

T06-0329

**Tax Benefits of the Hope Credit, Lifetime Learning Credit, and Deduction for Higher Education Expenses:
By Adjusted Gross Income Class, 2005¹**

Adjusted Gross 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	35,016	24.1	362	3.7	1.0	8	0.1	0.01	0.4	0	21
10-20	23,171	15.9	1,444	14.8	6.2	629	8.4	0.20	3.2	27	436
20-30	18,169	12.5	1,490	15.3	8.2	1,184	15.8	0.31	3.7	65	795
30-40	13,599	9.4	1,228	12.6	9.0	1,168	15.6	0.31	3.3	86	951
40-50	10,747	7.4	1,015	10.4	9.4	970	12.9	0.26	2.6	90	955
50-75	18,350	12.6	1,990	20.5	10.8	1,818	24.2	0.21	1.8	99	914
75-100	10,839	7.5	1,422	14.6	13.1	1,325	17.7	0.19	1.4	122	932
100-200	11,036	7.6	777	8.0	7.0	399	5.3	0.04	0.6	36	513
200-500	2,675	1.8	0	0.0	0.0	0	0.0	0.00	0.0	0	0
500-1,000	423	0.3	0	0.0	0.0	0	0.0	0.00	0.0	0	0
More than 1,000	216	0.1	0	0.0	0.0	0	0.0	0.00	0.0	0	0
All	145,321	100.0	9,729	100.0	6.7	7,501	100.0	0.14	1.9	52	771

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

(1) Calendar year. Benefits are measured as the reduction in tax liability on returns claiming the Hope credit and/or lifetime learning credit plus the value of higher education expenses deducted multiplied by the marginal rate in the taxpayer's current bracket.

(2) Tax units with negative adjusted gross 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 claim the Hope credit or lifetime learning credit, or that deduct higher education expenses.

(5) Percent of tax units within each adjusted gross income class that receives a tax benefit from the Hope credit, lifetime learning credit, or deduction for higher education expenses.

(6) After-tax income is adjusted gross income less: individual income tax net of refundable credits; corporate income tax; payroll taxes (Social Security and Medicare); and estate tax.