

Summary of Key Provisions of the Build Back Better Act

On October 28, Congressional Democrats released a pared-down version of the Build Back Better (BBB) Act, derived from the spending and offsetting tax increases proposed by President Biden in his American Jobs and Families Plans. Ongoing negotiations among Democrats have resulted in legislation costing approximately \$1.75 trillion, about half the amount contained in an earlier House version of the bill. In the process, many programs in the earlier version of the bill have been reduced or eliminated. Negotiations over the bill are ongoing and it is likely to change before it is voted on. As of this writing the bill's passage is not assured.

The bill contains many highly positive features for community colleges and their students. Though the resources that would flow to community colleges are less than originally proposed, the BBB is nonetheless a watershed moment for the sector.

The final bill's most noteworthy exclusion was the free community college program approved by the House Education and Labor Committee. AACC will continue to strongly support the America's College Promise (ACP) initiative. A variety of factors contributed to ACP's exclusion from the final legislation, starting with the program's cost, given Democrats' need to dramatically trim the bill approved by House committees.

Modified BBB Items of Interest for Community Colleges

Committee on Education and Labor (overall): The Committee on Education and Labor's portion of the bill spends approximately \$40 billion on higher education and workforce training programs.

Pell Grants: The Pell Grant maximum is increased by \$550 for four years, from academic years 2022-23 through 2025-26. Students of for-profit institution will not receive the increase. FAFSA applicants who in the past 24 months have received or, in the case of dependent students, whose parents have received, a means-tested federal benefit automatically qualify for the maximum Pell Grant.

Title IV Eligibility for Some Undocumented Students: Undocumented students who are protected from deportation under the Deferred Action for Childhood Arrivals program, or who have temporary protected or deferred enforced departure status, are made eligible for all Higher Education Act Title IV student aid programs.

Community College and Industry Partnership Grants: \$4.9 billion is provided for competitive grants to create and expand workforce training programs at community colleges and other postsecondary vocational institutions working with an industry sector partnership. The program will be administered by the Department of Education (ED) from FY 22 – FY 26. Grants shall be used to expand opportunities for workers to obtain recognized postsecondary credentials that are nationally portable and stackable. Specific uses of funds include:

- Establishing, improving or scaling high-quality, evidence-based workforce education programs

- Providing services to help individuals with barriers to employment prepare for, complete, and transition out of these programs
- Carrying out one or more of the following:
 - Creating or expanding articulation agreements, credit transfer agreements, corequisite remediation and dual enrollment programs, and credit for prior learning.
 - Making information available on curricula, recognized credentials, related skills and employment outcomes.
 - Establishing or implementing plans to add funded programs to the WIOA eligible trainer provider list.
 - Obtaining specialized equipment necessary for funded programs.
 - Reducing participants' cost of attending funded programs.
 - Establishing or expanding industry sector partnerships to carry out grant activities.

ED will receive \$100 million to administer the program and engage in targeted outreach to under-resourced, rural and other institutions.

Retention and Completion Grants: The compromise BBB provides \$500 million for ED to award grants to states, systems of institutions of higher education, and Tribal Colleges and Universities to improve student outcomes, including enrollment, retention, completion, transfer rates, and labor market outcomes. A similar program was included in the America's College Promise Act. Grantees must use their funds to implement one or more of 5 delineated "evidence-based reforms or practices." These include comprehensive support services, assistance in applying for means-based programs, accelerated learning opportunities such as dual enrollment, remedial education reform, and improving transfer pathways. At least \$142,500,000 is set aside to make supplementary awards to grantees implementing reforms meeting certain evidence standards. Grantees must demonstrate adequate progress in improving outcomes among underserved students, including low-income students, students of color, students with disabilities, first generation college students, student parents, and students in need of remediation. Institutions must provide matching funds amounting to 10% of the grant in year 2 up to 20% in year 4.

Institutional Aid: The modified BBB provides \$6 billion to increase mandatory appropriations to HBCUs, TCUs, and MSIs for the activities currently authorized by section 371 of the Higher Education Act and to award need-based financial aid to low-income students. It is unclear whether institutions will be required to allocate a portion of these funds to financial aid. The \$6 billion is a substantial increase from what was included in the original BBB, and is broken down as follows (annual amounts for FY 2022 – 2026):

- \$470.6 million - HSI STEM and articulation programs
- \$470.6 million - HBCUs and Predominately Black Institutions (85% and 15%, respectively)
- \$141.1 million - Tribal Colleges and Universities
- \$70.5 million - Alaska Native-serving and Native Hawaiian-serving institutions
- \$23.5 million - Asian American and Native American Pacific Islander-serving institutions

- \$23.5 million - Native American-serving nontribal institutions

Department of Labor Programs: Additional funding is provided for programs authorized by the Workforce Innovation and Opportunity Act and other DOL programs. Following are select programs of interest particularly to community colleges (all funds are authorized over a five-year period until 2026):

- \$2 billion – WIOA Dislocated Workers
- \$1 billion – WIOA Adult
- \$1.5 billion – WIOA Youth
- \$1 billion – Registered, Youth, and Pre-Apprenticeship (\$500 million earmarked for grantees serving high numbers or percentages of workers with barriers to employment)
- \$4.6 billion – Industry or Sector Partnership Grants. This new competitive grant program would make awards to industry sector partnerships and state and local workforce development boards to create partnerships, provide training and supportive services, and other activities. Community colleges could be part of these partnerships. An additional \$400 million is appropriated to DOL to administer the program and provide support to state and local boards.

Adult Basic Education and Perkins CTE: \$700 million, available through FY 2026, is provided to the ED’s Adult Education and Family Literacy program. \$600 million is provided to Perkins CTE Basic State Grants and \$100 million would go to the Perkins Act innovation and modernization grant program. These amounts are in addition to funds provided through the annual appropriations process.

New Programs with Workforce Components: BBB creates several new multi-billion dollar programs that contain workforce education components. These include programs aimed at training youths and others to perform jobs related to climate change. Community colleges may be able to participate in some of these programs either as direct grantees or within partnerships.

Trade Adjustment Assistance Community College and Career Training Grants (TAACCT): The DOL TAACCT program would receive \$1.2 billion over four years, with \$300 million in grants made each year. Grants up to \$2.5 million for individual institutions and up to \$15 million for institutional consortia are available. The program would be very similar to the previous round of TAACCT funding, but at least 15% of grant funds must be spent on student support services, including direct financial assistance to help students access supported programs. DOL and grantees must ensure that the grants effectively serve underserved communities.

Taxation of Pell Grants/American Opportunity Tax Credit (AOTC) Eligibility: The BBB eliminates the taxation of Pell Grants, a top AACC priority. Just as significantly, the legislation eliminates the provision that reduced a student’s AOTC eligibility by any Pell Grant amounts received. The latter change would allow hundreds of thousands of community college students to qualify for the \$2,500 tax credit.

For more information, contact David Baime, dbaime@acc.nche.edu, or Jim Hermes, jhermes@acc.nche.edu.

