AACC Federal Legislative Update
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Topics

- Budget and Appropriations
- Student Loan Interest Rates
- HEA Reauthorization
- Negotiated Rulemaking
- Affordable Care Act/Adjunct Faculty
- Tax Reform
- Immigration
- Veterans and Military Education
- WIA Reauthorization
FY 13 Funding

• Most key programs level-funded (before sequestration)
  – Across the board cut in Labor-HHS-ED bill of .2%.

• Sequestration cut programs by 5%.
  – Pell Grant exempt from sequestration in FY 13 only.
  – Sequestration lowers spending caps for FY 14 – 22.
FY 14 Budgets

• Obama Budget
  – “Turns off” the sequester and replaces it with a mix of revenue increases and spending cuts (including entitlements).
  – Proposed $8 billion Community College to Career Fund – same as last year.
  – Maintains Pell Grant funding; with inflation adjustment, maximum increases to $5,785.
  – Level funding from FY 2012 for other key programs including Perkins CTE, TRIO, GEAR UP, Title III, Title V, NSF ATE.
FY 14 Congressional Budgets

- **House Budget**
  - Massive $1 trillion cut to NDD programs over next decade ($554 billion more than sequester would cut).
    - Eliminates mandatory portion of Pell Grant funding – freezes maximum for a decade.
    - Restricts Pell Grant eligibility – LTHT, IPAs, etc.
    - Effectively terminates funding for the TAACCCT program, other workforce funding cuts.

- **Senate Budget**
  - Replaces sequestration with mix of revenue increases and spending cuts.
    - Cuts much less dramatic than in House budget.
  - Preserves mandatory Pell Grant funds.
  - Makes AOTC permanent.

- **Senate Republicans blocking formation of budget conference committee.**
FY 14 Appropriations

- House Appropriations Committee: FY 14 allocation for LHHS Bill 18.6% lower than FY 13 (post-sequester).
  - Huge potential impact.
  - Allocation will make it very difficult to write a bill, much less gain House approval.
Pell Grant Funding

- Pell Grant program on solid ground for FY 2013 with a surplus and $95 increase of the max ($5,645).
- Congressional Budget Office (CBO): program will have a cumulative surplus of $9.97 billion as of FY 2013.
  - Eliminates shortfall for 2014, FY 15 shortfall reduced to approximately $800 million.
- FY 2014 maximum grant will rise to $5,785 if appropriated base ($4,860) is funded and current policies remain in place.
Student Loan Interest Rate

• Rate on subsidized Stafford loans due to increase to 6.8% from 3.4% on July 1 unless Congress acts.
• Congress passed 1-year extension of 3.4% rate last spring, in part “paying for” provision by limiting duration of subsidy to 150% of program length.
• Broader loan debate includes:
  – growing debt levels with national attention on impact.
  – greater reliance on IBR (Obama priority).
  – increased loan defaults and new sanctions (based on 3 year CDRs).
  – loans’ alleged role in rising tuitions/reduced state support.
  – fixed versus variable rates.
Student Loan Interest Rate

- House and Senate have adopted different approaches in advance of July 1 deadline.
- **House - H.R. 1911**
  - Stafford: 10 year T-bill note plus 2.5% with 8.5% cap.
  - Plus: 10 year note plus 4.5% with 10.5% cap. Interest rate varies annually, into repayment.
- **Senate - S. 953**
  - Extends current rate for two years.
  - Paid for by non-education provisions under Finance Committee jurisdiction.
- **Political dogfight ahead.**
- **AACC has sent positive messages on both bills without endorsing either fully.**
Higher Education Act Reauthorization

- Entails comprehensive review of all student aid programs, as well as TRIO, Title III-A, HSIs, etc.
- Public and policymakers’ questions about higher education overall underpin debate.
- Far-reaching proposals expected – both in terms of restructuring student aid and, in doing so, “improving higher education.”
- Hearings are underway and House has formally solicited input, due August 2.
- Bill likely to emerge late in 2013 or in 2014; prospects for enactment in 113th Congress seem dim.
Negotiated Rulemaking

• Required by Congress for any changes to Title IV (student aid and related) programs.
• New set of “Neg Reg” sessions announced April 16.
• Panels to be convened early this fall.
• Topics to be covered include:
  – gainful employment
  – state authorization/distance education
  – clock/credit hour conversion
• AACC presented input in public forum May 21 and will submit comments.
Affordable Care Act

• IRS currently deciding rules for treatment of adjunct faculty under ACA.
  – ACA requires certain employers to offer full-time employees health insurance.
  – FTEs defined as working 30 hours or more per week.
  – How to count adjunct hours is unclear. IRS held hearing in Washington April 23.
  – AACC “Safe Harbor” proposals submitted to Treasury.
    • 75% of course load of full-time, non-tenure-track faculty member.
    • One additional working hour credited for each hour in classroom.

• CUPA-HR, AACC, ACE Webinar on June 6.
Tax Reform

• Stated goal of both parties.
  – Process fraught with political pressures.

• House Ways and Means Committee working groups.
  – 11 groups looking at various areas of the tax code, including Education and Family Benefits and Charitable/Exempt Organizations.
  – David Baime testified before Education Benefits group on April 9.

• Community college priorities.
  – Simplified student tax breaks focused on AOTC.
    • Eliminate Pell offset, lower income caps, eliminate tax liability for forgiven loan balances.
Immigration Reform

• Immigration reform a possibility.
  – Senate Judiciary Committee has been marking up legislation (S. 744) for last few weeks, passed bill last night on bipartisan vote.
  – House “Gang” also working on legislation, close to introduction.

• Senate bill contains DREAM Act.
  – No age cap to qualify as “DREAMer”.
  – Repeals federal restriction of in-state tuition.
  – No student aid for DREAMers as introduced, Hirono amendment restored loans and work study.

• English/Civics Requirement Will Burden Already Strained Adult Education System.
Veterans Education

• Competing legislation to help veterans attending out-of-state public institutions.
  – Jeff Miller bill: States/institutions must offer all veterans in-state tuition as condition of participating in G.I. Bill programs.
  – Butterfield/Durbin bill: Amends Post 9/11 G.I. Bill to provide veterans attending public institutions full tuition charged, up to same cap for those attending private institutions (currently $19 K).
WIA Reauthorization

• House passed SKILLS Act on March 15.
  – Program consolidation, system governance are primary wedge issues.
    • No required community college seat on WIBs.
  – Bill expands training contracts, streamlines trainer reporting requirements.

• Prospects in Senate unclear.
  – Leadership changes in key HELP Committee slots.
  – Preliminary discussions underway.
Washington Advocacy Seminar

- October 20 – 22, 2013 in Washington.
- Professional development event for community college administrators interested in federal advocacy.
  - High-level Congressional and Administration speakers and leaders from key think tanks and other important organizations.
  - Learn the ins and outs of how policy is made and how to influence it.
  - More information coming soon!
Thank You