COMMUNITY COLLEGES
AND THE 2008 PRESIDENTIAL CAMPAIGN

The nation’s 1,202 community colleges serve a vital role by expanding educational opportunity for individuals, thereby contributing to economic prosperity in the United States. The colleges are flexible, demand-driven institutions that exist to help meet the needs of their local communities. The colleges enroll 6.6 million credit students each fall, constituting 46 percent of all undergraduate students in American higher education. The colleges enroll another 5 million non-credit students, many of whom are attending community college to upgrade workforce skills. The average student age is 29.

As the 2008 Presidential campaign continues, community colleges urge Presidential candidates to support the following proposals that would substantially help community colleges ensure that people of all socioeconomic backgrounds have access to quality education and job training programs. Supporting community colleges is a prudent and cost-effective long-term investment in the nation’s economic future and the well-being of its people...

Enhance Student Financial Aid Assistance

1) Implement the Recommendation of the Secretary of Education’s Commission on the Future of Higher Education to Increase the Average Pell Grant Maximum to 70 Percent of the Cost of Attending a Four-Year Public Institution of Higher Education

College participation and, even more importantly, college persistence remain strongly correlated with income. Low-income, high-ability students are less likely to attain a college degree than low-ability, high-income students. The federal Pell Grant program remains the most efficient and effective means of ameliorating this disparity. Currently, the Pell Grant program provides about 5.3 million economically disadvantaged students grants of up to $4,310 each year. Annually, more than 2 million community college students rely on these grants to finance their education.

The September 2006 report of Education Secretary Margaret Spellings’ Commission on the Future of Higher Education highlighted the role of the Pell Grant program in promoting access to college. The report recommended that the average Pell Grant be increased to a level of 70 percent of the average in-state tuition at public, four-year institutions of higher education. This bold recommendation immediately drew the attention and enthusiastic support of the higher education community. It comes at a time of increasing anxiety over the gap between college tuition costs and federal grant support and growing student indebtedness, including that of community college graduates.

Many factors contribute to differential access to college, but the country simply cannot afford to let financial limitations prevent low-income students from accessing or persisting in higher education. Therefore, community colleges strongly support the Spellings’ commission recommendation to increase Pell Grants.
2) Expand Access to Community Colleges by Encouraging States to Keep Tuitions Low While Simultaneously Increasing Need-Based Aid

There is an unfortunate pattern in state budgeting: When expenditures need to be cut, states turn to higher education. Although overall state support for community colleges and all of higher education continues to grow, the common fluctuations and/or deficiencies in support have had serious negative consequences for community colleges and the students they serve.

On average, community colleges receive 38 percent of their revenues from states and 19 percent from local governments, making them extremely susceptible to funding reductions. When state and local funding is slashed, institutions have little alternative, short of drastic reductions in educational offerings or vital student services, to increasing tuition. The problem with this practice, however, is that community colleges derive only 20 percent of their revenues from tuition and fees. Therefore, when tuition is relied upon to meet funding gaps, the percentage of increases can be sharp. This was, in fact, what occurred earlier this decade.

Even small increases in tuitions can substantially--and negatively--impact access to community college. Thousands of students live on limited budgets, juggling work and study. The pinch is particularly tight for those with families. Increased costs of just a few hundred dollars or, concomitantly, seemingly marginal increases in student financial aid, can make or break an individual’s viability in attending community college.

Given this fact, AACC proposes that the federal government provide incentives to state and local governments to maintain their investment in community colleges by providing substantial amounts of need-based student aid to their students if funding is maintained. The required “maintenance of investment” would be defined as meeting or exceeding inflation-adjusted expenditures per FTE (full-time equivalent). Funds should be sufficient to increase by $1,000 the Pell Grant received by eligible students. Such a partnership would ensure that access to a community college education is increased.

Options for the expenditure of funds include: giving grants to eligible states to distribute new federal assistance to community college students on the basis of need, with a link to Pell Grant eligibility; tying additional funds directly to Pell Grants and having the program administered by the federal government through the Title IV programs; or giving funds to states to design their own programs, so long as funds are awarded on the basis of student financial need. Distribution of the funds to states could be done on the basis of the relative percentage of community college Pell Grant recipients.
3) Alter the Hope Scholarship Tax Credit to Provide Greater Support for Community College Students and Incumbent Workers

Despite the growing number and importance of higher education financing preferences included in the Internal Revenue Code, community college students are very poorly served by them for many reasons. First, tax preferences in general disproportionately benefit those with higher incomes, and community college students tend to be relatively less affluent. Also, a major component of the Code’s role in higher education financing concerns student loans, and community college students borrow substantially less than do students in other sectors of higher education. Finally, many tax preferences are keyed to tuition, which represents a large portion of college costs for students attending more expensive institutions but a much smaller one for community college students.

This general situation led Dr. Susan Dynarksi of Harvard University and the National Bureau of Economic Research to state in her December 2006 testimony to the Senate Finance Committee, “The education tax incentives do just about nothing for low-income students at inexpensive public colleges. Perversely, the tax incentives are focused on upper-income students at the most expensive private colleges…It is not the job of the government to make Harvard affordable to the handful who can attend that elite institution. It is the job of government to make a solid college education affordable to the millions for whom a BS or an AA from a public college is a ticket to the middle class.”

The primary community college financing vehicle contained in the tax code is the Hope Scholarship tax credit, which was designed to make the first two years of postsecondary education universal, with an emphasis on community colleges. Unfortunately, the impact of the Hope Scholarship on community college students is much less than is desirable or equitable. This is because the Hope credit is keyed to tuition; it is non-refundable; and eligibility for the credit is reduced by the bulk of the grant aid that a student receives.

All of the non-tuition expenses associated with college attendance, such as books, fees, transportation, and living expenses, are every bit as real as the “hard” tuition charged by higher-priced colleges that garner so much media attention. In the 2006-2007 academic year, the College Board estimates these non-tuition expenses for community colleges students average $10,018, compared to average tuitions of just $2,272. But because of the structure of the Hope tax credit, the benefit can be of very little use to community college students; in low-tuition states like California, the credit provides virtually no benefits.

Therefore, community colleges propose that every full-time community college student who also is Pell-eligible and maintaining satisfactory academic progress would automatically receive a refundable Hope tax credit of $2,500, assuming that the total benefits received do not exceed the cost of attendance as defined in Title IV of the HEA. Students attending at least half-time, but less than full-time, would automatically qualify.
for a refundable Hope credit of $1,000 (with the same proviso on not exceeding the cost of attendance).

Another option for altering the IRS Code is to dramatically expand the Lifetime Learning Tax Credit for community college students enrolled in occupational education programs in designated high-demand disciplines or simply in those fields for which the government wants to encourage further study. The credit could be increased from the current 20 percent to 50 percent of tuition and fees paid. Such a policy would provide a compelling incentive for individuals to enroll in programs to enhance their workforce skills. Because of the low cost of community college tuitions, the cost of the new program would be limited. It would have an enormous positive impact on the skills level of the nation’s workforce.

Help Address Business and Community Needs

4) Bolster Community College Workforce Development Programs to Help Meet the Needs of the Business Community

There is broad consensus that America faces a dangerous shortage of skilled labor. Report after alarm-sounding report documents growing discrepancies between the current and emerging needs of America’s labor markets and the supply of workers available to them. The implications of these discrepancies are exacerbated by the continuing evolution of the global economy.

Community colleges are ideally positioned to address skills gaps. The colleges are efficient and flexible and have a central aspect of their mission to meet labor market needs. The primary stumbling block to greater effectiveness is a lack of adequate resources.

The creation of the Community Based Job Training Grants (CBJTG) program has been a notably positive development, as it recognizes the limitations of the colleges to meet heavy demand, particularly in the high-cost career and technical education programs.

Community colleges believe that there is a real need for a much larger community college initiative, beyond the current scope of the CBJTG program, that helps expand their capacity to train workers for high-demand, high-skill, and high-wage occupations. Therefore, AACC proposes consideration of a program called “Closing the Skills Gap” that would authorize $750 million annually for competitive grants to help community colleges meet immediate and long-term labor market needs. In order to be eligible for funds, institutions would need to submit a plan indicating how funds would be used to help meet current and projected labor market needs. Uses of grant funds would include:

- **Faculty Expansion and Development:** Faculty shortages are among the most oft-cited barriers to training capacity expansion, especially in fields where industry salaries are higher than those offered by the colleges. Funds could be used for salaries, establishing programs for using industry professionals as adjuncts, and
for professional development programs to keep faculty current on the latest technology.

- **Infrastructure Expansion:** Funds would be used to purchase needed equipment and acquire additional instructional space.

- **Curriculum Development:** In partnership with industry, colleges could create and update curricula for emerging occupational areas, resulting in industry-recognized certifications and credentials.

- **Transition and Support Services for Program Participants:** In programs that involve a lot of retraining of workers who have been in the same occupation for a long time, supplementary services in addition to the training itself are important to the overall success of the program.

**5) Make Community Colleges Lead Partners in Helping Post-Mid-Life Adults Transition to Meaningful Work and Service**

The nation faces an enormous challenge of ensuring that, as the 78-million Baby Boomer generation approaches and enters traditional retirement years, these individuals can continue to lead meaningful and productive lives, whether through volunteer service, work, or more private pursuits. No American institution is better positioned than the community college to ensure that this critical population remains vital and well-integrated into the broader society. Therefore, AACC proposes that grants be made to community colleges to undertake a variety of services for the 50+ population. Funds could be awarded directly to colleges on a competitive basis or first go to states on the basis of their national percentage of the targeted population. Funds could be used for:

- Increasing the involvement of mid-life adults in community college programs, campuses, and centers;

- Retooling community college education by reinventing non-credit and peer-led adult learning programs to target the emerging needs and interests of Baby Boomers through new and flexible class offerings, special programs, Web sites, etc. This would include focuses on personal finances and health. In addition, programs that will be critically important to serving the needs of our aging population, such as gerontology and home care-giver, must be expanded and enriched.

- Retooling career counseling and re-entry services to attract and service older adults, expanding connections with local businesses, and collaborating with the non-profit sector to enhance programs for these experienced adults;

- Promoting civic engagement with various strategies including adult volunteer programs, creating new links to community service opportunities, and developing new ways to incorporate older adults into academic service-learning programs.
Linked to this program could be grants for incumbent and older individuals to receive desired or necessary training for skills upgrading, which is clearly in the national interest. In many cases, this population is ineligible for the core student financial aid programs. The Department of Labor has proposed “Career Advancement Accounts” of up to $3,000 per year for each of two years to help meet the financing needs of this population. This concept could be developed to allow community colleges to serve as the point of entry for this critical continuation of education and training.

*For additional information about these recommendations or community colleges, see [www.aacc.nche.edu](http://www.aacc.nche.edu) or contact David Baime, AACC Vice President for Government Relations, dbaime@aacc.nche.edu.*