



U.S. SENATE COMMITTEE ON

Finance

SENATOR CHUCK GRASSLEY, OF IOWA - CHAIRMAN

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Opening Statement of Chairman Chuck Grassley
Mark-up, *The Affordable Education Act of 2001*
March 13, 2001

Three weeks ago, this committee began the process of examining tax-related education legislation in a full-committee hearing. Two things are very clear to me based on that hearing. First, higher education is becoming less and less affordable for the typical American family. Second, the Senate is interested in increasing our commitment to education on all levels. At our hearing on Feb. 14, 2001, a record number of senators testified before this committee on various proposals to improve education.

This chairman's mark builds on the bipartisan work of this committee in the last two Congresses. Most recently, in the 106th Congress, the committee reported out the Affordable Education Act. That legislation passed in the Senate last year, but unfortunately was vetoed and did not become law.

The mark works to make education more affordable by expanding some of the tools already established in our tax code. For example, it:

- raises the amount that can be contributed to an education saving account from \$500 to \$2,000;
- makes distributions from pre-paid college savings plans and tuition plans tax-free and permits consortia of private colleges and universities to offer pre-paid tuition plans;
- makes permanent the tax-free treatment of employer provided educational assistance;
- removes a limitation on the deductibility of student loan interest and adjusts the income limits; and
- improves local options for the construction and renovation of public schools.

I hope we'll report a package of education tax improvements today. We will then have taken the next step toward enactment of legislation to make education more affordable.