AMERICAN ASSOCIATION OF COMMUNITY COLLEGES

LEAD ADVOCATE ADVANCE

Community College Legislative Priorities - Spring 2023

FY 2024 Appropriations

AACC supports increased investments in key community college programs for fiscal year 2024 (FY 24). Specifically, AACC supports a substantial increase to the maximum Pell Grant award of at least $750 and increased funding for key Department of Education (ED) programs, including Federal Supplemental Educational Opportunity Grants (FSEOG), Federal Work Study (FWS), Child Care Access Means Parents in School (CCAMPIS), Postsecondary Student Success Grants, and Basic Needs Grants. AACC also supports $100 million for the Strengthening Community Colleges Training Grant (SCCTG) Program and additional funding for Registered Apprenticeships at the Department of Labor.

President Biden's FY 24 budget proposal includes increases to most of these programs, including a $820 increase to the maximum Pell Grant ($500 discretionary and $320 mandatory; the latter will be particularly difficult to secure). The budget also proposes a national free community college program through a federal-state partnership. This would be accomplished through $90 billion in mandatory funding, with a $500 million discretionary competitive grant program for selected states and institutions, funded through annual appropriations.

The budget is not expected to have much traction with House Republicans. Most expect to the House Republican appropriators to propose cuts to overall domestic spending, including some community college priorities.

Workforce Pell and Workforce Training

AACC continues to work with policymakers to expand Pell Grant eligibility to shorter-term programs. Despite passing the House in the 117th Congress, a modified version of the JOBS Act – a bill to accomplish this – was not enacted into law. The JOBS Act, S.161, has been reintroduced in the Senate by Sens. Tim Kaine (D-VA) and Mike Braun (R-IN). A companion House bill, H.R. 793, was introduced by Reps. Bill Johnson (R-OH), Lisa Blunt-Rochester (D-DE), Michael Turner (R-OH), and Mikie Sherrill (D-NJ).

Two other bills have been introduced in the House. Both mirror the JOBS Act's expansion to programs between 150 and 600 clock hours, but their eligibility requirements differ. The Promoting Employment and Lifelong Learning (PELL) Act, H.R. 496, was introduced by Rep. Elise Stefanik (R-NY), working with Education & Workforce Committee Chair Virginia Foxx (R-NC) and House Republicans. In this proposal, eligible programs must demonstrate graduation and job placement rates of at least 70 percent, and students who receive federal financial aid must see a "positive return on investment" i.e., the program's published tuition and fees cannot exceed the difference between the median earnings of students and 150 percent of the federal poverty line. Proprietary institutions would be eligible under this proposal.

The Jobs to Compete Act, H.R. 1655, was introduced by Education and Workforce Ranking Member Bobby Scott (D-VA) and House Democrats. Eligible programs must increase completers' earnings by at least 20 percent and those earnings must be more than those of the average high school graduate in the state. The bill also has requirements around the stackability and transferability of credits, data transparency and career counseling, and alignment with the Workforce Innovation and Opportunity Act eligible training provider list. The bill largely reflects the bipartisan negotiated version of the JOBS Act from last Congress, but has several key similarities with the PELL Act, including eligibility for proprietary institutions.

These bills show broad bipartisan interest in expanding Pell Grant eligibility to shorter-term programs and AACC will continue to work with members and committee staff to search for a viable vehicle.

Pell Grant Tax Treatment

AACC is working to end the taxation of Pell Grants and to help more low-income community college students take advantage of the American Opportunity Tax Credit (AOTC). Currently, Pell Grant award dollars that exceed tuition and fees are taxed as income, even though these dollars are used to help students afford books, transportation, and living expenses. By making Pell Grants entirely non-taxable, more low- and moderate-income students attending community colleges will receive their entire Pell Grant amount. Similarly, community college students who receive a Pell Grant are commonly denied access to the $2,500 AOTC because the grant is counted against a student's eligibility. The Tax-Free Pell Grant, which was introduced in both chambers in the last Congress, has not yet been reintroduced in 2023. However, AACC will continue lobbying the House Committee on Ways and Means and the Senate Finance Committee to make this commonsense change.

Regulations

ED has released an ambitious regulatory agenda. First, ED plans to issue formal Notices of Proposed Rulemaking (NPRM) on key topics discussed during last year's negotiated rulemaking, including gainful employment, certification procedures, standards of administrative capability, and Ability-to-Benefit. Where appropriate, AACC will submit formal comments. ED has also proposed a rule on the new terms and conditions for income-driven repayment, announced as part of President Biden's loan cancellation plans. Finally, ED is planning on convening new negotiated rulemaking committees around accreditation, distance education, state authorization, cash management, and "Return of Title IV Funds." The first stage of this process, virtual public hearings, will begin on April 11. AACC will represent community college interests during this process, as it has previously.

AACC submitted comments responding to an ED request for information around creating and publishing a list of "low-financial value" programs. AACC raised concerns about the low-financial value policy, starting with its basic rationale and logic. AACC also cited inevitable errors and a potential "cliff effect," where some programs are classified as low value, while other programs with very similar outcomes are not. The comments noted that programs that provide low financial value may serve as critical entry points to higher education for many students. However, AACC was encouraged by ED's focus on increasing transparency around program outcomes and urged ED to make a debt-to-earnings measure and basic earnings information publicly available for all programs.

AACC is also monitoring the implementation of new ED reporting requirements related to Third Party Servicers (TPS). These requirements would draw scores of contractors into a significant, and to AACC, unnecessary regulatory framework, including auditing requirements. Based on feedback from AACC and others, ED announced that they were creating a comment period ending March 30 and extending the reporting deadline to September 1. AACC plans to submit comments, likely with other higher education associations.

Farm Bill

AACC is working to secure investments for community colleges and our students as part of the reauthorization of the Farm Bill. Specifically, AACC is seeking a new $150 million authorization in capacity building grants for community colleges to strengthen agricultural workforce development. This would be the first dedicated funding stream for community colleges in the governing legislation for Department of Agriculture (USDA) programs. AACC is also asking Congress to permanently expand Supplemental Nutritional Assistance Program (SNAP) eligibility for college students as a part of this reauthorization. During the duration of the national emergency, college students were temporarily eligible for SNAP benefits so long as they qualified for a federal or state work study program or had no Expected Family Contribution (EFC) under Title IV of the Higher Education Act (HEA). The Farm Bill is consistently reauthorized on-time, so AACC is hopeful that it can secure these priorities in the bill text and that the bill will be enacted into law during this session.