



1307 New York Avenue, NW • Fifth Floor • Washington, DC 20005-4701
202.293.7070 • fax 202.296.5819 • aascu.org

February 11, 2009

The Honorable Harry Reid, Majority Leader
United States Senate
528 Hart Senate Office Building
Washington, DC 20510-2803

Dear Senator Reid:

I write on behalf of the American Association of State Colleges and Universities' 430 public colleges and university members to express our appreciation for including higher education as a vital component in both the House and Senate versions of the American Recovery and Reconciliation Act, H.R. 1. The proposed increase in funding for the Pell Grant Program, specifically, will contribute to our nation's capacity to help students from low-income backgrounds attend college while building a high-skill workforce.

In your efforts to resolve differences between the House and Senate versions of the legislation, AASCU encourages consideration of the following recommendations:

College Access and Affordability

During recessionary periods, individuals enroll in college at higher numbers in order to upgrade their skills and employment prospects. As such, AASCU appreciates and urges continued support for the Pell Grant program. The increases in funding and the maximum award will go a long way toward supporting long-term economic recovery and growth. In tandem, funding increases in the Federal Work Study and Perkins Loan programs will ensure that college aspirations are realized by more students, who will in turn put their postsecondary training to productive use in the American economy.

In order to ensure students' long-term financial independence, we are opposed to any increases in unsubsidized loan limits. Allowing increased debt load for students will only serve to worsen already high debt levels that run the risk of students' ability to repay loans concurrently with their efforts to maintain a reasonable standard of living. A corollary effect of increasing the Pell Grant award will be some mitigation of student loan debt burden for students from low-income families. Students from low-income families incurring significant debt to secure a degree shackles their effort to provide for their children in the way middle and upper income families are able. It does not seem rational to us, at a time when Americans are losing jobs, facing foreclosure, and struggling to make ends meet, that the stimulus package would facilitate greater debt. Finally, AASCU is supportive of efforts to enable low-income individuals to benefit from improvements in the tax code. Adding some measure of refundability to currently existing or newly created tax credits will benefit students whose families do not earn enough to owe income tax.

Specifically, AASCU:

- Strongly urges that the Senate recede to the House on the \$500 increase in the Pell Grant maximum award;
- Strongly urges the House to recede to the Senate on increasing unsubsidized loan limits;
- Recommends the Senate recede to the House increase of \$490 million in funding for Federal Work Study;
- Urges the House to recede to the Senate increase of \$61 million for Federal Capital Contributions for the Perkins Loan Program;
- Urges the Senate to recede to the House in providing \$50 million to the Department of Education for the purposes of administering the various federal aid programs;
- Recommends that any changes to tax provisions to the Hope Scholarship Tax Credit or the newly proposed American Opportunity Tax Credit contain some portion of refundability, and;
- Urges the Senate to recede to the House in providing a temporary inclusion of computers to qualify as an education expense under 529 College Savings Plans.

Higher Education Infrastructure

An investment in federal monies for much needed campus modernization, renovation, and repair projects will have an immediate impact on job creation and heightened economic activity stemming from the purchase of goods and services in local economies. Existing financial need for such projects in the states substantially exceed the \$6 billion allocated for this purpose in the House Bill. There are hundreds of “shovel-ready” projects ready to go and thousands of construction workers ready to work. With respect to the conference report, AASCU:

- Strongly urges the Senate to recede to the House on the inclusion of \$6 billion for higher education.
- Recommends that the administration of these grants should include a stipulation that, within the context of demonstrated need and the quality of proposals submitted, the allocation of these grants should generally reflect the distribution of enrollment in eligible sectors of higher education within the states.

State Fiscal Stabilization Grants

The current recession is having a further debilitating effect on what has already been a long-term trend of insufficient state financial support for public institutions of higher education. Public colleges have yet to regain levels of state support witnessed after the budgetary reductions that took place earlier this decade, which led to significant increases in tuition in many states. In light of growing student enrollment, the state fiscal stabilization monies will help to bolster student enrollment capacity at the nation’s public colleges. AASCU:

- Concur with the requirement that states should maintain funding for both elementary/secondary and higher education no lower than the levels provided in FY 2006.
- Urges the House to recede to the Senate in granting authority to the Secretary of Education to waive or modify the “maintenance of effort” provision for fiscal years 2009 and 2010 based on the level of state funding in fiscal year 2006.
- For FY 2009 and FY 2010:
 - 1) Drop the FY 2008 funding level as a limit/"cap" on how much support federal funds can provide;

- 2) Use, instead, the higher amount of the following two numbers:

The average annual increase in state appropriations for public higher education of the particular state over the past five years (FY 2004-FY 2008) over FY 2008, or

A minimum level of support of 5 percent of state operating appropriations for public higher education (which is approximately 1 percent below the national average), over FY 2008.

- As a general principle, we believe that governors and legislatures should be given adequate flexibility to use the grants wisely.

Teacher Quality

AASCU institutions prepare more than one-half of all teachers in the United States. The House Bill includes \$100 million for funding Teacher Quality Enhancement Grants under Title II of the Higher Education Act. These funds will go a long way toward providing new employment opportunities to individuals seeking to fill the need for highly qualified teachers. Thus, AASCU:

- Urges the Senate to recede to the House provision to provide \$100 million for Teacher Quality Partnership Grants to improve prospective teacher training and recruitment.

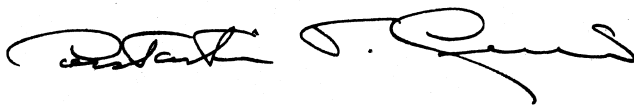
Accountability

States are committed to building longitudinal data systems and using them to improve student achievement and outcomes. While states are poised to build and use these data systems now, these critical efforts are in jeopardy of being stalled by state budget cuts. Both state interest in and need for federal assistance for developing these systems has been clearly demonstrated, therefore, AASCU:

- Urges the Senate recede to the House, which calls for \$250 million for the development of statewide data systems that include postsecondary and workforce longitudinal data systems.

We appreciate the fortitude that has been displayed in the development of such a comprehensive and historic piece of legislation. America's state colleges and universities stand as proud and fully capable partners with the federal government to ensure that this legislation has its intended effect of fostering a deep-rooted and comprehensive economic recovery while investing in the nation's human capital.

Sincerely,



Constantine W. (Deno) Curris
President