

American Recovery and Reinvestment Act of 2009

Overview

- Signed into law February 17, 2009
- \$789 billion package – \$326 billion in tax cuts & \$463 billion in investments.
- Education received more than 20% of investment funds.

Funds for Education

- \$100+ billion for education and training overall, including the following investments:
- \$50+ billion for specific education and training programs;
- \$53+ billion for State Stabilization Fund

Education Investments

- **Early Education: \$5 billion – Head Start, Child Care Development Block Grant.**
- **K-12: \$25 billion Title I, IDEA, Education Technology.**

Higher Education

- **Pell Grants:** \$17 billion to help increase the maximum Pell Grant.
- **Partially Refundable College Tax Credit:** \$12.5 billion for a \$2,500 tax credit, including tuition, fees, and course materials.
- **College Work-Study:** \$200 million.

States Fiscal Relief

- **FMAP:** \$87 billion to states to help with Medicaid costs.
- **Temporary Assistance for Needy Families:** \$2.4 billion for block grants to help states.
- **State Fiscal Stabilization Fund:** \$53.4 billion focused primarily on education.

State Stabilization Fund

- **\$40 billion** - Grants to states to restore cuts in elementary, secondary, postsecondary and, as applicable, early childhood education programs and services, which may include K-12 modernization.
- **\$8.8 billion** will be allocated for high-priority needs, which may include education and higher education modernization.
- **\$5 billion** for incentive grants to states that meet key performance measures.

FY 2009 Budget

- **Pell Grant:** \$3.6 billion. Combined with mandatory funding and Stimulus Funding the maximum Pell Grant award will be **\$5,350 for the 2009-2010 award year.**
- **FIPSI:** \$133 million.

FY 2010 Budget

- **Pell Grants:** \$42 billion over five years. \$5,550 Pell Grant maximum award in the 2010-2011 school year. Indexes the maximum Pell Grant. Makes the Pell Grant program mandatory.
- **Tax Credit:** Makes the new \$2,500 American Opportunity Tax credit permanent and maintains it at 40% refundable.
- **College Completion:** \$2.5 billion Access and Completion Incentive Fund to support State efforts to help low-income students succeed and complete their college education.
- **The Perkins Loan program:** \$6 billion and opens up access to all higher education institutions and 2.7 million students.
- **Loans:** All new loans through the direct lending program as of July 1, 2010.