

For Immediate Release

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Hope for Lifetime Learning: Tens of Thousands of Low-Income Oregon Students Considering College Need Congress to Revamp Higher Ed Tax Credits

Approximately 43,000 low-income high school-age Oregonians – about one of every five children age 14 to 17 in Oregon – cannot expect to get help with future college tuition costs through federal higher education tax credits unless Congress fixes the credits, according to a new study.

The study, by the Washington, DC-based Center on Budget and Policy Priorities, shows the extent to which the federal Hope Credit and the Lifetime Learning Credit fail to help students with low incomes. The report is being used to bolster efforts by advocates for low-income students who are pushing for changes in the two federal tax credit programs.

“This report makes clear that Congress needs to change the tax credits to give hope for lifetime learning to the tens of thousands of young Oregonians who today can expect to get nothing from the tax credits,” said Janet Bauer, a policy analyst with the Oregon Center for Public Policy. “The tax credits as they stand now are just an empty promise for low-income Oregon kids aspiring to a college education,” she added.

The federal Hope Credit and the Lifetime Learning Credit lower the amount of federal income taxes owed by qualifying families. The tax credits are “non-refundable,” which means that they can only benefit families whose incomes are high enough to have sufficiently high income-tax liability.

Proposals to make the tax credits at least partially refundable would allow the credits to reach the tens of thousands of low-income prospective college students in Oregon who are currently shut out from benefits. If a tax credit is refundable, families with incomes too low to owe significant taxes can still benefit from it.

“The path to opportunity today generally requires a college degree,” noted Bauer. “Making these tax credits refundable would make a significant difference for low-income Oregonians trying to get ahead,” she added.

Oregon Senators Gordon Smith and Ron Wyden both serve on the powerful Senate Finance Committee, which is expected to consider proposals to revamp the higher education tax credits as soon as this month.

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Senator Smith co-sponsored legislation (S. 360) that would make the Hope Credit and the Lifetime Learning Credit fully refundable. Smith's and other proposals for refundability will compete with proposals to expand tax benefits for students with higher incomes.

"We are looking to our delegation to bring equity to the college tax credits so that they can help the tens of thousands of current and prospective low-income students get a college education," said Bauer. "Helping low-income students must be a higher priority than expanding benefits for higher-income students who are already getting help," she added.

The Center on Budget and Policy Priorities study, "A Significant Number of Students in Every State Are Shut Out of Federal Higher Education Tax Credits," can be found at <http://www.cbpp.org/6-1-07tax.htm>.

The Oregon Center for Public Policy does in-depth research and analysis on budget, tax, and economic issues. The Center's goal is to improve decision making and generate more opportunities for all Oregonians.