

United States Senate Committee on Finance

MEMORANDUM

To: Reporters and Editors
Fr: Jill Kozeny (Grassley) 202/224-1308, Wendy Carey (Baucus) 202/224-6769
Re: Report on education tax incentives
Da: Monday, Aug. 29, 2005

Sen. Chuck Grassley, chairman of the Committee on Finance, and Sen. Max Baucus, ranking Democratic member, earlier asked the Government Accountability Office to study the effectiveness of recently enacted education tax incentives and their interaction with federal education funding programs such as the Pell Grant program. Grassley and Baucus today made the following comments on the GAO report. The report, GAO-05-684, "Student Aid And Postsecondary Tax Preferences: Limited Research Exists on Effectiveness of Tools to Assist Students and Families through Title IV Student Aid and Tax Preferences," will be available today at www.gao.gov.

Chairman Grassley comment: "The good news is Congress has taken useful steps to help students and families pay for college. Billions of dollars of grants and tax incentives are available for those who want a college education. The bad news is the grant and tax break applications are sometimes complicated, the two programs can interact poorly, and worst of all, many students aren't taking advantage of the tax breaks available to them. Congress needs to take a hard look at how to make these programs more accessible and therefore more effective. We could double the tax breaks for a college education and it wouldn't do any good if kids can't get to the money. I look forward to working to streamline the education tax incentives as soon as possible, maybe as part of any forthcoming tax reform and simplification bill."

Ranking Democratic Member Baucus comment: ""Education of our children and ongoing opportunities to maintain the skills of our workforce are key to enhancing US competitiveness in the new global economy. The cost of college has risen more rapidly than assistance available to families to help defray this expense. The GAO report released today found that families struggling to pay for post-secondary education leave money on the table because tax preferences intended to help pay for college are too complicated. We need to simplify and improve these tax preferences, and we will be looking at ways to do that in the coming months."