

EDUCATION/TUITION ASSISTANCE

NEW YORK STATE COLLEGE TUITION CREDIT / COLLEGE TUITION ITEMIZED DEDUCTION

Program Description

The *College Tuition Credit* is a refundable tax credit available to full-year New York State residents who paid qualified college tuition expenses to an institution of higher education on their own behalf or on behalf of an eligible student. For those who itemize deductions on their federal tax return, greater benefit may be obtained from the *College Tuition Itemized Deduction*. This allows for the deduction of some college tuition costs from taxable income when calculating personal income tax liability.

Eligibility

Eligible student/s:

- Must be full-year New York State residents (part-time residents and nonresident New York State taxpayers may be eligible for the College Tuition Itemized Deduction)
- May be the taxpayer, the taxpayer's spouse, or the taxpayer's dependent (for whom an exemption for federal income tax purposes is allowed)
- Those who attended an institution of higher education*. The eligible student does not have to be enrolled in a degree program or attend full-time to qualify for the College Tuition Credit or to claim the College Tuition Itemized Deduction. However, only undergraduate enrollment or attendance qualifies. Tuition payments required for enrollment or attendance in a course of study leading to the granting of a post-baccalaureate or other graduate degree do not qualify.

* An institution of higher education means any institution of higher education or business, trade, technical or other occupational school, located in or out of New York State, that is recognized and approved by either the Regents of the University of New York or a nationally recognized accrediting agency or association accepted by the Regents. The institution/school must provide a course of study leading to the granting of a post-secondary degree/certificate/diploma.

Qualified college tuition expenses:*

- Tuition required for the enrollment or attendance at an institution of higher education, paid by cash, check, credit card, or with borrowed funds. Tuition paid through the receipt of scholarships or financial aid is excluded from the qualified college tuition expenses.
- Qualified college tuition expenses paid on behalf of an eligible student from a qualified state tuition program (such as the New York State College Choice Tuition Savings program). If the student can be claimed as a dependent on your tax return, these payments are also treated as paid by you (even though the income from those accounts must be reported on the student's personal income tax return).

* Qualified tuition expenses do not include tuition paid through the receipt of scholarships or financial aid (for this purpose, financial aid does not mean student loans or loans/grants that must be repaid); do not include amounts paid for room and board, insurance, medical expenses (including student health fees), transportation, or other similar personal living/family expenses; and do not include fees for course-related books, supplies, equipment, and non-academic activities

NEW YORK STATE COLLEGE TUITION CREDIT / COLLEGE TUITION ITEMIZED DEDUCTION

Benefits

Individuals may only claim *either* the College Tuition Credit *OR* the College Tuition Itemized Deduction. Part-time residents and nonresident New York State taxpayers may only claim the College Tuition Itemized Deduction.

College Tuition Credit

The College Tuition Credit is a refundable tax credit which means that you may claim a refund of any College Tuition Credit that is in excess of your New York State tax liability. The maximum amount of qualified college tuition expenses allowed for each eligible student is \$10,000, and there is no limit on the number of eligible students for whom you may claim a credit.

The maximum credit is \$400 for students with qualified college tuition expenses of \$5,000 or more, with the credit equal to 4% of qualified tuition expenses up to \$10,000 per eligible student. For those whose expenses are less than \$5,000, the maximum credit is \$200.

College Tuition Itemized Deduction

Those who itemize deductions on their federal tax return may choose to claim the New York State College Tuition Itemized Deduction. This allows individuals to deduct some college tuition costs from taxable income when calculating personal income tax liability.

To determine if you will receive a greater tax benefit from the credit or deduction, you should compute both. The steps below can help you determine whether claiming the College Tuition Itemized Deduction is the best option for you:

- (1) First, complete any of the following forms that apply to you:
 - Form IT-213 – Claim for Empire State Child Credit;
 - Form IT-214 – Claim for Real Property Tax Credit;
 - Form IT-215 – Claim for Earned Income Credit or IT-209- Claim for Non-custodial Parent NYS Earned Income Credit;
 - Form IT-216 – Claim for Child and Dependent Care Credit
- (2) After that, in most cases you should fill out the Worksheet on page 3 of the instructions.

How to Claim the Credit

To claim this credit, you must complete *Form IT-272 – Claim for College Tuition Credit for New York State Residents* and attach it to your *Form IT-150* or *Form IT-201*.

If an eligible student is claimed as a dependent on another person's tax return, only the person who can claim the student as a dependent may claim the credit. If spouses are filing separately, each can claim their own credit or deduction, but each must separately compute the credit/deduction based only on the amount of qualified college tuition expenses paid by each.

For more information on these programs, see http://www.tax.state.ny.us/pdf/2007/inc/it272i_2007.pdf.

Thanks to the New York State Department of Taxation and Finance for the information they provided in developing this fact sheet.

FEDERAL SUPPORT for HIGHER EDUCATION: Loans to Pay for College

Loans

Student loans, unlike grants and work study, are borrowed money that **must** be repaid, with interest, just like car loans and mortgages. You **cannot** have these loans canceled because you were not satisfied with your educational experience, did not obtain a job in your field of study, or are having financial difficulties.

Types of Loans:

Federal Perkins Loans*:

- Made through participating schools to undergraduate, graduate and professional students
- Offered by participating schools to students who demonstrate the greatest financial need (Federal Pell Grant recipients get top priority)
- Made to students enrolled full-time or part-time
- Repaid by you to your school.

Stafford Loans*:

- Made to undergraduate, graduate and professional students
- You **must** be enrolled as at least a half-time student to be eligible for a Stafford Loan.
- Financial need is not a requirement to obtain a Stafford Loan but is used to determine whether the U.S. Department of Education will pay the interest that accrues on this loan during certain periods

PLUS Loans:

- Loans parents can obtain for their dependent undergraduate children
- Loans are made through either the Direct Loan or FFEL programs mentioned below*.

Consolidation Loans:

- Students are able to combine several types of federal student loans into one loan with one monthly payment

* Federal Perkins and Staff loans are made through one of two U.S. Department of Education programs:

- **William D. Ford Federal Direct Student Loan Program** referred to as **Direct Stafford Loans (or Direct Loans)**: Eligible students and parents borrow directly from the U.S. Department of Education at participating schools. Direct Loans consist of Direct Stafford Loans, Direct PLUS Loans, and Direct Consolidation Loans. **You repay these loans directly to the government.**
- **Federal Family Education Loan (FFEL) Program** referred to as **FFEL Stafford Loans (or Federal Stafford Loans)**: Private lenders provide funds that are guaranteed by the federal government. FFEL Loans consist of FFEL Stafford Loans, FFEL PLUS Loans and FFEL Consolidation Loans. **You repay these loans to the bank or private lender that made you the loan.**

Whether you (or your parents) receive a Direct or a FFEL Stafford Loan depends on which program the school you attend participates in. Most schools participate in one or the other, although some schools participate in both.

It's possible for you to receive Direct and FFEL Stafford Loans but not both types for the same period of enrollment.

FEDERAL SUPPORT for HIGHER EDUCATION: Loans to Pay for College

What are the differences in these loan programs?

The chart below shows basic loan comparisons. The Financial Aid Office at your school can explain which programs are available to you.

How do I apply for a Perkins or Stafford Loan?

As with all federal student financial aid, you apply for a Perkins or Stafford Loan by completing the FAFSA. A separate loan application is not required. However, you'll need to sign a **promissory note**,* which is a binding legal contract that says you agree to repay your loan according to the terms of the **promissory note**.* Read this note carefully before signing it and save a copy for your records.

How much can I borrow?

Perkins Loans: The **Student Loan Comparison Chart** shows the maximum Perkins Loan funds you can receive, depending on whether you're an undergraduate, graduate or professional student. **However, the amount you can borrow might be less than the maximum available.**

- Each school participating in the Federal Perkins Loan program receives a certain amount of Perkins funds each year from the U.S. Department of Education.
- When all available funds for that award year have been distributed, no more awards can be made for that year.
- Submit your FAFSA early so you can be considered for these funds.

Stafford Loans (Direct and FFEL)

The chart, **Maximum Annual Loan Limits Chart—Subsidized and Unsubsidized Direct and FFEL (Federal) Stafford Loans**, shows that your loan limits depend on:

- Whether you receive subsidized or unsubsidized Stafford Loans.
- What year you are in school.
- Whether you are a dependent student.

Subsidized Stafford Loan:

- Available to students who demonstrate financial need.
- Eligible students can borrow a subsidized FFEL or Direct Loan to cover some or all of their need.
- For a subsidized loan, the U.S. Department of Education pays the interest:
- While you are in school at least half-time.
- For the first six months after you leave school.
- During a period of deferment (a postponement of loan payments).
- The amount of your subsidized loan cannot exceed your financial need.

Unsubsidized Stafford Loan:

- Available to students who do not have financial need.

FEDERAL SUPPORT for HIGHER EDUCATION: Loans to Pay for College

LOAN COMPARISON CHART

Loan Program	Eligibility	Award Amounts	Interest rate	Lender/Length of Repayment
Federal Perkins Loans	Undergraduate and graduate students; do not have to be enrolled at least half-time *	Undergraduate—up to \$4,000 a year (maximum of \$20,000 as an undergraduate) Graduate—up to \$6,000 a year (maximum of \$40,000, including undergraduate loans) Amount actually received depends on financial need, amount of other aid, availability of funds at school	5 percent	Lender is your school. Repay your school or its agent Up to 10 years to repay, depending on amount
FFEL Stafford Loans	Undergraduate and graduate students; must be enrolled at least half-time	Depends on grade level in school and dependency status (see chart on page 11) Financial need not necessary	Changes yearly; for 2005-06 was 5.3 percent for loans in repayment For those with financial need, government pays interest during school and certain other periods	* Lender is a bank, credit union, or other participating private lender Repay the loan holder or its agent Between 10 and 25 years to repay, depending on amount owed and type of repayment plan selected
Direct Stafford Loans	Same as above	Same as above	Same as above	Lender is the U.S. Department of Education; repay Department Between 10 and 30 years to repay, depending on amount owed and type of repayment plan selected
FEEL PLUS Loans	Parents of dependent Undergraduate students enrolled at least half-time * (see dependency status); parents must not have negative credit history	Student's Cost of Attendance * - Other aid student receives <hr style="width: 50%; margin-left: 0;"/> = Maximum loan amount	Changes yearly; for 2005-06, was 6.1 percent for loans in repayment; government does not pay interest	Same as for FFEL Stafford Loans above
Direct PLUS Loans	Same as above	Same as above	Same as above	Same as for Direct Stafford Loans above, except that Income Contingent Repayment Plan is not an option

FEDERAL SUPPORT for HIGHER EDUCATION: Grants to Pay for College

Pell Grants

A Federal Pell Grant, unlike a loan, does not have to be repaid. Pell Grants are awarded usually only to undergraduate students who have not earned a bachelor's or a professional degree. (In some cases, however, a student enrolled in a post-baccalaureate teacher certification program might receive a Pell Grant.) Pell Grants are considered a foundation of federal financial aid, to which aid from other federal and nonfederal sources might be added.

How much can a student get?

The maximum Pell Grant award for the 2007-08 award year (July 1, 2007 to June 30, 2008) is \$4,310. The maximum can change each award year and depends on program funding. The amount a student will get, though, will depend not only on financial need, but also on the costs of attending school, status as a full-time or part-time student, and the student's plans to attend school for a full academic year or less.

If a student is eligible, how will he or she get the Pell Grant money?

The school can apply Pell Grant funds to the student's school costs, pay him/her directly (usually by check), or combine these methods. The school must tell the student in writing how much the award will be and how and when it will be paid. Schools must disburse funds at least once per term (semester, trimester, or quarter). Schools that do not use semesters, trimesters, or quarters must disburse funds at least twice per academic year.

How to Apply for a Pell Grant

To apply for a Pell Grant, applicants must complete the Free Application for Federal Student Aid (FAFSA). The applications are available through school counselors' offices or financial aid office.

NEW YORK STATE TUITION ASSISTANCE PROGRAM

Program Description

The New York State Tuition Assistance Program (TAP) helps eligible New York residents pay tuition at approved schools in New York State. Depending Because TAP is a grant, it does not have to be paid back.

Effective for the 2007-08 academic year, TAP will be available for students attending SUNY, CUNY and not-for-profit independent degree-granting colleges on a part-time basis.

Eligibility

To be eligible for TAP, you must:

- Be a United States citizen or eligible noncitizen
- Be a legal resident of New York State
- Study at an approved postsecondary institution in New York State
- Have graduated from high school in the United States, earned a GED, or passed a federally approved "Ability to Benefit" test as defined by the Commissioner of the State Education Department
- Be enrolled as a full-time student taking 12 or more credits per semester
- Be matriculated in an approved program of study and be in good academic standing
- Have at least a cumulative "C" average after receipt of two annual payments
- Be charged at least \$200 tuition per year
- Not be in default on a student loan guaranteed by HESC or on any repayment of state awards
- Meet income eligibility limitations.
- To be eligible for [Part-Time TAP](#) you must have been a first-time freshman in the 2006-07 academic year or thereafter, have earned 12 credits or more in each of two consecutive semesters, and maintain a "C" average.

Income Limits

Undergraduate

- Dependent undergraduate students or students who are married or have tax dependents - \$80,000 NYS net taxable income.
- Single independent undergraduate students with no dependents - \$10,000 NYS net taxable income.

Graduate

- Single independent graduate students with no dependents - \$5,666 NYS net taxable income.
- Dependent graduate students or independent graduate students who are married or have tax dependents - \$20,000 NYS net taxable income.

NEW YORK STATE TUITION ASSISTANCE PROGRAM

Benefits: Award Amounts

TAP Awards cannot exceed the maximum amounts shown or 100 percent of tuition, whichever is less.

Undergraduate Students At Degree-Granting and Not-For-Profit Institutions

Dependent Students or Independent Students Who are Married or Have Tax Dependents	
<i>First Year in Which Student Received an Award</i>	<i>Award Range</i>
2000 - 2001 and thereafter	\$500 - \$5,000
1994 - 1995 through 1999 - 2000	\$500 - \$4,125
All years prior to 1994 - 1995	\$500 - \$3,575

Independent Students Who Are Single With No Tax Dependents	
<i>First Year in Which Student Received an Award</i>	<i>Award Range</i>
All years since 1994 - 1995	\$500 - \$3,025
1992 - 1993 and 1993 - 1994	\$500 - \$2,575
All years prior to 1992 - 1993	\$500 - \$2,450

Undergraduate students enrolled in four-year programs may receive up to four years of assistance for full-time study, and up to five years of assistance in an approved specialized program.

Students At Proprietary Registered Non-Degree Private Business Schools

- For dependent students or independent students who are married or have tax dependents, awards range from \$100 to \$800
- For single independent students with no tax dependents, awards range from \$100 to \$640.

Graduate Students

- For all graduate students, awards range from \$75 to \$550.
- Graduate or professional students may also receive an additional four years of TAP. Eligible students can receive a maximum of eight years of combined undergraduate/graduate assistance.

NEW YORK STATE TUITION ASSISTANCE PROGRAM

What Determines The Amount Of The Award?

The award amount is determined by:

- Academic year in which first payment of TAP or any state award is received
- Type of postsecondary institution and the tuition charge
- Combined family NYS net taxable income
- Financial status (dependent or independent)
- Other family members enrolled in college

How to Apply for Financial Aid

Start Here!

- To apply for federal and New York State financial aid electronically, you and your parents must get a Federal Student Aid Personal Identification Number (PIN) at www.pin.ed.gov. The U.S. Department of Education will mail or e-mail the secure PIN to you in about one week. You can use the PIN to "sign" your Free Application for Federal Student Aid (FAFSA) electronically.
- Use the hot button on this page to complete and submit the FAFSA, or you can get a paper FAFSA from your high school counselor, the local library, or your college's financial aid office. Be sure to file early to meet deadlines.
- If you are a New York State resident and include a New York school in "section five" of your FAFSA, you should also apply for New York State aid online by using the special link on the FAFSA Submission Confirmation page.

What Happens Next

- You'll get a Student Aid Report (SAR) summarizing your FAFSA and including your Estimated Family Contribution. Review it and make any corrections.
- You'll get an award letter from your college stating the aid you can expect if you attend that school. Consider the options outlined in the letter including grants, scholarships, loans and work-study programs.
- Tell the financial aid office that you accept or reject all or part of the financial aid package. Complete any other forms required by the school.
- Apply for a loan if needed. Contact the financial aid office to find out about the loan application procedure your school uses. You can submit and sign your Federal Family Education Loan (FFEL) promissory note by completing the e-MPN right from this page.

Apply for Aid Each Year You're in College

- If you filled out a FAFSA the year before, you can probably use the shorter Renewal FAFSA and TAP application.

NEW YORK STATE TUITION ASSISTANCE PROGRAM

How to Apply for TAP

First, Apply Online for Federal Aid

- The TAP application process begins with the Free Application for Federal Student Aid (FAFSA). HESC will use the FAFSA as part of your online TAP application.
- Start your online FAFSA by clicking on the quick link button below, Complete the FAFSA.

Next, Complete Your Online TAP Application

- After completing your FAFSA, complete your online TAP application by linking to it directly from your FAFSA Confirmation Page, or by going to the quick link button, Apply for TAP, on the HESC Web site.
- You will be prompted to get a HescPIN (Personal Identification Number). You will use your HescPIN to "sign" your TAP application, to keep track of your application information, or to make changes.
- Once you have your HescPIN, complete your online TAP application. Information from your FAFSA and your family's calculated NYS net taxable income will be pre-filled on your online TAP application. Follow the instructions provided.

Paper FAFSA Instead of Online?

- If you don't apply for federal aid online, you must get a paper FAFSA from the high school guidance office, the public library, or your college's Financial Aid Office.
- Even if you use a paper FAFSA, you can still do your TAP application online.
- About 3 weeks after mailing your paper FAFSA, HESC will send you a postcard or e-mail prompting you to get a HescPIN and complete your TAP application online. Follow the online instructions.

Paper TAP Application Instead of Online?

- If you don't apply for TAP online, HESC will mail you an Express TAP Application (ETA). Information from your FAFSA and your family's calculated NYS net taxable income will be preprinted on your ETA. Review this information, make any necessary corrections, complete any missing items, and then sign and mail, using the return envelope.

When Will I Hear About the Status of my TAP Application?

- You can click the Manage My Account quick link button to check the status of your TAP application online, at any time.
- If you provide an e-mail address on your FAFSA, HESC can use it to tell you about your TAP application or award status, or to ask you for information we need to complete your application. Please be alert to HESC e-mails and respond to any requests or instructions.
- If you do not provide an e-mail address and have an approved status, you will receive a postcard from HESC.
- If you do not provide an e-mail address and have a denied status, you will receive a paper denial notification letter.

What About Applying for TAP in Subsequent Years?

- If you received TAP the year before and your application information is unchanged, you may only have to file a Renewal FAFSA to get TAP in subsequent years.

TAP Application Deadline

- The TAP application deadline is May 1 of the academic year for which aid is sought.

FEDERAL EDUCATION TAX CREDITS: Helping Pay for Higher Education

Program Description

There are two federal tax credits to help pay for higher education: the **HOPE Credit** and the **Lifetime Learning Credit**. These credits are based on qualified education expenses paid to an eligible postsecondary educational institution*.

Hope Credit: You may be able to take a credit of up to \$1,650 for qualified education expenses (defined earlier) paid for each student who qualifies for the Hope credit. The Hope credit equals 100% of the first \$1,100 and 50% of the next \$1,100 of qualified expenses paid for each eligible student. You can take the Hope credit for a student if all of the following apply.

- As of the beginning of 2007, the student had not completed the first 2 years of postsecondary education (generally, the freshman and sophomore years of college), as determined by the eligible educational institution. For this purpose, do not include academic credit awarded solely because of the student's performance on proficiency examinations.
- The student was enrolled in 2007 in a program that leads to a degree, certificate, or other recognized educational credential.
- The student was taking at least one-half the normal full-time workload for his or her course of study for at least one academic period beginning in 2007.
- The Hope credit was not claimed for that student's expenses in more than one prior tax year.
- The student has not been convicted of a felony for possessing or distributing a controlled substance.

Lifetime Learning Credit: The maximum lifetime learning credit you can claim on your return for the year is \$2,000, regardless of the number of students for whom you are claiming the credit.

Eligibility

You may be able to take the credits if you, your spouse, or a dependent you claim on your tax return was a student enrolled at or attending an eligible educational institution. The credits are based on the amount of qualified education expenses paid for the student in 2007 for academic periods beginning in 2007 and the first 3 months of 2008. But, *you cannot take the Hope credit and the lifetime learning credit for the same student in the same year.*

Generally, qualified education expenses paid on behalf of the student by someone other than the student (such as a relative) are treated as paid by the student. Also, qualified education expenses paid (or treated as paid) by a student who is claimed as a dependent on your tax return are treated as paid by you. Therefore, you are treated as having paid expenses that were paid from your dependent student's earnings, gifts, inheritances, savings, etc

You cannot take the education credits if any of the following apply.

- Your filing status is married filing separately.
- Your adjusted gross income is (a) \$114,000 or more if married filing jointly, or (b) \$57,000 or more if single, head of household, or qualifying widow(er).
- You are claimed as a dependent on another person's tax return, such as your parent's return .
- You (or your spouse) were a nonresident alien for any part of 2007 and the nonresident alien did not elect to be treated as a resident alien.

FEDERAL EDUCATION TAX CREDITS: Helping Pay for Higher Education

Qualified Education Expenses

Generally, qualified education expenses are amounts paid in 2007 for tuition and fees required for the student's enrollment or attendance at an eligible educational institution (see below). It does not matter whether the expenses were paid in cash, by check, by credit card, or with borrowed funds. Qualified education expenses do not include amounts paid for:

- Course-related books, supplies, equipment, and nonacademic activities, except for fees required to be paid to the institution as a condition of enrollment or attendance.
- Room and board, insurance, medical expenses (including student health fees), transportation, or other similar personal, living, or family expenses.
- Any course or other education involving sports, games, or hobbies, or any noncredit course, unless such course or other education is part of the student's degree program or (for the lifetime learning credit only) helps the student to acquire or improve job skills.

If you or the student takes a deduction for higher education expenses, you cannot use those expenses when figuring your education credits.

How to Claim the Credit

Use Form 8863 *Education Credits (Hope and Lifetime Learning Credits)* to figure and claim your education credits.

Tax-Free Educational Assistance and Refunds of Qualified Education Expenses

You must reduce the total of your qualified education expenses by any tax-free educational assistance and by any refunds of your expenses. If the refund or tax-free assistance is received in the same year in which the expenses were paid or in the following year before you file your tax return, reduce your qualified education expenses by the amount received and figure your education credits using the reduced amount of qualified expenses. If the refund or tax-free assistance is received after you file your return for the year in which the expenses were paid, you must figure the amount by which your education credits would have been reduced if the refund or tax-free assistance had been received in the year for which you claimed the education credits. Include that amount as an additional tax for the year the refund or tax-free assistance was received.

Example. You paid \$8,000 tuition and fees in December 2006, and your child began college in January 2007. You filed your 2006 tax return on February 2, 2007, and claimed a lifetime learning credit of \$1,600. After you filed your return, your child dropped two courses and you received a refund of \$1,400. You must refigure your 2006 lifetime learning credit using \$6,600 of qualified expenses instead of \$8,000. The refigured credit is \$1,320. You must include the difference of \$280 on your 2007 Form 1040, line 44, or Form 1040A, line 28. Also, enter "\$280" and "ECR" on the dotted line next to line 44 (if filing Form 1040) or line 28 (Form 1040A).

For further information, go to <http://www.irs.gov/pub/irs-pdf/f8863.pdf>

** Eligible Education Institution: An eligible educational institution is generally any accredited public, nonprofit, or proprietary (private) college, university, vocational school, or other postsecondary institution. Also, the institution must be eligible to participate in a student aid program administered by the Department of Education. Virtually all accredited postsecondary institutions meet this definition.*