

## April Federal Report Summary

### I. President:

**Budget** – The Administration is expected to release its full budget request for FY2010 the week of May 4th.

**Edward M. Kennedy Serve America Act** -- The President signed HR 1388, in honor of the longtime Massachusetts senator, which more than triples the size of the AmeriCorps program, 75,000 to 250,000; increases, to \$5,350, the education stipend that volunteers receive for each year of service, bringing that award in line with the maximum Pell Grant; transfers up to \$1,000 of a stipend to a child, foster child, or grandchild; and creates, but does not fund, a grant program to encourage service learning. As many as 25 institutions would be named “colleges of service” and would share a \$7-million award, which would have to be appropriated by Congress.

### II. Congress:

**Pell Grants** -- Congress has returned from its spring break to begin final FY 2010 Budget Resolution negotiations in conference committee. One of the most significant issues will be whether or not to include reconciliation instructions for the education committees. The House version currently includes a \$1 billion reconciliation instruction, while the Senate version does not. The \$1 billion would serve as a place holder for a much larger savings target – most likely, the President’s proposal to *convert Pell Grants to mandatory status*. Members expect to complete final negotiations by the end of this week.

### III. Federal Department of Education:

**Student Financial Aid** - The Department recently informed the financial aid community that the Parent PLUS Loan Pilot Auction program had been cancelled. According to the announcement, no state received the required minimum of two lender bidders and many states received no bids at all. The announcement also confirmed that Parent PLUS loans for the coming year can be originated through any participating lender (following the “normal” process). An official announcement is expected to be published in the Federal Register shortly.

Robert Shireman was announced to a new permanent position, deputy under secretary for postsecondary education, which will not require Senate confirmation. As founder and president of the Institute for College Access and Success, and before that as head of the higher education program at the James Irvine Foundation, Shireman pushed to make college more affordable for students from low-income families. As a White House aide under President Clinton, he helped implement the Hope and other higher education tax credits.

#### **IV. Stimulus Measure Follow Up:**

**American Opportunity Tax Credit (AOTC)** -- The IRS has addressed "course materials" eligibility under the AOTC, which was established in H.R. 1 to begin implementation in 2009. The IRS' current definition of "course materials", used in the taxation of grants and scholarships, is expected to continue in a similar if not identical approach for the AOTC. The definition states: "Course-related expenses, such as fees, books, supplies, and equipment that are required for the courses at the eligible educational institution. These items must be required of all students in your course of instruction." Revisions are not expected to be completed until summer. IRS did release brief preliminary info at: <http://www.irs.gov/newsroom/article/0,,id=205674,00.html>

#### **V. Reauthorization of the Workforce Reinvestment Act (WIA):**

**Department of Labor** – The USDOL is requiring states to revise their State WIA plans to reflect the strategies they intend to pursue to implement goals set in the Stimulus measure, stating: “The State Plan modification is the states’ primary vehicle for communicating to the public how it will implement the Recovery Act, and will be a key tool in ETA’s monitoring of Recovery Act implementation.” June 30th is the deadline to submit modified plans. While both the Recovery Act and Congressional Conference Report language emphasize that employment and training funds should be primarily spent on services and training, there is no specific mention of the pivotal role that community colleges play in this area. Districts and campuses are encouraged to contact their local congresspersons and/or Agnes Balassa, Regional Field Director for the West at the Workforce Alliance, to encourage insertion of favorable language in its recommendations at: [agnesb@workforcealliance.org](mailto:agnesb@workforcealliance.org).

#### **VI. DREAM Act:**

The latest version of the DREAM Act was introduced in the 111th Congress last March, but fell short of the 60 votes needed for passage. The president has indicated a desire to push for immigration reform this year, and it is expected that Senator Durbin will pursue insertion of similar language in any comprehensive immigration reform. A report by the University of Washington's School of Social Work estimates that the DREAM Act would immediately benefit 360,000 undocumented high school graduates and offer an incentive for college for another 715,000 children, aged 5-17, and further argues that undocumented students "are currently trapped in a legal paradox. They have the right to a primary and secondary education [under the 1982 Supreme Court ruling, *Plyler v. Doe*] and are generally allowed to go on to college, but their economic and social mobility is severely restricted due to their undocumented status."