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Opportunities for higher education are becoming as important to our youth as home ownership is to adults. Indeed, the intellectual and vocational skills developed in higher education are fast becoming the foundation on which our whole social and technological progress depends. With society's increasing demand for higher education, the spiraling costs of college and university attendance are of vital concern to a growing proportion of families.

Almost half (43 percent) of our youth 18 to 21 years of age are now in college and the proportion is gradually and consistently increasing. Between 1953 and 1963, undergraduate enrollment increased from 2.2 million to 4.0 million. By 1973, undergraduate enrollment is likely to be approximately 7.1 million. Graduate enrollment, too, is increasing at an unprecedented rate. These enrollment growths are in part a response to steadily increasing needs for higher levels of social and intellectual maturity to cope with our advancing technology and complex social developments. The completion of high school is no longer considered adequate even for the threshold levels of most of the newer jobs.

While the growing demands for higher education affect an increasing proportion of families, rising costs of such education are taking bigger and bigger bites out of their family incomes. In 1930, the average direct cost of attending a public college or university was \$730; by 1980, it is expected to be about \$2400. The costs of attending private institutions are advancing even more rapidly. Already, in 1964-65, the

average cost of college attendance is \$1560 in public institutions and \$2370 in private ones.

With approximately half of our young people of college age in college, you can see how many families are feeling the pinch of these rising costs. I say to you that higher education is as important as tools or equipment in determining the productive potential of individuals and of society, and that we must find some way to give financial relief to the growing number of families who are sacrificing to pay for the costs of it. To provide this relief, I recommend a system of tax credits which is modest, simple to administer, and has great promise for assisting both individuals and institutions of higher education.

I think most of you know the provisions of the proposed tax credit program, but I shall review them briefly. The bill provides for a credit or direct subtraction against taxes due, a system which we believe is more equitable and of greater ultimate benefit in dollars of saving to the taxpayer than an ordinary deduction would be. Furthermore, the tax credit approach does not upset the Internal Revenue system of standard deductions and uniform exemptions.

Our proposal provides a sliding scale which gives a higher proportion of benefit to the student attending a low-tuition institution than to one attending a high-tuition institution, thereby helping most those who may be most in need of assistance. At the same time, it provides the same number of dollars of tax relief for all those attending a particular institution, thus applying uniformly without regard to the taxpayer's income bracket.

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The amount of the credit is 75 percent of the first \$200 for tuition, fees, and books; 25 percent of the next \$300; and 10 percent of the next \$1000. Thus the credit is based on the first \$1,500 paid for tuition, fees, books, and supplies by or for each student at an approved institution of higher education.

To further assure that the tax credit plan is not a rich man's proposal, a maximum credit of \$325 is provided by the bill and this maximum is reduced after the taxpayer's adjusted gross income exceeds \$25,000. Under this arrangement, the family with \$60,000 annual income would get no benefit at all.

To help increase the amount institutions have available for scholarship aid to needy students, a further provision of the bill encourages contributions to institutions of the taxpayer's choice by allowing tax credits for gifts for tuition, fees, books, and equipment. By providing for specific designation of these gifts, both public and private institutions can enlist alumni and friends in the support of their most needy and deserving students and make more fruitful use of already available scholarship funds.

Now, let us sum up what this bill will and will not do: First of all, it gives a reasonable amount of dollar relief to the taxpayer who must pay for the cost of higher education for himself or for another individual, the amount of such relief depending upon application of the basic scale to the cost of tuition, fees, and books at the institution attended. Second, it offsets rising higher education costs and lets the individual settle through his own choice which institutions, public or private, will benefit by the money he will recoup through tax credits. This system not only places initiative and responsibility

with the individual, rather than with Government; it also avoids controversial issues related to government aid to church-related and other private institutions.

I would be less than honest if I did not point out to you also some of the things the bill does not do. For example, it does not provide tax relief for the family whose income is such that no taxes are required; we hope that the increased contributions which the bill encourages would enable institutions to increase their scholarship aid for such students/ from such families. The bill does not allow tax credit for all of the tuition and fees, even for those students who attend low-tuition colleges; nor does it make allowances for room and board, which must be calculated in the college costs of most students and which average about twice the tuition costs in public institutions. For students who cannot pay these other costs, appropriate means of assistance must be found if we are not to sacrifice the productive potential of that segment of our youth whose families are unable to pay higher education costs. Therefore, I would not have you believe that this bill solves all the problems associated with provision of such education is higher education opportunities to the extent/demanded by our expanding technology.

I would point out, however, that for those families who do pay taxes and for those who do face the costs of higher education, we owe at least as much consideration through tax relief as we currently give in other areas which may be even less important to the progress of individuals and of the Nation as a whole. For example, we have long

given tax relief for interest on mortgages and other indebtedness in order to bolster the economy and to assist individuals in raising their standard of living; think how much more higher education contributes to our future economy and standard of living! We have long given tax relief for medical expenses to offset the handicaps of temporary illness; think how much more lack of education contributes to permanent handicaps! We have long allowed taxes themselves to be deducted from income in the belief that our citizens should receive consideration for amounts they have already contributed to the public good; in this same vein, paying the costs of higher education contributes to the public good through its contribution to development of our human resources! Provisions have ^{more} recently been made to provide tax relief for expenses for education to maintain or improve skills required in present employment of the taxpayer; the same sort of tax relief should be provided ^{now} for higher education expenses of tomorrow's taxpayers to enable them to meet the accelerating changes of our job structure of the future.

Let me repeat: I would not in any way want to jeopardize other programs for the improvement of education--especially those programs which would increase opportunities for that segment of our youth who must achieve their higher education with little or no financial resources from their families or from their own earnings. Where there are real financial hurdles which would prevent a capable student from continuing his education, society has a responsibility to provide the means for surmounting them. But, for the great middle-income

group, upon which so much of this country's progress depends, we ought to be as willing to give tax relief for meeting the costs of higher education as we are to give relief for mortgage interest and other expenditures recognized by our tax structure as important for the individual and the common good.

Our tax structure should show as much concern for the level of thinking of tomorrow's citizens as it does for the level of living of today's. Those who are putting their money into the higher education of our youth are bearing a heavy burden of responsibility for the kind of world tomorrow will be. The tax credit program offsets spiraling costs of higher education by providing a simple and equitable system of tax relief. I commend it to you for consideration.