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- Perkins Reauthorization
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FY 2014 Appropriations

- FY 2014 began on October 1 without any enacted appropriations bills or a continuing resolution (CR).
- House passed $986 billion CR with provision to defund Obamacare.
- Senate stripped Obamacare defunding and other provisions, but kept $986 billion funding level.
- Impasse primarily over Obamacare.
FY 2014 Appropriations & Sequestration

- Growing number of House Republicans have voiced support for “clean” CR without Obamacare provisions.
  - House Democrats believe there is enough Republican support to pass a “clean” CR along with Democratic votes; Republicans disagree.

- $986 billion funding cap would trigger sequestration in FY 2014.
  - Approximately $21 billion would be cut, almost entirely from defense.
  - Pell Grants not subject to across-the-board cuts, as in FY 2013 (due to statutory exemptions).
Federal Debt Ceiling

• Latest estimate is that the U.S. will lose ability to meet obligations on October 17.
• Absent an agreement to lift debt ceiling, U.S. would default.
• FY 2014 funding and debt ceiling may be addressed in one package.
  – House Republicans will likely make demands for further spending cuts/entitlement reforms.
  – Conservative core still intent on defunding or delaying Obamacare.
  – Sequestration delay and short-term debt extension possible.
Impact of Government Shutdown

• During Week 1 of the shutdown, the Department of Education furloughed 90% of staff.
• Pell Grant and Direct Student Loan Programs were largely unaffected by the shutdown.
• Perkins CTE funding also continued.
• No staff available to provide technical assistance for other programs such as SEOG, TRIO, GEAR UP, Titles III & V.
• Most other federal agencies curtailed activities.
• Different plans for Week 2 and beyond.
College affordability and student debt issues have been on president’s agenda for years.

Proposals include new and earlier ideas.

Many elements require authorizing legislation.

Reflects growing scrutiny of “value” of higher education and public frustration over price.

Much of the debate will take place within context of HEA reauthorization.

Mixed reactions from higher education community.
Obama College Affordability Proposals

• Three major components:
  – Paying for Performance
  – Promoting Innovation and Competition
  – Ensuring Student Debt Remains Affordable
Paying for Performance

• College Ratings System
  – To help prospective students/families compare colleges and encourage institutional improvement.
  – Based on access, affordability and outcomes measures.
    • % of students receiving Pell Grants, average tuition and loan debt, graduation and transfer rates, graduate earnings (cited examples).
    • Consultation in advance with stakeholders.
  – In place by 2015.
    • Reported on College Scorecard.
    • Doesn’t need legislation but not all data available now.
  – Legislative proposal to tie ratings to student aid by 2018.
    • Larger grants and cheaper loans for students attending “high-performing” colleges.
Paying for Performance

- **Race to the Top for Higher Education**
  - Proposed $1 billion program in last two Obama budgets.
  - Focus on promoting performance, rather than enrollment-based, funding.
  - Accelerated learning opportunities, smoother transitions between educational levels.

- **Pell Bonus and Higher Accountability**
  - Legislative proposal to give colleges a bonus based on # of Pell graduates.
  - Requires colleges with high dropout rates to disburse aid in increments.

- **Strengthened SAP Requirements**
Early AACC Reactions

- Community colleges are not easily “rated,” and students do not often choose rationally.
- Federal data still lacking in key areas.
- Tying aid amounts to institutional performance is highly problematic.
- “Race to the Top” for higher education needs strong maintenance-of-effort provisions and other controls.
- Bonus for higher #s of Pell graduates is promising.
- AACC strongly opposes more stringent standards of Satisfactory Academic Progress.
Obama College Affordability Proposals

• Possible near-term actions by the Administration:
  – Developing a new system to rate institutions.
  – Promoting income-based repayment for loans.
  – Waiving financial aid rules for innovative programs such as competency based learning (experimental sites).
  – Making the satisfactory academic progress standards more rigorous, requires negotiated rulemaking.
Federal Pell Grants

• Exempt from sequestration, if it occurs.
• Maximum grant increased in AY 2013-14 to $5,645.
  – Scheduled for $140 increase, to $5,785, in AY 2014-15.
• Program had surplus in FY 2013 and has only small shortfall until FY 2015; then cliff.
• AACC continues to advocate for the restoration of eligibility for ability-to-benefit students.
• Many suggestions for program reform in HEA reauthorization.
Student Loan Default Rates

• ED recently released new Cohort Default Rates (CDR)
• Two-year and three-year rates (being phased in) provided.
• Three-year CC rate was 20.9%. Some default rates appear to be related to poor servicing.
• Institutional penalties looming next year, for 3 years > 30% or 1 year > 40%.
• Immense short- and long-term problem.
HEA Reauthorization

• The Higher Education Act of 1965 (HEA) expires in 2014 and reauthorization is expected to be a multi-year process.

• HEA authorizes the federal student aid programs such as Pell Grants, SEOG, and Work-Study as well as many institutional assistance programs of importance to community colleges.

• Reauthorization will likely focus on, inter alia, increasing completion; college costs; accreditation; student loan terms and conditions; consumer information; innovative learning models.
HEA Reauthorization

- Both chambers holding hearings; Senate has announced 12 hearings.
- AACC (w/ ACCT) submitted HEA recommendations:
  - Restore year-round Pell Grant.
  - Restore Ability-to-Benefit eligibility.
  - Expand Pell eligibility to 14 semesters (from current 12).
  - Provide greater flexibility for innovative programs.
  - Limit borrowing at the associate’s degree level.
  - Simplify income-based repayment.
  - Reduce regulatory complexity/burden.
HEA Reauthorization

- Implement meaningful State MOE.
- Provide funding to work with high schools to better prepare students (Title III-A Model).
- “Pell Bonus” for completion progress.
- Seamless articulation must be compelled.
- FASFA completion must be routine.
- Counseling may need to be emphasized.
Affordable Care Act

- ACA requires certain employers to offer full-time employees (30 or more hours/week) health insurance.
- Treatment of adjuncts under ACA not entirely prescriptive; parameters outlined in 1/2/13 regulation.
- Possible institutional approaches:
  - 75% of course load of full-time, non-tenure-track faculty.
  - One additional hour for each hour taught/contact hour.
  - College- or state-specific approaches.
    - IRS has still not issued final rules on adjuncts and may not provide definitive guidance.
    - AACC has provided formal policy recommendations to IRS.
Gainful Employment “Neg Reg”

- ED has established negotiated rulemaking (“neg reg”) committee on gainful employment with 5 CC negotiators and/or alternates.
- Gainful employment programs include virtually all certificate programs at CC eligible for Title IV; immense implications.
- Committee met in Sept. with second round scheduled for Oct.
- New metrics for measuring gainful employment (debt/earnings ratios) on table, along with restructured disclosures.
- AACC trying to minimize institutional burden, impact on programs.
- If consensus is not reached (likely), ED issues own rules.
Workforce Investment Act

- **House passed SKILLS Act in March.**
  - Program consolidation & governance issues are primary concerns.
  - No required community college seat on WIBs.
  - Bill expands training contracts and streamlines reporting requirements.

- **Senate HELP Committee passed its bill in July.**
  - Focuses on fixes within current structure, emphasizing better alignment and outcomes data.
  - Retains community college seat on WIBs (but optional on State WIBs).
  - Reauthorizes CBJTG.
  - State unified plan is central component of bill.
Perkins Act Reauthorization

- House subcommittee held first hearing in September.
  - Not policy focused.
- Additional hearing(s) anticipated later this fall.
- Senate not expected to act until next year.
- The Administration’s Blueprint still on table.
DREAM Act/Immigration

• On June 27th, the Senate passed comprehensive immigration reform.
  – Senate bill provides DREAMers an expedited path to citizenship.
  – Senate bill also lifts the federal ban on in-state tuition for DREAM students.
  – Individual states would have the prerogative to decide whether or not to allow DREAM students to receive in-state tuition.
  – DREAMers who spend five years in “residential provisional immigrant” (RPI) status would be eligible to apply for long-term permanent resident status.

• House legislative outlook problematic; comprehensive reform faces uphill climb.
  – House Republicans working on “KIDS Act.”
Washington Advocacy Seminar

- Washington Advocacy Seminar – Oct. 20-22
  Dupont Circle Hotel, Washington, DC
Thank You