AACC Pre-NLS Federal Legislative Update

February 3, 2016

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Topics

- The Pell Grant Program
- FY 2017 Funding
- Higher Education Act (HEA) Reauthorization
- America’s College Promise
- Perkins CTE Act
- Educational Tax Credits
- Other Issues
Pell Grants

- Maximum Grant for AY 2016-17 is $5,815
  - Lower than originally projected because of low inflation.
- Program is in Temporary “Surplus”
  - Declining program costs have extended surplus.
  - Currently estimated to return to shortfall in FY 18 (if appropriations remain steady).
- Recent Progress in Eligibility for ATB Students
  - FY 16 bill makes new ATB students eligible for full Pell Grant, broadens definition of “career pathway.”
Pell Grants – AACC Positions

- Level or Increased Funding for Pell Grant Program
  - No diversions of temporary surplus funds.
- Reestablish Year Round Pell Grants
- Reinstate Eligibility for All ATB Students
- Extend Lifetime Limit to 14 Semesters
- Allow Access for Students in Short Term Workforce Programs
  - 2% of institution’s previous year’s Pell allocation provided as discrete pot of funds; institutional flexibility on program allocation.
FY 2017 Federal Funding

- Bipartisan Budget Act Raised Discretionary Spending in FY 16 by $50 Billion More Than Original Sequester Caps
  - $25 billion each for defense and non-defense.
- $30 Billion Increase for FY 17 (15/15 split)
- Results in Relatively Flat Funding from FY 16 to FY 17
FY 17 Federal Funding – AACC Positions

• Fund Priority Programs at FY 16 Levels Plus Inflation

• Priority Programs Include:
  • Perkins Act
  • Adult Basic Education
  • WIOA
  • HEA Title III-A and Title V, Other MSI Programs
  • NSF ATE Program
  • TRIO, GEAR-UP
HEA Reauthorization

- Reauthorization Not Likely to Be Completed This Year
- No New Money!
- Senate Locus of Much Activity in 2015
  - Three white papers (data/transparency; accreditation; risk sharing); AACC and ACCT filed responses.
  - 4 bipartisan working groups of committee members: affordability, accountability, accreditation, sexual assault.
  - Likely will propose large structural changes to statute.
  - No bill yet, parties’ priorities perhaps growing wider.
- House Also Working Behind the Scenes
  - Legislation likely to emerge in piecemeal form (2014 bills dropped before August recess).
Allow Colleges to Reduce Loan Amounts for Defined Categories of Students

Establish Separate Limit on AA Borrowing

Link Loan Eligibility to Enrollment Intensity

Raise “Participation Rate Index” for Colleges in Default Jeopardy

Create Student Default Risk Index (SDRI)

More Frequent Counseling
AACC HEA Positions—Measurement/Graduation Rates

- 300% of “Normal Time” (Six Year) Plus Transfer-Out Should be Official Graduation Rate for CCs
  - More accurate picture of CC student success.
  - Same period used in VFA and SAM.

- Create a Federal Unit-Record Data System
  - To better track enrollment, completion and earnings.
  - Generate earnings data similar to Gainful Employment framework.
Oppose New Financial Penalties on Institutions Tied to Loan Defaults or Repayment Rates

- Various proposals would significantly penalize community colleges; Senate focus of action. Precise objectives unclear.
- Could result in higher tuition and/or fewer services; possible withdrawal from federal loan program altogether.

Alternatives to Reduce Loan Defaults and Increase Repayment Include:

- AACC recommendations listed on previous slide.
- Improved servicing, repayment simplification, ED administration.
AACC HEA Positions Call For:

- State Maintenance-of-Effort.
- Streamlining federal oversight of accreditation
- Demonstration program to further explore use of competency-based models.
- Simplified Return of Title IV provisions.
HEA Reauthorization—Progress

- “Prior-Prior Year” Being Implemented by Administration
- Year-Round Pell Grant Looking Good
- Institutional Loan Discretion Getting Traction
- Interest in Pell Grant Eligibility for Short-Term Programs
- Prorating Loans to Enrollment Intensity Has Support
- New Metrics for Institutional Loan Performance Have Promise
- Focus on Enhanced State Role, Especially in Senate
- Deregulation Effort has Real Momentum and Heft
Support the America’s College Promise Act (S. 1716, H.R. 2962)

- Provides tuition-free access to “responsible” students in articulated degree programs and targeted workforce development programs.
- Modeled on President Obama’s proposal and state and local efforts.
- Could benefit up to 9 million students annually.
  - Average $3,800 benefit for full-time students.
- Federal legislation as introduced is a long shot.
- State and local progress impressive.
Perkins Act Reauthorization

- Maintain Program Flexibility
- Require Recipients to Show How They Are Serving Business and Industry
  - Working directly with local/regional businesses.
  - Using labor market information to inform development, modification of programs.
- Streamline Performance Indicators and Align Them With Other Accountability Measures
  - Particularly relevant measures recently established in Workforce Innovation and Opportunity Act.
- Preserve Ability to Support Programs Designed for Adult Students
- Create New Title II that Supports Capacity Building at Community Colleges
  - Similar in nature to CBJTG, TAACCCT, and the proposed Community College to Career Fund.
  - Administration has proposed American Technical Training Fund.
Student Tax Provisions

- AOTC Made Permanent in 2015 Tax Extenders Bill
  - Major victory for community college students; action not “paid for.”

- Pell Grant Penalty on AOTC Eligibility Should Be Eliminated
  - Provisions that reduce AOTC eligibility because of Pell Grant aid received were not addressed in tax bill.

- Student Tax Credits and Deductions Should Be Streamlined and Better Targeted to Needier Students
  - AOTC refundability should be enhanced.
FLSA Overtime Rules

- Big jump in salary threshold to determine whether employee is entitled to overtime.
- Could impose large financial burden on institutions.
- Final rules expected later this year.
- AACC has submitted comments; overwhelming public response may have some impact on final rules.
Keep in Touch!

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