



April Federal Report

Administration

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

The President recently signed H.R. 1388, The Edward M. Kennedy Serve America Act, in honor of the longtime Massachusetts senator. The measure more than triples the size of the AmeriCorps program -- from 75,000 to 250,000; increases the education stipend that volunteers receive for each year of service to \$5,350, 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 need to be appropriated by Congress.

Congress

Congress returned from its spring break to begin final FY 2010 Budget Resolution negotiations in budget conference committee. One of the most significant issues centered on whether or not to include reconciliation instructions for the education committees. The House version included a \$1 billion reconciliation instruction, while the Senate version did not. The \$1 billion served as a place holder for a much larger savings target – the President's proposal to *convert Pell Grants to mandatory status*.

Congress and the Administration have reportedly reached a tentative agreement to include language that will pave the way for converting the Pell Grant program to a mandatory program. The reconciliation process would allow Congress to move legislation without a threat of a Senate filibuster and would only require 51 votes to pass in the Senate. The NY Times reports that: "Use of this expedited procedure (reconciliation), to prevent a Senate filibuster, could both help and hurt the Democrats. It would enable them to overcome Republican objections to a big increase in federal spending and in the role of government. On the other hand, it could fundamentally alter the political dynamic of the health care debate, detonating an explosive reaction among Republican senators who have been working with Democrats on the issue."

Senate conferees for the Budget Conference Committee include: Budget Committee Chair Kent Conrad (D-ND), Sen. Patty Murray (D-WA) and Budget Committee Ranking Member Judd Gregg (R-NH). House conference members include: Budget Committee Chair John Spratt (D-SC), Rep. Rosa DeLauro (D-CT), Rep. Allen Boyd (D-FL), Budget Committee Ranking Member Paul Ryan (R-WI) and Rep. Jeb Hensarling (R-TX).



The Conference Committee will likely meet next week and readily finalize a budget resolution, as the Administration has indicated it would prefer it pass by the end of the President's first 100 days. Though it does not require a presidential signature, the resolution is vital in shaping the appropriations process for the given fiscal year.

Federal Department of Education

Appointment: Newly-established Position of Deputy Undersecretary for Postssecondary Education

Robert Shireman will move from a limited term advisor to the Secretary to permanent status to fill this position. Shireman has long been an advocate of making college more affordable for students from low-income families and most recently served as president of the Institute for College Access and Success and as head of the higher education program at the James Irvine Foundation. He had previously served as: a congressional appointee to the federal Advisory Committee on Student Financial Assistance, an aide to U.S. Senator Paul Simon and a member of President Bill Clinton's White House National Economic Council. As a White House aide under President Clinton, Shireman helped implement the Hope and other higher education tax credits.

Student Financial Aid

The Department's National Center for Education Statistics (NCES) recently released initial results from the 2008 National Postsecondary Student Aid Study. This study supplies the most comprehensive and up-to-date look at postsecondary student characteristics and student financial aid for the 2007-08 school year. Some findings:

- Almost two-thirds (66%) of all undergraduates received some type of financial aid. For those receiving such aid, the total average amount was \$9,100.
- 52% of all undergraduates received grant aid, and more than one-third (38%) obtained student loans. The average grant amount was \$4,900, and the average loan amount was \$7,100.
- 47% of all undergraduates received some type of federal student aid. About one-fourth (28%) received an average of \$2,800 in federal Pell Grants, and more than one-third (35%) obtained an average of \$5,100 in federal student loans.
- Among undergraduates financially dependent on their parents, 28% came from families with incomes under \$40,000, and another 28% came from families with incomes of \$100,000 or more.
- Nearly three-fourths (74%) of all graduate students received some type of financial aid, with an average amount of \$17,600.

Parent PLUS Loan Pilot Auction program



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 Department also confirmed that Parent PLUS loans for the coming year can be originated through any participating lender (following the “normal” process).

Stimulus Measure Follow Up (ARRA)

American Opportunity Tax Credit (AOTC)

The IRS has addressed "course materials" eligibility under the AOTC, which was established in H.R. 1 (ARRA) 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." There are no specific or unique documentation requirements for this credit. Taxpayers should retain adequate documentation to prove education-related expenses, such as transcripts or course descriptions that show periods of enrollment, list of course materials issued by the school or instructor, cancelled checks, and receipts that verify the amounts spent on tuition, fees, course materials used in a course of study. IRS Publication 552 (Recordkeeping for Individuals) addresses this issue.

Revisions are not expected to be completed until summer, however, IRS did release brief preliminary info at: <http://www.irs.gov/newsroom/article/0,,id=205674,00.html>, and more may be found at: <http://www.irs.gov/newsroom/article/0,,id=205674,00.html>

ARRA/American Recovery and Reinvestment Act Education Funding

On April 13, Secretary Duncan announced \$108.8 million in new funding under the *American Recovery and Reinvestment Act* (ARRA). The funding includes \$39.6 million in 180 Impact Aid Construction Grants for communities with military bases, Indian reservations, and federal property that do not generate local tax revenues, and \$69.2 million in 52 Homeless Children and Youth Grants to help states and school districts meet the educational and related needs of homeless students.

This week, the Secretary announced the approval of the first round of state stabilization funding for California, South Dakota, and Illinois. California received \$1.3 billion in total ARRA funding -- representing a combination of funds under Title I (\$562 million), special education (\$660 million), vocational rehabilitation (\$28 million), independent living (\$5 million), Impact Aid (\$1.5 million), and homeless education (\$14 million). An additional \$500 million was directed to CSU and UC from this ARRA funding source.

Reauthorization of the Workforce Reinvestment Act



CALIFORNIA COMMUNITY COLLEGES

Federal Relations Division

The US Department of Labor (DOL) is requiring states to revise their State WIA plans to reflect the strategies DOL intends to pursue as it implements goals set in the Stimulus measure (ARRA), which has recently captured immediate focus in these matters, 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 the Recovery Act implementation.” June 30th is the deadline to submit modified plans.

Community College Issues

While both ARRA 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. The major point that CCC should be advocating across appropriate venues is that ARRA focuses on “training”, for which community colleges should be designated as a “preferred partner” in the reauthorization, rather than just being listed among the array of partners as in current legislation -- leaving a lot of latitude for local Workforce Investment Boards to contract with private entities, which often take longer to “ramp up”. CCC EWD training programs, in particular, are easily replicated, sustainable and agile as they migrate readily to courses at a campus. Further principles to advocate in the reauthorization are as follows:

- Build on partnerships to collaborate and leverage resources across community colleges, local workforce investment boards, community based organizations, adult education/K12/ROCPs and the private sector to recruit, support, prepare and place trainees—maximizing efficiency, impact and reach;
- Emphasize collaboration between employers and labor to target careers most in demand in the region – and ensure skills are relevant and workers are job ready;
- Include strong partnerships with philanthropy to support the programs, provide technical assistance, collect comprehensive data, evaluate the programs, and document and share effective practices.

Districts and campuses are encouraged to contact their local congresspersons and/or Agnes Balassa, Regional Field Director for the West at the Workforce Alliance, and advocate insertion of community college-favorable language in its recommendations to DOL. She may be contacted at: agnesb@workforcealliance.org

Post-9/11 GI Bill

Department of Veterans Affairs (VA) Proposed Regulations for the Post-9/11 GI Bill

Proposed federal regulations for the Post 9/11 GI Bill ((chapter 33) were published in the Federal

Register on March 31, 2009 at: <http://ecfr.gpoaccess.gov/cgi/t/text/text-idx?c=ecfr;sid=d3a70f712aba4c9da119ba048adaa867;rgn=div2;view=text;node=20090331%3A>



[1.106;idno=38;cc=ecfr;start=1;size=25](#). The proposed rules would implement a program that requires, for the first time, payment of tuition and fee benefits directly to campuses rather than to the veteran, which may be a burden for smaller campuses. On the student side, the complicated and unclear tuition/fees chart, currently posted on the VA website and distributed to the media, has reportedly left many unsure of the benefits to which they are entitled. The Iraq Afghanistan Veterans Association (IAVA), among others, is currently proposing that the simplest solution might be to have a single rate for each state, unaffected by a veteran's course load – an action which would not require new legislation or a change to the VA's IT system. Should the VA be unwilling to adopt a single rate for each state, it must, at minimum, improve the way in which it communicates the current benefit to veterans.

On May 1st, the VA will begin accepting applications for the Post-9/11 GI Bill. The application form is available online. The VA web site contains application forms which include instructions for submitting completed applications.

The process requires that individuals currently eligible for another education benefit make an irrevocable election from their existing program to the Post-9/11 GI Bill. Typically, individuals who are eligible for more than one benefit may use a combined total of 48 months of entitlement. Therefore, for those individuals eligible for the Montgomery GI Bill (MGIB) program, there may be entitlement remaining under MGIB. The number of months of the Post-9/11 GI Bill entitlement eligibility will be equal to the number of months remaining under MGIB. However if all MGIB entitlement has been exhausted, then veterans may be entitled to an additional 12 months of entitlement under the Post-9/11 GI Bill. VA will process applications for Post-9/11 GI Bill benefits and forward letters to individuals explaining its decision regarding eligibility for the program. Payments for the Post-9/11 GI Bill will not be processed until August 1, 2009.

As a joint effort, NASFAA and NACUBO have submitted comments to the VA on its regulations at: <http://www.nasfaa.org/publications/2009/ggibill012609.html>. General concerns include the definition of fees to be considered part of established charges and the assessment of overpayments students may have to return. In several meetings VA held with the financial aid community, under the auspices of the American Council on Education (ACE), a great deal of discussion centered on the mechanics of conveying a student's eligibility to schools and paying the benefits directly to schools. The VA continues to collect input and work on the details, vowing to have student payments made on time beginning August 1, 2009.

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 prior 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 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."

National Association of Student Financial Aid Administrators Report (NASFAA)

This week, NASFAA released the preliminary findings from its National Conversation Initiative on student aid reform. The report includes 30 preliminary recommendations based on data gathered during a year-long effort that included 18 town hall meetings held across the country, information from members and the review of current research. The student loan section the report recommends creating a single student loan program that incorporates the best features of the FFEL, Perkins and Direct Loan programs. The new program would offer a single, fixed interest rate; consistent and equal benefits, terms and conditions for all borrowers; predictable funding sources; and, a single origination, servicing and collections experience for all borrowers. As part of the webinar held to announce the report, the presenter stressed the importance of including the student support services currently provided by guarantors in the areas of financial literacy, college access, and default prevention and aversion within any new program.