

T06-0336
**Tax Benefits of the Hope Credit, Lifetime Learning Credit, Deduction for
Higher Education Expenses, and Student Loan Interest Deduction**
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	6,465.6	328	2.2	1.7	2	0.0	0.00	0.1	0	5
10-20	25,883	8,681.0	1,621	10.8	6.3	386	4.6	0.11	1.7	15	238
20-30	20,312	6,812.5	2,161	14.3	10.6	1,126	13.4	0.25	2.4	55	521
30-40	15,678	5,258.4	1,989	13.2	12.7	1,155	13.8	0.25	2.0	74	580
40-50	11,515	3,862.1	1,539	10.2	13.4	953	11.4	0.22	1.7	83	619
50-75	20,288	6,804.6	3,087	20.5	15.2	2,013	24.0	0.20	1.3	99	652
75-100	12,187	4,087.6	2,099	13.9	17.2	1,502	17.9	0.18	1.0	123	716
100-200	14,849	4,980.4	2,183	14.5	14.7	1,218	14.5	0.08	0.6	82	558
200-500	3,846	1,289.8	34	0.2	0.9	18	0.2	0.00	0.2	5	522
500-1,000	627	210.4	3	0.0	0.5	3	0.0	0.00	0.1	5	831
More than 1,000	298	100.0	0	0.0	0.0	0	0.0	0.00	0.0	0	470
All	145,321	48,740.2	15,072	100.0	10.4	8,375	100.0	0.12	1.2	58	556

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 and student loan interest deducted multiplied by the marginal rate in the taxpayer's current 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 claim the Hope credit or lifetime learning credit, or that deduct expenses for higher education or student loan interest.

(5) Percent of tax units within each cash income class that receives a tax benefit from the Hope credit, lifetime learning credit, deduction for higher education expenses, and student loan interest deduction.

(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.