



**LEGISLATIVE PLENARY SESSION
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FEDERAL RELATIONS UPDATE**

In 2009, there has been unprecedented focus and attention on community colleges at the federal level. From the stimulus legislation to President Barack Obama's American Graduation Initiative, community colleges are nationally being regarded as the educational and economic engines that will get the national and local economies running. The nomination and confirmation of Dr. Martha Kanter, former Chancellor of Foothill-De Anza Community College District, CA to serve as Under Secretary of Education at the Department of Education signaled the recognition of the importance of community colleges in the educational pipeline.

Additionally, President Obama announced the Second Lady, Dr. Jill Biden, will travel across the country and throughout the world to highlight the importance of community colleges meeting educational and economic development needs. It is apparent that President Obama and the whole Administration are focused on providing support and helping community colleges succeed.

AMERICAN RECOVERY AND REINVESTMENT ACT

In February, Congress passed and President Obama signed into law H.R. 1, The American Recovery and Reinvestment Act (ARRA) of 2009, more commonly known as stimulus legislation. Although the vote on ARRA was along party lines and the accompanying press accounts have been largely political, many of our colleges and students have benefited from ARRA and will continue to do so as more federal funds are disseminated through the various funding streams.

While the final package did not include higher education infrastructure dollars, the fact that these dollars were included in the initial package was significant. This laid the foundation for related funding in the American Graduation Initiative.

ARRA provided significant funds for education and workforce-training programs, including:

- **The Pell Grant Program**

ARRA provides funding to increase the Pell Grant maximum by \$500. Congress also included funds to deal with the shortfall in the mandatory and discretionary portions of the program. The Pell Grant maximum for the next academic year will be \$5,350.

- **The State Fiscal Stabilization Fund**

The State Fiscal Stabilization Fund is one of the largest portions of discretionary funding within the Act, at \$53.6 billion. Congress's intention in providing this fund is to ensure that states have sufficient funding to maintain and increase funding for K-12 and higher education. Washington State received \$17 million from the State Fiscal Stabilization Fund.

- **The American Opportunity Tax Credit**

The American Opportunity Tax Credit is authorized for FY2009 and FY2010. The Act provides a tax credit of up to \$2,500 of the cost of tuition and related expenses paid during the taxable year. Under this new tax credit, taxpayers will receive a tax credit based on one hundred percent (100%) of the first \$2,000 of tuition and related expenses (including books) paid during the taxable year and twenty-five percent (25%) of the next \$2,000 of tuition and related expenses paid during the taxable year. Forty percent (40%) of the credit would be refundable.

- **Workforce Training Programs**

ARRA provides \$3.95 billion for job training, including state formula grants for adult, dislocated worker, and youth programs, including: \$750 million for a program of competitive grants for worker training and placement in high-growth and emerging industry sectors; \$500 million for job training projects that prepare workers for careers in energy efficiency and renewable energy as stated in the Green Jobs Act; and the remaining \$250 million will be distributed to other job training programs, with priority for health-care sector jobs. \$200 million shall be available for competitive grants for expanding public computer center capacity, including those at community colleges and public libraries. Also, ARRA contains very important language that allows Workforce Investment Boards to contract with institutions of higher education and eligible entities to provide training.

It is true that portions of ARRA, especially the State Fiscal Stabilization Fund, have not resulted in the positive results for community colleges that were expected when the Act was signed into law. However, while community colleges and other higher education sectors did not receive a significant amount of funding, the Stabilization Fund did help cash-strapped states shore up budget deficits and alleviate budget cuts.

The federal government is now working to disseminate significant amounts of workforce training funds. Community colleges will be eligible to receive many of these training funds. A number of competitive grants are now available, with funding to be disseminated by the end of the year to colleges chosen through the process by the end of the year. Check with your presidents to determine whether you are pursuing any of the competitive grant funds.

AMERICAN GRADUATION INITIATIVE

In mid-July, President Barack Obama announced the American Graduation Initiative (AGI) which outlines historic federal assistance to community colleges. President Obama called for community colleges to graduate an “additional five million community college graduates by 2020, including students who earn certificates and associates degrees or who continue to graduate from four-year colleges and universities.”

The AGI proposal provides \$12 billion in federal funds to support the following:

- **Community College Challenge Fund:** Competitive grants to community colleges and states to innovate and expand effective programs and reforms;
- **Community College Modernization:** \$2.5 billion in grants that will help support community colleges modernize facilities;
- **College Access and Completion Fund:** Competitive grants to states to support states’ efforts to increase student completion and success; and

- **Online Skills Laboratory:** Competitive grants to support the creation of free online courses and content community colleges can utilize.

After the President's speech announcing his new AGI proposal at Macomb Community College in Michigan, the House Education and Labor Committee introduced H.R. 3221, the Student Aid and Fiscal Responsibility Act of 2009, which includes all of the pieces of the President's AGI proposal and the proposal to convert FFEL into the Direct Loan program. Chairman George Miller (D-CA) and the Administration are using the bulk of the savings to support the Pell Grant program (but not a full entitlement) and AGI.

H.R. 3221 highlights include:

- **Community College Modernization**
The legislation's \$2.5 billion for community college modernization represents critical funding for renovation, repair and modernization.
- **American Graduation Initiative**
This historic \$6.8 billion in federal aid to community colleges and states will help community colleges strengthen their academic programs, developmental education offerings, job training programs, student support services, articulation agreements and dual enrollment courses.
- **Pell Grant Maximum Increase**
The Pell Grants program remains essential for providing higher education access for low-income students. The program now serves 7 million students annually. The vast majority of these students come from families with very modest incomes who in most instances, could not otherwise afford to attend college. H.R. 3221 substantially increases the maximum Pell Grant each year, with a projected \$6,910 maximum grant in FY 2019.
- **FAFSA Simplification**
H.R. 3221 streamlines the Free Application for Federal Student Aid (FAFSA). The changes will reduce the time needed to complete these forms and help more students access financial aid.

The U.S. House of Representatives passed H.R. 3221 on September 17 by a 253-171 vote. The bill now heads to the Senate for consideration in the coming weeks.

With the passing of Senator Edward Kennedy (D-MA), Senator Tom Harkin (D-IA) has taken over the chairmanship of the Senate Health, Education, Labor and Pensions (HELP) Committee. Senator Harkin is a strong supporter of community colleges and led the effort during the stimulus debate to ensure that community colleges received their fair share of infrastructure funds. The HELP Committee is expected to release its version of the education budget reconciliation next week.

APPROPRIATIONS

Every year, Congress is charged with passing a series of appropriations bills that provide federal discretionary funds to run the federal government. The most important appropriations bill for community colleges is the 2010 Labor, Health and Human Services and Education bill. The bill provides \$160.7 billion for programs across the agencies within the bill.

The bill maintains the maximum Pell Grant at \$4,860; combined with the mandatory funding of \$690 for the Pell Grant program, this equals a \$5,550 maximum. Additionally, the Career and Technical Education programs are level funded at \$1.2 billion.

Below is a list of the funding highlights that impact community colleges:

- \$130 million for the Career Pathways Innovation Fund (formerly the Community-Based Job Training Grant program), a \$5 million increase;
- \$84 million for Title III-A, Strengthening Institutions, a \$4 million increase; and
- \$1.27 billion for State Career and Technical Education Grants (Perkins), including funding for the Tech-Prep, at level funding.

The Senate Appropriations Subcommittee on Labor, Health and Human Services and Education completed action on their version of the bill in July. Of note, the Pell Grant maximum is slated to receive \$4,860 which is the same amount as the House bill. The bill is expected to be considered and passed by the Senate Appropriations Committee, where it will go to the Senate floor or to conference committee consideration.

WORKFORCE INVESTMENT ACT (WIA)

The Workforce Investment Act's (WIA) reauthorization has been pending since 2003. The Administration is focused on completing action and finalizing the reauthorization bill this session of Congress. Congress will likely bypass consideration of the No Child Left Behind (NCLB), which will free up the legislative calendar at the end of this year and next year.

Department of Labor Assistant Secretary of Employment and Training Administration Jane Oates noted that the Administration will be looking to community colleges to support the federal workforce training efforts. In terms of WIA, Oates supports 1) the concept of supporting education attainment along with workforce training; 2) allowing One-Stops to contract with community colleges and other entities to build workforce training programs (as opposed to vouchers) and 3) using data and reporting push education and training providers for more job placements and educational improvement.

The Community-Based Job Training Grants (CBJTG) program, which was first proposed by President George W. Bush, is slated to be altered. CBJTG will be replaced by the Career Pathways Innovation Fund, the Department of Labor's new community college program, which will provide grants for high-demand and emerging industries but will require coursework and credentials as part of this program.

DREAM ACT

Supporters of the Development, Relief and Education for Alien Minors (DREAM) Act led by Sen. Dick Durbin (D-IL), reintroduced the DREAM Act this year. The Senate bill, S. 729 and the House bill, H.R. 1751, were reintroduced in the 111th Congress.

Under current law, young people generally derive their immigration status solely from their parents, and if their parents are undocumented or in immigration limbo, most have no mechanism to obtain legal residency, even if they have lived most of their lives here in the U.S. The DREAM Act would provide such a mechanism for those who are able to meet certain conditions.

The DREAM Act would enact two major changes in current law:

- Permit certain immigrant students who have grown up in the U.S. to apply for temporary legal status and to eventually obtain permanent status and become eligible for U.S. citizenship if they go to college or serve in the U.S. military; and
- Eliminate a federal provision that penalizes states that provide in-state tuition without regard to immigration status.

The Administration has been signaling that they would like to finish comprehensive immigration reform, which includes the DREAM Act, this year. If immigration reform is not dealt with this year, it is unlikely Congress will take it up next year due to Congressional elections.

COMMUNITY COLLEGE CAUCUS

The House and Senate Community College Caucuses continue to grow. The Senate Community College Caucus, chaired by Sen. Ben Nelson (D-NE), Sen. Richard Burr (R-NC), Sen. Blanche Lincoln (D-AR) and Sen. Roger Wicker (R-MS) now boasts 34 members.

The House Community College Caucus continues to expand and now has 207 members. The House Caucus is led by Rep. Brad Miller (D-NC), Rep. Michael Castle (R-DE), Rep. Tom Latham (R-IA) and Rep. David Wu (D-OR).