Student Financial Aid and Fiscal Responsibility Act

Amidst much political and policy drama, the Student Aid and Fiscal Responsibility Act (SAFRA) was approved by Congress on March 25 as part of H.R. 4872, FY 2010 budget reconciliation legislation. H.R. 4872 also includes amendments to the massive health-care reform legislation. In both chambers of Congress, the votes were almost exclusively party-line. The legislation has now been signed into law by President Obama.

The House of Representatives passed its version of SAFRA, H.R. 3221, last September. It was more ambitious than the legislation ultimately enacted. This scaling-back was a direct consequence of the decision by Senate Democratic leaders to delay action on their version of SAFRA until health-care legislation was passed. The linkage occurred because only one reconciliation bill—notably requiring just a simple majority for Senate passage—can be passed each year. While SAFRA was conceived from the start to be passed under reconciliation rules, health-care reform was only to be considered as a reconciliation bill if it lacked 60 Senate votes. This ultimately turned out to be the case, and so reconciliation procedures were used by Congress to pass health care as well as SAFRA. SAFRA was widely perceived to be tacked on to the health-care bill as it was heading for final passage, but, at least chronologically speaking, the reverse was, in fact, what happened.

Unfortunately, during the six months between House passage of H.R. 3221 and the unveiling of the final House–Senate education reconciliation bill (the Senate never acted on its own legislation), SAFRA’s 10-year savings shrunk from $87 billion to $61 billion. This change was caused largely by the movement of hundreds of colleges into Direct Loans (DL) from the bank-based Federal Family Education Loan (FFEL) program. DL costs the government much less than FFEL and this switch was the basis for SAFRA’s huge budget savings. With $26 billion less to spend in March than in the prior September, Democrats had to drop a variety of provisions from the House’s version of SAFRA. The entire American Graduation Initiative (AGI), on which the community college community had been intensively focused for almost a year, was one of the biggest pieces dropped. Guaranteed annual increases in the Pell Grant program were also sharply slashed.

Despite the understandable disappointment at the 11th-hour jettisoning of the AGI—an outcome unforeseen by supporters and opponents alike—the final SAFRA legislation contains many extremely positive features, including $2 billion for community college job training provided through the Trade Adjustment Assistance Act. This funding was provided during the final hours in which the bill was being negotiated, in an effort to provide support for community colleges that had been lost through the elimination of AGI. AACC is hugely grateful for those efforts.
Highlights of the Final SAFRA Legislation

New Training Grants to Community Colleges

The legislation provides $2 billion for the Community College and Career Training Grant Program, a new Trade Adjustment Assistance (TAA) program that was created in last year’s American Recovery and Reinvestment Act of 2009 (ARRA) but was never funded. The reconciliation bill provides $500 million per year for FY 2011–2014 for this program, to fund training and education programs at community colleges and other institutions that serve the needs of TAA–eligible workers. These grants will be awarded competitively, but one or more institutions in each state will receive at least 0.5%, or $2.5 million, each year. The program should fund a wide range of training initiatives. AACC will be working closely with the Department of Labor (DOL) to ensure that the program is of maximum benefit to member institutions.

Pell Grants

The legislation ensures a maximum grant of $5,550, scheduled to take effect this July 1. For award years 2013–2014 through 2017–2018, the bill provides annual mandatory increases in the maximum award equal to the Consumer Price Index. The legislation also provides $13.5 billion to help address a large shortfall in the program that has developed due to booming enrollment increases that have resulted in more students qualifying for grants and many qualifying for larger grants. This infusion of resources will help Congress avoid making substantial cuts in the Pell Grant maximum in future years.

Loan Programs

The bill terminates the FFEL program and requires all institutions to move to the DL program by July 1, 2010. This move is expected to save the federal government an estimated $61 billion over the next 10 years. The legislation requires the Department of Education to provide technical assistance to institutions making the switch to DL, including $50 million for this purpose. The legislation also amends the Income-Based Repayment program to cap student loan payments for new borrowers after July 1, 2014, at 10% of adjusted income, from the current 15%, and to forgive remaining balances after 20 years of repayment, versus the current 25 years.

Institutional Aid

$2.55 billion of additional funding is provided for minority-serving institutions over the next 10 years, continuing funding originally provided in the 2007 College Cost Reduction and Access Act. This includes $100 million to Hispanic-serving institutions, $85 million to historically Black colleges and universities, $15 million to predominately Black institutions, $30 million to tribal colleges and universities, $15 million to Alaska and Hawaiian Native institutions, $5 million to Asian American and Pacific Islander institutions, and $5 million to Native American nontribal–serving institutions each year.
**College Access Challenge Grants**

The legislation also provides $750 million for continuation of the College Access Challenge Grant Program, also originally authorized in the College Cost Reduction and Access Act, at $150 million per year through FY 2014.

**FY 2011 Budget and Appropriations**

**President Obama’s FY2011 Budget**

The Obama administration’s FY 2011 budget was released on February 1 and proposed an overall freeze on nondefense, non-homeland security discretionary spending. However, not all federal agency budgets were treated the same, and some increases were proposed for programs important to community colleges. See the chart at the end of this document for details. Highlights of the Obama budget are as follows.

**Department of Education**

The president’s budget clearly prioritized education, by including a request for an increase of $3.5 billion, or 7.5%. Obama’s education budget assumed enactment of AGI, and the use of projected savings from the elimination of FFEL, to expand the Pell Grant program and provide significant resources for community colleges and other education priorities. The president proposed converting the federal Pell Grant program to an entitlement and providing an annual increase in the maximum grant pegged to the Consumer Price Index (CPI) plus 1%. For FY 2011, this meant an increase of $160 in the FY 2011 Pell Grant maximum, to $5,710. Other key federal student aid programs, such as Supplemental Education Opportunity Grants and Federal Work Study, were level-funded, while funding for Leveraging Educational Assistance Partnerships was eliminated.

The president’s budget called for a $4 million increase for the Title III-A, Strengthening Institutions program, (to $88 million) and an increase of $6 million for the Title V Hispanic-serving Institutions program (to $123 million). Other community college priority programs such as TRIO and the Gaining Early Awareness and Readiness for Undergraduate Program (GEAR UP) would be level-funded, as would international education and the Predominantly Black Institutions Undergraduate Program.

Funding for Perkins Career and Technical Education (CTE) programs would remain steady at $1.27 billion, but with a significant change in structure. The Tech Prep program, previously a $103-million separate line item, would be rolled into the Perkins basic state grants program. Adult education programs would be increased by about $14 million, to $653 million overall.
The biggest setback for community colleges in the administration’s budget was the proposed elimination of the Career Pathways Innovation Fund (formerly Community-Based Job Training Grants). This program has provided $125 million annually to community colleges since FY 2005. DOL’s rationale for its proposed termination was that the program would duplicate AGI, which was pending at the time of the budget release.

The FY 2011 budget did include increases for the Workforce Investment Act (WIA) programs, including roughly 5% increases for the Dislocated Workers program and the Adult Employment and Training program (to $1.246 billion and $906.9 billion, respectively). In turn, DOL would be able to reserve up to 5% from each of these programs for a Workforce Innovation Fund that would award competitive grants for innovative programs. Similarly, the youth activities line item would be increased by 11% (to $1.025 billion), with up to 15% of that program going to the Youth Innovation Fund. The budget request also included $85 million, up from $40 million in FY 2010, for competitive grants to fund training for green jobs.

At the National Science Foundation’s (NSF) Education and Human Resources Directorate, Obama proposed an increase of just over $19 million, to $892 million. While reiterating its intention to increase funding for the Advanced Technological Education (ATE) program to $100 million by FY 2013, NSF requested level funding for the program ($64 million) in FY 2011.

The House and Senate are currently working on their respective FY 2011 appropriations bills, and the appropriations subcommittees have been hearing testimony from various federal agencies. With the recent enactment of the Health Care and Education Reconciliation Act of 2010, some of the more contentious budget decisions have been reached, including how to allocate the projected savings from the elimination of the FFEL program. The following are some of AACC’s top priorities for FY 2011.

A record number of students are relying on Pell grants. Nearly nine million college students, approximately one third of them attending community colleges, will receive Pell grants in FY 2011. For community college students, the Pell Grant program remains by far the most important student aid program, enabling more than 2.5 million to pay tuition and other college expenses.

The Pell Grant program has had a hybrid funding stream for the past few years, with a portion of the Pell Grant maximum provided via mandatory funding. Under provisions contained in the Health Care and Education Reconciliation Act of 2010 (H.R. 4872), for award years 2013–2014 through 2017–2018, the Pell Grant maximum would increase annually at a rate equal to CPI,
using the FY 2010 Pell Grant maximum of $5,550 as the base. Of course, this depends on the congressional appropriators continuing to find the necessary discretionary funding to support the Pell Grant base of $4,860.

**Perkins CTE Programs**

Perkins CTE programs are the largest federal source of institutional support for community colleges, helping them to improve all aspects of cutting-edge career and technical education programs. In his FY 2011 budget, the president proposed consolidation of the Tech Prep program into the basic state grants and level funding of CTE. AACC supports the preservation of the Tech Prep program, since consolidation may lead to a loss of funding over time. Given the demands on our colleges to provide career and technical education, AACC supports increasing total funding to $1.4 billion for the Perkins CTE programs.

**Career Pathways Innovation Fund**

The Career Pathways Innovation Fund (formerly the Community-Based Job Training Grants program) serves a vital need by expanding the capacity of community colleges to train workers for jobs in high-demand, high-growth industries. This program has provided $125 million annually to community college collaborative training programs since FY 2005. It has brought together community colleges, local businesses, and the federal workforce investment system to prepare workers for employment in industries such as health care, construction, advanced manufacturing, and technology. While the administration’s FY 2011 budget proposed eliminating the program because it duplicated AGI, AGI was not enacted and the resources provided by the Career Pathways Innovation Fund, some of which can be used for program development, are sorely needed. AACC strongly supports this fund and is seeking at least $125 million in FY 2011.

**Additional Community College Priorities**

- **Federal institutional aid.** Title III and Title V of the Higher Education Act provide grant funds under the Strengthening Institutions program (Title III-A), the Strengthening Historically Black Colleges and Universities program, the Strengthening Predominantly Black Institutions program, the Developing Hispanic-Serving Institutions program (Title V), and other programs directed at those institutions serving other specialized populations. The good news for minority-serving institutions is that the recently enacted budget reconciliation bill provides $2.55 billion of additional funding over the next 10 years, continuing funding originally provided in the College Cost Reduction and Access Act. AACC continues to support funding for the MSIs and advocates for additional funding for the Strengthening Institutions program.

- **ATE program.** Another priority for community colleges is NSF’s ATE program, which serves as the primary source of federal support for technician education, an often overlooked aspect of the STEM workforce. The ATE program has also played a vital role in the preparation of future K–12 science and math teachers. AACC supports the president’s goal of increasing funding for this essential program to $100 million by FY
2013. The administration’s FY 2011 budget request calls for level funding of ATE at $64 million, when it should be increased by at least $12 million.

Jobs Legislation

Congressional Democrats have managed to pass some elements of their jobs agenda, but so far the bills have been fairly limited in scope and have not included crucial support for public education. However, indications from Capitol Hill are that support for public-sector jobs, and education jobs in particular, remains in plans for future legislation. Time will tell, however, whether there is sufficient political will to pass any significant spending in this area.

Last December, the House got things off to a good start by passing the Jobs for Main Street Act (H.R. 2847), a $154-billion measure that included $23.1 billion for an education jobs fund directed toward K–12 and public postsecondary education. Funds would be distributed to states on the same basis as the ARRA education stabilization funding. They could be used to pay salaries and on-the-job training expenses for existing employees and to hire new employees to provide educational or related services or for employees engaged in the modernization, renovation, and repair of facilities. However, the legislation would require that states use funding to restore previous education cuts (over an undefined period) and further require that, in making any additional education reductions, they not disproportionately reduce funding for higher education or K–12. The bill also included $1.25 billion for summer youth and job training programs.

Also in December, Rep. John Larson (D-CT) introduced H.R. 4196, the Community College Emergency Funding Act. This legislation would authorize $700 million in direct support to community colleges, with funds directed to states that have witnessed relatively high losses in employment. AACC supports this legislation and hopes that its basic principle of viewing community colleges as a catalyst of both short- and long-term economic prosperity is reflected in any jobs or economic recovery measure that ultimately clears Congress.

Without a 60-vote majority and because several moderate Democrats are wary of additional spending, the Senate has taken a much more cautious approach. Its version of H.R. 2847, redubbed the Hiring Incentives to Restore Employment Act, totaled only $15 billion, focuses on tax credits to spur hiring, and does not include an education jobs fund or any other resources to shore up state budgets. However, community colleges would be eligible for the payroll tax credits that are the centerpiece of this legislation.

Congress continues to work on several other bills that are considered part of the jobs agenda, including legislation to extend unemployment insurance and COBRA benefits, renew various tax provisions and small business assistance programs, and provide money for summer youth jobs programs.
In this process, AACC hopes to influence these efforts to provide support for community colleges and their students. It is important for community colleges to remind all Capitol Hill offices of the ongoing financing challenges they face. While the precise form and level of assistance that may be made available to community colleges through proposed new spending legislation is unclear, several compelling justifications for this support include the following:

- Community colleges are tried and true economic engines that have a direct and virtually immediate impact on their local economies.
- Community colleges deliver quality education at a far lower cost than any other sector of postsecondary education—for example, at about only 60% of the amount spent at public 4-year institutions.
- Community colleges are experiencing dramatic surges in enrollment, which clearly reflects unprecedented reliance on their programs. According to a recent AACC survey, (Mullin & Phillippe, 2009) over just the last two years (fall 2007 to fall 2009), credit enrollments at community colleges increased by almost 17%.
- Community colleges have been subject to deep funding reductions in almost every state, causing colleges to stretch services to the limit and, in many places, turn students away from their doors.

As always, locally oriented examples are the most effective in persuading legislators of the need for support. Congressional offices also remain eager to hear about how ARRA monies have been used on campuses.

**Higher Education Tax Incentives /American Opportunity Tax Credit**

The American Recovery and Reinvestment Act made significant changes to the $1,800 Hope Scholarship Tax Credit, but only for tax years 2009 and 2010. The American Opportunity Tax Credit (AOTC) that replaced it needs to be extended in 2010. The Obama administration is proposing that AOTC be made permanent and indexed to inflation. AOTC represents a dramatic improvement over the Hope tax credit, along lines long advocated by AACC. A simple extension of AOTC is far preferable to reverting back to the Hope tax credit, which will occur absent affirmative congressional action. AOTC is an improvement over the Hope tax credit because

- It provides a $2,500 credit, compared to $1,800 under Hope. Furthermore, the credit’s basic eligibility formula (100% of the student’s first $2,000 of eligible expenses are covered, then 25% of the next $2,000), is more advantageous to students attending low-cost institutions than the Hope tax credit formula.
- It extends AOTC eligibility to course materials, which includes books and other related course expenditures. This expansion is a long-standing AACC priority and will result in
hundreds of thousands of community college students becoming eligible for hundreds of dollars in additional benefits—a major policy improvement from AACC’s perspective.

- It makes 40% of a student’s calculated credit refundable. Under refundability, if students or students’ families have a calculated AOTC that exceeds their tax liability, the excess amount is returned to the taxpayer, in a process similar to a tax refund.

While AOTC is a great improvement over the Hope tax credit, its possible extension presents an excellent opportunity to improve the credit for community college students. In the extension process, AACC seeks the following:

- Financially needy students receiving grants should not be precluded from receiving the credit. Under both the AOTC and Hope tax credits, a student’s eligible expenses are reduced by any nontaxable grant aid amounts received. This framework has the inequitable effect of preventing most Pell Grant recipients from also receiving a tax credit. The law needs to be changed so that, at a minimum, any Pell Grant amounts received are excluded from being counted against a student’s eligible tax credit expenses.

- The credit should cover more college expenses. All costs currently covered by the federal student financial aid programs, as defined in the Higher Education Act, should also be paid for by AOTC. This change would add substantial cost to the credit, and so, at a minimum, a transportation allowance, which is so critical for community college students, should be included.

- The tax credit should be focused on students who truly need federal assistance to attend college. AOTC extends full eligibility to students whose families earn up to $160,000 a year and only completely phases out at $180,000 (more than 3.5 times the average U.S. family income). The administration is proposing to index these amounts to inflation. However, some colleges have become so expensive that efforts will very likely be made to expand AOTC eligibility up the income scale. AACC opposes these efforts. All available research, not to mention common sense, shows a strong correlation between higher family income and increased college persistence. AOTC should reflect the national priority of helping those students who are least likely to complete college.

The debate on AOTC will likely take place amidst a heated debate on the extension of the 2001 tax cuts, the staggering federal debt and deficits, and Congress’s desire to address the economy. The timing and parameters of this debate are unclear.
Workforce Investment Act (WIA) Reauthorization

Congress and the administration have stated their intention to reauthorize WIA in 2010, although the authorization expired at the end of 2003. The increased focus on jobs may provide the impetus necessary to reach final passage this year. Senate staff for members of the Health, Education, Labor, and Pensions committee have been meeting regularly to discuss reauthorization legislation, but there is no bill yet. There has not been the same level of activity in the House. Early indications are that the Democratic majorities in both the House and Senate will strive to craft bipartisan legislation, but the House Democrats are freer to chart their own course.

Community colleges bring two interrelated basic messages to the WIA reauthorization discussion. First, the federal workforce development system should move away from its “work-first” orientation and focus much more on providing workers the postsecondary education and training they need in today’s economy, especially for those with only basic skills. This will require innovations, such as sector-based strategies and regional approaches to service delivery, and much better alignment between numerous programs, including occupational training, adult basic education, postsecondary education, and others.

Second, community colleges should be viewed as true partners in the workforce development system. Reforms to governance and planning, delivery of training services, and other modifications of the system should prioritize the essential role of community colleges in reaching the overarching goals for the system outlined above. However, many community colleges are treated like vendors, rather than partners, in the current system.

AACC’s WIA reauthorization priorities are available on the AACC Web site (http://www.aacc.nche.edu/Advocacy/AdvocacyNews/Documents/wia2009priorities.pdf). The following are summaries of some of the key recommendations.

- **Authorize and expand the Career Pathways Innovation Fund.** Improving community college training capacity and training more workers for high-demand, high-growth industries are the basic purposes of the Career Pathways Innovation Fund, which succeeds Community-Based Job Training Grants. This program also should serve as a model for sector-based strategies that are incorporated elsewhere in WIA and other workforce development programs.

- **Ease the Reporting Burden for Eligible Training Providers.** Public institutions of higher education, whose programs are monitored for quality through accreditation, state licensure, and other state and federal programs, should be deemed automatically eligible to provide services to WIA participants.

- **Increase the alignment between adult basic education, workforce training, and postsecondary education.** The nation requires an unprecedented number of people to enter and succeed in postsecondary education. Achieving these goals will require a multifaceted effort on the parts of institutions, states, and the federal government. This
effort will succeed only through effectively reaching out to populations that are currently underrepresented in postsecondary education. Congress has a significant opportunity to assist this effort by providing support for increased linkages between adult basic education (ABE) and postsecondary education. The pipeline between adult basic and postsecondary education is vital to achieving the postsecondary participation rates that will be necessary to maintaining the nation's economic standing. In addition, adult basic education must be seen as a vital element of occupational training, and vice versa.

The DREAM Act

Community colleges continue to press for enactment of the Development, Relief, and Education for Alien Minors (DREAM) Act (H.R. 1751, S. 729), which is perhaps the single most politically popular of the many, and usually contentious, immigration issues. It provides a way for young people who were brought to this country by others, have lived in the United States for an extended period of time, and consider themselves American to become more fully integrated into the society. Despite longtime residence in the United States, because of their undocumented status many of these people face tremendous difficulties paying for college (and sometimes enrolling at all) and finding employment. The DREAM Act would alleviate this situation by granting certain undocumented students conditional legal resident status. These students would be able to achieve permanent legal status by completing two years of higher education or military service within six years. From there, they would be on a path to citizenship. Only students who were brought into the country before they were 16 years old and who have resided in the country for at least five years at the time the DREAM Act is enacted would be eligible.

The DREAM Act also repeals a provision of federal law that essentially bars states from granting in-state tuition to undocumented students. Current federal law states that any residency-based benefit extended to undocumented students must also be provided to any U.S. citizen. Ten states have circumvented this provision by extending in-state tuition to undocumented students based on factors other than residency—typically, graduation from a high school within a state.

The DREAM Act is expected to be a component of soon-to-be unveiled comprehensive immigration reform (CIR) legislation. Currently, CIR is the legislative vehicle to which the DREAM Act will be attached, for better and for worse. However, advocates for the DREAM Act, many of whom are also ardent supporters of CIR legislation, are working hard to position the bill to move as stand-alone legislation should CIR stall again later this year. For this reason, getting as many members of Congress as possible to cosponsor the DREAM Act now is vitally important.
Community College Sustainability Initiatives

Clean energy legislation remains a top priority for both the Obama administration and Congress. While the economy and health-care reform have dominated the news, efforts have continued to improve energy efficiency and energy independence. For example, ARRA provided a huge infusion of federal resources for green jobs training and technology. Last year, the House approved an energy bill, the American Clean Energy and Security Act of 2009; the Senate is still working on its legislation.

Of particular interest to community colleges are bills that have been introduced in both the House and Senate that specifically focus on the community college role in preparing the nation’s workforce for 21st-century energy jobs. Last spring, Sen. Ron Wyden (D-OR) introduced S.1097, the Sustainable Energy Training Program for Community Colleges, calling for the creation of a new program at the Department of Energy, in coordination with the DOL. The legislation would authorize $100 million annually for FYs 2010 – 2015 for competitive grants to community colleges to provide workforce training and education in alternative energy, energy efficient construction, sustainable energy technologies, energy conservation, and sustainable agriculture. Rep. Luján (D-NM) introduced a similar bill, H.R. 3731, the Community College Energy Training Act of 2009. Support for the bill, introduced in October, continues to build, and there are now more than 112 cosponsors.

As the demand for alternative and renewable energy increases, the need for more skilled workers grows. Community colleges produce highly qualified energy technicians who help with the fabrication, installation, and maintenance of wind turbines, solar panels, and other key components needed for wind, solar, geothermal, and biomass energy production and distribution. The colleges also educate and train people for numerous other industries, including green jobs in energy-efficient construction, energy audits, nanotechnology, water conservation, and sustainable agriculture.

Additionally, Congress directed the Department of Education to include sustainability grants as one of the FY 2010 priorities for the Fund for the Improvement of Postsecondary Education (FIPSE). The University Sustainability Program Grants, created during the most recent reauthorization of the Higher Education Act, will provide funding for 2-year and 4-year colleges, universities, and nonprofit entities collaborating with colleges to establish sustainability programs. These sustainability programs are expected to integrate campus operations with multidisciplinary academic programs. AACC continues to advocate for additional funding for the sustainability grants in the FY 2011 appropriations process.
**TANF Extension**

In 2010, Congress is scheduled to reauthorize the Temporary Assistance for Needy Families (TANF) program, better known simply as welfare reform. The program was created in 1996 from the previous Aid to Families with Dependent Children (AFDC) program and then reauthorized in 2005, when both the White House and Congress were controlled by Republicans. Now, with a different national political party in control, the politics for action on this issue are new and unpredictable. While most observers believe that Congress is likely to at least consider a TANF extension in 2010, enactment of legislation is not probable. Furthermore, the partisan rancor that accompanied the health-care overhaul could make substantive legislative activity on TANF a political non-starter. (TANF was last extended in the 2005 Deficit Reduction Act, budget reconciliation legislation like H.R. 4872, one of the two health reform bills.)

The reauthorization of TANF will take place within the context of a pool of welfare recipients dramatically reduced since the program was created almost 15 years ago. At that time, about 5 million families received AFDC benefits; in September 2008, TANF reached 1.6 million families. Many policymakers consider this reduction an unequivocal success. However, given the economic convulsion of the last two-plus years and growing income inequality, the TANF reauthorization will also probably include discussions about the broader social safety net and related federal policies. The welfare legislation also addresses issues such as pregnancy prevention, child care, child support enforcement, and disability policy.

To some extent, the nation’s welfare population has lost the identity that it had through 1996, when the federal entitlement to AFDC benefits was ended. This change was generally viewed as the most significant aspect of welfare reform. When TANF was created, many community colleges had programs targeted specifically on welfare recipients. Such programs are rarer today.

Since TANF’s inception, AACC has taken the position that the law makes it far too difficult for recipients to attend community college. In particular, the law does not allow postsecondary participation to count sufficiently as one of the “work activities” that allow otherwise eligible people to receive benefits. In particular, students can attend postsecondary education for only one year and have it qualify as a work activity. Just over 5% of families in TANF and separate state programs—families who would count towards meeting the state work participation rates required under the law—participate in vocational educational training or were teens who maintained satisfactory attendance in secondary school or participated in a course of study leading to a GED.

AACC believes that TANF recipients should be actively encouraged to attain an associate’s degree as long as they maintain satisfactory academic progress as defined by the Title IV student aid regulations. States should also be given new incentives to vigorously encourage this behavior. Greater sustained participation in postsecondary education should lead to less long-term reliance on income-maintenance programs such as TANF.
Fortunately, there appears to be broad-based support for providing greater incentives to allow TANF recipients to attend college. Although such policies tend to be supported by Democrats, they also have received backing from some Republicans, particularly in the Senate. Therefore, community college advocates have every reason to want to see TANF legislation moved as soon as possible. But, given the scenario sketched above, they may have to wait.

**Elementary and Secondary Education Act Reauthorization**

The Elementary and Secondary Education Act (ESEA), called the No Child Left Behind (NCLB) Act by the Bush administration, is scheduled for reauthorization in 2010. However, a crowded legislative agenda, compressed election-year congressional schedule, and waning desire to tackle controversial issues in the wake of the health-care debate have made for long odds for enactment in 2010. However, a great deal of discussion and debate about this controversial law has already taken place, with more to come. Community colleges have a great deal at stake in the reauthorization process.

The Obama administration has made the ESEA reauthorization one of its top priorities, and both the president and U.S. Secretary of Education Arne Duncan are deeply invested in this legislation. The administration released broad ESEA reauthorization proposals on March 12. Among other things, the proposals are designed to result in fewer schools failing to make “adequate yearly progress,” which triggers a variety of increasing interventions at failing schools.

When this bill does see legislative action, there is consensus that the reauthorized NCLB needs to provide more support for middle and high schools. Dropout rates remain unacceptable, and the increasing percentage of students requiring remedial education has sparked an increased focus on college readiness. Research has shown that people who take remedial classes are less likely to finish college and take longer to get their degrees when they do. Lawmakers and policymakers are expected to scrutinize and examine ways to make high schools more effective, creative, and adaptive to the needs of students.

The ESEA reauthorization will also examine the relationship between postsecondary education and K–12, and the perceived lack of alignment between them will surely receive much attention. Of course, many community colleges work closely with their local middle and high schools in an effort to ensure that high school graduates are fully prepared for college. But it is clear that more needs to be done, and more resources are needed.

Because of the deep involvement of community colleges in dual and concurrent enrollment, early college high schools, and similar programs, AACC strongly supports a competitive state grant program to facilitate the creation and expansion of community college initiatives with high schools. Relevant legislative proposals include the Fast Track to College Act (H.R. 1578, S. 627) and the $100 million College Pathways and Accelerated Learning program proposed by the administration in its FY 2011 budget. Because the bulk of funding for these efforts will always come from nonfederal sources, AACC will be focusing on articulating a unique federal role. The
likely focus will be on school districts that serve a high percentage of financially needy students, as in the Fast Track legislation.

AACC will also be working to ensure that community colleges are active participants in any new teacher education initiatives that emerge from the ESEA reauthorization, particularly in light of the high (if not definitively known) percentage of K–12 teachers who receive their initial preparation at community colleges. The community college role in teacher preparation is not adequately reflected in federal policy. The quality of collegiate teacher training programs remains a top priority for many of the most influential education policymakers, including education secretary Duncan as well as Committee on Education and Labor Chairman George Miller. They will expect that any new funding be accompanied by strict accountability requirements, as are already reflected in a number of federal policies in this area.

References

# Funding for Major Higher Education, Job Training and Other Programs

($ in Millions)

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<td><strong>Institutional Assistance Programs</strong></td>
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<td>Strengthening Institutions (The IIA)</td>
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<td>Developing Hispanic-Serving Institutions</td>
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</table>

1. FY 2003 Pell Grant maximum extends $5,410.0 from FY 2003 mandatory funds and $4,000.0 in discretionary funds provided for the College Cost Reduction and Access Act of 2007.
2. Reflects the 17.4% across-the-board for FY 2008 discretionary programs except Pell Grants.
3. CCA provides $8 million in discretionary funding for FY 2009 and FY 2010 to Strengthen Predominantly Black Institutions
4. $5,556.0 Pell Grant maximum extends $5,410.0 from FY 2003 mandatory funds and $146.0 in discretionary funding.
5. $5,410.0 Pell Grant maximum assumes all funds to the Pell Grant are mandatory (i.e., no discretionary funding.)

March 28, 2008
### Funding for Major Higher Education, Job Training and Other Programs

($ in Millions)

<table>
<thead>
<tr>
<th>Department</th>
<th>FY 2003 Final</th>
<th>FY 2004 Final</th>
<th>FY 2010 Final</th>
<th>President’s Request</th>
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<tbody>
<tr>
<td><strong>Other ED Programs (continued)</strong></td>
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<td>Minority Science &amp; Engineering Improvement</td>
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<th><strong>DEPARTMENT OF LABOR</strong></th>
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<th>FY 2004 Final</th>
<th>FY 2010 Final</th>
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<td>Disabled Workers</td>
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<td>Disabled Workers Assistance</td>
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<td>Disabled Workers Vocational Rehabilitation</td>
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<td>28.7</td>
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</tbody>
</table>

1. Data includes 2.4% increase to budget at FY 2009 rate; 2.6% increase to FY 2010 rate; 1.7% increase to FY 2011 rate.
2. Data includes 2.4% increase to budget at FY 2009 rate; 2.6% increase to FY 2010 rate; 1.7% increase to FY 2011 rate.
3. Data includes 2.4% increase to budget at FY 2009 rate; 2.6% increase to FY 2010 rate; 1.7% increase to FY 2011 rate.
4. President's FY 2016 budget proposal changes the STEP program to the Career Pathways Initiative fund.

March 25, 2016