



AACC Federal Legislative Update: Approaching the Fiscal Cliff

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AACC Legislative Update



- Election Analysis
- Fiscal Cliff
- FY 2013 Appropriations
- Affordable Care Act / Adjunct Faculty
- Veterans Legislation
- 2013 Big Ticket Items
 - HEA Reauthorization
 - Workforce Legislation
 - FY 2014 Funding

113th Congress



- Democrats Make Modest Gains in House and Senate
 - Senate: 55 Dem. (counting 2 Ind.) / 45 Rep.
 - Result much different than predicted earlier.
 - New Democrats more liberal than those they replaced.
 - House: 234 Rep. / 201 Dem.
 - Dems pick up 8 seats.
 - 83 new House members.
- Congressional Leadership Remains Largely the Same

113th Congress



- Some Leadership Changes in Important Committees
 - New House Appropriations Committee ranking member and new House Labor-HHS-Education Appropriations subcommittee chair.
 - New Senate Budget Committee chair (Murray).
 - New ranking member for Senate HELP committee (Alexander).

Executive Branch



- Top Leadership at ED and DOL Expected to Remain
 - Some posts, including Asst. Sec. for Postsecondary Ed., need to be filled.
- Key White House Higher Education Staffer Zakiya Smith has Departed

The Fiscal Cliff



- Components of the Cliff
 - Expiration at end of year of Bush income tax cuts and many other tax and spending provisions.
 - Sequestration scheduled to occur on January 2.
- Going Over Cliff Could Push Economy Back Into Recession

The Fiscal Cliff



- Growing Optimism That Deal Can Be Reached, But Much to be Done
 - Republicans more open to raising tax revenue but still differ with President Obama over rates.
 - Bipartisan agreement that sequestration must be avoided.
 - Entitlement reforms also remain a sticking point and have received little public attention.

The Fiscal Cliff



- Possible package of “down payments” to get over the immediate crisis, followed by further spending reductions, tax reforms.
- Community colleges must be wary of specific cuts that could be included in any deal, including to TAACCCT program.
 - No specific threat for now, but program has been targeted previously.

Education Tax Provisions



- American Opportunity Tax Credit (AOTC)
Expires at End of Year
 - Functions more effectively for community college students than the Hope tax credit.
 - Better formula, course materials included, 40% refundable.
- Extending AOTC is Top AACCC Priority
 - Extension costs about \$11 billion per year.

Other Tax Issues



- Republicans and Democrats Alike Looking at Deduction Limitation as Means of Raising Tax Revenue
 - Dems favor limiting deduction rate to 28% for top earners, Reps lean toward deduction cap.
 - Could have negative impact on charitable giving, including college foundations.
 - AACCC has written to Congress to warn of potential impact.

Sequestration



- Sequestration: Across-the-Board Cut of 8.2% (OMB estimate) to Domestic Programs on January 2, 2013
 - Pell Grants (for one year only) and many entitlement programs exempt.
 - Huge blow to education and workforce training programs that impact AACCC member colleges.

FY 2013 Funding



- Federal Government Operating Under Continuing Resolution that Expires March 27
- House and Senate Appropriators Working to Craft Omnibus Appropriations Bill For Consideration During Lame Duck Session
 - Not clear if Congressional leadership would take up a bill even if it is written.

FY 2013 Labor, HHS, ED Appropriations



- Legislation Passed by Senate Appropriations Committee (6/14) and House Subcommittee (7/18)
- House Provides \$7 Billion Less Than Senate
 - Large reductions from “Obamacare” and other politically-charged programs allowed numerous programs to receive level funding.
- Reconciliation of Bills Not Likely Until 2013

FY 2013 Appropriations



- Bills Level-Fund Several Key Education and Labor Programs
 - Pell Grant maximum award will increase to \$5,635 (due to \$85 mandatory-funded increase).
 - Some program-level data not yet available for House bill.



FY 2013 Appropriations

Program	FY 12	FY 13 Senate	FY 13 House
Pell Grants Max.	\$5,550	\$5,635	\$5,635
Perkins CTE State Grants	\$1,123,030,000	\$1,123,030,000	\$1,123,030,000*
Adult Ed. State Grants	\$594,993,000	\$594,993,000	\$594,993,000*
Title III-A Strengthening Insts.	\$80,623,000	\$80,623,000	TBD
Title V HSIs	\$100,432,000	\$100,432,000	TBD
TRIO	\$839,392,000	\$839,392,000	TBD
DOL State Formula Programs	\$2.63 billion	\$2.6 billion	\$2.6 billion

FY 2013 Appropriations



- Key Differences Between House and Senate Labor, HHS, ED Appropriations:
 - Senate: Partial restoration of Title IV eligibility for ATB students in career pathway programs.
 - Senate: Elimination of living and other expenses for Pell Grants for 100% online students.
 - Community colleges need to vigorously support the first and strongly oppose the second items.

Pell Grant Program



- For FY 2013, Program Finances are in Good Shape—i.e., “No Shortfall”
- For FY 2014, Large Program Deficit Returns (~\$6 Billion)
 - Exact size depends on legislative actions and enrollment behavior/broader economy.
 - Program costs declined \$2.2 billion from 10-11 to 11-12.
 - Cost decrease largely driven by decline in for-profit enrollments.

Pell Grant Program



- FY 2014 Cycle Will Likely Focus on Trimming Program Costs Through Eligibility Changes; Community College Students Remain Vulnerable

Affordable Care Act/Adjunct Faculty



- ACA Requires Larger Employers (Which Includes CCs) to Offer Health Insurance to Employees that Work More Than 30 Hour per Week, or Possibly Pay Penalty
 - Potential for large impact on community colleges – treatment of adjuncts not clear at this point.
 - AACCC is actively working issue.
 - Please stay tuned.

Veterans Legislation



- New Consensus Emerging Among Higher Ed and Veterans Groups to Support H.R. 4057
 - Sponsored by Rep. Bilirakis (R-FL), legislation takes much less prescriptive approach to providing veterans with the information they need to make sound educational decisions.
 - Though imperfect, bill is preferable to much more burdensome Senate legislation.
 - Supporters will try to pass bill this year.

HEA Reauthorization



- Activity to Begin in 2013 Though Enactment Not Likely Until 2014 at Earliest
- Not a “Status Quo” Reauthorization
 - Will focus on college costs, efficiency, outcomes, etc., which the HEA does not directly address.
 - Pell eligibility, IPEDS reporting, regulatory burden, program simplification, for-profit institutions are likely issues.

WIA and Perkins Reauthorizations



- WIA Remains on Congressional Agenda
 - House Education and Workforce committee passed bill earlier this year and wants to act quickly in 2013 (ESEA, Perkins, etc., also on docket).
- Perkins CTE Act Due for Reauthorization
 - Obama victory means that ED’s “Blueprint” will be part of debate.

Dept. of Education Perkins Act Blueprint



- Released in April – First Major Action in Perkins Reauthorization
- High Priority for Obama Administration
- Executive Branch Often Seeks Redesign of Existing Program

ED Perkins Blueprint



- Proposals Divided into Four Major Categories
 - Alignment
 - CTE defined to span secondary and postsecondary.
 - Increased alignment with industry needs – states to identify key sectors.
 - Collaboration
 - Competitive funding within states exclusively to consortia of LEAs, postsecondary institutions (and others).
 - State-level private sector match requirement.

ED Perkins Blueprint



– Accountability

- National definitions for participation and performance measures.
- Eventual use of performance-based funding.

– Innovation

- States need to show willingness to transform CTE system to receive funds.
- National-level CTE Innovation and Transformation Fund.

AACC Membership Actions Needed



- FY 2013 Labor, HHS, Education Appropriations:
 - Adopt Senate language on Ability-to-Benefit students enrolled in career pathways programs.
 - Reject Senate language limiting Pell Grant budgets for 100% online students.
- Extend American Opportunity Tax Credit
 - Benefits More Than 10 Million College Students.
- Preserve the TAACCCT Program

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