



**National Association for
College Admission Counseling**

Guiding the way to higher education

Issue Brief: The American Recovery and Reinvestment Act of 2009

The American Recovery and Reinvestment Act (HR 1) is a \$790 billion package of spending and tax provisions designed to stimulate the economy and prevent the onset of a deep recession. More than \$100 billion of HR 1 spending is allocated for education initiatives. Education provisions directly related to college access include:

Benefits for Students and Families

Pell Grants

The conference report includes \$15.6 billion for the Pell Grant program, allowing for a maximum grant of \$5,350 for the 2009-2010 school year (a \$500 increase). Visit Federal Student Aid for more information: <http://www.fsa.ed.gov>.

Work Study

The conference report includes \$200 million for Work Study, allowing for more campus based work opportunities and financial aid for needy students. Visit Federal Student Aid for more information: <http://www.fsa.ed.gov>.

Higher Education Tax Credit

The conference report temporarily replaces the HOPE tax credit with a new "American Opportunity" tax credit of up to \$2,500 per student per year for tuition and related expenses, for up to four years. The conference report also expands the maximum eligible income range from \$50-60K (\$100-120K married filing jointly) to \$80-90K (\$160-180K married filing jointly). Forty percent of the tax credit would be refundable, extending eligibility to approximately four million low-income students. Visit the IRS for more information: <http://www.irs.gov/taxtopics/tc605.html>.

529 Savings Plans

The conference report temporarily allows computer technology as a qualified education expense under 529 savings plans for 2009 and 2010, adding to the current list of tuition, fees, books, and room and board expenses. Visit the IRS for more information: <http://www.irs.gov/taxtopics/tc313.html>.

Benefits for Schools and Institutions

Title I of No Child Left Behind (NCLB)

The conference report includes \$13 billion for Title I grants to the neediest school districts, to help offset reduced state support and investment. A portion of the \$13 billion will be distributed to states via NCLB formula grants (\$10 billion), and at least 40% of the remainder (\$3 billion) must be spent on middle and high schools. Title I grants may be used for all facets of public school operation, including school counseling and college awareness activities. Visit the Department of Education for more information: <http://www.ed.gov/nclb/landing.jhtml>.

Title II of No Child Left Behind (NCLB)

The conference report includes \$720 million for school improvement programs, \$650 million of which is allocated for the Enhancing Education through Technology program. Allowable uses of funds under this program include acquisition of resources and services for school counselors and college counseling centers. Visit the Department of Education for more information: <http://www.ed.gov/nclb/landing.jhtml>.

State Fiscal Stabilization Fund

The conference report includes \$53.6 billion in fiscal stabilization funds to be distributed to states via formula grants. States are required to use at least 83% of stabilization funds first to restore state aid to elementary and secondary schools, and secondly to restore state aid to public colleges and universities, to the highest funding level of the last two years (FY 2008 or FY 2009), to prevent layoffs, program cuts, and the need to increase tuition and fees. Any remaining stabilization funds must be distributed to school districts based on Title I formulas. Allowable uses of funds include activities identified under NCLB, the Individuals with Disabilities Education Act (IDEA), and the Perkins Career and Technical Education Act.

States may use up to 17% of stabilization funds for public safety and other government services, which may include education services and higher education modernization. States receiving stabilization funds are required to submit an annual report to the Department of Education describing the use and distribution of funds within the state, as well as progress on several specific measurable outcomes (e.g. number of jobs saved or created, tax increases averted, etc.). Visit the Department of Education for more information: <http://www.ed.gov>.

Special Education/IDEA

The conference report includes \$12.2 billion for services to students under the Individuals with Disabilities in Education Act (IDEA), including school counseling activities. Visit the Department of Education for more information: <http://idea.ed.gov/>.