



NEW YORK STATE SENATOR

Jeffrey D. Klein

Senator Klein, Joined by Fordham President McShane and Bronx Students, Introduces New Legislation to Make College More Affordable for Working Families

JEFFREY D. KLEIN March 7, 2014

| ISSUE: **FAMILIES, EDUCATION, BUDGET, TAXES, YOUTH**



BRONX, NY - Surrounded by Bronx college and university presidents and administrators, leaders of higher education organizations, legislators, parents and students, State Senate Co-Leader Jeff Klein (D-Bronx/Westchester) unveiled a legislative action plan at Fordham University that would make college more affordable for New York families.

Klein's four-pronged proposal, outlined in a report released today, creates tax incentives for families who invest money in 529 college savings accounts, doubles the maximum tax deduction for tuition and creates a pre-paid college savings plan, allowing parents to lock-in lower tuition rates. This comprehensive plan

also includes tax benefits for four-year college graduates who stay in New York after graduation, giving young professionals more money to save for future expenses like a down payment on a home while retaining the talent and skills of New York's college graduates.

Senator Jeff Klein (D-Bronx/Westchester) said, “Every child should have a fair shot at achieving the American Dream of going to college. The research is clear – a college degree unlocks invaluable financial and employment opportunities. No student should have to forgo a college education because of costly tuition or decades of debt incurred while in school. That’s why I have made college affordability a major priority this year. This plan will help New York families save for their children’s education, while giving college graduates added incentives to put down roots here in New York after they graduate.”

THE IDC COLLEGE AFFORDABILITY PROPOSAL

- 1. Create a New Pre-paid College Tuition Plan**
- 2. Double the Size and Incentive for Using NY's Existing 529 College Savings Program**
- 3. Double the Size of NY's Tuition Tax Credit**
- 4. Create the NYS Study and Stay Plan**

Senator Klein's plan calls for a **Pre-Paid College Tuition Plan** which would allow parents to lock in tuition rates for college-bound children at state public institutions and participating private and independent colleges and universities. 18 states have already adopted similar plans. The program would be overseen by an independent, non-political board. Pre-paid tuition accounts would also receive the same tax benefits as the current 529 college savings program.

Senator Klein would also like **to increase tax incentives** for parents who contribute to 529 College Savings accounts. Currently, over a third of these accounts in the state have balances of less than \$5,000. To help parents maximize their savings, the IDC wants to **double the possible amount that a single filer can contribute tax free from \$5,000 to \$10,000. For a couple, the maximum would increase from \$10,000 to \$20,000.**

An analysis of tuition rates shows steep increases in past years, but the maximum tax deduction for college tuition costs hasn't been adjusted in over a decade. Senator Klein proposes doubling the current maximum of \$10,000 deduction to a maximum \$20,000 since private institutions can cost as much as \$45,000 a year.

After helping families afford college, Senator Klein wants college graduates to stay in New York State. The **Study and Stay Tax Credit** would allow graduates of four-year colleges to deduct \$5,000 annually from their income tax liability for a maximum of 10 years and deposit the funds into an account that would go towards the down payment of a home.

Senator Klein aims to pass these measures as part of this year's budget package, which must be passed by the end of March.

Fellow lawmakers and academic leaders agreed that Senator Klein's college affordability plan is necessary to help New York families afford a college education.

"The importance of a college education cannot be understated," **Assemblyman Jeffrey Dinowitz** said. "Thousands of New York students dream of going to college every year, but tuition costs that are spiraling out of control and declining state support have turned that dream into a nightmare for many families. Students are accruing outrageous student loan debts over the course of their collegiate careers, which can sometimes take decades to pay off. Graduates shouldn't have to find themselves trapped behind the proverbial eight-ball because they pursued a degree.

“These proposals, including doubling the size of New York’s existing 529 College Savings Program, doubling the New York State Tuition Tax Credit, and creating a pre-paid college tuition plan that would allow parents to lock in current tuition rates, would go a long way towards easing the crushing financial burden placed on students, thus preserving their dreams of higher education. I look forward to working with Senator Klein to ensure that all New Yorkers can afford college in New York State.”

“Senator Klein's efforts to make college more affordable are both laudable and necessary,” said **Joseph M. McShane, S.J., president of Fordham University**. “Specifically, I support his proposals to expand tuition tax credit and the creation of a New York state prepaid tuition plan—both would go a long way toward improving access to higher education in New York.”

CUNY Interim Chancellor William Kelly said, “The City University of New York serves predominantly low and middle-income New Yorkers who assure our State of both a vibrant and educated workforce as well as the tax base of the future. We look forward to working with Senator Klein to assure that college affordability plans benefit our hard-working students and their families.”

Charles L. Flynn, Jr., Ph.D., President, College of Mount Saint Vincent said, “I applaud Sen. Klein for leading the charge on college affordability. Our country must do more to help students and their families afford the college journey. Pell Grants have about the same purchasing power they had 40 years ago. The cost has gone up because more students need them. The federal government nets over 40 billion dollars a year in interest on student loans. As a nation, we need our students to graduate without less burdened by debt as they launch their careers. At a time when students and families are making great sacrifices to make a college education possible, we do have some positive news regarding our graduates and tuition. Mount Saint Vincent is deeply committed to making high quality education accessible to talented students, regardless of financial background. At Mount Saint Vincent, the largest single part of our most recent budget was dedicated to scholarships and aid. In addition, a Washington Monthly study showed that we have among the best graduation rates in the United States for Pell grant recipients and the U.S. News & World Report identified our alumni as having among the lowest default rates in the country -- a sign that the College has worked to limit student debt and a sign that our graduates have obtained good jobs at good salaries.”

Brennan O'Donnell, Ph.D., president of Manhattan College said, "New York colleges and universities are tremendous assets to the overall economic health and quality of life of NY, and have a proud history of being gateways of opportunity. Sen. Klein's proposals explore creative ways to assure that families will be able to invest in their children's future--and in the future of NY."

Laura L. Anglin, president of the Commission on Independent Colleges and Universities, a statewide association for more than 100 private, not-for-profit New York State colleges and universities, said, "We heartily agree that higher education is a worthwhile investment for all New Yorkers. As the IDC plan recognizes, college education pays dividends for individuals, for our communities, and for society as a whole. It is essential that we support the college aspirations of the next generation. CICU endorses programs and proposals that enable and support students and families in selecting the campus that best fits their academic potential."

"Higher education plays a critical role in the social mobility of New Yorkers and our state's economy. We know that families are struggling with how to pay for college and Mercy College is committed to providing students with a high quality education with innovative programs to ensure success at an affordable price. Mercy College is one of the most diverse colleges in America and a federally-designated Hispanic Serving Institution. We support what the IDC is trying to achieve with this legislation, and applaud state programs and policies that help students choose the best college or university for their goals and aspirations," **said Andy Person, Executive Director of Institutional Effectiveness, Mercy College.**

"We support an affordable, accessible, high-quality public education for all New Yorkers. We are looking to build a stronger public higher education system to provide the opportunity and quality education that every New Yorker deserves. The Affordable New York plan will assist in providing greater access to higher education for New York families," **said Fred Kowal, of the United University Professions.**

"As school district leaders, our first concern is with state policies toward the work we do in prekindergarten through high school. We have to care about what happens to our students after they move on from our schools as well, however. We count on some to come back to us as teachers and other professionals who will work with the next generation of students. We commend the Senate Independent Democratic Conference for advancing creative and sensible ideas to help more of our graduates pay for college," **said Robert J. Reidy, Jr., executive director of the New York State Council of School**

Superintendents.