



Why make scholarships & grants nontaxable?

More than 3 million students across America receive scholarships that are taxable.

Every scholarship and grant dollar should count toward a student's education. Scholarship America and the National Scholarship Providers Association are joining together to call on Congress to make scholarships and grants **nontaxable**.

Back in the mid-1980s, when the law was enacted to make portions of private scholarships taxable, about \$600 million was awarded in private scholarships nationally. **In 2015, private scholarships totaled \$6.1 billion, a 10-fold increase.**

In 1990, the average private scholarship award was \$1,320. In 2015, the average award was \$3,852. Scholarship awards are larger because students **NEED** more help given the exponential rise in college costs. Today's students aren't just struggling with tuition and textbook costs, they're struggling with college living expenses. **Today's room and board costs alone are higher than tuition in the 1980s.**

Scholarship providers want to do more to help students with college living expenses, **but there is a catch – they are taxable to the student.** Scholarships and grants used to pay for tuition, fees, books and supplies are **tax-free**. Scholarships and grants that apply toward other **mandatory college expenses, including housing, food and transportation, are taxable.**

According to the College Board, **taxable** expenses make up 46% of the cost to attend a 4-year public college. It's worse for 2-year college students, for whom 70% of the costs to attend are considered **taxable**.

According to 2015-16 National Postsecondary Student Aid Study data:

45% of all private scholarships go to students whose families are making less than \$50,000 annually.

41% are Federal Pell Grant eligible.

Students pursuing Bachelors or Associates degrees work an average of about 28 or 30 hours per week, respectively.

Impact on Students

Students who work

About 14 million students work while enrolled in college. Just under one-half hold jobs to afford college. For undergraduate students who work about 29 hours/week, earnings are \$16K, above the tax-filing threshold.

Students who earn grants and scholarships

Federal Pell Grants, state grants, institutional grants and scholarships all add up, and are taxable if used for college living expenses beyond tuition, fees, books and supplies.

Students who earn full-ride scholarships, and graduate & professional degree students are also impacted by the taxability of scholarships.

For more information, please contact:

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