

House Education and Labor Committee FY 2022 Budget Reconciliation Legislation: Community College Highlights

The House Committee on Education and Labor has approved [legislation](#) that establishes free community college tuition in participating states, raises the Pell Grant maximum award, supports student success efforts, and increases workforce development investments. All told, it allocates hundreds of billions of dollars in higher education and workforce development programs.

The legislation comprises the committee's portion of the "Build Back Better Act," a \$3.5 trillion bill that Congressional Democrats are attempting to pass through a process called budget reconciliation, which requires only a simple majority to pass the Senate. The legislation consists largely of proposals made by President Biden in his American Jobs and American Families Plans. The Education and Labor bill constitutes \$761 billion of the \$3.5 trillion total.

Other House panels are working on legislation of significance to community colleges, particularly the Ways and Means Committee. That committee is aiming to approve legislation that would create a \$9.1 billion "TAACCCT 2.0" program, eliminate the taxation of Pell Grants and expand community college student eligibility for the American Opportunity Tax Credit (AOTC). Both are longstanding AACC priorities.

Summarized below are important features of the Education and Labor Committee's bill for community colleges.

Subpart A—America's College Promise (ACP)

Grants for Tuition-Free Community College (Sec. 20021)

States may apply for grants from the Secretary of Education to waive tuitions and fees for all qualifying community college students. The federal payment to states for each eligible full-time equivalent (FTE) student is a percentage of the national median resident community college tuition for the most recent year for which data are available. Subsequently, the payment will be annually increased by the lesser of the Consumer Price Index or 3%. The federal government provides 100% of this amount in 2023-24 and then it decreases 5% annually, to 80% in FY 2027-28, when the program phases out.

The required state share starts at 0% in 2023-24 and increases annually by 5% after that, to 20% in 2027-28. This state share must be provided irrespective of the degree to which federal funds allow states to waive tuition and fees. (In some states the federal contribution should be sufficient to cover all community college student tuition and fees.) The required state match is reduced in periods of relatively high unemployment.

States where community college per student revenues are maintained relative to the previous year, can use need-based aid as part of the state match; or local funds provided to the college to carry out the ACP program can be counted as well.

If the combined federal and state funds exceed the amount necessary to waive all community college students' tuition and fees, the overage must be spent on need-based student aid; unmet student need at four-year public institutions; improving student outcomes; or expanding dual or concurrent enrollments.

Student Eligibility

To be eligible for the tuition and fees waiver, students must:

- Be enrolled half-time or more. They are eligible for the waiver for up to six semesters.
- File a Free Application for Federal Student Financial Aid (FAFSA), if they are citizens.
- Be enrolled in a Title IV-eligible program.
- Qualify for in-state or in-district tuition at the community college in which they are enrolled (or would have qualified if not for their immigration status).
- Not be a dual or concurrent enrollment student.

State and Related Requirements

States must:

- Ensure that associate degree programs fully transfer to related baccalaureate programs at public institutions of higher education in the state.
- Enhance the use of reverse transfer for students who have left community colleges without degrees but have subsequently enrolled at other institutions.
- Ensure that eligible programs meet Workforce Innovation and Opportunity Act (WIOA) program quality criteria.
- Provide students Promise program eligibility information and information about the availability of federal, state, and other means-tested benefits programs.

State Maintenance-of-Effort (MOE)

To receive a grant for an award year, states must spend at least what they spent, on average, over the last three years on each of the following categories:

- Support for all higher education, measured on a per FTE-student basis
- Operating expenses for public four-year institutions
- Need-based student financial aid

States may receive varying degrees of relief on both the maintenance-of-effort and state match requirements in times of elevated unemployment, provided the state has not cut funding for each of the above three categories disproportionately more than the overall state budget.

If a state includes local funds provided to a college to carry out its promise program, then any local funds provided to the college for operational expenses are included in the state spending amount subject to the MOE.

Program Funding

ACP is a “mandatory” program and has guaranteed funding for its five-year duration.

Retention and Completion Grants (Sec. 20022)

A new competitive grant program, beginning in 2023-24, provides to eligible States funds for higher education retention and completion activities. To be eligible, states must also participate in the Promise program. Program funding is \$9 billion over ten years.

States are to use funds to “implement evidence-based institutional reforms or practices at institutions of higher education to improve student outcomes.” The reforms must be evidence-based. Non-profit organizations can help states implement the program.

Annual progress benchmarks must be set, focusing on retention, completion, transfer, or labor market outcomes. They must be disaggregated, at a minimum, based on race, ethnicity, income, disability status, remediation, and status as a first-generation college student.

Funding priority is given to reforms showing high degrees of evidence and which are targeted on low-resourced institutions serving high percentages of targeted populations. At these institutions, states are expected to increase funding. Sustainability of reforms and the use of non-federal funds are also prioritized.

Among other things, funds can be used for providing comprehensive academic, career, and student support services, including mentoring, advising, case management services, or career pathway navigation.

Pell Grants (Sec. 20031)

The Pell Grant maximum award is increased by \$500 for award years 2022-23 through 2029-30. This increase is in addition to the current maximum grant and any additional increases enacted through the appropriations process. For example, if this provision is enacted, the \$500 increase, combined with the \$400 increase passed by the House of Representatives, would increase the current Pell Grant maximum of \$6,495 by \$900, to \$7,395, in award year 2022-23.

Student Aid Eligibility (Sec. 20032)

Undocumented students who are protected from deportation under the Deferred Action for Childhood Arrivals program are made eligible for HEA Title IV student aid programs, including Pell Grants and student loans.

Additional Funding for Minority Serving Institutions (Sec. 20041)

Mandatory funding for HEA Title III and V programs is increased in each of FYs 2022 through 26 by the following amounts (rounded to nearest million):

- HSI STEM and Articulation Programs - \$114 million
- Historically Black Colleges and Universities - \$97 million
- Predominately Black Institutions - \$17 million
- Tribal Colleges and Universities - \$34 million
- Alaska Native-serving and Native Hawaiian-serving Institutions - \$17 million
- Asian American and Native American Pacific Islander-serving Institutions - \$6 million
- Native American-serving Nontribal Institutions - \$6 million

Subtitle C – Workforce Development

Department of Labor

Approximately \$80 billion is provided over FYs 2022-26 for new and existing workforce development programs at the Department of Labor (DOL), including:

WIOA State Formula Funding (Sec. 22001 – 22003)

- \$16 billion for WIOA dislocated workers and \$15 billion for adult funding. At least half of these amounts must be spent on training services, with 60% of those training funds going to individual training accounts.
- \$9 billion for youth activities, 75% of which is dedicated to youth work experiences.

Apprenticeships (Sec. 22006)

\$5 billion for grants, contracts and cooperative agreements to various entities to expand registered apprenticeships, including pre-apprenticeship and youth apprenticeship programs that articulate into a registered apprenticeship program. 50% of these funds are earmarked for initiatives that serve a high number or percentage of individuals with barriers to employment. Apprenticeship grants were funded at \$185 million in FY 2021.

Community College and Industry Partnership Grants (Sec. 22007)

\$2 billion is provided for a new, community college led workforce development program that is similar to the Trade Adjustment Assistance Community College and Career Training Grant (TAACCCT) program. This is a top AACC priority for the reconciliation bill. Note: In its portion of the reconciliation bill, the House Ways and Means Committee provided \$9.1 billion over 7 years for the TAACCCT program itself.

The new program is a DOL-administered competitive grant program in which community colleges working with industry sector partners are the eligible grantees. Grant funds may be used to:

- Establish, scale or improve high-quality, evidence-based workforce education programs.
- Create, develop or expand various initiatives including articulation agreements, co-requisite education, dual or concurrent enrollment, and credit for prior learning.
- Make available information on curricula or recognized postsecondary credentials.
- Establish or implement plans to make supported programs part of the WIOA eligible trainer provider list.
- Purchase, lease, or refurbish specialized equipment.
- Reduce or eliminate students' out-of-pocket costs to attend supported programs.
- Establish or expand industry sector partnerships to carry out the activities above.

Grantees must use at least 15% of their funds to help individuals with barriers to employment complete and successfully transition out of education or career training programs.

Industry or Sector Partnership Grants (Sec. 22008)

This new program would award \$10 billion in competitive grants to industry or sector partnerships as defined in WIOA. Under that definition, institutions of higher education are required partnership members, creating another funding opportunity for community colleges. At least 50% of the grant funds must be used for the provision of training programs and 15% must be used to help individuals with barriers to employment.

Department of Education Funding

Adult Education and Literacy (Sec. 22101)

The ABE program would receive an additional \$3.6 billion for FYs 2022 – 28, with a minimum of 10% (rather than the normal maximum of 20%) for corrections education programs.

Perkins Career and Technical Education (Sec. 22102)

An additional \$3 billion (over FYs 2022-28) would go to states and localities through the Perkins Act. An additional \$1 billion would be provided for Perkins Act innovation and modernization programs.

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