

A photograph of the United States Capitol building in Washington, D.C., featuring its iconic white dome and neoclassical architecture. The building is set against a clear blue sky with a few wispy clouds. An American flag flies on a tall pole to the right of the dome. In the foreground, there are lush green trees. The entire image has a semi-transparent dark blue overlay on the left side where the text is placed.

INSIDE THE  
BELTWAY:  
FEDERAL  
UPDATE

DECEMBER 19,  
2023

# AGENDA

- Congressional landscape
- Congress and colleges
- Workforce Pell
- WIOA Reauthorization
- Tax-Free Pell Grant
- 2024 Appropriations
- FAFSA Update
- Regulatory Updates

# CONGRESSIONAL LANDSCAPE

- Congress on brink of end of session
  - House adjourned for the year last Friday
  - Senate extended session by one week to try and reach deal on border security/Ukraine and Israel aid package—but won't gel
- Urgent funding deadlines early in in the new year
  - Jan 19: Transportation, Housing and Urban Development, Energy, Veterans Affairs and Agriculture
  - Feb 2: Rest of government including Labor, Education, Defense, Commerce, Justice, Science agencies, State, etc.

# CONGRESS AND COLLEGES

- Colleges' standing with the public and Congress has been cratering among key segments of society
- Sharpest criticisms in memory, mostly from right but some from left as well
- Israel-Hamas war stoking animosity
  - DEI has gotten caught up in controversy over campus antisemitism, tagged for fostering it
  - Cotton "Anti-woke" endowment tax bill
  - House-passed resolution condemning presidents' testimony, colleges' campus climate
- As public institutions, community colleges must ensure free speech rights under First Amendment
  - Also have Title VI obligations to ensure against discrimination
  - Community colleges generally not caught in crossfire, however

# HOUSE EDW COMMITTEE MARKUP

- House Committee on Education and the Workforce approved the Bipartisan Workforce Pell Act (BWPA) and the A Stronger Workforce for America Act (SWAA) on Dec. 12
  - BWPA Vote: 37 – 8
    - Six Ds and 2 Rs voted no
    - Ds opposition centered on for-profit inclusion
  - SWAA Vote: 44-1
    - Bob Good (R-VA) only vote against
  - Neither bill amended during markup
  - AACC submitted correspondence to Committee

# BWPA - BASICS

- Same provisions as other workforce Pell bills in regards to time, basic mechanics
  - 150 – 599 clock hours
  - Over at least 8 weeks
  - Grant amounts determined same way as other Pell Grants, though Workforce Pell Grants (WPGs) can be smaller
  - WPGs count against lifetime eligibility (12 semesters pro rated)
- For-profit institutions eligible
- Online programs eligible
  - No correspondence courses
- Start in 2025-26 academic year



# BWPA – THREE STEP APPROVAL PROCESS

- BWPA establishes three-step, sequential approval process
  - Same actors involved as in other bills, but sequence is new.
  - Programs must get approval from:
    - State workforce development boards, then
    - Institutional accreditors, then
    - Department of Education

# BWPA – STATE WORKFORCE BOARDS

- State workforce board must determine that:
  - The program offers an education aligned with high-skill, high-wage or in-demand occupations (as used in Perkins Act)
  - Meets hiring requirements of employers in region
  - Requirements for state certification and licensure are satisfied, where applicable



# BWPA - ACCREDITORS

- Accreditors must find that the program:
  - Leads to a recognized postsecondary credential (as defined in WIOA) that is either:
    - Stackable and portable among multiple employers; or
    - Provides students with the relevant credential when there is only one recognized postsecondary credential in a given occupation
  - Prepares students for further education
    - There must be at least one certificate or degree program, at the same or a different institution, that will award credit for the work done in the WPG program
  - Publishes certain information about the program on the institution's website

# BWPA – ACCREDITORS (CONT'D)

- Provide access to transcripts for program completers without a fee
- Have been in existence for at least one year
- **Accreditors Must Get Approval to Expand Scope of Recognition to Include Evaluation of these Programs**
  - Accreditors may start recognizing programs immediately while process underway
  - Several regional accreditors currently exploring recognition of non-credit programs

# BWPA – DEPT. OF EDUCATION (ED)

- ED is charged with determining that the program:
  - Has a verified completion rate of 70%, which includes students who complete the program within 150% of its normal time to completion
  - Has a verified job placement rate of 70%, measured 180 days after completion
  - Does not charge students more in tuition than the program’s “value added earnings”
    - Value added earnings = median earnings of program completers, measured one year after completion, minus 150% of the Federal Poverty Line applicable to a single individual, adjusted to account for regional disparities
  - Leads to median earnings of program completers, three years after completion, that are greater than the median earnings of high school graduates in the state that are in the labor force and aged 25-34
    - In two out of three most recent consecutive award years

# BWPA – DEPT. OF ED (CONT'D)

- An institution may submit alternate earnings and placement data to either appeal ED's findings or establish initial program eligibility
- For programs that are too small to generate sufficient data:
  - ED will aggregate up to 4 years of completers
  - If that is not sufficient, ED will aggregate data from similar programs
    - Programs that share same 4-digit CIP codes
    - This potentially also applies to new programs
- Primary data source for eligibility determinations and disclosure requirements is NSLDS and IRS
- ED may revoke program eligibility if any of the requirements in the three-step process are no longer met

# BWPA: DISCLOSURES

- College Scorecard disclosures for WPG programs include:
  - Program length
  - Tuition and fees
  - Net tuition
  - Median earnings of completers and non-completers
  - Ratio of net tuition to value added earnings
  - Share of students who pass licensure exam
  - Number of students in most recent award year
  - Percentage of students that complete in 100, 150 and 200% of normal time
  - Percentage of students employed 180 days and 1 year after completion
  - Percentage of completers whose earnings, 1 year after completion, exceed 150% of poverty line
  - Percentage of students that enroll in a subsequent degree or certificate program within 1 year of completing WPG program
  - Percentage of students that complete a degree or certificate within 6 years of completing the WPG program

# BWPA – COST OFFSETS

- Entire program's cost (\$1.7 B over ten years) offset by removing institutions subject to the endowment tax from the Direct Student Loan program
  - To remain eligible for SEOG, these institutions must cover Pell Grant recipients' entire cost of attendance with grant aid, and
  - Maintain their current enrollment percentage of Pell students
- Offset highly controversial, particularly with 4-year private institutions
  - AACC also opposes this offset

# SWAA HIGHLIGHTS

- Authorizes the Strengthening Community College Training Grants Program
  - Name changed to Strengthening Community College Workforce Development Grants
  - Language tracks fairly closely with previous legislation
  - Authorization level set at current funded level of \$65 million
- Increased emphasis on training
  - Local areas required to dedicate 50% of their funds to skills development
  - DOL H-1B visa funds allocated to Individual Training Accounts
    - Dislocated workers will receive ITAs of at least \$5,000



# SWAA HIGHLIGHTS

- Eligible Trainer Provider Lists revamped
  - WPG programs are automatically eligible for ETPL
  - Initial and subsequent eligibility replaced with conditional and standard eligibility
    - Conditional eligibility for new programs requires some “skin in the game”
  - Governors still in charge, but aim is to reduce variations from state to state
  - Improved clarity on data sources
- Accountability metrics revised
  - Employment after 4 quarters is now a retention metric
  - Measurable skills gains metric modified to better account for longer term programs
    - measured at 6 months

# SWAA HIGHLIGHTS

- Other emphases throughout bill:
  - Increased training
  - Use of real-time labor market information
  - Encouraging skills-based hiring

# TAX-FREE PELL GRANT ACT

- A bipartisan tax bill MAY be emerging – further action hoped for in 2024
  - Republicans want three major business provisions, Democrats want expanded child tax credit (pandemic-era credit lapsed)
  - Behind-the-scenes negotiations continue
- AACC pushing for inclusion of bipartisan Tax-Free Pell Grant Act (S. 2920, H.R. 3000)
  - Legislation would end the taxation of the non-tuition and fees portion of Pell Grants
  - Eliminates American Opportunity Tax Credit (AOTC) language offsetting eligible expenses by Pell Grant amount, which currently keeps many Pell recipients from receiving \$2,500 annually
  - Action needed NOW to **all Senate Finance offices** to communicate support for bill

# FY 2024 APPROPRIATIONS - BACKGROUND

- Both the House and Senate have put forth Labor, Health and Human Services, and Education (LHHS-ED) funding bills
  - Senate appropriators approved their bill over the summer
  - House appropriators planned to bring their bill directly to the House floor, but have not yet been able to do so
- Spending caps established as part of the deal to raise the debt ceiling 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 still 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 - PRIORITIES

## ➤ Pell Grants

- At least a \$250 increase to the maximum Pell Grant award, as included in the Senate-passed bill

## ➤ Strengthening Community College Training Grants

- At least \$65 million (level-funding), as proposed in the House bill

## ➤ HEA Title III-A Strengthening Institutions Program

- At least level-funding, as proposed in the House bill

# FY 2024 APPROPRIATIONS – WHAT’S NEXT

- Path forward for enactment of LHHS-ED and other funding bills is cloudy
  - Funding expires February 2 for key community college priorities
  - Considerable differences between the House and Senate appropriations bills will make negotiations difficult
  - The Fiscal Responsibility Act includes a 1% across-the-board reduction to all programs (including defense) if funding bills are not passed by the end of the year.
    - Would not go into effect until April 30, giving an additional grace period
  - Complicates budget planning for FY25, but expect another difficult funding cycle ahead



# FAFSA SIMPLIFICATION

- ED announced that the new FAFSA form will be available to students and families by December 31
  - The period leading up to and following December 31<sup>st</sup> will be a “soft launch” with regular maintenance, pressure testing, and updates.
  - Students should expect the site to be down occasionally and to be placed in a “waiting room” if the site is at capacity.
- ED announced additional delays in the processing of Institutional Student Information Records (ISIRs)
  - Colleges will not receive ISIRs until the end of January, meaning that students will likely not receive aid offers until February or March
    - This is just for the soft launch period; Processing delays should not continue for applicants filing in February
  - ED is encouraging college access groups to delay FAFSA completion events until the end of the soft launch period

# FAFSA SIMPLIFICATION

- The new FAFSA and Student Aid Index (SAI) present some challenges and growing pains
  - Eliminating consideration of number of children in college
  - Removal of family farm/small business income and assets exemption
  - Additional steps for parent contributors who don't have an SSN or a credit history
  - Required direct data exchange with IRS
- BUT the Department's modeling shows that the change will substantially increase aid
  - 610,000 students will be newly eligible for Pell Grants
  - 1.5 million students will be newly eligible for the maximum Pell Grant award

# PENDING REGULATIONS

## ➤ Title IX

- Third delay -- ED says final rule will be out in March, but deadline is not binding

## ➤ FLSA Overtime Exemptions

- Final rule expected in April with expected 60-day implementation period—AACC files comments
- Effective date expected as early as June
- Raises overtime exemption from \$30,568 to \$60,209 – as proposed, huge shock to system

## ➤ Web Accessibility

- Final rule expected in April
- Compliance date will be *at least* 2 years from date final rule is published

## ➤ Third-Party Servicers

- Removed from upcoming negotiated rulemaking table
- “Dear Colleague Letter” (regulatory guidance) expected this spring

# UPCOMING NEGOTIATED RULEMAKING

- Negotiating sessions will begin in January
- Topics up for regulatory changes:
  - Accrediting Agencies
  - Return of Title IV funds
  - State authorization
  - Distance education
  - Cash management
  - Federal TRIO programs

# AACC UPCOMING LEGISLATIVE EVENTS

- “First Tuesday” Webinars starting in 2024
- Community College National Legislative Summit – February 4-7 in Washington, D.C.
- Advocates in Action – September 16 & 17 in Washington, D.C.

# QUESTIONS?

SEE YOU IN 2024!

Happy Holidays