

February 11, 2009

The Honorable Max Baucus
The Honorable Daniel Inouye
The Honorable Harry Reid
The Honorable Thad Cochran
The Honorable Charles Grassley
United States Senate

The Honorable David Obey
The Honorable Charles Rangel
The Honorable Henry Waxman
The Honorable Dave Camp
The Honorable Jerry Lewis
United States House of Representatives

Dear Conferees to the *American Recovery and Reinvestment Act* (HR.1):

On behalf of the Software & Information Industry Association (SIIA), I write with our recommendations to the conference committee on the *American Recovery and Reinvestment Act* (H.R.1). We commend the House and Senate for key provisions of the legislation aimed at stimulating the nation's economy and improving our global competitiveness.

SIIA particularly supports the \$1 billion investment in both the House and Senate bills targeted through the Enhancing Education Through Technology (EETT) program to help provide technology-rich classrooms and 21st century learning environments to our most disadvantaged students. This investment will both generate jobs within the education, education services and technology sectors, as well as enable more innovative practices needed to instruct today's digital-native students and prepare them to succeed in the information age.

SIIA also wishes to call your attention to the following issues:

- American Opportunity Tax Credit. SIIA supports this provision to provide a tax credit of up to \$2,500 of the cost of tuition and related expenses, including making course materials eligible expenses. SIIA recommends that the conference report clarify the deduction for "course materials" by adding, "*including Internet-hosted or installed software and digital content, and computer technology used to access course materials*" to ensure that, as education moves into the digital age, those forms of course materials are explicitly included as eligible expenses.
- Section 529 Higher Education Expenses. SIIA supports the Senate's addition of "*computer technology or equipment . . . or Internet access and related services*" as qualified higher education expenses under section 529 accounts in 2009 and 2010. The Senate bill also makes clear that this "*shall not include expenses for computer software designed for sports, games, or hobbies unless the software is predominantly educational in nature*" but never defines "*computer software*" as eligible. This provision recognizes that education is increasingly computer-delivered and online. SIIA recommends that:
 - the House recede to the Senate and include this provision in the conference report; and
 - the deduction be clarified by adding, "*including Internet-hosted or installed software and digital content*" after "*related services*" to meet what appears to be the intent of

the law, but which is not explicitly clear due to: (1) the ambiguity of “*related services*” and (2) the exclusion of one software category (i.e., games, etc.) without the explicit inclusion of software in general.

SIIA also continues to encourage conferees to invest to the greatest extent possible in the related priorities of workforce preparedness and technology infrastructure, including:

- digitizing health information,
- modernizing technology infrastructure of educational institutions,
- improving STEM education and student aid,
- expanding broadband access,
- enhancing R&D in the sciences and engineering, and
- providing business research and investment tax incentives.

These investments are critical to laying the nation’s 21st century economic recovery path to provide our continuing global competitiveness through leadership in science, technology and innovation.

SIIA is the principal trade association for the software and digital content industry, representing more than 500 leading high-tech companies. The software and information industries are key drivers of the new global knowledge economy, and are among the fastest-growing and highest-paying in the U.S. SIIA and our member companies have long collaborated to improve student learning through use of innovative technologies that help prepare our students to foster this growth.

SIIA stands ready to work further with Congress through HR.1 and moving forward to provide the benefits of a 21st century learning environment to all students. If we can be of further assistance, please contact me or Mark Schneiderman, SIIA's Director of Education Policy, at 202-789-4444 or marks@siia.net.

Sincerely,

A handwritten signature in black ink that reads "Ken Wasch". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Ken Wasch
President