

A photograph of the Lyndon Baines Johnson Department of Education Building, a modern multi-story structure with a grid of windows. A blue sign in the foreground identifies the building. The image is overlaid with a semi-transparent blue filter and white text.

FEDERAL
POLICY
UPDATE: THE
LATEST FROM
WASHINGTON

AUGUST 1, 2023

AGENDA

- Legislative Updates
 - FY 2024 Appropriations
 - Workforce Pell
 - Farm Bill
 - Tax-Free Pell Grant
- Regulatory Updates
 - Return to loan repayment
 - FAFSA simplification / needs analysis
 - Status update on GE, Title IX, etc.
- Supreme Court Affirmative Action Ruling
- August Advocacy Agenda

FY 2024 APPROPRIATIONS - OVERVIEW

- Both the House and Senate have put forth Labor, Health and Human Services, and Education (LHHS-ED) funding bills
 - Senate appropriators approved bill on a bipartisan basis last week
 - House appropriators could not hold full committee markup on their bill before August recess
- Spending caps established as part of debt ceiling bill have led to substantial funding cuts in both bills
 - Total funding in the Senate LHHS-ED bill is \$1.2 billion less than FY23 but more generous to community college priorities than the House
 - House cut LHHS-ED funding by 30%, including to many key education and job training programs

FY 2024 APPROPRIATIONS – BY PROGRAM

	Senate Bill	House Bill
Pell Grant maximum	\$250 increase to maximum award	No increase to maximum award
Strengthening Community College Training Grants	\$10 million decrease	Level funded at \$65 million
Strengthening Institutions Program	\$10 million decrease	Level funded
CCAMPIS	\$5 million increase	Eliminated
WIOA Adult, Dislocated Worker, and Youth programs	Level funded	Eliminated youth funding stream; substantial decrease for adult training program
Federal Work-Study and Supplemental Education Opportunity Grants	\$10 million cut	Eliminated
Apprenticeship grants	\$5 million increase	Level funded

FY 2024 APPROPRIATIONS – WHAT’S NEXT

- Path forward for enactment of LHHS-ED and other funding bills is cloudy
 - Considerable differences between House and Senate appropriations bills will make negotiations difficult
 - A continuing resolution (CR) will likely be necessary to keep the government open past the fiscal year that starts on October 1, but even this may be a challenge to pass
 - Lawmakers have strong incentive to pass all bills by the end of the 2023, otherwise there will be a 1% across-the-board reduction to ALL programs, including defense

WORKFORCE PELL GRANTS

- Strong Member appetite to pass legislation, some optimism that enactment can be achieved by the end of this Congress
 - Behind the scenes bipartisan negotiations taking place in House
 - JOBS Act, original bipartisan workforce Pell legislation, was scheduled for a markup in the Senate July 27 but was postponed
- Inclusion of for-profit institutions will likely be a sticking point for Senate Democrats

FARM BILL

- Current bill expires in September, but will likely need to be extended through a continuing resolution as policymakers work on comprehensive reauthorization
- AACC priorities include enacting the Community College Agriculture Advancement Act, which authorizes capacity-building grants for community college agriculture, agrobusiness, and renewable resources program
 - Legislation is bipartisan and bicameral
- Advocating for changes to SNAP eligibility to improve food security and benefit uptake among community college students

TAX-FREE PELL GRANT ACT

- H.R. 3000, bipartisan legislation introduced in House
- Senate Finance members intend to introduce bipartisan companion in early September (Whitehouse, Grassley)
- Bill makes Pell Grant entirely non-taxable, saving community college students tax payments for funds used for books, transportation, and living expenses
- Bill also gives CC Pell Grant recipients access to \$2,500 American Opportunity Tax Credit
- Co-sponsors needed – especially Republicans

RETURN TO REPAYMENT

- Student loan payment pause ends this fall
 - Interest will begin to accrue in September
 - Payments will be due starting in October
- Following SCOTUS decision on Biden debt cancellation plan, ED instituted a 12-month “on-ramp” period
 - Borrowers will not be reported to credit bureaus, considered to be in default, or referred to collection agencies during this time
 - Interest will not capitalize at the end of the on-ramp period

RETURN TO REPAYMENT (CONTINUED)

- Students will be able to enroll in the new income-driven repayment plan, Saving on a Valuable Education (SAVE), before payments restart
 - The regulations don't fully take effect until July 2024
- ED calls SAVE “the most affordable repayment plan ever”
 - Payments on undergraduate loans will be cut in half, from 10% to 5% of a borrower's discretionary income
 - Those who borrowed \$12,000 or less will receive forgiveness after 10 years in repayment
 - Most community college students don't borrow for college (~15%) but those who do will have a new layer to help protect them from defaulting

FAFSA SIMPLIFICATION

- ED is required to fully implement the FAFSA Simplification Act by the end of 2023
 - This includes the release of the new FAFSA form for the 2024-25 academic year, which is delayed until December
- The federal needs analysis calculation will undergo significant changes and will now be called the Student Aid Index (previously Expected Family Contribution)
 - Many community college students will receive larger Pell Grants and more students will become Pell-eligible
 - However, because certain questions were eliminated (including whether a family has more than one child enrolled in college or if a family has a small business or farm to exclude from their assets), some students will receive less financial aid

REGULATORY UPDATES

- Final Institutional and Programmatic Eligibility rule, including gainful employment regulations, expected by November 1 for July 2024 effective date
- Final Title IX rule scheduled for October
 - ED says colleges will have more time to implement rule than in the last Title IX regulations
- Proposed regulations expected in August on “white-collar” exemptions to parts of the Fair Labor Standards Act
 - DOL is expected to propose an increase to the salary level requirement that exempts executive, administrative, and professional employees from FLSA’s minimum wage and overtime requirements

SCOTUS AFFIRMATIVE ACTION DECISION

- SCOTUS ruling, on its face, applies only to admissions
 - Immediate impact is on relatively small number of selective institutions that use race as a factor in admissions
- Questions over “secondary impacts”
 - Though not directly implicated by decision, programs targeted to particular racial and ethnic groups may come under scrutiny
- Biden administration guidance coming this month
 - Administration quick to stress that decision only applies to admissions

AUGUST ADVOCACY AGENDA

- FY 2024 Appropriations
 - SCCTG – House level
 - Title III-A, Strengthening Institutions – Senate level
 - CCAMPIS – Senate level
- Tax-Free Pell Grant Legislation
 - Secure co-sponsors
 - Senate Finance Republicans especially important
- Workforce Pell Grant -- Ongoing Advocacy Needed

REGISTRATION IS OPEN!

ADVOCATES IN ACTION

RETURNS

SEPT. 18-19!



ADVOCATES
IN ACTION

AMERICAN ASSOCIATION OF COMMUNITY COLLEGES

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