



MEMORANDUM

March 14, 2007

Re: State Senate Proposal to expand the Tuition Assistance Program

This budget proposal adds \$129 million to expand eligibility and increase benefits for the State Tuition Assistance Program (TAP).

SCAA supports efforts to expand financial aid for higher education, and we applaud the State Senate for beginning this discussion. However, it is essential that New York continue its proud and sensible tradition of targeting student aid by financial need.

TAP has been successful over the years because it provides substantial aid to the people who need it most, low-income students who could not afford to attend college but for TAP. Need-based financial aid systems expand college opportunity and strengthen the state economy.

- The Senate proposes to increase nondependent students' income eligibility for TAP from \$10,000 to \$12,500 net taxable income. This proposal goes in the right direction, but independent student eligibility should be equalized with dependent students. The Senate proposal represents the first improvement in the Independent Schedule since its establishment in 1994. However, a prospective student working full-time would still have to earn less than \$6/hr to receive a maximum benefit – more than a dollar less than the New York State minimum wage. See below for an improved proposal.
- The Senate proposes to establish the New York State Student Loan Debt Relief Program to provide a tax credit of up to \$1,000 per year for five years toward student loan payments. This proposal should be studied, revised, and re-introduced as part of a broader financial aid reform package. A tax credit aimed at student loan repayment has merit. But this particular proposal is *inequitable*, in that the tax credit is not refundable, and therefore provides full benefits only to students who earn more than \$24,000 annually; and *expensive*, in that the full annualized cost of \$275 million would raise New York's financial aid budget by almost a third.
- The Senate proposes to increase dependent students household income eligibility cap for TAP from \$80,000 to \$100,000 net taxable income. This provision should be eliminated. A household income of \$100,000 (equivalent to \$116,000 in adjusted gross income) is in roughly the 85-90% bracket of household income in New York State. TAP is not likely to make the difference in whether a student at this income level attends college.

(turn over)

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- The Senate proposes to double the minimum TAP award for families with dependent students, earning roughly \$66,000 to \$96,000 in adjusted gross income, from \$500 to \$1000. This proposal should be eliminated. Doubling the minimum award could redirect substantial financial resources to students who do not meet the usual standards of financial need.

Additional proposals to improve the Tuition Assistance Program

- ***Strengthen Part-time TAP:*** The recently-enacted Part-Time TAP program will enable students to receive partial TAP benefits for students enrolled part-time. However, a student must study full-time in the first year to qualify for Part-Time TAP. This requirement effectively destroys the benefit of the new program for many working adults, who simply cannot forego the income or time necessary to qualify for Part-Time TAP.
Recommendation: Enable students to immediately qualify for Part-Time TAP, just as they would for the standard full-time TAP. Alternately, allow students to qualify by accumulating 24 credits part-time rather than full-time.
- ***Abolish the Independent Schedule:*** The Independent Schedule was established in 1994 and imposes unrealistic eligibility and benefit standards upon students who are deemed financially self-sufficient, unmarried and without children. The number of students on this discriminatory schedule dropped from 45,000 in 1994 to 25,000 in 2005.
Recommendation: Abolish the Independent Schedule and equalize eligibility and benefits for the affected students.
- ***Waive public college tuition for foster care youths:*** Young adults graduating from the foster care system are automatically assigned to the Independent schedule described above and thereby denied any real access to financial aid.
Recommendation: Waive public college tuition for foster care youths altogether – as 15 states already do – to help these youths break the generational cycle of impoverishment and despair.