

TICUA Policy Update

February 13, 2009

Stimulus Package Keeps Student Aid

Congress has finally reached a compromise on the stimulus package and both Chambers will be voting on the measure as early as today. The compromise increased student aid but wiped out the capital provisions for private colleges and universities.

The biggest victory in the package for higher education is the increase in the Pell Grant program. The Pell will increase \$500 to \$5,350 this fall and \$5,550 in 2010. This represents a larger increase than either the House or Senate had in the original versions of their bills. College Work Study will also get a boost of \$200 million with a focus on community service.

Another key provision is the expansion of the Hope tuition tax credit. Under the compromise, the income ceiling for the \$2,500 tax credit has been doubled. Now singles with incomes below \$80,000 and couples with a combined income below \$160,000 are eligible for the tax credit.

The biggest disappointment was the loss of the capital improvement funds for higher education. Whereas the bill does contain \$53.6 billion for “education stabilization” it does not contain a provision for private colleges to compete for these funds. The stabilization funds can be used by Governors to plug their K-12 and higher education budget shortfalls as well as for public capital modernization projects. Yesterday afternoon TICUA sent an email to Senators Alexander and Corker expressing our disappointment in this move and asking for a level playing field for TICUA members to compete for these funds.

Now that it appears that the stimulus package will be released, Governor Phil Bredesen will begin to finalize his budget for the 2009/2010 fiscal cycle.