

Jeannine Kiely, *Chair*
Susan Kent, *First Vice Chair*
Valerie De La Rosa, *Second Vice Chair*
Bob Gormley, *District Manager*



Antony Wong, *Treasurer*
Eugene Yoo, *Secretary*
Ritu Chattree, *Assistant Secretary*

COMMUNITY BOARD NO. 2, MANHATTAN

3 WASHINGTON SQUARE VILLAGE

NEW YORK, NY 10012-1899

www.cb2manhattan.org

P: 212-979-2272 F: 212-254-5102 E: info@cb2manhattan.org

Greenwich Village ♦ Little Italy ♦ SoHo ♦ NoHo ♦ Hudson Square ♦ Chinatown ♦ Gansevoort Market

February 28, 2022

Hon. Eric Adams
Mayor
City Hall
New York, NY 10007

David C. Banks
Chancellor, NYC Department of Education
52 Chambers Street
New York, NY 10007

Dear Mayor Adams, and Chancellor Banks:

At its Full Board meeting February 17, 2022, Community Board #2, adopted the following resolution:

Requesting NYC DOE Provide Informational Materials and Briefing Sessions on “College Financing 101 – 529 Accounts and FAFSA”

1. **WHEREAS**, it has come to the attention of the CB2 Schools & Education Committee that a number of local parents and guardians of school-age children are unaware of the advantages of starting to save for college – or even private K-12 school tuition – at the earliest possible age of their child(ren); and
2. **WHEREAS**, CB2 Schools & Education Committee hosted a public informational session on the topic prepared and presented by committee public member Michael Markowitz, P.E. / MBA, and CB2 resident Robert Boykoff, VP, Wealth Management Advisor, Merrill Lynch, on Monday, Feb 7, 2022 (powerpoint attached), highlights of which include:
 - a. **“529 Plans” (named after IRS Code Section 529)¹:**
 - i. Provide significant state tax benefits, which vary by state, including:
 1. Income deductions (e.g., in NYS, up to \$5k per donor per year / \$10k per couple – regardless of how many *recipients*: deduction is for *donors*),

¹ 26 US Code Section 529 – Qualified Tuition Programs:
<https://www.law.cornell.edu/uscode/text/26/529>

2. Earnings growth (not taxed as income for either donors or recipients), and
3. Withdrawals of funds (again, not taxed as income for recipients, and, does NOT count in means-testing for federal assistance via the FAFSA process);
 - ii. Provide significant compound interest benefits;
 - iii. In combination provide significant “compounded benefits” advantages;
 - iv. Can be used for all higher education costs, including room & board;
 1. Includes 2-yr, 4-yr, and post-graduate college programs, as well as trade and vocational education programs.
 - v. Can be used for private and parochial K-12 tuition-only;
 1. Up to \$10k per year
 - vi. Can be transferred to different beneficiaries (e.g., a sibling, or even another family member);
 - vii. Can be contributed to by anyone (e.g., typically parents/guardians, but grandparents and others, including non-family members too);

b. FAFSA (*Free Application for Federal Student Aid*)²:

- i. Required to be eligible for any *federal* student aid – whether grants or loans;
- ii. Required by many colleges and universities to be eligible for *state- or school-based* aid, whether or not needs-based (i.e., including academic, merit, and athletic scholarships);
- iii. Deadline for any academic year are counterintuitively near the end of the academic year, although it is best to submit well prior to the start of the academic year to be eligible for aid *during* that same full academic year (e.g., not just a last-second federal loan at the end of a spring semester); and

3. **WHEREAS**, the benefits “the sooner the better” to save for college (or K-12 tuition) can be tremendously significant, and yet to our knowledge NYC Department of Education (NYC DOE) – while providing an excellent web page on the topic – does not as yet provide any training, workshops, or similar for parents and guardians³; and

² FAFSA Application – Federal Student Aid (US DOE):

<https://studentaid.gov/h/apply-for-aid/fafsa>

³ NYC DOE Paying For College:

<https://www.schools.nyc.gov/learning/student-journey/college-and-career-planning/paying-for-college>

4. **WHEREAS**, the cost of college has never been higher, or the family income gap wider, as per these “Trends in College Pricing” highlights from the College Board⁴:

Published or Sticker Prices

In 2021-22, the average published (sticker) tuition and fees for full-time students are:

- Public four-year in-state: **\$10,740***, \$170 higher than in 2020-21 (1.6% before adjusting for inflation).
- Public four-year out-of-state: **\$27,560**, \$410 higher than in 2020-21 (1.5% before adjusting for inflation).
- Public two-year in-district: **\$3,800**, \$50 higher than in 2020-21 (1.3% before adjusting for inflation).
- Private nonprofit four-year: **\$38,070**, \$800 higher than in 2020-21 (2.1% before adjusting for inflation).

* **\$10,740/yr** for 4-year per the College Board is a *national average*.
For NYC and NYS: **CUNY = \$6,930; SUNY = \$7,070.**

Family Income

The income gap between families with the lowest and highest incomes is growing. **Between 1990 and 2020:**

- The average income increased by **57%** for the top quintile of families [*1.9% per year, uncompounded average*],
- and by **12%** for the lowest quintile of families [*0.4% per year*],
- vs. **98%** US CPI (Consumer Price Index) inflation [*3.3% per year*] during that period; and

5. **WHEREAS**, New York State offers the NY Saves 529 program⁵ to U.S. citizens and permanent residents, and the NYC Department of Education (NYCDOE) NYC Kids Rise program⁶ offers free college and scholarship savings to NYC public school and charter school kindergarten students, but information, resources, and supports are not made widely available; and

⁴ Trends in College Pricing Highlights (College Board”) <https://research.collegeboard.org/trends/college-pricing/highlights>

⁵ NY’s 529 College Savings Program <https://www.nysaves.org>

⁶ NYC Kids RISE Program <https://nykidsrise.org>

6. **WHEREAS**, a number of parents and guardians have raised concerns over immigration and citizenship status, in connection with either or both of 529 Plans and FAFSA, and reporting to other federal agencies, including: US DOJ (Department of Justice), US DHS (Department of Homeland Security), and US CIS (Citizenship and Immigration Services), etc., i.e., any and all agencies involved with immigration process⁷; and
7. **WHEREAS**, a number of parents and guardians have raised concerns over access to, and affordability of, professional and/or certified financial advisors; and
8. **WHEREAS**, a number of parents and guardians have suggested New York State's SUNY system and NYC's CUNY system be FREE, as per a number of other states, including Michigan, for participants in their states' 529 Plans, or even in general⁸.

THEREFORE BE IT RESOLVED, Community Board 2 urges the NYC Department of Education to better publicize its web page, and develop and provide informational materials and briefing sessions to parents and guardians, by the end of this 2021-2022 school year if possible, and no later than the end of calendar year 2022, on:

1. 529 Accounts (all parents and guardians starting in Pre-Kindergarten);
2. FAFSA forms (high school audiences only);
3. Related college financing information;
4. At every DOE school level, from 3Ks to Pre-Ks to K-5s to middle schools to high schools; and

BE IT FURTHER RESOLVED, Community Board 2 urges the Department of Education undertake a parent survey to determine the level of parent financial preparation for college, awareness of savings and scholarship opportunities, and interest in attending the above-requested briefing sessions; and

BE IT FURTHER RESOLVED, Community Board 2 urges the Department of Education to expand its NYC Kids Rise college and scholarship program to families of all NYC public school students that qualify for Free or Reduced-Price Lunch (FRPL), and provide one-on-one services from professional and/or certified financial advisors to aid these families in navigating the process; and

BE IT FURTHER RESOLVED, Community Board 2 urges the NYS Comptroller to advertise widely and to increase the number of information sessions for its NY Saves 529 program to families of all NYC public school students that qualify for Free or Reduced-Price Lunch (FRPL)

⁷ Financial Aid and Undocumented Students (US DOE / Federal Student Aid):

<https://studentaid.gov/sites/default/files/financial-aid-and-undocumented-students.pdf>

⁸ Michigan Saves 529 Plan:

<https://www.misaves.com/plan/details.shtml>

and undocumented New Yorkers, and provide one-on-one services from professional and/or certified financial advisors to aid these families in navigating the process.

VOTE: Unanimous, with 46 Board Members in favor.

Sample Slides from Committee Presentation, February 7, 2022:

CS 101 – When?

- ◆ **WHEN can you open an account?**
 - ◆ Kids age 0+.
 - ◆ No upper age limit.
- ◆ **WHEN can you make contributions?**
 - ◆ Any time.
 - ◆ Payroll deductions.
 - ◆ By Dec 31, to get the state income tax deduction for the ENTIRE year.
- ◆ **WHEN can you make a withdrawal?**
 - ◆ Any time after expense has been incurred.
 - ◆ NOT tied to tax year per se, though if audited, you'll have to show the expense HAS been incurred, i.e. no guessing ahead.
- ◆ **WHEN is the best time to contribute?**
 - ◆ Yesterday.
 - ◆ Don't try to "time" the market. Steady deposits (vs. one big lump) benefit from "dollar cost averaging."

CS 101 – Why?

- ◆ **WHY?**
 - ◆ Higher ed – college and grad school – expenses
 - ◆ Private and parochial school K-12 tuition
- ◆ **COMPOUNDING**
- ◆ **TAX BENEFITS**
 - ◆ **The Big Three**
 - ◆ Contributions have significant state income tax benefits
 - ◆ NYS: \$5,000 deductible per individual / \$10,000 deductible per couple.
 - ◆ Growth is tax-free
 - ◆ Withdrawals do NOT count as income.
 - ◆ **Additionally**
 - ◆ Protection from Estate Taxes and Gift Taxes
- ◆ **Compounding PLUS Tax Benefits... *Compounds the Benefits***

CS 101 – Who?

- ◆ **WHO Basics**
 - ◆ Parent/Guardian is the "participant" who sets up the account.
 - ◆ "Successor" participants can be designated, e.g. other parent, grandparent.
 - ◆ Child is the "beneficiary."
- ◆ **WHO can be a beneficiary?**
 - ◆ Higher Education students – of ALL AGES
 - ◆ K-12 students
 - ◆ SIBLINGS, etc. 529 Funds are TRANSFERABLE
 - ◆ Note: Beneficiary can be changed ONCE per Calendar Year
- ◆ **WHO can contribute?**
 - ◆ Parents
 - ◆ Grandparents
 - ◆ ANYBODY
- ◆ **WHO can make a withdrawal?**
 - ◆ Account holder(s)
 - ◆ Note: Withdrawals can be to individuals, OR, direct to the school

CS 101 – What?

- ◆ **WHAT is a "529 Plan"?**
 - ◆ **IRS Section 529**
 - ◆ 529 plans are named after section 529 of the [Internal Revenue Code 26 U.S.C. § 529](#).
 - ◆ Limited Federal benis (no up-front deductability; yes deferred tax on earnings.)
 - ◆ Significant State benis (State income tax-deductible contributions, varies by state)
 - ◆ **History**
 - ◆ Started by some states, notably Michigan, formalized and expanded by the feds.
 - ◆ Formalized by Congress in 1996, as part of the Small Business Job Protection Act.
 - ◆ Covers **higher education tuition, room & board, and related expenses**.
 - ◆ In 2017, with passage of the "Tax Cuts and Jobs Act," **K-12 tuition** became eligible.
 - ◆ **529 Plans are state-specific**
 - ◆ State of RESIDENCY (i.e. Which state do you pay income tax?)
 - ◆ State of SCHOOL (i.e. If the student knows he/she is going to a specific state's school...)
- ◆ **WHAT kind of investments can you direct the funds to?**
 - ◆ Wide range – basically, the full gamut of investment funds, mutual funds, index funds, etc.
 - ◆ **NOTABLE: Age-Based Mutual Funds**
 - ◆ Fund automatically shifts investment allocation over time from higher risk / higher return when beneficiary is younger.... to more conservative the closer the time comes to pay the bills.

CS 101 – Where?

- ◆ **WHERE can you set up an account?**
 - ◆ Any State.
 - ◆ Mix of state-run and state-endorsed.
- ◆ **State-specific**
 - ◆ New York – TWO CHOICES
 - ◆ Self-Directed
 - ◆ **NYSaves.Org**
 - ◆ Funds available via Vanguard
 - ◆ JP Morgan
 - ◆ Professionally Managed Mutual Funds
 - ◆ New Jersey
 - ◆ Connecticut
 - ◆ Various Others
 - ◆ Some states have in-state SCHOOL benefits if you invest in THEIR state's fund!

CS 101 – FAFSA mattah U?

- ◆ **FAFSA = Free Application for Federal Student Aid (annually)**
 - ◆ Common platform for providing family financial information.
 - ◆ Required by all colleges and universities that distribute federal financial aid, i.e. grants or loans.
 - ◆ **Used by many of those schools to determine NON-means-tested scholarship \$\$\$ as well.**
 - ◆ Additionally, approx. 200 schools use an additional form, the [CSS \(College Scholarship Service\) Profile](#) administered by the College Board to qualify for non-federal aid.
 - ◆ EFC = Expected Family Contribution
 - ◆ Does NOT consider grandparents.
 - ◆ Considers income and assets AVAILABLE for paying college expenses.
 - ◆ No real estate holdings.
 - ◆ no IRAs or retirement funds.
 - ◆ Note: Please talk to a financial advisor about the interplay between 529's and FAFSA.
 - ◆ Note: Please talk to a financial advisor about any family unit considerations, e.g. divorce.
- ◆ **Parents of HS Seniors, and Continuing college students**
 - ◆ FAFSA Deadline is **June 30, 2023** for school year 2022-2023. **HOWEVER**....
 - ◆ Counter-intuitive, but....
 - ◆ **Still need to submit prior to Fall 2022 for federal aid at the START of the 2022-2023 school year.**
 - ◆ Note: CSS Deadline is **Feb 28, 2023** for school year 2022 - 2023. Etc.

CS 101 – Cheat Codes

LINKS

NY Saves (The official NYS plan)
<https://www.nysaves.org>

Federal Student Aid / FAFSA (US DOE)
<https://studentaid.gov>

ABCs of 529 Plans
<https://www.collegeadvantage.com/blog/blog-detail/posts/2022/02/07/the-abc-of-529-plans>

CONTACTS

Michael Markowitz, P.E., MBA (Player One)
witzeroo@yahoo.com
 C 917.363.9392

Robert Boykoff, CFP, CFPC (Boss Level)
Robert_Boykoff@ml.com
 T 212.236.2999

Please advise us of any decision or action taken in response to this resolution.

Sincerely,



Jeannine Kiely, Chair
Community Board #2, Manhattan



Patricia Laraia, Chair
Schools and Education Committee
Community Board #2, Manhattan

JK/EM

- c: Hon. Carolyn Maloney, Congresswoman
- Hon. Jerrold Nadler, Congressman
- Hon. Brad Hoylman, NYS Senator
- Hon. Brian Kavanaugh, NYS Senator
- Hon. Deborah J. Glick, NYS Assembly Member
- Hon. Yuh-Line Niou, NYS Assembly Member
- Hon. Scott M. Stringer, NYC Comptroller
- Hon. Jumaane Williams, NYC Public Advocate
- Hon. Erik Bottcher, Council Member
- Hon. Mark Levine, Manhattan Borough President
- Hon. Christopher Marte, Council Member
- Hon. Carlina Rivera, Council Member
- Hon. Mark Treyger, Council Member
- Hon. Helen Rosenthal, Council Member
- Dr. Cristina Melendes, Director of F.A.C.E. NYC DOE
- Kenita Lloyd, NYC DOE Deputy Chancellor of F.A.C.E. and External Affairs
- Dr. Danika Rux, (Acting NYC DOE Deputy Chancellor D1-6
- Carolyn V. Quintana, NYC DOE Deputy Chancellor of Teaching and Learning Opportunities
- Kelly McGuire, NYC DOE District 2 Superintendent
- Vivian Orlen, NYC DOE Superintendent Hight Schools
- Marisol Rosales, NYC DOE Executive Superintendent, Manhattan
- Dr. Kara Ahmed, NYC DOE Deputy Chancellor of Early Childhood Education
- Community Education Council District 2
- Robert L. Boykoff, CRPC, CFP
- Michael D. Markowitz, P.E., MBA