

AACC PRE-NLS FEDERAL LEGISLATIVE UPDATE



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TOPICS

- **The Pell Grant Program**
- **FY 2017 Funding**
- **Higher Education Act (HEA) Reauthorization**
- **America's College Promise**
- **Perkins CTE Act**
- **Educational Tax Credits**
- **Other Issues**

PELL GRANTS

- **Maximum Grant for AY 2016-17 is \$5,815**
 - Lower than originally projected because of low inflation.
- **Program is in Temporary “Surplus”**
 - Declining program costs have extended surplus.
 - Currently estimated to return to shortfall in FY 18 (if appropriations remain steady).
- **Recent Progress in Eligibility for ATB Students**
 - FY 16 bill makes new ATB students eligible for full Pell Grant, broadens definition of “career pathway.”

PELL GRANTS – AACCC POSITIONS

- **Level or Increased Funding for Pell Grant Program**
 - No diversions of temporary surplus funds.
- **Reestablish Year Round Pell Grants**
- **Reinstate Eligibility for All ATB Students**
- **Extend Lifetime Limit to 14 Semesters**
- **Allow Access for Students in Short Term Workforce Programs**
 - 2% of institution's previous year's Pell allocation provided as discrete pot of funds; institutional flexibility on program allocation.

FY 2017 FEDERAL FUNDING

- **Bipartisan Budget Act Raised Discretionary Spending in FY 16 by \$50 Billion More Than Original Sequester Caps**
 - \$25 billion each for defense and non-defense.
- **\$30 Billion Increase for FY 17 (15/15 split)**
- **Results in Relatively Flat Funding from FY 16 to FY 17**

FY 17 FEDERAL FUNDING – AACCC POSITIONS

- **Fund Priority Programs at FY 16 Levels Plus Inflation**
- **Priority Programs Include:**
 - Perkins Act
 - Adult Basic Education
 - WIOA
 - HEA Title III-A and Title V, Other MSI Programs
 - NSF ATE Program
 - TRIO, GEAR-UP

HEA REAUTHORIZATION

- **Reauthorization Not Likely to Be Completed This Year**
- **No New Money!**
- **Senate Locus of Much Activity in 2015**
 - Three white papers (data/transparency; accreditation; risk sharing); AACC and ACCT filed responses.
 - 4 bipartisan working groups of committee members: affordability, accountability, accreditation, sexual assault.
 - Likely will propose large structural changes to statute.
 - No bill yet, parties' priorities perhaps growing wider.
- **House Also Working Behind the Scenes**
 - Legislation likely to emerge in piecemeal form (2014 bills dropped before August recess).

AACC HEA POSITIONS+LOANS

8

- **Allow Colleges to Reduce Loan Amounts for Defined Categories of Students**
- **Establish Separate Limit on AA Borrowing**
- **Link Loan Eligibility to Enrollment Intensity**
- **Raise “Participation Rate Index” for Colleges in Default Jeopardy**
- **Create Student Default Risk Index (SDRI)**
- **More Frequent Counseling**

AACC HEA POSITIONS— MEASUREMENT/GRADUATION RATES

- **300% of “Normal Time” (Six Year) Plus Transfer-Out Should be Official Graduation Rate for CCs**
 - More accurate picture of CC student success.
 - Same period used in VFA and SAM.
- **Create a Federal Unit-Record Data System**
 - To better track enrollment, completion and earnings.
 - Generate earnings data similar to Gainful Employment framework.

AACC HEA POSITIONS – RISK SHARING

- **Oppose New Financial Penalties on Institutions Tied to Loan Defaults or Repayment Rates**
 - Various proposals would significantly penalize community colleges; Senate focus of action. Precise objectives unclear.
 - Could result in higher tuition and/or fewer services; possible withdrawal from federal loan program altogether.
- **Alternatives to Reduce Loan Defaults and Increase Repayment Include:**
 - AACC recommendations listed on previous slide.
 - Improved servicing, repayment simplification, ED administration.

OTHER HEA ISSUES

- **AACC HEA Positions Call For:**
 - State Maintenance-of-Effort.
 - Streamlining federal oversight of accreditation
 - Demonstration program to further explore use of competency-based models.
 - Simplified Return of Title IV provisions.

HEA REAUTHORIZATION-PROGRESS

- **“Prior-Prior Year” Being Implemented by Administration**
- **Year-Round Pell Grant Looking Good**
- **Institutional Loan Discretion Getting Traction**
- **Interest in Pell Grant Eligibility for Short-Term Programs**
- **Prorating Loans to Enrollment Intensity Has Support**
- **New Metrics for Institutional Loan Performance Have Promise**
- **Focus on Enhanced State Role, Especially in Senate**
- **Deregulation Effort has Real Momentum and Heft**

AMERICA'S COLLEGE PROMISE

- **Support the America's College Promise Act (S. 1716, H.R. 2962)**
 - Provides tuition-free access to “responsible” students in articulated degree programs and targeted workforce development programs.
 - Modeled on President Obama’s proposal and state and local efforts.
 - Could benefit up to 9 million students annually.
 - Average \$3,800 benefit for full-time students.
 - Federal legislation as introduced is a long shot.
 - State and local progress impressive.

PERKINS ACT REAUTHORIZATION

- **Maintain Program Flexibility**
- **Require Recipients to Show How They Are Serving Business and Industry**
 - Working directly with local/regional businesses.
 - Using labor market information to inform development, modification of programs.
- **Streamline Performance Indicators and Align Them With Other Accountability Measures**
 - Particularly relevant measures recently established in Workforce Innovation and Opportunity Act.
- **Preserve Ability to Support Programs Designed for Adult Students**
- **Create New Title II that Supports Capacity Building at Community Colleges**
 - Similar in nature to CBJTG, TAACCCT, and the proposed Community College to Career Fund.
 - Administration has proposed American Technical Training Fund.

STUDENT TAX PROVISIONS

- **AOTC Made Permanent in 2015 Tax Extenders Bill**
 - Major victory for community college students; action not “paid for.”
- **Pell Grant Penalty on AOTC Eligibility Should Be Eliminated**
 - Provisions that reduce AOTC eligibility because of Pell Grant aid received were not addressed in tax bill.
- **Student Tax Credits and Deductions Should Be Streamlined and Better Targeted to Needier Students**
 - AOTC refundability should be enhanced.

OTHER ISSUES

- **FLSA Overtime Rules**

- Big jump in salary threshold to determine whether employee is entitled to overtime.
- Could impose large financial burden on institutions.
- Final rules expected later this year.
- AACC has submitted comments; overwhelming public response may have some impact on final rules.

KEEP IN TOUCH!

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