AACC OFFICE OF GOVERNMENT RELATIONS AND POLICY ANALYSIS: FEDERAL UPDATE

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• David Baime, Senior VP
• Roxanne Fulcher, Health Professions Director
• Jim Hermes, Associate VP
• Jolanta Juszkiewicz, Director of Policy Analysis
• Laurie Quarles, Legislative Resource Associate
FEDERAL LEGISLATIVE OVERVIEW

- Funding
- Pell Grant Program
- HEA Reauthorization
- WIA Reauthorization
- AOTC Reform – H.R. 3393
- Gainful Employment Regulations
- Administration’s Ratings System
- Title IX and Related Issues
Bipartisan Budget Act
- Discretionary funding levels set for FY 2014 and 2015.
- Sequestration's impact temporarily buffered.

Senate Labor-HHS-ED FY 15 Appropriations Bill
- Subcommittee approved legislation June 12.
- Further action stymied by threat of full Committee amendments.
- Largely positive with exception of use of Pell Grant (temporary) surplus for other programs.

House Democrats’ Bill
- Similar in most respects to Senate bill.
- Returns many programs to pre-sequester levels.
- Partial ATB restoration.
- No action scheduled on House legislation.
- Congress plans to pass CR this week to keep government funded until December 11.
PELL GRANTS

- Automatic (CPI) increase ($85) boosted 2014-15 maximum grant to $5,730.
- Program has a surplus for FY 2015 and FY 2016.
  - Cost has been dropping, especially in CC and for-profit sectors.
- Beyond FY 2017 the program is projected to have significant shortfalls.
- Reinstatement of eligibility for ATB students remains a community college priority.
  - Partial restoration in FY 2015 is a possibility.
- Extensive hearings in both chambers.
- Legislation will not be enacted in 2014.

Congressional priorities:
- Increasing completion rates
- Reducing “cost”
- Accreditation reform
- Better consumer information
- Simplifying student aid programs
- Innovative learning models
- Regulatory relief (Senate task force established)
HEA REAUTHORIZATION: AACC PRIORITIES (TASK FORCE)

- **Pell Grants**
  - Maintain maximum grant without harmful limitations on eligibility
  - Reinstate Year-Round Pell
  - Reinstate Ability-to-Benefit eligibility
  - Provide some eligibility flexibility for both programs/students (2% of total)

- **Student Loans**
  - Lower borrowing limits and give colleges authority to reduce loan maximums
  - “Decouple” Pell Grant eligibility from that for loans
  - Restructure student loan default rates and penalties
Create accurate Federal graduation rate (combined with transfer)

Effectively Address Fraud Issue

Enhance State Role

Catalyze Better Articulation
Sen. Tom Harkin (D-IA), HELP Committee Chair, released draft HEA reauthorization legislation.

- AACC submitted comments with ACCT and joined higher education (American Council et al) comment letter.

Major policy changes, far-reaching institutional requirements, new programs.

- Year-round Pell reinstatement (for full-time students), partial “Ability-to-Benefit” reinstatement.
- New programs include dual enrollment (marred by extensive accompanying requirements) and workforce training program (similar to what might have been included in WIA).
HEA REAUTHORIZATION: HARKIN BILL

- New Federal-State partnership program - opposed by private non-profits.

- Early draft included unit record data system with far-reaching data elements - pulled from final draft
  - It may be included in introduced legislation in generally positive fashion.

- Stands 0.0001% chance of enactment in 2014.
Significant bipartisan legislation supported by possible chair of HELP Committee in 2015.

Overall, quite positive for CCs.

Creates a two-item needs assessment system for Pell Grants.
  - Based on income and family size, waivers permitted.
  - Uses “prior-prior year” IRS data.

Restores year-round Pell Grant.

Allows aid administrators to reduce loan maximums if justified by projected post-completion earnings.

One grant, one loan, one work program

Subsidized loans ended
House has approved 4 major HEA reauthorization bills.
  - Start of piecemeal reauthorization.

Bills approved on bipartisan basis.
  - Numerous Democrat amendments were thwarted by Republicans.

Most important bill - H.R. 4983
  - Establishes new “College Dashboard” and data to populate it that derive from current IPEDS system.
    - Creates 3 graduation rates (100%, 150% and 200%) that exclude transfers. AACC supports transfer inclusion and 300% window
    - Would report debt levels; link to BLS wages; variety of information on students and student aid.

  - Eschews student unit record data system and eliminates “watch lists.”
H.R. 4984 - new counseling requirements for institutions.
  - Annual loan counseling, and new, specific, counseling for Pell Grant recipients.

H.R. 3136 - competency-based demonstration program at ED.
  - ED allowed to waive a broad range of statutory and other requirements that limit institutions’ ability to deliver competency-based education. (Also: 7/31 Experimental Sites notice.)

AACC supports House legislation – but changes are needed.

Bills will not be enacted in 2014.

Possible additional legislation to be introduced after elections.
Bipartisan House and Senate negotiations led to agreement in early summer.
  - 10 years after law’s expiration.
  - Legislation (WIOA) now signed into law.

Legislation good but not perfect; AACC endorsed.

Highlights:
  - Retains CC role on local boards (and some state boards)
  - Increased contracting authority
  - Better integration of adult education into training programs and career pathways

Imperfections:
  - Subsequent trainer eligibility criteria
  - No CC-specific program
  - Infrastructure funding provisions
Black-Davis Legislation - Student and Family Tax Simplification Act - approved by House July 24.

- Largely party line vote with some cross-overs (32 D, 26 R).
- Original bill bipartisan, growing out of tax reform effort.
- Lost Democratic support when income phase-outs were increased, thereby benefitting more students but creating “pay for” issue.
- Loss of bipartisanship major blow to bill’s prospects.

AACC strongly supports bill, alone among major higher education associations.

- Targets aid to needier students with increased refundability.
- Resolves issue related to Pell Grant offset that decreases CC awards.
- Ends inappropriate subsidies to more affluent students.
Regulation largely targeted at for-profit colleges.

Community colleges bear brunt of regulation in non-profit higher education.

GE programs include all Title IV-eligible certificate (non-degree) programs at community colleges and nearly all educational programs at for-profits.

Regulation due to be published in final form by Nov. 1.
Programs’ Title IV eligibility judged primarily by:

- **Debt-to-Earnings**
  \[
  \frac{\text{Annual Loan Payment}}{\text{Annual Earnings}} \quad \& \quad \frac{\text{Annual Loan Payment}}{\text{Discretionary Earnings}}
  \]

- **Program Cohort Default Rates (pCDR)**
  \[
  \frac{\text{Borrowers in Default}}{\text{Borrowers in Repayment}}
  \]

- **Debt-to-Earnings - 30 or More Title IV Completers**
  \[
  \frac{\text{Annual Loan Payment}}{\text{Annual Earnings}} > 12\% \quad \& \quad \frac{\text{Annual Loan Payment}}{\text{Discretionary Earnings}} > 30\%
  \]

- **pCDR – More Than 30 Title IV Borrowers**
  \[
  \frac{\text{Borrowers in Default}}{\text{Borrowers in Repayment}} > 30\%
  \]
- Focus on programs with high indebtedness.
  - Just 9% of all CC GE students take out federal loans.
- Programs with a median loan debt of $0 should automatically pass debt-to-earnings & pCDR metrics.
- Remove or limit pCDR for programs with low borrowing incidence.
- Reduce the burden on smaller programs (majority of CC offerings) by not requiring initial reporting.
Administration currently working on higher education ratings system.
  - To take effect for 2015-16 school year.
  - Draft of system delayed until this fall.
Serious effort with extensive stakeholder input.
Proposal calls for eventually tying federal aid to the ratings system.
  - Requires Congressional action.
AACC does not support ratings system.
  - Not an appropriate federal role and not relevant to most community college students.
Sexual assault on college campuses has become a major national issue.

- Community colleges not in cross hairs, but deeply implicated.
  - Title IX compliance is challenging and colleges are highly vulnerable.
- Colleges also must report under Clery Act.
- NPRM on Violence Against Woman Act (VAWA) is out.
- Senators McCaskill and Gillibrand held 3 roundtables; circulated survey on campus sexual assault and released results.
  - Some CCs surveyed, but instrument did not reflect CCs.
Campus Accountability and Safety Act (S. 2692 – McCaskill)
- Bipartisan legislation introduced in July.
- Some goals laudable, many particulars are problematic.
  - Written with residential institutions in mind.
  - Requires MOUs with law enforcement agencies.
  - Confidential advisors who serve dual, possibly conflicting purposes.
  - Stiff financial penalties that go to ED.
- AACC joined higher education community comment letter submitted in early September.
- Senate consideration was expected this fall, now looks to be later.

AACC established legal advisory panel to help guide activity.
October 15-17 at the Liaison Hotel on Capitol Hill.

Featured speakers include Dick Gephardt, Mike Castle, Judith Eaton, Stan Collender, and Kevin Carey.

Topics include the federal budget landscape, prospects for the 114th Congress, the Administration’s community college initiatives, media perspectives, WIOA implementation, HEA reauthorization, accreditation, and more.

Meet Washington insiders and key Congressional staff.

Make time for visits to federal agencies and Congressional offices.
Thank You