*Joanna Gaynes was an amazing high school student and so it was no great surprise when she was accepted into Prestige Private University (PPU). To entice Joanna to attend PPU, the school offered her a reduced tuition of $13,000 per year (full-time tuition would typically be $43,000 per year). PPU also has a scholarship program thanks to a large donation from William Gatos. Joanna was the Gatos Scholarship winner and will receive a scholarship for $20,000. Joanna is required to use the scholarship first to pay her $13,000 tuition and the remainder is to cover room and board at PPU. Lastly, PPU also offered Joanna a part-time job on the PPU campus as a student lab assistant in the Biology Department of PPU for which she is paid $1,500.*

*Required: Go to the IRS website (www.irs.gov) and locate Publication 970. Review the section on Scholarships.*

*Required: Write a letter to Joanna Gaynes stating how much of the PPU package for Joanna is taxable.*