taxpayers have their taxes prepared by professional tax preparers, simplification will probably not significantly increase the number of taxpayers taking advantage of the education deductions.

As shown in Table 4, there has been an increase, during the period of this study, in student enrollments in both public and private 4 year institutions even after taking into account population changes. So although the tax incentives may have helped those that would have attended college anyway, the increases across all of these institutions would provide some proof that there was some motivation that caused increased college enrollments. Perhaps it was the economy or maybe the tax incentives, but most likely it was a combination of both.

Conclusions

The costs of the tax incentives are significant, just as the legislators predicted. However, the total cost in lost revenues did not exceed their estimates, and over time, they may be recouped with lower unemployment and higher tax revenues due to higher incomes from a more highly educated population.

College enrollments increased after the tax incentives. Based on the median incomes over the time studied, many lower income taxpayers would have received some tax benefit from the tax incentives, so it appears the opponents' arguments that enrollments would not increase were unfounded.

The AICPA agrees with the legislators' opinion that the tax incentives are complex. However, the large percentage of professionally prepared returns and increased enrollment in institutions of higher education leads one to believe that taxpayers did not find the tax incentives too complex to utilize.

Overall, most of the arguments raised by the opponents of the tax incentives did not come to pass. One exception is the overall increase in college tuition. Tuition costs have risen and the enrollment by type of institution has also changed. The number of students enrolling in PFP universities increased disproportionately. These institutions typically cost more than public universities, thus adding to the overall cost of education. Admittedly, public university costs have also increased dramatically, but not to the extent of the private universities. Future research should focus on determining why more students are migrating to private colleges and what effect this has on costs of higher education.

ⁱ See Table 1, amounts for 1999, 2009, and ten year totals were calculated using IRS reported amounts for 1999 to 2010 (<http://www.irs.gov/taxstats/article/0,,id=175788,00.html>) on July 16, 2012, and converting to 2009 equivalents using Consumer Price Index (CPI) factors as used in Inflation Calculator (<http://www.dollartimes.com/calculators/inflation.htm> on July 16, 2012).

ⁱⁱ Data was reported differently prior to 2003, so comparable data is not available.

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