

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

Table T14-0009
Extend American Opportunity Tax Credit (AOTC)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile, 2023 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	6.6	-892	0.0	0	0.3	23.5	-59	-0.3	4.2
Second Quintile	6.8	-715	*	**	0.1	16.4	-49	-0.1	8.4
Middle Quintile	8.0	-861	*	**	0.1	22.0	-69	-0.1	14.7
Fourth Quintile	9.6	-801	*	**	0.1	19.7	-77	-0.1	17.1
Top Quintile	4.5	-1,764	0.0	0	0.0	18.0	-79	0.0	25.7
All	7.1	-908	*	**	0.1	100.0	-64	-0.1	20.2
Addendum									
80-90	8.6	-1,786	0.0	0	0.1	17.6	-153	-0.1	19.4
90-95	0.5	-1,047	0.0	0	0.0	0.3	-5	0.0	21.3
95-99	*	**	0.0	0	0.0	0.0	0	0.0	24.3
Top 1 Percent	*	**	0.0	0	0.0	0.0	0	0.0	33.3
Top 0.1 Percent	0.0	0	0.0	0	0.0	0.0	0	0.0	35.3

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

Number of AMT Taxpayers (millions). Baseline: 6.1

Proposal: 6.1

* 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% \$26,827; 40% \$54,460; 60% \$95,241; 80% \$156,821; 90% \$230,152; 95% \$304,802; 99% \$779,814; 99.9% \$4,723,866.

(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 T14-0009
Extend American Opportunity Tax Credit (AOTC)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile, 2023 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	6.6	0.0	0.3	23.5	-59	-6.6	-0.1	0.8	-0.3	4.2
Second Quintile	6.8	*	0.1	16.4	-49	-1.2	0.0	3.5	-0.1	8.4
Middle Quintile	8.0	*	0.1	22.0	-69	-0.5	0.0	10.6	-0.1	14.7
Fourth Quintile	9.6	*	0.1	19.7	-77	-0.3	0.0	16.7	-0.1	17.1
Top Quintile	4.5	0.0	0.0	18.0	-79	-0.1	0.1	68.2	0.0	25.7
All	7.1	*	0.1	100.0	-64	-0.3	0.0	100.0	-0.1	20.2
Addendum										
80-90	8.6	0.0	0.1	17.6	-153	-0.3	0.0	13.0	-0.1	19.4
90-95	0.5	0.0	0.0	0.3	-5	0.0	0.0	9.6	0.0	21.3
95-99	*	0.0	0.0	0.0	0	0.0	0.0	14.4	0.0	24.3
Top 1 Percent	*	0.0	0.0	0.0	0	0.0	0.1	31.2	0.0	33.3
Top 0.1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.0	14.8	0.0	35.3

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile, 2023 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	44,500	25.8	19,943	4.0	886	0.9	19,057	4.9	4.4	
Second Quintile	37,598	21.8	48,962	8.4	4,182	3.5	44,780	9.6	8.5	
Middle Quintile	35,272	20.4	90,176	14.5	13,318	10.6	76,857	15.5	14.8	
Fourth Quintile	28,346	16.4	152,357	19.7	26,158	16.7	126,199	20.4	17.2	
Top Quintile	25,147	14.6	466,904	53.5	120,213	68.1	346,691	49.8	25.8	
All	172,542	100.0	127,159	100.0	25,734	100.0	101,425	100.0	20.2	
Addendum										
80-90	12,783	7.4	232,985	13.6	45,260	13.0	187,725	13.7	19.4	
90-95	6,110	3.5	326,077	9.1	69,597	9.6	256,479	9.0	21.3	
95-99	4,968	2.9	528,443	12.0	128,370	14.4	400,073	11.4	24.3	
Top 1 Percent	1,286	0.8	3,222,719	18.9	1,073,976	31.1	2,148,743	15.8	33.3	
Top 0.1 Percent	130	0.1	14,263,796	8.5	5,032,507	14.7	9,231,289	6.9	35.3	

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

Number of AMT Taxpayers (millions). Baseline: 6.1

Proposal: 6.1

* 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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(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 T14-0009
Extend American Opportunity Tax Credit (AOTC)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2023 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	6.3	0.0	0.3	18.8	-58	-21.0	-0.1	0.2	-0.3	1.2
Second Quintile	8.2	*	0.2	21.7	-66	-2.0	-0.1	2.7	-0.2	7.7
Middle Quintile	9.3	*	0.1	20.1	-65	-0.6	0.0	8.1	-0.1	12.9
Fourth Quintile	9.5	*	0.1	30.8	-105	-0.5	0.0	16.5	-0.1	16.8
Top Quintile	2.0	0.0	0.0	8.2	-29	0.0	0.2	72.3	0.0	25.4
All	7.1	*	0.1	100.0	-64	-0.3	0.0	100.0	-0.1	20.2
Addendum										
80-90	3.8	0.0	0.0	8.0	-55	-0.1	0.0	14.1	0.0	19.5
90-95	0.3	0.0	0.0	0.2	-3	0.0	0.0	10.3	0.0	21.0
95-99	*	0.0	0.0	0.0	0	0.0	0.0	15.9	0.0	24.0
Top 1 Percent	*	0.0	0.0	0.0	0	0.0	0.1	32.0	0.0	33.2
Top 0.1 Percent	*	0.0	0.0	0.0	0	0.0	0.0	15.5	0.0	35.3

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2023 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	36,160	21.0	18,975	3.1	275	0.2	18,700	3.9	1.5	
Second Quintile	36,291	21.0	43,302	7.2	3,399	2.8	39,903	8.3	7.9	
Middle Quintile	33,999	19.7	81,191	12.6	10,550	8.1	70,641	13.7	13.0	
Fourth Quintile	32,725	19.0	132,960	19.8	22,430	16.5	110,531	20.7	16.9	
Top Quintile	31,689	18.4	397,610	57.4	101,137	72.2	296,473	53.7	25.4	
All	172,542	100.0	127,159	100.0	25,734	100.0	101,425	100.0	20.2	
Addendum										
80-90	16,056	9.3	199,688	14.6	38,903	14.1	160,785	14.8	19.5	
90-95	7,679	4.5	283,721	9.9	59,560	10.3	224,161	9.8	21.0	
95-99	6,472	3.8	454,467	13.4	108,880	15.9	345,587	12.8	24.0	
Top 1 Percent	1,482	0.9	2,883,799	19.5	957,024	31.9	1,926,774	16.3	33.2	
Top 0.1 Percent	152	0.1	12,799,934	8.9	4,514,145	15.4	8,285,789	7.2	35.3	

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

Number of AMT Taxpayers (millions). Baseline: 6.1

Proposal: 6.1

* 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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(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% \$18,678; 40% \$35,821; 60% \$60,717; 80% \$95,966; 90% \$135,210; 95% \$184,371; 99% \$473,923; 99.9% \$2,793,265.

(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 T14-0009
Extend American Opportunity Tax Credit (AOTC)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2023 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	7.2	0.0	0.5	36.8	-63	-6.2	-0.1	2.1	-0.4	6.5
Second Quintile	7.9	*	0.2	33.2	-61	-2.1	-0.1	5.7	-0.2	8.7
Middle Quintile	6.2	*	0.1	15.1	-37	-0.5	0.0	11.9	-0.1	13.0
Fourth Quintile	4.1	0.0	0.1	13.6	-41	-0.2	0.0	21.1	0.0	18.2
Top Quintile	0.3	0.0	0.0	0.4	-2	0.0	0.2	58.9	0.0	25.5
All	5.9	*	0.1	100.0	-47	-0.4	0.0	100.0	-0.1	18.7
Addendum										
80-90	0.4	0.0	0.0	0.3	-2	0.0	0.1	15.0	0.0	20.5
90-95	0.3	0.0	0.0	0.1	-2	0.0	0.0	7.8	0.0	21.2
95-99	*	0.0	0.0	0.0	0	0.0	0.1	13.7	0.0	24.1
Top 1 Percent	*	0.0	0.0	0.0	0	0.0	0.1	22.5	0.0	34.9
Top 0.1 Percent	*	0.0	0.0	0.0	0	0.0	0.0	11.5	0.0	37.4

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2023 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	20,234	27.4	14,557	5.9	1,004	2.2	13,553	6.8	6.9	
Second Quintile	18,704	25.3	32,828	12.4	2,903	5.9	29,926	13.9	8.8	
Middle Quintile	14,241	19.3	59,609	17.1	7,790	12.0	51,819	18.3	13.1	
Fourth Quintile	11,410	15.4	94,226	21.7	17,177	21.1	77,049	21.8	18.2	
Top Quintile	8,509	11.5	251,068	43.1	64,020	58.7	187,048	39.5	25.5	
All	73,898	100.0	67,132	100.0	12,566	100.0	54,566	100.0	18.7	
Addendum										
80-90	4,827	6.5	140,001	13.6	28,681	14.9	111,320	13.3	20.5	
90-95	1,749	2.4	193,289	6.8	41,009	7.7	152,280	6.6	21.2	
95-99	1,636	2.2	321,231	10.6	77,337	13.6	243,894	9.9	24.1	
Top 1 Percent	296	0.4	2,015,244	12.0	702,424	22.4	1,312,820	9.6	34.9	
Top 0.1 Percent	30	0.0	9,446,746	5.7	3,532,616	11.5	5,914,130	4.4	37.4	

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% \$18,678; 40% \$35,821; 60% \$60,717; 80% \$95,966; 90% \$135,210; 95% \$184,371; 99% \$473,923; 99.9% \$2,793,265.

(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 T14-0009
Extend American Opportunity Tax Credit (AOTC)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2023 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	4.4	0.0	0.2	4.5	-46	-33.5	0.0	0.0	-0.2	0.3
Second Quintile	8.4	*	0.1	11.5	-70	-1.5	0.0	1.3	-0.1	7.9
Middle Quintile	11.8	*	0.1	18.4	-76	-0.6	0.0	5.5	-0.1	12.5
Fourth Quintile	14.2	*	0.1	49.4	-156	-0.6	-0.1	14.2	-0.1	16.1
Top Quintile	2.8	0.0	0.0	16.0	-41	0.0	0.1	78.7	0.0	25.3
All	8.4	*	0.1	100.0	-82	-0.2	0.0	100.0	0.0	21.5
Addendum										
80-90	5.7	0.0	0.1	15.7	-85	-0.2	0.0	14.2	0.0	19.0
90-95	0.4	0.0	0.0	0.3	-3	0.0	0.0	11.5	0.0	20.8
95-99	*	0.0	0.0	0.0	0	0.0	0.0	17.4	0.0	23.9
Top 1 Percent	*	0.0	0.0	0.0	0	0.0	0.1	35.7	0.0	32.9
Top 0.1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.0	16.7	0.0	35.0

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2023 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	5,436	8.0	26,576	1.0	137	0.0	26,439	1.2	0.5	
Second Quintile	9,236	13.5	58,765	3.7	4,707	1.4	54,058	4.3	8.0	
Middle Quintile	13,569	19.9	103,303	9.4	13,028	5.5	90,275	10.5	12.6	
Fourth Quintile	17,691	25.9	160,423	19.1	25,910	14.3	134,513	20.4	16.2	
Top Quintile	21,701	31.8	458,255	67.0	116,082	78.6	342,173	63.8	25.3	
All	68,289	100.0	217,501	100.0	46,927	100.0	170,574	100.0	21.6	
Addendum										
80-90	10,343	15.2	230,259	16.0	43,864	14.2	186,395	16.6	19.1	
90-95	5,634	8.3	314,419	11.9	65,471	11.5	248,948	12.0	20.8	
95-99	4,605	6.7	505,519	15.7	120,623	17.3	384,896	15.2	23.9	
Top 1 Percent	1,119	1.6	3,094,372	23.3	1,019,414	35.6	2,074,958	19.9	32.9	
Top 0.1 Percent	111	0.2	13,726,125	10.3	4,804,760	16.7	8,921,365	8.5	35.0	

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

* Less than 0.05

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Table T14-0009
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Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2023 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	5.7	0.0	0.2	27.4	-56	4.8	-0.3	-6.0	-0.2	-5.1
Second Quintile	9.4	*	0.2	30.2	-82	-2.9	-0.2	10.3	-0.2	5.5
Middle Quintile	13.1	0.0	0.2	32.8	-129	-1.1	0.0	29.5	-0.2	13.5
Fourth Quintile	4.7	0.0	0.1	9.4	-70	-0.3	0.2	30.6	-0.1	17.9
Top Quintile	*	0.0	0.0	0.0	0	0.0	0.4	35.5	0.0	25.3
All	7.9	*	0.1	100.0	-77	-1.0	0.0	100.0	-0.1	12.0
Addendum										
80-90	*	0.0	0.0	0.0	0	0.0	0.1	10.6	0.0	20.8
90-95	*	0.0	0.0	0.0	0	0.0	0.1	4.7	0.0	23.0
95-99	*	0.0	0.0	0.0	0	0.0	0.1	7.1	0.0	24.3
Top 1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.1	13.1	0.0	32.8
Top 0.1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.1	6.1	0.0	35.0

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2023 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	10,087	37.7	23,866	14.0	-1,170	-5.7	25,036	16.7	-4.9	
Second Quintile	7,600	28.4	50,782	22.5	2,862	10.5	47,920	24.1	5.6	
Middle Quintile	5,258	19.6	85,209	26.1	11,645	29.5	73,564	25.6	13.7	
Fourth Quintile	2,767	10.3	127,009	20.5	22,741	30.4	104,268	19.1	17.9	
Top Quintile	923	3.5	312,466	16.8	78,974	35.2	233,492	14.3	25.3	
All	26,775	100.0	64,080	100.0	7,743	100.0	56,337	100.0	12.1	
Addendum										
80-90	577	2.2	180,975	6.1	37,707	10.5	143,268	5.5	20.8	
90-95	161	0.6	261,097	2.5	60,083	4.7	201,014	2.2	23.0	
95-99	153	0.6	391,241	3.5	95,030	7.0	296,211	3.0	24.3	
Top 1 Percent	32	0.1	2,574,380	4.8	844,264	13.0	1,730,116	3.7	32.8	
Top 0.1 Percent	3	0.0	13,287,094	2.1	4,647,713	6.0	8,639,381	1.5	35.0	

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% \$18,678; 40% \$35,821; 60% \$60,717; 80% \$95,966; 90% \$135,210; 95% \$184,371; 99% \$473,923; 99.9% \$2,793,265.

(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 T14-0009
Extend American Opportunity Tax Credit (AOTC)
Baseline: Current Law
Distribution of Federal Tax Change by Expanded Cash Income Percentile Adjusted for Family Size, 2023 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	6.4	0.0	0.2	13.0	-62	4.1	-0.1	-1.2	-0.3	-6.3
Second Quintile	10.8	*	0.2	17.5	-93	-2.5	-0.1	2.5	-0.2	6.2
Middle Quintile	15.8	*	0.1	22.0	-120	-0.8	0.0	9.5	-0.1	13.4
Fourth Quintile	18.7	*	0.2	40.3	-231	-0.8	-0.1	18.3	-0.1	16.8
Top Quintile	3.1	0.0	0.0	6.9	-47	0.0	0.2	70.8	0.0	25.9
All	11.0	*	0.1	100.0	-110	-0.4	0.0	100.0	-0.1	19.6
Addendum										
80-90	5.8	0.0	0.0	6.8	-91	-0.2	0.0	14.1	0.0	19.8
90-95	0.5	0.0	0.0	0.1	-3	0.0	0.0	10.9	0.0	21.4
95-99	*	0.0	0.0	0.0	-1	0.0	0.1	14.5	0.0	24.8
Top 1 Percent	*	0.0	0.0	0.0	0	0.0	0.1	31.4	0.0	33.8
Top 0.1 Percent	0.0	0.0	0.0	0.0	0	0.0	0.1	14.0	0.0	35.6

Baseline Distribution of Income and Federal Taxes
by Expanded Cash Income Percentile Adjusted for Family Size, 2023 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	12,783	22.9	25,475	3.7	-1,535	-1.1	27,010	4.9	-6.0	
Second Quintile	11,562	20.7	58,693	7.7	3,742	2.5	54,951	9.0	6.4	
Middle Quintile	11,260	20.2	108,192	13.9	14,573	9.5	93,619	14.9	13.5	
Fourth Quintile	10,716	19.2	175,109	21.3	29,599	18.4	145,510	22.1	16.9	
Top Quintile	9,078	16.3	518,134	53.5	134,237	70.6	383,897	49.3	25.9	
All	55,806	100.0	157,555	100.0	30,938	100.0	126,617	100.0	19.6	
Addendum										
80-90	4,587	8.2	267,619	14.0	52,955	14.1	214,664	13.9	19.8	
90-95	2,398	4.3	364,164	9.9	77,821	10.8	286,343	9.7	21.4	
95-99	1,642	2.9	611,192	11.4	151,741	14.4	459,451	10.7	24.8	
Top 1 Percent	450	0.8	3,551,563	18.2	1,199,171	31.3	2,352,392	15.0	33.8	
Top 0.1 Percent	43	0.1	15,743,917	7.7	5,599,871	13.9	10,144,047	6.2	35.6	

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

<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% \$18,678; 40% \$35,821; 60% \$60,717; 80% \$95,966; 90% \$135,210; 95% \$184,371; 99% \$473,923; 99.9% \$2,793,265.

(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.