

# **The American Recovery and Reinvestment Act** **Building a Strong, Competitive 21<sup>st</sup> Century Economy**

## **MAKING COLLEGE MORE AFFORDABLE**

*A well-trained, college-educated workforce is key to a strong American economy and middle class. The economic crisis, combined with rising tuition prices and declining state support for higher education, threatens to put college out of reach for many students – forcing them to take a semester off or even skip college. Allowing students to be priced out of a college education will only further weaken our workforce and our economy. Economists, the business community, scientists and others agree that making strategic investments in education is a smart move to grow our economy and regain our competitive edge in the 21<sup>st</sup> century global economy.*

**The American Recovery and Reinvestment Act** will help college students and families pay for college by significantly boosting federal student aid. It builds on the groundwork laid by the 110th Congress to make college more affordable and accessible for all qualified students. The legislation will:

### **Boost the Pell Grant scholarship to its highest amount ever**

- Increase the maximum Pell Grant Award by \$500 to \$5,350 for 2009-2010 and to \$5,550 for 2010-2011. When combined with other increases enacted during the 110<sup>th</sup> Congress, the maximum Pell Grant award will have increased by \$1,500 – or 37 percent – since January 2007.

### **Reduce Students' Dependence on Costlier Private Loans**

- Increase annual loan limits on federal Stafford loans for undergraduate students by \$2,000, and the aggregate total by \$8,000.
- Unlike private student loans, which have become less available in the current economic crisis, federal student loans carry low, fixed interest rates and remain readily available for all eligible students. The increase in loan limits will ensure that students can continue to take advantage of less expensive borrowing options before turning to riskier private loans.

### **Expand Work Study and Service Opportunities for Students**

- Provide \$490 million for work-study programs to create opportunities for an additional 200,000 students to get paid for work in a field related to either their major or community service.

### **Stabilize State Budgets for Higher Education**

- Provide funding for postsecondary education through the State Fiscal Stabilization Fund which will allow states to, among other options, retain or hire faculty and staff, maintain or expand enrollment, and pay for other costs associated with the evolving needs of higher education in the current economy

### **Modernize Campuses and Improve Student Quality of Life**

- Provide \$6 billion to repair, renovate and modernize campus facilities used for instruction, research and student housing that are in need of improvement.

### **Support for the American Recovery and Reinvestment Act...**

“Not only will these provisions provide a near-term benefit of sustaining and creating jobs, as in the case of the infrastructure provisions, or relieving stress on family finances and creating an alternative to unemployment, as in the case of Pell Grants, but they represent a solid investment in the future prosperity of our country as well.”

-- **Molly Corbett Broad**, President, American Council on Education

“Increases in student financial aid, added investments in science and research, and support for infrastructure repair and modernization will undoubtedly help our universities play a key role in bolstering the nation’s economy.”

-- **Peter McPherson**, President, National Association of State Universities and Land-Grant Colleges