



# TAX REFORM AND HIGHER EDUCATION

## WHAT STUDENTS, FAMILIES, AND INSTITUTIONS NEED TO KNOW

### Talking Points: Higher Education as a Public Good

**Colleges and universities have for many years strengthened America and are fundamental in addressing the nation's greatest challenges.**

- Institutions of higher education—whether research universities, liberal arts colleges, regional universities, religious institutions, community colleges, or others—have played a vital role and assumed major responsibilities in building America.
- Colleges and universities are instrumental in developing a robust workforce and responsible citizens, which helps build a stronger economy and more resilient nation.
- Research has shown that college graduates tend to be more engaged civically, vote more regularly, volunteer more often, and pay more taxes.<sup>1</sup>
- Research by institutions of all sizes has led to crucial discoveries in science, medicine, artificial intelligence, advanced manufacturing, and other fields that benefit our nation.
- The innovation happening on campuses helps Americans prosper and enhances the nation's strengths.
- Colleges and universities are anchors for local communities and provide benefits vital to the health and welfare of their towns, counties, and states.
- The United States will confront sizeable challenges in the coming years, and colleges and universities will continue to address the needs and priorities of the nation.

**Colleges and universities are foundational in building a strong workforce composed of responsible citizens.**

- Colleges and universities prepare students to meet workforce needs in fields essential to the future of our national economy.
  - As they have done throughout their history, colleges and universities are creating new degrees, online courses, and interdisciplinary programs to address the nation's education and changing workforce needs.
- The economic benefits that college graduates receive ultimately make America a stronger, more competitive nation.
  - College graduates have higher labor force participation rates, earn higher wages, have higher job satisfaction, and have better health outcomes.<sup>2</sup>
  - In 2021, four-year college graduates paid, on average, 86 percent more in taxes than high school graduates.<sup>3</sup>

---

<sup>1</sup> *Education for What?* (Gallup, Inc., 2023), <https://www.gallup.com/file/analytics/510092/Gallup-Lumina-Education-for-What-Report.pdf>.

<sup>2</sup> *Education for What?*

<sup>3</sup> Jennifer Ma and Matea Pender, *Education Pays 2023: The Benefits of Higher Education for Individuals and Society*, Trends in Higher Education (College Board, 2023), <https://research.collegeboard.org/media/pdf/education-pays-2023.pdf>.

- College graduates are less likely to rely on public assistance.<sup>4</sup>
- Strengthening democracy is one of the highest values of higher education. Colleges and universities are educating the next generation of leaders to become responsible, civically engaged citizens with an understanding and appreciation of the gifts of liberty and democracy.
  - College graduates vote more often, volunteer more frequently, donate to charities more often, and participate more frequently in local associations.<sup>5</sup>
- By enrolling and educating international students, our colleges and universities have provided these students not only with exposure to American higher education but also with the experience of living in a free-market economy founded on individual freedom and democracy.
  - International students studying at U.S. institutions contributed more than \$40 billion to the U.S. economy in 2022–23.<sup>6</sup>

**Research conducted by institutions has led to important discoveries. The innovation happening on college campuses helps Americans prosper and enhances the nation’s strengths.**

- For decades, the federal government has fostered a unique partnership with colleges and universities, leading to remarkable advances in technological innovation, improved public health and well-being, a dynamic American economy, and strengthened national security.
  - The research endeavor at institutions leads to critical discoveries today and prepares students to be leading researchers in the future.
- Research conducted by institutions has led to important discoveries in science, medicine, artificial intelligence, advanced manufacturing, and other fields that benefit our nation.
  - From cancer research to Alzheimer’s disease medications and COVID-19 treatments, colleges and universities are at the forefront of medical research.
  - Artificial intelligence and advanced manufacturing are critical technologies with untapped potential. Higher education’s research capacity will be critical in helping America lead the way in these fields.
- In FY 2022, institutions spent nearly \$100 billion on research and development.<sup>7</sup>
  - Institutions contribute 25 percent of the total funding for research conducted on campuses.
  - The higher education sector is the second-largest performing research and development sector in the United States.<sup>8</sup>

---

<sup>4</sup> *Education Pays 2023.*

<sup>5</sup> *Education for What?*

<sup>6</sup> Erica Stewart, “New NAFSA Data Reveal International Student Economic Contributions Continue to Rebound,” NAFSA: Association of International Educators, November 13, 2023, [www.nafsa.org/about/about-nafsa/new-nafsa-data-reveal-international-student-economic-contributions-continue](https://www.nafsa.org/about/about-nafsa/new-nafsa-data-reveal-international-student-economic-contributions-continue).

<sup>7</sup> Michael T. Gibbons, *R&D Expenditures at U.S. Universities Increased by \$8 Billion in FY 2022*, NSF 24-307 (National Science Foundation, 2023), <https://nces.nsf.gov/pubs/nsf24307>.

<sup>8</sup> Francisco Moris and Alexander Rhodes, *Research and Development: U.S. Trends and International Comparisons*, Science and Engineering Indicators, NSB-2024-6 (National Science Foundation, 2024) <https://nces.nsf.gov/pubs/nsb20246>.

**Colleges and universities serve as anchors in communities across the nation, providing a range of direct and indirect benefits essential to the health and welfare of their states and localities.**

- Colleges and universities are economic powerhouses for college towns and their surrounding communities.<sup>9</sup>
  - Colleges and universities have added billions of dollars to local economies in both small towns and big cities across the country.
  - In many states and regions, colleges and universities are the largest employer, providing jobs and benefits to thousands.
- The positive social and economic effects that colleges have on their local communities are established.<sup>10</sup>
  - Research has shown that regional public universities increase the economic and social mobility of the residents in their counties.<sup>11</sup>
  - The presence of a college boosts a community's educational attainment rates.<sup>12</sup>
- Art exhibits, sports games, music performances, theater, and other events are commonplace on campuses, providing numerous cultural experiences for both students and members of the surrounding community.

---

<sup>9</sup> Kim Hart, "College Towns Are Becoming Economic Powerhouses," Axios, September 4, 2019, <https://www.axios.com/2019/09/04/college-towns-emerge-as-economic-powerhouses>.

<sup>10</sup> David Card, *Using Geographic Variation in College Proximity to Estimate the Return to Schooling*, Working Paper 4483 (National Bureau of Economic Research, 1993), <https://www.nber.org/papers/w4483>.

<sup>11</sup> Greg Howard and Russell Weinstein, "Workhorses of Opportunity": *Regional Universities Increase Local Social Mobility*, IZA Discussion Paper No. 15622 (IZA Institute of Labor Economics, 2022), <http://dx.doi.org/10.2139/ssrn.4244417>.

<sup>12</sup> Lauren C. Russell, Lei Yu, Michael J. Andrews, "Higher Education and Local Educational Attainment: Evidence from the Establishment of U.S. Colleges," *The Review of Economics and Statistics*, 6, no. 4 (2024): 1146–1156, <https://direct.mit.edu/rest/article-abstract/106/4/1146/111512/Higher-Education-and-Local-Educational-Attainment>.