



December 15, 2008

The Honorable President-elect Barack Obama
Office of Presidential Transitions
Washington, DC 20270

Dear President-elect Obama:

On behalf of the undersigned higher education associations, I write to submit for your consideration the following proposal for inclusion in the upcoming economic stimulus package.

Colleges and universities foster innovation, economic growth and social mobility. For generations, they have opened the doors of opportunity for millions of low- and middle-income students, and they remain the central source of new knowledge that will power the nation's economy in the future.

More than 18 million Americans – roughly 6 percent of the nation's population – are currently enrolled in higher education. Because many seek to finish a degree or to learn new skills when the economy stumbles, enrollments are likely to surge in the coming months.

For all of these reasons, as the federal government acts to shore up our economy and point the way toward future prosperity and productivity, America's colleges and universities should play a central role.

These proposals are designed to ensure that colleges and universities are fully and effectively deployed in the effort to restart our economy and put our nation on the path to economic prosperity and renewed growth. These ideas should be regarded as a capital investment in America's future with an immediate and measurable impact. We recommend that 6 percent of the funding provided in the stimulus package – corresponding to the percentage of Americans currently enrolled in higher education – be allocated to fund the proposal set forth below.

I. *Student Aid:* Increase student aid funding to provide immediate financial relief to families struggling to pay tuition during the economic downturn and to enhance America's human capital.

1. Immediately increase the Pell Grant maximum award by \$700 (15 percent) and retire the shortfall the program has accumulated. For families hardest hit by the economic downturn or workers who have lost jobs, a \$700 increase in the maximum grant may make the difference between staying in college or putting attendance on hold, or in choosing re-training in a new field over unemployment.
2. Double the funding for the Supplemental Educational Opportunity Grant (SEOG) Program. Additional funding injected into this program would enable SEOG to work in conjunction with Pell Grants to help prevent students from dropping out or stopping out of college.



II. *Infrastructure Grants:* Launch a higher education infrastructure initiative to support campus projects that provide jobs now and strengthen the academic capacity of colleges and universities.

1. Create a Higher Education Infrastructure Block Grant (HEIBG) initiative to make federal funding available to the states to be distributed to public and private, two- and four-year, non-profit institutions of higher education. HEIBG funds would support “ready-to-go” construction projects to repair, renovate or construct academic facilities. Athletic, recreational and revenue-producing facilities would be explicitly excluded.
2. HEIBG funding would be distributed to each state using a formula based equally on full-time higher education enrollment in the state and the state’s population. No state would receive less than ½ of 1 percent of the available funds.
3. After receiving the state allocation, governors would have 90 days to distribute HEIBG funding to institutions. Institutions would be required to begin work on funded projects within 90 days of receipt of funds. HEIBG funding that is not distributed by the governor or used in a timely fashion by the institution would be returned for redistribution to other states.
4. In distributing funds, the governor (or the governor’s designee) shall consider the quality and readiness of projects and other needs and interests of the state as appropriate. The governor shall allocate funds between public and private institutions of higher education based on full-time equivalent enrollment in the state. Within the public sector, the governor shall equitably distribute funds among community colleges, state colleges and public research universities. In distributing the funds, special care shall be taken to ensure that the needs of minority-serving institutions are taken into consideration. States are not precluded from allocating additional funds received through the stimulus legislation for additional higher education infrastructure projects.
5. Governors will give priority to (a) sustainability projects, energy efficient buildings or other “green building” initiatives, and (b) projects reflecting state or regional economic priorities.
6. Institutions that receive grants must submit information to the governor demonstrating the appropriate use of these funds and the governor, in turn, would submit a report on the use of these funds to the federal government.

III. *Additional Student-Centered Recommendations:* Enhance the federal student loan programs to make higher education more affordable and provide debt relief to students facing financial hardships in the current economy.

1. Let families and students tap unused federal loan borrowing authority. Students who have completed at least two years of college should be permitted to treat current federal



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- borrowing limits as a "line of credit" without increasing the total (aggregate) amount that students are able to borrow.
2. Extend the grace period that precedes the onset of loan repayment from six months to nine months.
 3. Ensure that student borrowers who are delinquent on their payments are provided immediate assistance by the Department of Education in accessing the repayment option most appropriate to their financial circumstances. This will prevent borrowers facing financial hardship from falling into default and ensure a fuller utilization of the new repayment options authorized in the College Cost Reduction and Access Act.
 4. Pay campuses the outstanding funds for cancellations in the Perkins Loan Program.

We appreciate your consideration of this proposal, which reaffirms the historic partnership between the federal government and higher education in creating jobs, developing human capital and generating the innovations and inventions critical to our future. We stand ready to work with you in your efforts to return our nation to a path of renewed growth and greater economic prosperity.

Respectfully submitted,

Molly Corbett Broad
President
American Council on Education

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On behalf of:

ACPA - College Student Educators International

ACT, Inc.

American Association of Colleges of Nursing

American Association of Colleges for Teacher Education

American Association of Community Colleges

American Association of State Colleges and Universities

American Association of University Professors

American Council on Education

American Dental Education Association

American Indian Higher Education Consortium

APPA ("Leadership in Educational Facilities")

Association of American Universities

Association of Catholic Colleges and Universities



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Association of Governing Boards of Universities and Colleges
Association of Jesuit Colleges and Universities
College and University Professional Association for Human Resources (CUPA-HR)
Council for Advancement and Support of Education
Council for Christian Colleges and Universities
Council of Graduate Schools
Council of Independent Colleges
EDUCAUSE
Hispanic Association of Colleges and Universities
NASPA – Student Affairs Administrators in Higher Education
National Association for College Admission Counseling
National Association of College and University Business Officers
National Association of Independent Colleges and Universities
NASULGC, A Public University Association
National Association of Student Financial Aid Administrators
UNCF
Women’s College Coalition