



AMERICAN ASSOCIATION OF COMMUNITY COLLEGES
ASSOCIATION OF COMMUNITY COLLEGE TRUSTEES



**COMMUNITY COLLEGE
FEDERAL LEGISLATIVE PRIORITIES**

111TH CONGRESS, FIRST SESSION

BACKGROUND BRIEFING INFORMATION

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Economic Stimulus Legislation

As has been widely publicized, the House and Senate have been working at a fever pitch to complete work on massive economic stimulus legislation. Although the size and contents of the legislation have been the subject of intense political debate, there is virtually no doubt that the legislation will be enacted in the very near future.

AACC and ACCT forwarded stimulus proposals to the incoming Obama Administration and Congress late in 2008. The collective memberships later reinforced those proposals with their own advocacy efforts. The legislation now pending reflects those proposals as well as similar proposals. The pending investment in community colleges and their students is substantial, perhaps historic. At this point, though, the critical details of the legislation remain unresolved, and these decisions could make an enormous difference for community colleges.

As of this writing, the House has passed stimulus legislation and the Senate Appropriations Committee has approved its bill. Listed below are some of the key features of these two bills, along with the corresponding community college position. In all advocacy efforts about these issues, it is critical to stress the economic dimension of the investment and to emphasize that funds can be spent in short order:

Student Financial Aid

House Legislation: Provides a \$500 increase in the Pell Grant maximum for the next two award years and eliminates huge looming program shortfalls. Overall, the House legislation would result in a \$5,350 maximum grant for the award year that starts July 1, up from the current \$4,731 maximum. The House bill also increases funding for Federal Work-Study by \$490 million.

Senate Legislation: Provides an increase of \$281 in the maximum Pell Grant for FY 2009-10 and for FY 2010-2011, and eliminates the program shortfall for the first year.

Community College Position/Rationale: Adopt the House position on Pell Grants. Many community colleges have been forced to increase tuition and, at the same time, family/student incomes have been under strain for a variety of reasons, making college much more difficult to finance. The greater level of support provided in the House bill is badly needed by potential and current community college students. The Pell Grant program is in many respects a job-training vehicle; funds will be used to help workers get needed education for the 21st century economy.

Facilities:

House Legislation: Provides \$6 billion for the modernization, renovation, and repair of education, research, and housing facilities at institutions of higher education. Funds are to be distributed to states on the basis of relative college enrollment and then within states to institutions based on the demonstrated need of each institution for facility modernization, renovation, and repair. Priority shall be given to those institutions of higher education that meet the following criteria: Title III and Title V-eligible; have been affected by a disaster or major emergency; or have projects that will make their facilities more energy efficient, subject to specific criteria.

Senate Legislation: Provides \$3.5 billion in higher education infrastructure funding. Funds are to be distributed to states on the basis of higher education full-time enrollments, and within the states based on the demonstrated need of each institution for facility modernization, renovation, repair, and equipment. Community colleges are guaranteed a share proportionate to their enrollments. Priority shall be given by the states to institutions of higher education that meet the following criteria: Title III and Title V-eligible; have been affected by a disaster or major

emergency; or have projects that will make the facility more energy efficient, subject to specific criteria.

Community College Position/Rationale: Given the immense needs for infrastructure improvement on community college campuses, including creating more energy efficient buildings, the House funding of \$6 billion is necessary to make a down payment in this area. Just as important, however, is Senate language that ensures that community colleges receive an equitable share of facilities funding, given the uncertainty of state procedures in allocating funds.

Job Training:

House Legislation: The House legislation provides \$4 billion for additional training under the Workforce Investment Act. This includes \$500 million for dislocated workers and \$1 billion for adult training. The legislation also includes \$750 million for worker training and placement in high-growth and emerging sectors, with \$500 million for research, labor exchange, and competitive grants for job training in energy efficiency and renewable energy, as specified in the Green Jobs Act of 2007, with health care training the priority for the remainder of the funds.

Senate Legislation: The Senate legislation provides \$3.4 billion for worker training. As with the House bill, it provides for competitive grants for worker training in high-growth and emerging industry sectors (with priority consideration to sustainable energy, or “green” jobs, and health care). The Senate bill also authorizes Workforce Investment Boards (WIBs) to contract directly with institutions of higher education to provide training.

Community College Position/Rationale: Community colleges support the House funding. The widespread budget cuts across the country have necessitated dramatic reductions in a variety of programs and so maximum support is needed. In particular, the targeted funding for green and health-care jobs in the House bill will help community colleges respond vigorously to the challenges the country faces in this area. However, the Senate language authorizing WIBs to work with institutions of higher education to provide broad-based training is an essential feature for community colleges.

Budget and Appropriations

Prior to the expiration on March 6th of the current stop-gap fiscal year (FY) 2009 spending bill, Congress is expected to finalize the FY 2009 appropriations measures. The pending stimulus legislation, the American Recovery and Reinvestment Act of 2009, combined with funding from the FY 2009 and FY 2010 appropriations measures, could result in significant investments in several key postsecondary education and workforce training programs.

This would be welcome news since, with the exception of the Pell Grant program, the majority of higher education and labor programs have either been level-funded or subject to across-the-board cuts in six of the last eight years. AACC and ACCT support funding increases for higher education and workforce training programs, with the following identified as top priorities for FY 2010:

1. Raise the Pell Grant Maximum

As the cornerstone of federal student aid, the Pell Grant program is essential to preserving access to postsecondary education for the nation's neediest students. Undergraduate students with financial need who have not earned a bachelor's degree may apply for a federal Pell Grant. Approximately 70 percent of recipients have family incomes of \$20,000 or less. Each year, more than 2 million community college students rely on Pell Grants to help with college costs, including tuition, books and equipment, and living expenses. While the figures are not final, the Department of Education is estimating that more than 7 million postsecondary education students are now Pell Grant recipients, including significant increases in community college population.

Pell Grants are made to full-time and part-time students enrolled in degree or certificate programs at eligible institutions, provided students can demonstrate need and are making satisfactory academic progress. Currently, depending on a student's financial situation, enrollment status, and cost of attendance, the annual Pell Grant award ranges from \$473 to \$4,731.

Last June, the House Labor, HHS, and Education Appropriations Subcommittee approved a \$169 increase to the Pell Grant maximum for FY 2009. The Senate approved a smaller increase (\$69), and preliminary reports from Hill staff suggest that the Congressional appropriators will split the difference in determining how much discretionary funding to provide for the Pell Grant program this year. This would result in a boost of \$119 over the current \$4,731 Pell Grant maximum, to \$4,850, and that is before any stimulus funding is added.

Community colleges strongly support increasing the discretionary funding for the Pell Grant maximum in FY 2009 in accordance with the House legislation's calculations, and continue to advocate for increases in FY 2010.

2. \$1.4 Billion for the Perkins Career and Technical Education Act (CTE) Programs

The Carl D. Perkins Career and Technical Education Act provides federal support for career and technical education (CTE) programs by authorizing funds for postsecondary institutions, states, and local school districts. Perkins CTE programs are the largest federal source of institutional support for community colleges, helping them to improve all aspects of cutting-edge career and technical education programs.

The Perkins Act gives postsecondary institutions the flexibility to identify local priorities and use the Basic State Grants to fund innovation in occupational education programs. Community colleges use funds for a variety of purposes, including training first responders and public safety officers; helping students meet challenging academic, vocational, and technical standards;

improving curricula; purchasing equipment; integrating vocational and academic instruction; and fostering better links between colleges and the business community.

Last year, the former Administration once again proposed eliminating all funding for the Perkins Basic State Grants and zeroing out funding for the Tech Prep program. Fortunately, Congress rejected the proposed program cuts, recognizing that the Perkins CTE programs provide an essential source of funding for community college career and technical education programs. The final FY 2009 appropriations measure is expected to provide a modest \$20 million increase over the FY 2008 level of \$1.16 billion for the Perkins Basic State Grants and at least \$102.9 million for the Tech Prep program. AACC and ACCT support increasing the total funding to \$1.4 billion for the Perkins CTE programs.

3. Increase Funding for the Community-Based Job Training Grants

The Community-Based Job Training Grants (CBJTG) program serves a vital national need by expanding the capacity of community colleges to train workers for jobs in high-demand, high-growth industries. CBJTG funds collaborative training programs, bringing together community colleges, local businesses, and the federal workforce investment system to prepare workers for such industries as health care, construction, advanced manufacturing, and technology.

The first three grant rounds have shown that demand for these funds far outstrips supply. The FY 2007 and FY 2008 Labor-HHS-Education bills level-funded the CBJTG program at \$125 million, just half of what was originally proposed by former President Bush. The FY 2009 bill will likely level fund the program. Congress should provide \$250 million for CBJTG in FY 2010.

4. Support for Higher Education Programs

In addition to funding for federal student assistance, there is a tremendous need for increased investments in direct institutional aid to colleges that serve a disproportionate number of minority, low-income, and first-generation college students. Title III and Title V of the Higher Education Act provide grant funds under the Strengthening Institutions Program (Title III-A), the Strengthening Historically Black Colleges and Universities Program (Title III-B), the Hispanic-Serving Institutions Program (Title V), and other programs directed at those institutions serving other specialized populations. AACC and ACCT continue to advocate for more funding for these critical programs.

The recently reauthorized Higher Education Act created approximately 60 new programs, but many of these may never receive funding. Programs of particular importance to community colleges include:

- **Predominantly Black Institutions**
Institutions that have 40% or greater African-American student enrollment and meet other criteria relating to student need as well as institutional resources, will be eligible to receive formula grants. Colleges will not be eligible to receive grants under this program and Title V (Hispanic-Serving Institutions) simultaneously.
- **College Partnership Grants**
Groups of colleges and state higher education agencies are eligible to apply for grants to develop policies to facilitate transfer. Priority is given to community colleges that work with four-year institutions or states that have employed articulation strategies. Establishment of this program was a top reauthorization priority.

- **Sustainability Grants**
Grants are created for colleges (and nonprofit entities collaborating with colleges) to design and establish sustainability programs that integrate campus operations with multidisciplinary academic programs and are applicable to the private and government sectors.

- **Pilot Programs to Increase College Persistence and Success**
Grants are established for a variety of purposes, including one for institutions that have 50% or more of their students in need of developmental courses to bring them up to college level. Funds are to be targeted on first-year, Pell Grant eligible students and can be used for a number of activities, including intensive career and academic advising, learning communities, curricular redesign, instructional support, and other areas.

- **Centers of Excellence for Veterans Success**
Grants are provided for colleges to develop model programs to support veterans' success in postsecondary education by coordinating services to address the academic, financial, physical, and social needs of these students.

- **Grants to Rural-Serving Institutions of Higher Education**
The College and University Rural Education (CURE) Grants are made to institutions that primarily serve rural areas. A wide range of eligible expenditures are authorized, including student aid counseling, exposing high school students to rural colleges, and generally helping students in rural areas develop an interest in pursuing postsecondary education.

Workforce Development Legislation

The dramatic economic downturn has refocused the Administration's and Congress's attention on the importance of job training. The economic stimulus package, for instance, contains additional funds for the adult and youth programs authorized by the Workforce Investment Act (WIA), as well as several other sources of funds that might be used for workforce development purposes. The hope among key stakeholders in the workforce development system is that the downturn will not only produce additional stimulus funds, but also serve as a catalyst for long-term reforms to the system.

While it is difficult to say at this point what exactly these reforms will be, and what the timetable is for Congress to consider and enact them, some ideas have come to the forefront:

- **Sectoral Strategies:** There is considerable support on Capitol Hill and among stakeholders to make sectoral strategies a larger focus in a reformed workforce development system. These strategies align workforce and economic development efforts around the needs of a certain industry or related industries where there is high demand for new workers. The Community-Based Job Training Grants is one example of a sectoral-based initiative.
- **Regional Focus:** There is growing agreement that regions, as defined by common workforce and economic development interests, should play a greater role in the development and delivery of services. Regions would include metropolitan areas, but also other conglomerations where there is a commonality of purpose. Regions do not necessarily adhere to preexisting political boundaries, sometimes crossing state lines, for example. If there is an increased focus on the regional level, there are obviously many issues presented by the combination of heretofore separate areas.
- **Alignment of Programs:** WIA was intended, in large part, to spur greater coordination between the various entities that administer workforce development programs at the state and local levels, including community colleges, the employment services, the workforce boards, etc. Some areas have experienced increased coordination, some have not. There continues to be strong interest in breaking down the barriers between the various funding "silos," including adult basic education, career and technical education, postsecondary education, welfare, etc. The overall goal is to establish multiple career pathways across program lines so that all of the constituencies served by them are able to access the postsecondary education and training they need for good jobs. Reforms may fall short, however, of breaking down the silos altogether and combining federal funding streams.

As Congress considers these and other reforms to the system, community colleges must impart one basic message to their representatives: a reformed system must increase its focus on developing and supporting the training capacity of the system, and the most effective and efficient way of doing this is to make community colleges lead partners in the system, rather than the "vendors" they often are today. Whether it is in the form of sectoral strategies, regionally focused programs or both, community colleges are the nexus point of most of the services that Congress hopes to align. They are the natural center of the workforce development system, and any changes made to that system should reflect that.

The following specific recommendations for WIA reauthorization reflect the above principles:

- **Authorize and Expand the Community-Based Job Training Grants:** Improving community college training capacity and training more workers for high-demand, high-growth industries are the basic purposes of the Community-Based Job Training Grants program. At the least, this program should be authorized to ensure the program's

continuation as it was originally envisioned. In addition, CBJTGs should serve as a model for any sectoral strategies that are incorporated elsewhere in WIA and other workforce development programs.

- **Ease the Reporting Burden for Eligible Training Providers:** Community colleges applaud the bipartisan intent to overhaul the current, burdensome requirements for maintaining eligibility as a training provider. Public institutions of higher education, whose programs are monitored for quality through accreditation, state licensure and other state and federal programs, should be deemed automatically eligible to provide services to WIA participants. WIA participants will still receive performance information about a particular program that is collected through the WIA accountability system and for other programs.
- **Increase the Alignment Between Adult Basic Education, Workforce Training and Postsecondary Education:** The nation requires an unprecedented number of people to enter and succeed in postsecondary education. Achieving these goals will require a multifaceted effort on the parts of institutions, states and the federal government. This effort will only succeed if we are effective in reaching out to populations that are currently underrepresented in postsecondary education. Congress has a significant opportunity to assist this effort by providing support for increased linkages between adult basic education (ABE) and postsecondary education. The ABE to postsecondary “pipeline” is vital to achieving the postsecondary participation rates that will be necessary to maintaining the nation's economic standing. In addition, ABE must be seen as a vital element of occupational training, and vice-versa.

American Opportunity Tax Credit

One of President Barack Obama's top campaign priorities for higher education was overhauling and enhancing the current Hope and Lifetime Learning tax credits and tuition deduction. President Obama proposed a \$4,000, fully refundable tax credit that college students would be eligible for, provided they engage in 100 hours each year of community service. President Obama's proposal, minus the service component, was entirely consistent with long-held positions, and AACC and ACCT have urged the president to forcefully advocate on his proposal's behalf.

Both the House and Senate economic stimulus bills include similar, modified versions of the Obama proposal. These proposals are far superior to current law, although they fall short of the Obama proposal. Both the House and Senate create an "American Opportunity Tax Credit" of \$2,500, compared to the current \$1,800 Hope Scholarship, which it would replace. Students would receive 100% of their first \$2,000 of covered expenses, and 25% of their next \$2,000. Critically, the credit covers course "materials," which should help tens of thousands of community colleges students get much larger credits than at present, when only tuition is covered.

The legislation also includes a key "refundability" feature designed to increase the credit's impact on low-income students. Under refundability, a filer whose tax liability is less than the calculated amount of the credit gets a check back from the federal government, much like a refund. This provision would benefit the lowest-income tax filers, who owe little or no tax payments. Refundability is politically controversial because some argue that people should not receive refund-like funds for tax liabilities they never had in the first place. At any rate, the House stimulus legislation makes the American Opportunity Tax Credit 40% refundable, while the Senate legislation makes it 30% refundable. AACC and ACCT have long supported refundability while recognizing its political obstacles, which were both fiscal—refundability is very costly—and policy-related.

As Congress works to finalize these proposals, community colleges continue to support the following positions:

- A student's total budget as defined in the federal student aid programs should be used to determine "eligible expenses" for the tax credits. This reflects real student costs and provides equity across the major federal programs that help pay for higher education. The pending legislation expands upon current law and is a major improvement, but more needs to be done.
- Refundability should be maximized as it impacts the neediest students. More specifically, refundability should be set as a priority over helping wealthier families. As currently written, families with incomes of \$160,000 can qualify for the credits, while refundability is limited in both the House and Senate stimulus bills.
- The legislation should be changed so that a student's tax credit eligibility is not reduced by any grant amounts they receive. This is the most negative feature of the legislation and denies needed benefits to low-income students attending public colleges, particularly community colleges.

The DREAM Act

The Development, Relief, and Education for Alien Minors (DREAM) Act provides a way forward for young people who were brought into this country by others, have lived here for an extended period of time, and consider themselves as American as their schoolmates. Despite longtime residence in the U.S., because of their undocumented status, they face tremendous difficulties paying for college (and sometimes enrolling at all) and finding employment. The DREAM Act would alleviate this situation by granting certain undocumented students conditional legal resident status. These students would be able to achieve permanent legal status by completing two years of higher education or military service within six years. From there, they would be on a path to citizenship. Only students who were brought into the country before they were 16 years old and who have resided in the country for at least five years at the time the DREAM Act is enacted would be eligible.

Until its most recent incarnation, the DREAM Act also repealed a provision of federal law that essentially bars states from granting in-state tuition to undocumented students. Current federal law states that any residency-based benefit extended to undocumented students must also be provided to *any* U.S. citizen. Ten states have circumvented this provision by extending in-state tuition to undocumented students based on factors other than residency; typically, graduation from a high school within a state. However, a lawsuit challenging California's in-state tuition law is set to be heard by the California Supreme Court after a lower court found that it violated the federal provision. The portion of the DREAM Act that repealed this federal provision was dropped for political considerations. Should this litigation nullify the California statute and put other states at risk, restoration of this aspect of the DREAM Act would be imperative.

The DREAM Act, which was first introduced in 2001, progressed further in the 110th Congress's legislative process than ever before. For the first time, one of the chambers voted on the bill in late 2007. While a majority of the Senate essentially voted in favor of the legislation (52-44), the procedural vote required 60 votes to be successful. No further action on the legislation has occurred since.

The DREAM Act has yet to be reintroduced in the 111th Congress, but is expected to be soon. Sen. Richard Durbin (D-IL) has been the Senate sponsor. In the House, Representatives Howard Berman (D-CA), Lincoln Diaz-Balart (R-FL), and Lucille Roybal-Allard (D-CA) sponsored the American Dream Act in the 110th Congress.

It is difficult to say how the change in administration and new Congressional makeup will affect the DREAM Act's prospects. President Obama was a cosponsor of the bill as a Senator and voted for it in the 2007 cloture vote. He also spoke in support of the bill on the campaign trail, but it remains to be seen how much of a priority immigration issues will be for the White House. Stronger Democratic majorities in both the House and Senate may help get the bill past the final hurdle. On the other hand, immigration reform and the Dream Act have been hot-button political issues.

Elementary and Secondary Education Act (ESEA) Reauthorization

One of the major education legislative items during the 111th Congress will be the reauthorization of the Elementary and Secondary Education Act, now referred to as No Child Left Behind (NCLB). Enacted in 2001, NCLB was supported by large bipartisan votes in the House and Senate, but over the last couple of years the support for the Act has waned. Although former President Bush strongly pushed for passage of NCLB in the 110th Congress, Congress held hearings, but largely left the Act alone. President Obama has stated that he will not support the reauthorization of NCLB without substantial changes.

The major focus of NCLB was K-8 education. There has been a general consensus that the next iteration of NCLB needs to provide more support for middle schools and high schools. Dropout rates continue to grow and the increasing percentages of remedial education have brought about an increased discussion on college readiness. The cost of dropouts and remedial education is enormous. Research has shown that individuals who take remedial classes are more likely not to finish college or take longer to complete their higher education. In this increasingly competitive global economy, the U.S. needs more individuals who are prepared to compete with high-achieving students in other areas of the world. Lawmakers and policymakers are expected to scrutinize and examine ways to make high schools more effective, creative and adaptive to needs of students.

With the reauthorization of NCLB, it is now time for community colleges to become active partners with K-12 education systems in preparing students for postsecondary education. Congress should require K-12 education systems to work with their counterparts in post-secondary education to align their curriculum. Community colleges have continually experienced the negative side of remedial education. Alignment of curriculum would bring community colleges and higher education to the table with K-12.

As Congress works to finalize the next iteration of NCLB, community colleges also support the following positions:

- The creation of a competitive state grant program to facilitate the creation and expansion of early college high school initiatives.
- Make community colleges active participants in Title II, Part A, Teacher and Principal Training and Recruitment Grants.