



UNITED STATES SENATE COMMITTEE ON FINANCE

WORKING FAMILIES TAX CUTS

EXPANDING EDUCATIONAL OPPORTUNITY AND AFFORDABILITY

On July 4, 2025, President Trump signed the **Working Families Tax Cuts** into law. This legislation not only prevented the largest tax hike in history, but it also restored and made permanent critical pro-growth tax provisions that are already increasing domestic investment and boosting economic growth. Moreover, through policies like no taxes on tips and overtime and **new tax benefits that expand educational opportunity and affordability**, low- and middle-income Americans are the biggest winners under this bill.

Education Freedom Tax Credit

- New **education freedom tax credit** expands opportunity for students and their families.
- Beginning in 2027, taxpayers that make qualified charitable contributions to organizations that fund **scholarships for low- and middle-income students** will be eligible for a **dollar-for-dollar tax credit**, up to \$1,700.
- These scholarships will provide families with more schooling options to choose for their children. By incentivizing contributions, **the new tax credit will make school choice programs more affordable**.

529 Education Savings Accounts

- **Expanded 529 savings accounts make education more affordable for families.**
- 529 savings accounts offer families tax advantages when saving for their child's education. **Doubling the annual withdrawal cap to \$20,000 better ensures that students have the resources they need to succeed.**
- In addition to **making K-12 and postsecondary education expenses more affordable**, **529 savings accounts now apply to curriculums, books, tutoring, testing fees and online education material.**
- These enhancements will make costs **more affordable for traditional and alternative education, workforce development programs and trade certifications.**

Student Loan Repayment Exclusion

- **Permanent extension of the employer student loan repayment exclusion**, up to \$5,250 annually, encourages employers to contribute tax-free dollars to repay their employees' student loans.

"This is a huge victory for American families that have been praying and hoping for a financial lifeline to provide their children with the education they need to thrive." - [Invest in Education Coalition](#)

The Working Family Tax Cuts' new, immediate tax relief overwhelmingly benefits the working class. According to a [distributional analysis](#) from the nonpartisan Joint Committee on Taxation (JCT)—which previously estimated the tax bill provides more than [\\$600 billion](#) in new tax relief to middle-class households—the largest proportional tax benefits go to workers and families making less than \$50,000.