

Click on PDF or Excel link above for additional tables containing more detail and breakdowns by filing status and demographic groups.

Table T14-0007
Extend American Opportunity Tax Credit (AOTC)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile, 2018 ¹
Summary Table

Expanded Cash Income Percentile ^{2,3}	Tax Units with Tax Increase or Cut ⁴				Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change (\$)	Average Federal Tax Rate ⁶	
	With Tax Cut		With Tax Increase					Change (%) Points)	Under the Proposal
	Pct of Tax Units	Avg Tax Cut	Pct of Tax Units	Avg Tax Increase					
Lowest Quintile	6.1	-832	0.0	0	0.3	17.7	-51	-0.3	4.1
Second Quintile	6.4	-782	0.0	0	0.1	14.5	-50	-0.1	8.5
Middle Quintile	7.8	-990	0.0	0	0.1	20.4	-77	-0.1	14.3
Fourth Quintile	9.5	-935	*	**	0.1	19.2	-88	-0.1	17.3
Top Quintile	7.3	-2,014	0.0	0	0.1	27.7	-146	0.0	26.0
All	7.2	-1,050	0.0	0	0.1	100.0	-76	-0.1	20.2
Addendum									
80-90	13.2	-2,030	0.0	0	0.2	25.4	-267	-0.1	19.7
90-95	2.6	-1,853	0.0	0	0.0	2.2	-47	0.0	21.7
95-99	0.2	-1,805	0.0	0	0.0	0.1	-3	0.0	24.7
Top 1 Percent	*	**	0.0	0	0.0	0.0	0	0.0	34.0
Top 0.1 Percent	0.0	0	0.0	0	0.0	0.0	0	0.0	36.0

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0613-3).

Number of AMT Taxpayers (millions). Baseline: 5.4

Proposal: 5.4

* Less than 0.05

** Insufficient data

(1) Calendar year. Baseline is current law. Proposal would replace the Hope Scholarship Credit with the American Opportunity Tax Credit, which is currently set to expire on 12/31/17. For a description of TPC's current law baseline, see:

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see

<http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The breaks are (in 2013 dollars): 20% \$25,854; 40% \$50,153; 60% \$86,471; 80% \$147,237; 90% \$213,330; 95% \$292,336; 99% \$700,330; 99.9% \$3,772,856.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

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

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average expanded cash income.

Table T14-0007
Extend American Opportunity Tax Credit (AOTC)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile, 2018 ¹
Detail Table

Expanded Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (%) Points)	Under the Proposal	Change (%) Points)	Under the Proposal
Lowest Quintile	6.1	0.0	0.3	17.7	-51	-6.8	-0.1	0.9	-0.3	4.1
Second Quintile	6.4	0.0	0.1	14.5	-50	-1.4	0.0	3.6	-0.1	8.5
Middle Quintile	7.8	0.0	0.1	20.4	-77	-0.7	0.0	10.1	-0.1	14.3
Fourth Quintile	9.5	*	0.1	19.2	-88	-0.4	0.0	17.0	-0.1	17.3
Top Quintile	7.3	0.0	0.1	27.7	-146	-0.2	0.1	68.2	0.0	26.0
All	7.2	0.0	0.1	100.0	-76	-0.4	0.0	100.0	-0.1	20.2
Addendum										
80-90	13.2	0.0	0.2	25.4	-267	-0.7	0.0	13.0	-0.1	19.7
90-95	2.6	0.0	0.0	2.2	-47	-0.1	0.0	10.1	0.0	21.7
95-99	0.2	0.0	0.0	0.1	-3	0.0	0.1	15.0	0.0	24.7
Top 1 Percent	*	0.0	0.0	0.0	0	0.0	0.1	30.1	0.0	34.0
Top 0.1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.1	15.1	0.0	36.0

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile, 2018 ¹

Expanded Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	43,975	26.4	16,781	4.3	745	0.9	16,037	5.1	4.4	
Second Quintile	36,549	21.9	40,869	8.6	3,509	3.6	37,360	9.9	8.6	
Middle Quintile	33,285	19.9	74,074	14.2	10,663	10.1	63,411	15.3	14.4	
Fourth Quintile	27,398	16.4	125,653	19.9	21,849	17.0	103,804	20.6	17.4	
Top Quintile	23,954	14.4	383,968	53.1	99,996	68.1	283,972	49.2	26.0	
All	166,908	100.0	103,866	100.0	21,087	100.0	82,778	100.0	20.3	
Addendum										
80-90	11,989	7.2	193,256	13.4	38,266	13.0	154,990	13.5	19.8	
90-95	5,948	3.6	274,542	9.4	59,537	10.1	215,005	9.3	21.7	
95-99	4,796	2.9	446,185	12.3	109,969	15.0	336,216	11.7	24.7	
Top 1 Percent	1,222	0.7	2,544,065	17.9	863,623	30.0	1,680,442	14.9	34.0	
Top 0.1 Percent	125	0.1	11,732,630	8.5	4,227,231	15.0	7,505,399	6.8	36.0	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0613-3).

Number of AMT Taxpayers (millions). Baseline: 5.4

Proposal: 5.4

* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would replace the Hope Scholarship Credit with the American Opportunity Tax Credit, which is currently set to expire on 12/31/17. For a description of TPC's current law baseline, see:

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see

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(3) The income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The breaks are (in 2013 dollars): 20% \$25,854; 40% \$50,153; 60% \$86,471; 80% \$147,237; 90% \$213,330; 95% \$292,336; 99% \$700,330; 99.9% \$3,772,856.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

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

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average expanded cash income.

Table T14-0007
Extend American Opportunity Tax Credit (AOTC)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2018 ¹
Detail Table

Expanded Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	5.6	0.0	0.3	13.7	-48	-21.8	-0.1	0.2	-0.3	1.1
Second Quintile	7.5	0.0	0.2	17.4	-63	-2.3	-0.1	2.6	-0.2	7.2
Middle Quintile	9.0	0.0	0.1	19.7	-76	-0.9	0.0	7.6	-0.1	12.4
Fourth Quintile	10.2	*	0.1	32.4	-130	-0.7	-0.1	16.5	-0.1	16.8
Top Quintile	3.9	0.0	0.0	16.4	-68	-0.1	0.2	72.8	0.0	25.8
All	7.2	0.0	0.1	100.0	-76	-0.4	0.0	100.0	-0.1	20.2
Addendum										
80-90	6.8	0.0	0.1	14.9	-121	-0.4	0.0	14.4	-0.1	19.8
90-95	1.6	0.0	0.0	1.4	-24	-0.1	0.0	10.9	0.0	21.6
95-99	0.1	0.0	0.0	0.1	-2	0.0	0.1	16.4	0.0	24.4
Top 1 Percent	*	0.0	0.0	0.0	0	0.0	0.1	31.1	0.0	33.8
Top 0.1 Percent	*	0.0	0.0	0.0	0	0.0	0.1	15.7	0.0	36.0

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2018 ¹

Expanded Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	35,598	21.3	15,882	3.3	222	0.2	15,661	4.0	1.4	
Second Quintile	34,827	20.9	36,339	7.3	2,694	2.7	33,645	8.5	7.4	
Middle Quintile	32,714	19.6	65,541	12.4	8,197	7.6	57,344	13.6	12.5	
Fourth Quintile	31,482	18.9	109,319	19.9	18,541	16.6	90,778	20.7	17.0	
Top Quintile	30,541	18.3	324,837	57.2	83,699	72.6	241,138	53.3	25.8	
All	166,908	100.0	103,866	100.0	21,087	100.0	82,778	100.0	20.3	
Addendum										
80-90	15,531	9.3	164,884	14.8	32,702	14.4	132,181	14.9	19.8	
90-95	7,459	4.5	237,093	10.2	51,272	10.9	185,821	10.0	21.6	
95-99	6,103	3.7	387,042	13.6	94,349	16.4	292,693	12.9	24.4	
Top 1 Percent	1,448	0.9	2,230,507	18.6	752,920	31.0	1,477,587	15.5	33.8	
Top 0.1 Percent	146	0.1	10,482,313	8.8	3,775,447	15.7	6,706,866	7.1	36.0	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0613-3).

Number of AMT Taxpayers (millions). Baseline: 5.4

Proposal: 5.4

* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would replace the Hope Scholarship Credit with the American Opportunity Tax Credit, which is currently set to expire on 12/31/17. For a description of TPC's current law baseline, see:

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<http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2013 dollars): 20% \$17,814; 40% \$33,018; 60% \$55,218; 80% \$88,926; 90% \$126,005; 95% \$174,899; 99% \$421,602; 99.9% \$2,280,666.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

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

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average expanded cash income.

Table T14-0007
Extend American Opportunity Tax Credit (AOTC)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2018 ¹
Detail Table - Single Tax Units

Expanded Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	6.4	0.0	0.5	31.6	-52	-6.7	-0.1	2.0	-0.4	5.8
Second Quintile	7.7	0.0	0.2	31.1	-59	-2.3	-0.1	6.0	-0.2	9.1
Middle Quintile	6.6	0.0	0.1	17.4	-44	-0.7	0.0	11.4	-0.1	13.2
Fourth Quintile	4.8	0.0	0.1	17.2	-51	-0.4	0.0	22.4	-0.1	18.7
Top Quintile	0.7	0.0	0.0	1.7	-7	0.0	0.3	58.0	0.0	26.0
All	5.8	0.0	0.1	100.0	-47	-0.5	0.0	100.0	-0.1	18.9
Addendum										
80-90	1.1	0.0	0.0	1.5	-11	-0.1	0.1	15.1	0.0	21.2
90-95	0.2	0.0	0.0	0.1	-2	0.0	0.0	9.1	0.0	22.7
95-99	0.1	0.0	0.0	0.0	0	0.0	0.1	12.7	0.0	24.6
Top 1 Percent	*	0.0	0.0	0.0	0	0.0	0.1	21.0	0.0	34.8
Top 0.1 Percent	*	0.0	0.0	0.0	0	0.0	0.1	10.9	0.0	37.9

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2018 ¹

Expanded Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	21,299	28.7	12,261	6.4	765	2.1	11,496	7.4	6.2	
Second Quintile	18,210	24.5	27,762	12.4	2,583	6.1	25,179	13.9	9.3	
Middle Quintile	13,870	18.7	47,925	16.3	6,360	11.4	41,566	17.5	13.3	
Fourth Quintile	11,793	15.9	78,166	22.6	14,667	22.4	63,499	22.7	18.8	
Top Quintile	8,372	11.3	205,453	42.2	53,329	57.7	152,124	38.6	26.0	
All	74,338	100.0	54,777	100.0	10,406	100.0	44,371	100.0	19.0	
Addendum										
80-90	4,713	6.3	116,366	13.5	24,702	15.1	91,664	13.1	21.2	
90-95	1,900	2.6	162,561	7.6	36,954	9.1	125,606	7.2	22.7	
95-99	1,450	2.0	274,530	9.8	67,628	12.7	206,902	9.1	24.6	
Top 1 Percent	309	0.4	1,502,386	11.4	523,036	20.9	979,349	9.2	34.8	
Top 0.1 Percent	29	0.0	7,534,650	5.5	2,853,858	10.9	4,680,792	4.2	37.9	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0613-3).

* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would replace the Hope Scholarship Credit with the American Opportunity Tax Credit, which is currently set to expire on 12/31/17. For a description of TPC's current law baseline, see:

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(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see

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(3) The income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2013 dollars): 20% \$17,814; 40% \$33,018; 60% \$55,218; 80% \$88,926; 90% \$126,005; 95% \$174,899; 99% \$421,602; 99.9% \$2,280,666.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

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

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average expanded cash income.

Table T14-0007
Extend American Opportunity Tax Credit (AOTC)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2018 ¹
Detail Table - Married Tax Units Filing Jointly

Expanded Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	4.2	0.0	0.2	3.2	-43	-49.4	0.0	0.0	-0.2	0.2
Second Quintile	7.3	0.0	0.2	8.1	-66	-1.9	0.0	1.2	-0.1	6.9
Middle Quintile	10.8	*	0.1	16.5	-89	-0.9	0.0	5.0	-0.1	11.6
Fourth Quintile	14.7	*	0.2	43.2	-186	-0.9	-0.1	13.9	-0.1	15.9
Top Quintile	5.5	0.0	0.0	28.7	-98	-0.1	0.1	79.7	0.0	25.6
All	9.0	*	0.1	100.0	-109	-0.3	0.0	100.0	-0.1	21.6
Addendum										
80-90	10.2	0.0	0.1	26.0	-185	-0.5	0.0	14.5	-0.1	19.2
90-95	2.2	0.0	0.0	2.5	-34	-0.1	0.0	11.9	0.0	21.3
95-99	0.2	0.0	0.0	0.2	-3	0.0	0.1	18.4	0.0	24.3
Top 1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.1	34.9	0.0	33.6
Top 0.1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.1	17.2	0.0	35.8

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2018 ¹

Expanded Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	5,254	8.2	22,539	1.0	87	0.0	22,451	1.3	0.4	
Second Quintile	8,555	13.3	48,912	3.6	3,437	1.2	45,475	4.3	7.0	
Middle Quintile	12,976	20.2	82,835	9.3	9,675	5.0	73,160	10.5	11.7	
Fourth Quintile	16,272	25.3	133,729	18.9	21,447	14.0	112,282	20.2	16.0	
Top Quintile	20,578	32.0	376,425	67.2	96,501	79.6	279,924	63.8	25.6	
All	64,328	100.0	179,237	100.0	38,808	100.0	140,429	100.0	21.7	
Addendum										
80-90	9,872	15.4	190,277	16.3	36,702	14.5	153,574	16.8	19.3	
90-95	5,208	8.1	266,942	12.1	56,770	11.8	210,173	12.1	21.3	
95-99	4,424	6.9	426,830	16.4	103,505	18.3	323,324	15.8	24.3	
Top 1 Percent	1,073	1.7	2,412,025	22.5	810,424	34.8	1,601,601	19.0	33.6	
Top 0.1 Percent	107	0.2	11,174,591	10.4	4,000,358	17.1	7,174,232	8.5	35.8	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0613-3).

* Less than 0.05

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(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

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

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average expanded cash income.

Table T14-0007
Extend American Opportunity Tax Credit (AOTC)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2018 ¹
Detail Table - Head of Household Tax Units

Expanded Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	4.8	0.0	0.2	18.7	-46	4.3	-0.3	-6.0	-0.2	-5.4
Second Quintile	7.8	0.0	0.2	25.7	-73	-3.7	-0.2	8.7	-0.2	4.4
Middle Quintile	12.6	0.0	0.2	34.0	-144	-1.5	-0.1	28.3	-0.2	13.0
Fourth Quintile	9.2	0.0	0.2	21.4	-173	-0.9	0.1	29.6	-0.2	17.5
Top Quintile	0.1	0.0	0.0	0.0	-1	0.0	0.5	39.1	0.0	24.9
All	7.5	0.0	0.2	100.0	-85	-1.3	0.0	100.0	-0.2	11.7
Addendum										
80-90	0.1	0.0	0.0	0.0	-1	0.0	0.2	12.3	0.0	21.0
90-95	0.1	0.0	0.0	0.0	-1	0.0	0.1	6.3	0.0	22.4
95-99	*	0.0	0.0	0.0	0	0.0	0.1	7.8	0.0	24.4
Top 1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.2	12.7	0.0	32.9
Top 0.1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.1	6.0	0.0	35.2

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2018 ¹

Expanded Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	8,701	34.8	20,809	13.0	-1,077	-5.7	21,886	15.5	-5.2	
Second Quintile	7,467	29.9	43,131	23.0	1,982	8.9	41,149	24.9	4.6	
Middle Quintile	5,010	20.0	71,308	25.5	9,381	28.4	61,927	25.2	13.2	
Fourth Quintile	2,623	10.5	105,541	19.8	18,604	29.5	86,937	18.5	17.6	
Top Quintile	1,025	4.1	251,166	18.4	62,447	38.6	188,719	15.7	24.9	
All	25,002	100.0	55,939	100.0	6,626	100.0	49,313	100.0	11.9	
Addendum										
80-90	628	2.5	152,905	6.9	32,092	12.2	120,812	6.2	21.0	
90-95	212	0.9	216,169	3.3	48,350	6.2	167,819	2.9	22.4	
95-99	153	0.6	342,124	3.8	83,594	7.7	258,529	3.2	24.4	
Top 1 Percent	31	0.1	2,015,142	4.5	663,691	12.5	1,351,450	3.4	32.9	
Top 0.1 Percent	3	0.0	10,423,267	2.0	3,664,820	6.0	6,758,447	1.5	35.2	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0613-3).

* Less than 0.05

(1) Calendar year. Baseline is current law. Proposal would replace the Hope Scholarship Credit with the American Opportunity Tax Credit, which is currently set to expire on 12/31/17. For a description of TPC's current law baseline, see:

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see

<http://www.taxpolicycenter.org/TaxModel/income.cfm>

(3) The income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2013 dollars): 20% \$17,814; 40% \$33,018; 60% \$55,218; 80% \$88,926; 90% \$126,005; 95% \$174,899; 99% \$421,602; 99.9% \$2,280,666.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

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

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average expanded cash income.

Table T14-0007
Extend American Opportunity Tax Credit (AOTC)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2018 ¹
Detail Table - Tax Units with Children

Expanded Cash Income Percentile ^{2,3}	Percent of Tax Units ⁴		Percent Change in After-Tax Income ⁵	Share of Total Federal Tax Change	Average Federal Tax Change		Share of Federal Taxes		Average Federal Tax Rate ⁶	
	With Tax Cut	With Tax Increase			Dollars	Percent	Change (% Points)	Under the Proposal	Change (% Points)	Under the Proposal
Lowest Quintile	5.8	0.0	0.2	8.3	-54	3.9	-0.1	-1.2	-0.3	-6.5
Second Quintile	9.4	0.0	0.2	12.9	-89	-3.5	-0.1	2.0	-0.2	4.9
Middle Quintile	15.3	*	0.2	20.1	-144	-1.3	-0.1	8.8	-0.2	12.9
Fourth Quintile	20.5	*	0.2	40.2	-294	-1.2	-0.1	18.4	-0.2	16.6
Top Quintile	7.9	0.0	0.1	18.3	-154	-0.1	0.3	71.8	0.0	25.9
All	11.7	0.0	0.1	100.0	-143	-0.6	0.0	100.0	-0.1	19.4
Addendum										
80-90	14.5	0.0	0.2	17.3	-286	-0.7	0.0	14.5	-0.1	19.8
90-95	1.8	0.0	0.0	1.0	-31	-0.1	0.1	11.5	0.0	21.6
95-99	0.3	0.0	0.0	0.1	-4	0.0	0.1	15.6	0.0	25.0
Top 1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.2	30.2	0.0	34.1
Top 0.1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.1	14.1	0.0	36.1

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2018 ¹

Expanded Cash Income Percentile ^{2,3}	Tax Units		Pre-Tax Income		Federal Tax Burden		After-Tax Income ⁵		Average Federal Tax Rate ⁶	
	Number (thousands)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total	Average (dollars)	Percent of Total		
Lowest Quintile	11,525	21.9	22,125	3.7	-1,382	-1.2	23,507	4.8	-6.3	
Second Quintile	10,937	20.8	49,212	7.7	2,509	2.0	46,703	9.1	5.1	
Middle Quintile	10,461	19.9	88,211	13.2	11,476	8.8	76,734	14.3	13.0	
Fourth Quintile	10,282	19.5	145,785	21.5	24,540	18.6	121,245	22.2	16.8	
Top Quintile	8,970	17.0	418,791	53.9	108,471	71.5	310,319	49.6	25.9	
All	52,638	100.0	132,472	100.0	25,838	100.0	106,634	100.0	19.5	
Addendum										
80-90	4,550	8.6	218,524	14.3	43,505	14.6	175,019	14.2	19.9	
90-95	2,335	4.4	308,207	10.3	66,489	11.4	241,718	10.1	21.6	
95-99	1,654	3.1	511,046	12.1	127,773	15.5	383,273	11.3	25.0	
Top 1 Percent	432	0.8	2,774,417	17.2	946,398	30.0	1,828,019	14.1	34.1	
Top 0.1 Percent	41	0.1	12,792,393	7.6	4,612,162	14.0	8,180,231	6.0	36.1	

Source: Urban-Brookings Tax Policy Center Microsimulation Model (version 0613-3).

* Less than 0.05

Note: Tax units with children are those claiming an exemption for children at home or away from home.

(1) Calendar year. Baseline is current law. Proposal would replace the Hope Scholarship Credit with the American Opportunity Tax Credit, which is currently set to expire on 12/31/17. For a description of TPC's current law baseline, see:

<http://www.taxpolicycenter.org/taxtopics/Baseline-Definitions.cfm>

(2) Includes both filing and non-filing units but excludes those that are dependents of other tax units. Tax units with negative adjusted gross income are excluded from their respective income class but are included in the totals. For a description of expanded cash income, see

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(3) The income percentile classes used in this table are based on the income distribution for the entire population and contain an equal number of people, not tax units. The incomes used are adjusted for family size by dividing by the square root of the number of people in the tax unit. The resulting percentile breaks are (in 2013 dollars): 20% \$17,814; 40% \$33,018; 60% \$55,218; 80% \$88,926; 90% \$126,005; 95% \$174,899; 99% \$421,602; 99.9% \$2,280,666.

(4) Includes tax units with a change in federal tax burden of \$10 or more in absolute value.

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

(6) Average federal tax (includes individual and corporate income tax, payroll taxes for Social Security and Medicare, and the estate tax) as a percentage of average expanded cash income.