

From: NAICU Presidents Network
Sent: Thursday, February 12, 2009 5:38 PM
To: NAICU Presidents Network
Subject: [presnet] Action Alert - A Preliminary Look at the Final Stimulus Bill

Colleagues,

As you may already know through news media accounts, it has been a frantic week in Washington. Just this past Tuesday, the Senate approved its version of H.R. 1, the American Recovery and Reinvestment Act, (a.k.a. the stimulus bill), and conferees now appear to have struck a final deal. Approval of the final conference report is expected in the House and Senate before the weekend is through.

In essence, the final two-year stimulus bill looks more like the Senate-passed Nelson-Collins substitute, than the original House-passed bill. This was a necessary compromise to ensure that the Senate has the necessary 60 votes in order to prevent a filibuster against the "motion-to-proceed" on the conference report.

While we didn't get everything we hoped for, overall the bill is a huge win for our students. It is also further proof that the conversations NAICU presidents had with their congressional delegations while in D.C. for our Annual Meeting were critical in protecting much of the higher education funding.

Final language will not be available until later tonight at www.rules.house.gov, but based on [press releases](#) and conversations with staff, the following is our understanding of what's in the final bill.

Among the victories:

- **Pell Grants:** \$17 billion is provided in the bill for Pell Grants -- more than we had ever anticipated. This money will serve two purposes: to pay off the program's massive shortfall, and to raise the maximum to \$5,350 by July 1, 2009 (for the 2009-10 academic year) and to \$5,550 by July 1, 2010 (for 2010-11).
- **Perkins Loan Capital:** \$61 million in funding.
- **College Opportunity Tax Credit:** \$13 billion is provided for a \$2,500 tax credit, with 40 percent refundability. Credit would phase out at income levels of \$80,000 (single filers) or \$160,000 (joint filers).
- **Federal Work-Study:** An increase of \$200 million in funding.

Items not included in the bill:

- The proposed \$2,000 increase in unsubsidized annual student loan limits from the House
- The proposed \$6 billion in Higher Education Modernization (construction) money in the House. Construction funds for education proved to be the most controversial item in the entire bill, and almost caused the entire agreement to fall apart, as the Senate moderates who provided the 60 necessary votes were adamantly opposed to it. In the end, however, House Democrats pushed back so hard that more money was added to state stabilization, with a provision allowing a portion of this funding to be used for K-12 school modernization. Another pot of \$8.8 billion was included for high priority needs, such as public safety and other critical services, and higher education modernization was included as an allowable use of these funds. Language in the report states that in awarding these funds, "a governor shall not consider the type or mission of an institution

of higher education, and shall consider any institution for funding within the state." This at least allows private colleges to compete at the state level for the high-priority needs funds. Realistically, though, private colleges' ability to obtain this funding appears fairly limited.

Please thank your elected officials for remembering struggling college students as they made the difficult choices inherent in this legislation.

Finally, thanks to all of you who have worked so hard on these many important provisions. Although we did not get all we had hoped for, Congress certainly learned how important student aid is to our nation's economic recovery through your advocacy efforts. This is an understanding and appreciation that we can build on for the future.

David

David L. Warren
President, NAICU