

AACC Pre-NLS Legislative Update

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Topics

- ◆ HEA Reauthorization
- ◆ Federal Funding
- ◆ DACA
- ◆ Perkins Reauthorization

Higher Education Act Reauthorization

- ◆ House First to Move with PROSPER Act (H.R. 4508)
 - ◆ Partisan bill – introduced by Ed/Workforce Republicans and approved on party-line vote
 - ◆ AACC expressed views to committee; did not support
 - ◆ Could be on House floor soon (unclear)
- ◆ Senator Alexander Hopes to Mark-Up Legislation by Spring
 - ◆ HELP leaders have talked of bipartisan process a la ESSA
 - ◆ Frequent hearings being held
 - ◆ Possible signs of parties moving apart?
 - ◆ Alexander accountability white paper
 - ◆ Democrats' priorities document

PROSPER Themes

- ◆ “Reforming” the HEA, Not Merely Reauthorizing
 - ◆ As per Foxx’s opening statement
- ◆ Emphasis on Meeting Current Workforce Needs
- ◆ Simplification and Streamlining of Programs
- ◆ Unfunded Programs are Eliminated, Authorization Levels are Set at Current Levels or Reduced
 - ◆ Bill would reduce direct spending by \$14.6 billion over ten years
- ◆ Tilt Towards Newer Providers, Away from Traditional Higher Education

NLS HEA Priorities – Pell Grants

- ◆ Provide Pell Grant Eligibility for Students Enrolled in Short-Term, Workforce-Oriented Programs
 - ◆ PROSPER extends eligibility to programs of 300 or more clock hours (down from current 600-hour minimum)
- ◆ Ensure that Pell Grants Keep Up with Inflation
- ◆ Fully Reinstate Pell Grant Eligibility for “Ability-to-Benefit” Students
 - ◆ PROSPER restores 6-credit hour option
- ◆ Allow Students to Receive Pell Grants for up to a Total of 14 Full-Time Equivalent Semesters

NLS HEA Priorities – Risk Sharing

- ◆ Oppose Financial Penalties on Institutions Based on Borrowing, Student Aid, and Outcomes
 - ◆ New “Return of Title IV” provisions in PROSPER Act constitute major new financial obligation for community colleges
 - ◆ All of a student’s “unearned” federal student aid would need to be returned to federal government
 - ◆ “Earned” aid is as follows:
 - ◆ 0 to 24% withdrawal in enrollment period: 0% aid
 - ◆ 25% to 49% withdrawal in enrollment period: 25% aid
 - ◆ 50% to 75% withdrawal in enrollment period: 50% aid
 - ◆ 75% to 99% withdrawal in enrollment period: 75% aid

Risk Sharing (cont'd)

- ◇ Colleges could bill student for 10% of obligation (legislation prevents institutions from billing students for additional funds repaid to government)
- ◇ AACC assessing impact – appears substantial
 - ◇ >10% of all students withdraw during a term, on average
- ◇ Disbursement policy (mandated in PROSPER Act to be “aid like paycheck”) would become important factor
- ◇ Concept already has traction in Senate
- ◇ Previous risk-sharing discussions had revolved around loans (Reed, Shaheen-Hatch legislation)

NLS HEA Priorities: Loans

- ◆ Limit Borrowing Based on Enrollment Intensity and Degree and Program Type
 - ◆ Community colleges support PROSPER Act's provisions to give colleges new discretion to limit borrowing
- ◆ Revise Student Loan Cohort Default Rates by Incorporating the Percentage of Students Who Borrow
 - ◆ PROSPER Act moves to program-level repayment rates
- ◆ Simplify and Consolidate Direct Loan Repayment Options with Low-Debt Borrowers in Mind
- ◆ Enhance Student Loan Servicing

NLS HEA Priorities: Transparency and Measurements

- ◆ Create a National Student Unit Record Data System to Effectively Track Student Enrollment, Completion, and Earnings
 - ◆ Not included in PROSPER Act
 - ◆ Chairwoman Foxx is staunch opponent
 - ◆ Legislation does measure earnings for Title IV recipients at 5 and 10 years after completion as part of new “College Dashboard”
- ◆ Track Completion Rates up to 300% of “Normal” Time
 - ◆ Added to PROSPER Act after bill introduction but before committee markup

NLS HEA Priorities: Campus-Based and Institutional Aid Programs

- ◆ Oppose the PROSPER Act's Elimination of:
 - ◆ Subsidized loans
 - ◆ Federal Supplemental Educational Opportunity Grants (SEOG)
 - ◆ CC students currently receive 24% of SEOG funds
 - ◆ Congress should change the formulas allocating Federal Work-Study and SEOG funds to ensure that financially needy students receive equitable access across institutions
 - ◆ PROSPER Act makes some of these changes to Federal Work-Study
 - ◆ Strengthening Institutions Program (Title III-A)
 - ◆ Program eliminated, reportedly to help pay for new Title II apprenticeship program

Community College Scorecard on PROSPER Act

◆ Big Pluses

- ◆ Short-term program Title IV eligibility (300 to 599 hours)
- ◆ Improved graduation rate metric
- ◆ New student aid officer discretion on loans

◆ Big Negatives

- ◆ Risk-sharing
- ◆ Title III-A elimination
- ◆ Reduced investment in student financial aid

Ed/Workforce Mark-Up of H.R. 4508

- ◆ Marathon Affair
 - ◆ More than 60 amendments, most Democratic
 - ◆ Only 2 Democratic amendments adopted
- ◆ Democrats Repeatedly Criticized Lack of Time to Digest Bill
 - ◆ Foxx produced countervailing examples when Dems controlled House
- ◆ Votes Overwhelmingly Party-Line
 - ◆ Some crossovers on less prominent issues
- ◆ Exchanges Relatively Muted Given Context

PROSPER Workforce-Oriented Provisions

- ◆ New Short-Term Program Eligibility for Title IV Programs
 - ◆ 300 – 599 clock hours
 - ◆ Major benefit for CC students
 - ◆ Not AACCC's original position but better in some respects
 - ◆ JOBS Act covers 150 hour programs w/ more limited eligibility
- ◆ Unaccredited Providers May Partner With Eligible Institutions to Deliver 100% of Program
- ◆ Program Completer Earnings at 5 and 10 Years After Graduation
 - ◆ Data derived from matching Title IV recipients, similar to gainful employment

PROSPER Workforce-Oriented Provisions

- ◆ “Ability-to-Benefit” Students Qualify for Title IV Aid After Accumulating Six Credits
 - ◆ Expansion of current policy, which is applied to career pathways students only

Apprenticeship Program (Title II)

- ◆ New Title II Apprenticeship Title Replaces Teacher Training Programs
- ◆ Creates New Apprenticeship/Work-Based Learning Program
 - ◆ Not limited to registered apprenticeships
- ◆ Eligible Recipients Must Include Institution and Industry Partner
 - ◆ College would not necessarily be lead partner
 - ◆ For-profit colleges eligible
- ◆ 50% Match Requirement
- ◆ Funds Could Cover 50% of Wages
- ◆ No Direct Funding for Education
 - ◆ Funds for equipment and curriculum development

Federal Work-Study (FWS)/SEOG

- ◆ FWS Funding is Doubled
- ◆ New Formula for Distributing Funds to Campuses
 - ◆ Could Benefit CCs
- ◆ Priority Given To Work-Based Learning
- ◆ Community Service Requirement Eliminated
- ◆ Greater FWS Share Can Be Used for Private Sector Jobs
- ◆ SEOG is Eliminated
 - ◆ CCs currently receive 24% of funds
 - ◆ Part of “One Grant, One Loan, One Work” program mantra

Repayment Rates and Program Eligibility

- ◆ Institutional Cohort Default Rates (CDR) Eliminated and Replaced by Program-Level Repayment Rates
- ◆ Student is Counted as Being in Repayment if < 90 Days Delinquent
- ◆ If Program Has Fewer Than 30 Borrowers, 3 Year Data are Used
- ◆ Programs That Have Repayment Rates < 45% for Three Consecutive Years Lose Eligibility
- ◆ “Participation Rate Index” Concept Applied
 - ◆ Programs where < 20% of eligible students borrow would get break
- ◆ Impact on CCs Uncertain
 - ◆ Likely to Be Negative in Some Cases Given Sheer Number of Programs

Institutional Eligibility

- ◆ “Single Definition” of Institution of Higher Education
 - ◆ For-profits given same statutory standing as traditional higher education institutions
 - ◆ AACCC had successfully opposed in previous reauthorization
 - ◆ Proprietaries denied access to Titles III and V
- ◆ Unaccredited Providers May Partner With Eligible Institutions to Deliver 100% of Program
- ◆ New Short-Term Program Eligibility for Title IV Programs
 - ◆ 300 – 599 clock hours
 - ◆ Could draw in new institutional providers (if accredited)
- ◆ State Licensure Applies Only in State in Which College is Located
 - ◆ In contrast to Obama regulations

Data/Transparency

- ◆ New “College Dashboard” Created to Replace Existing College Navigator
- ◆ Eliminates Student “Right to Know” and Other Disclosures
 - ◆ Requires colleges to link to Dashboard on websites
- ◆ Dashboard has 4 New ED Outcomes Measures Cohorts
 - ◆ Grad Rates Disaggregated at 100%, 150%, and 200% of “Normal Time,” PLUS 300% for Community Colleges
- ◆ Debt Levels by Program

Data/Transparency

- ◆ Program Completer Earnings at 5 and 10 Years After Graduation
 - ◆ Data derived from matching Title IV recipients, similar to gainful employment
- ◆ ED Feasibility Study Mandated on Ability of National Student Clearinghouse to Operate a Comprehensive Student Data System
- ◆ No Unit Record Data System Created
 - ◆ Glancing effort made at committee markup

General Student Aid Provisions

- ◆ New Eligibility for Short-Term Programs (300-599 hours)
 - ◆ Major benefit for CC students
 - ◆ Not AACCC's original position but better in some respects
 - ◆ JOBS Act covers 150 hour programs w/ more limited eligibility
- ◆ “Ability-to-Benefit” Students Qualify for Title IV Aid After Accumulating Six Credits
 - ◆ Expansion of current policy, which is applied to career pathways students only
- ◆ Aid Must Be Delivered Like a Paycheck
 - ◆ In weekly or monthly installments
 - ◆ Up-front costs can be considered

Pell Grant Program

- ◆ Bill Sustains Current Student Eligibility
 - ◆ Ongoing AACCC priority
- ◆ Bill Retains Lifetime Limit of 12 FTE Semesters
 - ◆ Not 14 as AACCC proposed
- ◆ Bill Creates Pell Grant Bonus of \$300/year for Students Who Take 15 Credits
 - ◆ 12 credits still considered full-time
- ◆ Maximum Grant Not Indexed to Inflation
 - ◆ Funding source/offset problematic
- ◆ ED Must Report to Congress on Program Spending Trends

ONE Loans

- ◆ New Federal ONE Loan Created
- ◆ Current Need-Based, In-School Interest Subsidy Eliminated
- ◆ Two Repayment Plans
 - ◆ Standard 10-Year
 - ◆ Income-Based
- ◆ IBR Plan: Total Payments Capped at Ten Year Standard Amount
- ◆ No Loan Forgiveness

Institutional Loan Discretion

- ◆ Institutions Given New Authority to Prorate or Limit Loan Amounts in Defined Circumstances
 - ◆ Longstanding AACC priority
 - ◆ Reduced amounts can be provided to account for:
 - ◆ Starting salary for typical occupations (BLS) in relation to debt (as in FAST Act)
 - ◆ Less than full-time enrollment
 - ◆ Credential level
 - ◆ Grade level of student seeking a loan
- ◆ Must Be Applied in Same Manner to Similarly Situated Students
- ◆ Student May Request Waiver

Institutional Aid Programs

- ◆ Title III-A: Strengthening Institutions Eliminated
 - ◆ Without stated rationale
 - ◆ Staff have indicated that \$ were used to fund new apprenticeship program
- ◆ New Graduation Rate Requirement of 25% of “Normal Time” to Completion (Including Transfers)
 - ◆ Applied to Hispanic-Serving Institutions, Predominantly Black Institutions, Asian American-Serving Institutions, and other MSI programs
 - ◆ Not applied to HBCUs and Tribally-Controlled Institutions
 - ◆ These are formula grants

Accreditation

- ◆ Ten Previous Requirements for Agency Standards Reduced to One: “Student Learning and Educational Outcomes”
 - ◆ Represents refocusing of federal role
- ◆ Accreditors Assume Significant Responsibilities for Competency-Based Education
- ◆ No “Bright Line” Requirements in Bill or Assigned to ED
 - ◆ A victory

For-Profit Institutions

- ◇ PROSPER Act is a Banner Bill for For-Profits
 - ◇ Single definition of institution of higher education
 - ◇ Non-eligible provider access to Title IV funds (via eligible institution)
 - ◇ Elimination of gainful employment language
 - ◇ Elimination of 90/10 rule
 - ◇ Elimination of ED regulatory authority on state licensure
 - ◇ Rewritten borrower defense statute

Regulatory Policy

- ◇ General Lightening of Federal Involvement
- ◇ ED Barred From Regulating in Controversial Obama Areas
 - ◇ State authorization, GE, credit hour
- ◇ General ED Regulatory Authority is Placed Under New Conditions
- ◇ Campus Sexual Assault and Related Policies are Articulated
 - ◇ Climate survey required
 - ◇ Confidential counselor(s) required
 - ◇ MOUs with primary law enforcement entity encouraged
 - ◇ One-page document must be produced and given to survivors
 - ◇ Institutions decide evidentiary standard in disciplinary proceedings
- ◇ Some Institutional Disclosures Eliminated

FY 2018 Appropriations

- ◆ Continuing Resolution (CR) Expires February 8
 - ◆ 4th CR this year
 - ◆ Budget deal on overall defense and domestic spending needed to unlock process
- ◆ Breaking News: Senate Leaders Announce 2-Year Funding Deal
 - ◆ NDD funding increased \$63 billion in FY 18, \$68 billion in FY 19
 - ◆ Additional funds for other priorities including \$20 billion for infrastructure and \$4 billion for “college affordability programs”
 - ◆ Appropriators need time once budget deal is reached to hammer out final spending levels
 - ◆ 5th CR passed in House – until March 23
 - ◆ Prospects for deal in House are unclear
- ◆ FY 2019 Budget Process Delayed
 - ◆ Administration’s budget coming one week later than normal
 - ◆ Despite late start, process could be smoother if budget deal is in place

NLS Priorities: Federal Funding

- ◆ **Maintain the Pell Grant Surplus**

- ◆ House and Senate both cut surplus ~\$3 billion

- ◆ **Federal Student Aid**

- ◆ Maintain at least current FY 2017 funding levels for SEOG, Federal Work-Study, TRIO, and GEAR UP

- ◆ **Perkins Career and Technical Education (CTE)**

- ◆ Reinstate funding for the Perkins CTE program at FY 2012 levels, which would mean an increase of \$3.2 million from current levels

- ◆ **Adult Basic Education**

- ◆ Increase funding for Adult Basic and Literacy Education state grants by at least \$13 million to reinstate previous cuts to the program

NLS Priorities: Federal Funding

- ◆ **Institutional Aid**

- ◆ Maintain at least current funding levels for institutional aid programs in FY 2018
 - ◆ Strengthening Institutions (Title III-A)
 - ◆ Strengthening Historically Black Colleges and Universities
 - ◆ Strengthening Predominantly Black Institutions
 - ◆ Developing Hispanic-Serving Institutions programs

- ◆ **National Science Foundation's Advanced Technological Education (ATE) Program**

- ◆ **Childcare Access Means Parents in School (CCAMPIS)**

- ◆ **Invest In Our Nation's Infrastructure**

- ◆ Any federal infrastructure investment plan should include funding to support partnerships between community colleges and businesses to train workers in these high-need fields as well as support for community colleges' own infrastructure needs

DACA/Dream Act

- ◆ DACA/Dreamers Issue Still Not Resolved
 - ◆ DACA set to expire March 5
 - ◆ Renewals accepted under court order – Supreme Court may review
- ◆ Way Forward on Legislation is Unclear
 - ◆ Administration proposal combines path to citizenship for 1.8 million Dreamers with restrictive immigration policies
 - ◆ Senate negotiations continue
 - ◆ New proposals seem to emerge almost daily
 - ◆ McConnell promised open floor debate if issue is not resolved in next CR
 - ◆ Goodlatte bill is leading legislation in House
 - ◆ Seen as much more anti-immigration
 - ◆ No path to permanent legal status for Dreamers
 - ◆ Would not likely pass Senate

NLS Priority: DACA/Dream Act

- ◇ Pass the Dream Act or Similar Legislation that Provides Dreamers with Permanent Legal Status and a Path to Citizenship
 - ◇ DACA provides educational and career opportunities for undocumented young people who were brought to the United States as minors, and who frequently have no ties to the countries from which they came
 - ◇ The DACA phase-out leaves thousands of young people in limbo, including many community college students
 - ◇ In addition to the change in immigration status, the DACA rescission will curtail the ability of these individuals to work lawfully and receive in-state tuition in some instances

Perkins CTE Act Reauthorization

- ◆ House Has Twice-Passed the Strengthening CTE for the 21st Century Act
 - ◆ Bipartisan bill, passed by overwhelming margins
 - ◆ Key aspects include:
 - ◆ Strengthening ties to business/industry
 - ◆ Aligning with WIOA
 - ◆ Better defining performance indicators
 - ◆ Updating terminology/modernizing
 - ◆ Big emphasis on workplace learning
- ◆ Senate Remains at an Impasse
 - ◆ Divide between parties on secretarial authority over state plan approval
 - ◆ Reports that divide is spreading to other areas

NLS Priorities: Perkins CTE Reauthorization

- ◆ Continue to Focus Postsecondary Support on Sub-Baccalaureate Programs
 - ◆ Making baccalaureate programs eligible for Perkins funds would diminish the support for associate degree and certificate programs that are preparing students for high demand middle skill jobs
- ◆ Support Highly Effective CTE Programs
 - ◆ Reauthorization should emphasize the importance of strong connections between Perkins recipients and local, regional, and statewide businesses and industries
- ◆ Streamline CTE Reporting Requirements
 - ◆ Streamline and postsecondary performance indicators to better align with the Workforce Innovation and Opportunity Act

H.R.1, Tax Cuts and Jobs Act

- ◆ Legislation Signed by President Trump
- ◆ House-Passed Provisions Limiting Student Financing Vehicles Were Rejected
 - ◆ Elimination of Lifetime Learning Tax Credit and Section 127 were most threatening
- ◆ AOTC Quirk Still Not Fixed
- ◆ Higher Standard Deduction Expected to Lower Charitable Contributions
 - ◆ Itemizers reduced from 30% to 5%
- ◆ Limitations on Deductibility of State and Local Taxes Will Likely Reduce Revenues and Pressure Institutional Budgets
 - ◆ Deduction capped at \$10,000

Gainful Employment Regulations

- ◆ Negotiated Rulemaking
 - ◆ Process is underway
 - ◆ Second of two negotiating sessions starts Feb. 5
 - ◆ Should have clearer idea soon as to ED's direction
- ◆ ED Changes to Current Requirements
 - ◆ Modifications to 2018 disclosure template
 - ◆ Most notable: median earnings data no longer have to be disclosed
 - ◆ Deadlines Pushed Back
 - ◆ Institutions now have until July 1 2018 to start using disclosure template

What Can I Do?

- ◆ Help AACCC Assess Impact of Risk-Sharing
- ◆ Join AACCC's Advocacy Advisory Group
 - ◆ Email David Baime, dbaime@aaccc.nche.edu
- ◆ Attend AACCC's Advocates in Action Meeting
 - ◆ Washington, DC
 - ◆ June 11-12, 2018

Thanks and See You in DC!

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