



Community College Legislative Priorities – May 2022

Include Pell Grant Eligibility for Shorter-Term Workforce Education Programs in Final Competitiveness Legislation

The House version of the America COMPETES Act (H.R. 4521) includes a bipartisan amendment that would extend Pell Grant eligibility to students in higher education programs that last between 150 and 599 clock hours (over at least 8 weeks). Currently, only programs at least 600 clock hours in length are Pell Grant-eligible. A House-Senate conference committee is presently reconciling the Senate and House versions of the bill. Community colleges strongly urge the COMPETES Act conferees to include this amendment in final legislation.

The amendment is derived from the Jumpstart Our Businesses by Supporting Students Act (JOBS Act), introduced by Reps. Levin (D-MI) and Gonzalez (R-OH) and Sens. Kaine (D-VA) and Portman (R-OH). The JOBS amendment provides greater opportunities to American workers and others aspiring to a better lifestyle in a responsible manner. It is focused on, and limited to, programs that will lead students to jobs in high-skill, high-wage or in-demand industry sectors. It will provide prospective students with the information they need about a particular program – including student outcomes and earnings – to make informed decisions. The legislation includes strict “guardrails” to ensure that only high-quality programs will be funded. The additional cost to the Pell Grant program is small in relation to its overall size.

Increase Investments in Community Colleges and their Students

Federal investments in student aid and institutional support are essential to our institutions’ mission to educate the citizenry, prepare workers for better jobs, and support local communities. Research has repeatedly shown that these investments generate dividends in the form of increased tax revenue, lower social services spending, and heightened civic engagement. Community colleges call on Congress to make strong investments in these programs:

- **Pell Grants:** Congress should make substantial progress towards doubling the Pell Grant maximum by increasing the maximum award with discretionary funds by at least \$750 along with the \$1,275 increase through mandatory funds proposed by the Biden administration.
- **Strengthening Community College Training Grants:** SCCTG provides direct support for expanded community college workforce training capacity, in a similar vein as the Community-Based Job Training Grants and the Trade Adjustment Assistance Community College to Career Training grants that came before it. The administration has proposed doubling this program in FY 23 to \$100 million. Since applications for the



program have far outstripped available funds, a slightly larger increase, to \$125 million, is warranted.

- **HEA Title III-A Strengthening Institutions Program:** The Higher Education Act Strengthening Institutions Program (SIP) helps community colleges and other institutions serve low- income students by providing funds to improve academic quality, institutional management, and fiscal stability. Funds may be used for planning, faculty development, establishing endowments, and other purposes. SIP also supports improvements in administration and academic programs, and many recent grantees have focused on increasing student completion. Community colleges ask Congress to meet the administration’s request and fund this program at \$210 million in FY 2023.
- **Other Funding Priorities:** Community colleges also support robust funding increases in Perkins CTE Basic State Grants, Adult Education and Family Literacy, Supplemental Educational Opportunity Grants, Federal Work Study, TRIO, GEAR-UP, Child Care Access Means Parents in School, HEA Title III and V MSI Programs, and the NSF Advanced Technological Education program.

Enact the “Tax-Free Pell Grant Act” (S. 2455)

Community colleges strongly support enactment of the “Tax-Free Pell Grant Act,” which eliminates the taxation of Pell Grants, providing substantial financial benefit to the neediest community college students. The legislation was included in the House-passed Build Back Better Act.

Under current law, any portions of a Pell Grant used for expenses beyond tuition and fees are taxable, making most community college Pell Grant recipients subject to a potential liability. S. 2455 would make the entire grant non-taxable.

The legislation would also help low- and moderate-income students attending low-cost institutions by eliminating the American Opportunity Tax Credit’s (AOTC) Pell Grant offset. This offset denies the AOTC to hundreds of thousands of low-income students attending public institutions.

Finally, the “Tax-Free Pell Grant Act” would expand the AOTC and Lifetime Learning Credit (LLC) to cover dependent care expenses and computer costs. These costs are commonly incurred by community college students and not covered by other aid sources. This modest expansion would be a particularly powerful tool for adult students enrolled in job training programs.

For more information, please contact AACC Senior Vice President of Government Relations David Baime (dbaime@aacc.nche.edu) or Associate Vice President of Government Relations Jim Hermes (jhermes@aacc.nche.edu).