



U.S. PIRG

Federation of State PIRGs

Speaker Nancy Pelosi
H-232, US Capitol
Washington, DC 20515

Majority Leader Harry Reid
522 Hart, Senate Office Building
Washington, DC 20510

February 2, 2008

Dear Speaker Pelosi and Majority Leader Reid,

On behalf of millions of students, we would like to extend our support for the measures within the American Recovery and Reinvestment Tax Act of 2009, HR 585, drafted under your leadership. As the price tag for attending a post-secondary institution becomes more and more out of reach for America's youth, we applaud your efforts to stimulate the economy through investment in higher education.

In recent years, Congress has taken positive action to remedy the access and affordability concerns of America's students. But in the wake of this economic crisis, we urge you to increase Student aid in the short term. States and institutions of higher education, facing recessions and budget shortfalls, see tuition hikes as the best and only way to increase revenue. The increased financial burden on students and families results in an over-reliance on loans to pay for college. Too much loan debt causes problems for students enrolling in college, staying in college, and graduating from college. Facing the choice to carry increase loan debt to pay for college, many students drop out. Current students end up working more and suffering academically. Nearly half of all students enrolled full time work 25 hours or more per week. Students graduating with significant loan debt, averaging almost \$20,000 in 2007, are forced to put off marriage, children, and home purchase. These trends, already problems before the downturn, are now further exacerbated.

Several provisions in the American Recovery and Reinvestment Tax Act of 2009 will offer the critical relief that students need in this economic climate. The \$15.6 billion increase to the Pell grant program will bolster support for almost 6 million low income students in need of additional resources and who, without this increase, would be forced to postpone their dreams of a college education and the long term economic benefits that come with it.

The \$490 million in work study funds would provide for more on-campus jobs for low and moderate income students in return for grant aid. This provision comes at a time when part time jobs and other service related jobs that students traditionally rely on are limited.

In addition, the inclusion of a partially refundable tax credit for higher education will offer families and independent students the means to offset the high cost of tuition, fees, and textbooks. With up to \$1,000 made refundable, students and families from low and middle income backgrounds, having no tax liabilities, can still benefit.

These provisions target students who need the most support and will do a great deal to stimulate the economy by strengthening students' access to a higher education. However, we are opposed to the provision in the House version that increases federal student loan limits by \$2,000 each year over four years, totaling \$8,000. This plan comes after a similar increase of \$2,000 that was passed last year. Tacking on an additional \$2,000 to last year's boost could increase student loan debt by \$10,000. Increasing student debt decreases the broader economic benefit of a college degree. Adding on to already unmanageable student loan debt at a time of economic uncertainty will hinder students' abilities to get ahead even after the recession ends.

Overall, we believe the provisions in the House version of the American Recovery and Reinvestment Tax Act of 2009 are very positive for students. We support the measures that keep students in the classroom. A significant short-term increase in student aid will help build the skilled and educated workforce our nation needs for sustained recovery.

We urge Congress to adopt the provisions outlined above and we look forward to working with you in the future.

For the Students,

United States Student Association
US Public Interest Research Project