



July Federal Report

Administration

Nomination for Assistant Secretary for the Office of Vocational and Adult Education

President Obama has announced his intent to nominate Dr. Brenda Dann-Messier for Assistant Secretary for the Office of Vocational and Adult Education (OVAE).

Dr. Dann-Messier is currently the President of Dorcas Place, an Adult and Family Learning Center in Providence, Rhode Island. Prior to coming to Dorcas Place she worked at the Northeast and Islands Regional Educational Laboratory at Brown University. She also previously served the U.S. Department of Education as Secretary Richard Riley's Regional Representative for Region I in Boston, Massachusetts.

Prior to her tenure in the Clinton Administration, Dr. Dann-Messier directed two TRIO programs, the Rhode Island Educational Opportunity Center (1987 - 1993) and the Educational Talent Search Program (1991 – 1993) of the Community College of Rhode Island. She is a member of the Rhode Island Board of Governors for Higher Education and chairs the Academic and Student Affairs subcommittee for the board. She received her BA and her M.Ed from Rhode Island College and her Ed.D. in Educational Leadership from Johnson and Wales University.

Ongoing Spotlight on Community Colleges

Over the past month, President Obama and various cabinet members have announced across several venues the Administration's intention to provide \$9 billion for job training activities and \$10 billion for facility loans (over a ten year period), emphasizing the role of community colleges in their statements. More recently, two community college presidential appointees echoed the President's spotlight on community colleges as a vital partner in revitalizing the nation's economy during their attendance at the 2009 World Conference on Higher Education, held by UNESCO, the United Nations education and science agency. Jill Biden, who led the U.S. delegation, stated: "Community colleges are "a gateway in this economy, as people are losing jobs and going for new training." Though she noted her experience is U.S.-based, Dr. Biden advocated that the community colleges model could help "to fill in the gaps, with technology, water programs, remedial education in poorer countries around the world." She later told the Associated Press: "At UNESCO, they want to look at the remarkable model of community colleges in the U.S.....we can all learn from one another."

Undersecretary Martha Kanter noted: "They wanted to know about the community colleges -- how you build a system that is linked to the workforce and to advanced education and baccalaureate and graduate degrees, and how can you do this in one place...and they want to know specifics -- how you educate the pipeline, adult education, lifelong learning—that's been a theme of the conference."



Congress

Both chambers returned from recess for the Independence Day District Work Period last week and will consistently work through the remainder of July before returning to their respective districts, where members will remain through August and the first week of September.

Appropriations:

Appropriations bills must be completed by the end of the fiscal year, September 30th. There are 12 appropriations bills, with education under the jurisdiction of the House and Senate Subcommittees on Labor, Health and Human Services, Education and other Related Agencies (LHHS). Each subcommittee receives an allocation from its respective Appropriations committee and has the responsibility to determine how much will go to each program or agency. This year, the House Appropriations allocation for LHHS was \$160 billion -- a 5% increase over last year.

The pace for considering each individual spending bill has slowed significantly because of debate over passage of the Homeland Security bill, H.R. 2892, portending a continuing resolution if Congress fails to pick up the pace before October 1st.

Though the bills will pass with majority support, the lack of progress may force House Appropriations Chairman David Obey (D-WI) to push back his proposed schedule for the remaining appropriations bills. The Labor-HHS-Education Subcommittee had been scheduled to mark up its spending bill on July 8th but will not bring it up for consideration until late July. At the current pace, Congress will be hard pressed to pass all the spending bills by October.

Student Financial Aid

Even though winds of change are on the horizon, debate over student loans has been eclipsed by health care reform. The House committee will most likely take up a student loan bill prior to the month-long August recess, however, the Senate will not follow suit until this fall.

On July 7, a broad array of companies and loan agencies released an alternative plan that surprisingly embraces the President's overall proposal to have government own all federal student loans and redirect billions toward Pell grants (by significantly downsizing the Federal Family Education Loan Program/FFELP) and proposes a compromise that would continue to allow lenders to originate loans, as well as allow state and nonprofit lenders "service" loans in their regions on the slim hope that Congressional proclivities will lean toward not eliminating loan-related jobs in the members' districts and having a standby program in case of any meltdown in the direct lending approach advanced by the administration. The full plan may be found at:

http://www.studentloanfacts.org/NR/ronlyres/81D7AFB7-FAC8-4F0F-8675-0F71DA0F478F/11141/Savings_Compensation_Choice_FINAL1.pdf. It would create a fee-for-service system to pay providers for originating, servicing, and collecting on student loans.



Notably, thirty-one Democrats signed a letter this past week urging Congressional leaders to consider alternatives to the administration's plan so support for this compromise might be garnered, though it will be an uphill journey. The chair of the House committee overseeing education, George Miller, voiced his view that the President's proposal is the only plan that will meet both goals of generating tens of billions of dollars in savings to help students pay for college and creating a reliable, effective and cost-efficient federal student loan program for families and students, while the new lead Republican on the committee, John Kline of Minnesota, stated that he opposes President Obama's plan to move to 100-percent direct lending, arguing that the private sector plays an important role that should be preserved. In general, he says, he approaches education issues from the perspective that "Washington does not always know best."

Meanwhile, the Education Finance Council which represents nonprofit and state-based entities that originate loans or serve as "secondary markets" has been quietly pushing a proposal that would abandon any role for lenders in originating loans but lock in a role for state secondary markets in servicing loans. Sallie Mae, the country's biggest student loan provider, had promoted its own plan to essentially extend the Ensuring Continued Access to Student Loans Act (ECASLA) program, while several guarantee agencies have been floating proposals that would lock in a stream of funds for them in exchange for counseling and other services they would provide to borrowers.

Additionally, the National Association of Student Financial Aid Administrators sent a letter to Chair Miller reiterating support for increased Pell grants but expressing reservations on moving all student loan volume to the Direct Loan program and noting a primary concern over the loss of services provided by the nation's guaranty agencies, i.e. the potential loss of important early awareness, financial literacy, and debt management services provided through FFELP, in addition to the proposed expedited process of converting more than 4,000 new schools to the Department of Education's Direct Loan systems in less one year.

HEOA Technical Bill:

In late June, the House finished up work on H.R. 1777, a bill making technical changes to the Higher Education Act (HEA). The measure originally passed the House in March, but the Senate did not take up the bill until mid June. The House has accepted the Senate-passed version, and the bill became Public Law 111-39 on July 1 when signed by the President.

Provisions relevant to the CCC:

- Aid to Veterans -- H.R. 1777 was drafted in order to fix a glitch that would have forced thousands of veterans to return federal student aid they had been awarded for the coming academic year. The glitch stemmed from a discrepancy between two reauthorization measures enacted last year: the Post-9/11 GI Bill and the Higher Education Opportunity Act (HEOA).
- Rehabilitated Student Loans -- H.R. 1777 allows loan-guarantee agencies to sell rehabilitated student loans to the U.S. Department of Education, allowing thousands of borrowers who have been stuck in default to escape from their debt and clear their credit histories. Rehabilitation loans were not



eligible loans under the Ensuring Continued Access to Student Loans Act (ECASLA) and therefore, most lenders stopped purchasing the loans from guarantors last fall.

- CCC Request -- H.R. 1777 clarifies lenders and guaranty agencies may perform entrance counseling functions on behalf of a school as well as exit counseling without violating prohibited inducement rules.

Federal Department of Education

FASFA Simplification

Over a number of years, the CCC and the League have advocated simplification of the Free Application for Federal Student Aid (FAFSA) during their annual visit to the National Legislative Summit for Community Colleges. Last week, Secretary Duncan announced a series of changes to the process for applying for federal student aid, including streamlining of the FAFSA. During a press conference at the White House, the Secretary announced the simplified form focuses on (1) a shorter and simpler online application that skips unnecessary questions, (2) legislation to remove more than half of the financial questions, and (3) a web application that will let some families easily answer the remaining financial questions with data from the Internal Revenue Service.

House Education and Labor Committee Chairman George Miller (D-CA) applauded the Administration's efforts, adding that he would work with Secretary Duncan to further the process with necessary legislative changes when his committee takes up student loan reform legislation later this session.

The Administration's plan for streamlining the FAFSA is as follows:

- Since May 2009, the Education Department has provided instant estimates of Pell Grant and student loan eligibility, rather than forcing applicants to wait weeks. Links to graduation rates and other college information are also provided;
- Available summer 2009, enhanced skip-logic used in the new web-based FAFSA will reduce user navigation for many applicants by more than half;
- Starting in January 2010, students applying for financial aid for the spring semester will be able to seamlessly retrieve their relevant tax information from the IRS for easy completion of the online FAFSA. The Department of Education and the IRS will be working together to examine the possibility of expanding this option to all students in the future.
- The Administration will also introduce legislation seeking statutory authority from Congress to eliminate financial information from the aid calculation formula that is not available from the Internal Revenue Service (IRS). This will remove 26 financial questions from the FAFSA form that have little impact on aid awards and can be difficult to complete. Only questions that rely upon information that applicants must already provide to the IRS would remain.

The Secretary has also announced relief for federal student loan borrowers -- the new Income-Based Repayment (IBR) plan protects borrowers by linking payments to income and family size. You may find full information @: <http://www.ed.gov/news/pressreleases/2009/07/07012009.html>.



Another Californian joins the Department

Dr. Martha Kanter was confirmed as Undersecretary of Education by a voice vote in the Senate on June 19 and sworn in on July 1. Dr. Kanter will oversee policies, programs, and activities related to postsecondary education, vocational and adult education and federal student aid.

Dr. Kanter has announced that her former colleague, Hal Plotkin, former Vice Chair of the Foothill-DeAnza Community District Board of Trustees, has accepted a position as Senior Policy Advisor in the Department. Plotkin was the first graduate of Foothill College to serve on the district's board and sponsored its innovative policy on public domain learning materials, which facilitates the production, use and sharing of free, high-quality printable online learning materials as substitutes for costly commercial textbooks and is the first of its kind in the nation.

Department of Labor

On June 19, the Senate confirmed Jane Oates as Assistant Secretary of Labor for Employment and Training. Oates, a longtime aide to Sen. Edward M. Kennedy, was most recently New Jersey's commissioner of higher education and will be a critical player in the reauthorization of the Workforce Investment Act.

Prepared by:

Anne McKinney, Assistant Vice Chancellor for Federal Relations
916.445.1780 amckinney@ccco.edu