

T06-0333
Tax Benefits of the Deduction for Higher Education Expenses:
By Cash Income Class, 2005¹

Cash Income Class (thousands of current dollars) ²	All Tax Units ³		Tax Units with Benefit ⁴			Tax Benefits		Benefit as Percent of After- Tax Income ⁶		Average Tax Benefit	
	Number (thousands)	Percent of Total	Number (thousands)	Percent of Total	Percent within Class ⁵	Dollars (millions)	Percent of Total	All Tax Units	Tax Units with Benefit	All Tax Units	Tax Units with Benefit
Less than 10	19,277	13.3	103	2.6	0.5	0	0.0	0.00	0.0	0	1
10-20	25,883	17.8	544	13.9	2.1	32	2.6	0.01	0.4	1	59
20-30	20,312	14.0	487	12.5	2.4	70	5.7	0.02	0.6	3	143
30-40	15,678	10.8	285	7.3	1.8	57	4.6	0.01	0.7	4	199
40-50	11,515	7.9	243	6.2	2.1	69	5.6	0.02	0.8	6	284
50-75	20,288	14.0	620	15.9	3.1	233	19.0	0.02	0.8	11	376
75-100	12,187	8.4	440	11.3	3.6	115	9.4	0.01	0.4	9	262
100-200	14,849	10.2	1,162	29.7	7.8	638	51.9	0.04	0.5	43	549
200-500	3,846	2.6	21	0.5	0.6	12	1.0	0.00	0.2	3	555
500-1,000	627	0.4	3	0.1	0.5	2	0.2	0.00	0.1	4	822
More than 1,000	298	0.2	0	0.0	0.0	0	0.0	0.00	0.0	0	443
All	145,321	100.0	3,908	100.0	2.7	1,229	100.0	0.02	0.6	8	314

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0304-5).

- (1) Calendar year. Benefits of the deduction for higher education expenses are measured as the value of expenses deducted multiplied by the marginal rate in the taxpayer's current tax bracket.
- (2) Tax units with negative cash income are excluded from the lowest income class but are included in the totals.
- (3) Includes both filing and non-filing units. Tax units that are dependents of other taxpayers are excluded from the analysis.
- (4) Tax units with benefit includes only those tax units that deduct higher education expenses.
- (5) Percent of tax units within each cash income class that receives a tax benefit from the deduction for higher education expenses.
- (6) After-tax income is cash income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.