

February Federal Report

2009

National Legislative Summit



California Community Colleges Leadership Meet with Speaker Pelosi's Office: *Scott Lay, President, CC League; Dr. Don Griffin, Chancellor, City College of San Francisco; Leslie Smith, Associate Vice-Chancellor, City College of San Francisco; Geoffrey Baum, Board of Governors; Dr. Jack Scott, Chancellor/CCC; Bonnie Slosson, Director, CC League; Lance Izumi, President, Board of Governors; Marlene Garcia, Vice-Chancellor, Chancellor's Office and Jonathan Lightman, Executive Director, Faculty Association/CCC.*

Approximately 130 delegates from the California Community Colleges (CCC) attended the annual National Legislative Summit in DC this month. The timing of the Summit was very fortuitous as attendees fanned out across Capitol Hill to visit offices of the California Congressional Delegation in support of resources for community colleges just as the federal economic stimulus measure was being fast-tracked through Congress. H.R. 1, the American Recovery and Reinvestment Act of 2009 (ARRA) was signed on February 17 by President Obama.

Federal Secretary of Education Arne Duncan has projected **\$5,960,267,431** would be coming to California through the State Fiscal Stabilization Fund to provide backfill of state funding cuts and other educational priorities. It is unclear how any substantial level of funding will be derived from this provision's formula for the CCC, however, the Governor specifically directed more than \$250 million to each UC and CSU in the veto section of the final state budget, stating: "For support of University of California, I am reducing this item by an additional \$255,000,000 on a one-time basis to achieve General Fund savings. This unallocated reduction will be offset by federal funds the state will receive



as part of the Federal American Recovery and Reinvestment Act” and replicated the statement for the California State University.

California Community College students benefit greatly from this measure, which provides a \$500 increase in the maximum Pell grant award. The total cost of \$15.9 billion ensures grants will increase to \$5,350 for the award year beginning July 1, 2009 and retires huge program shortfalls that had threatened future increases in the maximum grant. ARRA also establishes The American Opportunity Tax Credit, which provides students a \$2,500 tax credit for tuition and educational materials, including textbooks and increases funding for Federal Work-Study by \$200 million.

Additional pots of money contain potential benefits for community colleges:

Department of Labor: \$3.95 million total including three Workforce Investment Act (WIA) Title I formula programs -- \$1.25 billion for dislocated workers, \$500 million for adult workers and \$1.2 billion for youth programs. The bill also provides \$750 million for a competitive grant program, \$500 million of which would be for research, labor exchange and job training projects to prepare workers for jobs in industries specified by the Green Jobs Act. The remaining \$250 million would be prioritized for jobs in the health care sector. Additionally, local WIBS (workforce investment boards) are authorized to enter into contracts with institutions of higher education or other eligible training providers if the local board determines that it would facilitate the training of multiple individuals for high-demand occupations.

Trade Adjustment Assistance: This program, which provides support to workers and firms impacted by trade, is reauthorized and extended through 2010, providing new eligibility for the program -- previously limited to workers and firms in manufacturing – to the service and public sectors; clarifying that workers may use their benefits to pursue degree programs at institutions of higher education and establishing a \$40 million competitive grant program for training programs at community colleges and other educational institutions. An additional \$40 million is added for a sector partnership program that would include community colleges.

NSF’s Education and Resources Directorate: \$100 million is to be divided among the Robert Noyce Scholarship Program (\$60 million), Math and Science Partnerships (\$25 million) and the Professional Science Master’s Programs (\$15 million). Community colleges are partners in several projects funded by the Math and Science Partnerships.

National Health Service Corps program: \$200 million is provided to address health professions workforce shortages, for which community colleges may be eligible.



Administration: President Spotlights Higher Education in Congress & Budget

Today, the President announced his preliminary budget outline (140 pages) for FY2010, funding the Department of Education at \$46.7 billion and historically proclaiming higher education's pivotal role in retaining the nation's status as a leader in the global economy.

PELL: Most notably, for higher education, the President's proposal moves the historically discretionary Pell Grant program to mandatory status, deeming that the program would be funded and adjusted automatically in each upcoming year. Beginning with academic year 2010-2011, the Pell grant maximum would be indexed to the CPI consumer price index) plus one percent, thus ensuring that Pell grant awards would meet their original objective to cover a substantial percentage of college costs. This action eliminates the current issue of "backfilling" billions of dollars in Pell shortfalls each year. The President's Budget builds on the ARRA by boosting the Pell Grant maximum award to \$5,550 in the 2010-2011 school year.

Access and Completion Incentive Fund: The budget outline additionally proposes a new \$2.5 billion Access and Completion Incentive Fund program, over five years, on federal-state-local partnership grant basis to improve retention and graduation rates -- particularly for low-income college students -- and will include a rigorous evaluation component.

American Opportunity Tax Credit: The proposal extends the American Opportunity Tax Credit, established in H.R. 1, the economic stimulus measure, and set to expire in 2011.

Student Aid: The proposal will expand student aid and further attempt to simplify the student aid application process, however, in light of some of the campaign positions about lenders in the Federal Family Education Loan/FFEL program, student loan advocates have rightfully been concerned that the Administration's budget outline may contain cuts or program changes to the FFEL program. The proposal seeks to eliminate the FFEL, which subsidizes private lenders who make government-backed college loans, by 2010. Ed Week states: "Its elimination would be a huge change, the equivalent of a nuclear bomb going off in the higher education loan world."

The President's proposal asks Congress to end the entitlements for financial institutions that lend to students and instead take advantage of low-cost and stable sources of capital so that students are ensured access to loans, while providing high-quality services for students by using competitive, private providers to service loans. Originating all new loans in the direct lending program saves more than \$4 billion a year that is reinvested in aid to students, mostly Pell, according to the Administration's calculations. The Federal Department of Education will secure loan capital directly from the U.S. Treasury to issue all loans, still using private contractors who would henceforth go through competitive performance-based contracting. Even so, many lender organizations insist that direct loans are "simply not subject to the same quality of service as FFELP loans."



The proposal also makes campus-based, low interest loans more widely available through a new modernized Perkins Loan program, overhauling the current Perkins program to encompass approximately \$2.7 million additional students. This revisioning of the program was based on prior Bush evaluation data which deemed the program “inefficient and inequitable” and will likely be rebuffed by private colleges that benefit significantly by the current structure.

Workforce/Community Colleges: The outline also includes a Department of Labor budget priority to fund programs that train and prepare the workforce for jobs in emerging industries and provide funding for a new transitional job and career pathway program, testing innovative approaches for low-income applicants. In this spirit, the President’s Congressional Address on Tuesday called for expanded college opportunity to meet workforce needs and spotlighted higher education as a tool for economic recovery and competitiveness, fueling overnight speculation as to whether focusing more aggressively on getting those with no college experience to pursue some level of postsecondary education would conflict with his Tuesday’s announced goal: “...by 2020, America will once again have the highest proportion of college graduates in the world” -- mimicking prior administrations’ position that a high school education is no longer sufficient for the greater majority of the national workforce. Even so, his comment evokes former President Clinton’s vow “to make the 13th and 14th years of education as universal as the first 12 are today.”

The Chronicle of Higher Education today noted: “The President's message resonated particularly with officials in the community colleges...with organizations such as the Bill and Melinda Gates Foundation and the College Board, which in recent months emphasized the need to ratchet up Americans' college attendance. Lumina calls its goal of increasing the proportion of Americans with a college credential by 2025 its ‘big goal’ ...private sector analysts such as Jamie P. Merisotis, president of the Lumina Foundation, stated: ‘We understand why they chose this as one of the three tiers of [the economic] strategy...They see an opportunity to focus on community colleges and on the idea that you can quickly get people into a re-training, workforce development mode by focusing on postsecondary education.’ That is especially true in fields that connect to the Administration's other priorities: health care, energy and ‘green’ jobs.”

Congress

On Monday, February 23, Congress returned from a one-week President’s Day recess to complete the FY09 omnibus spending plan, which congressional leadership had held over for a more favorable climate for approval. Nine appropriations bills were carried forward from the 110th Congress by a Continuing Resolution that funded programs at FY08 levels through March 6, 2009. The House released an omnibus spending plan on Monday outlining funding for the remainder of 2009. It is expected to be taken up by the Senate next week. As is required under new Congressional rules, the spending plan also contains lists of all the projects “earmarked” directly by individual lawmakers to specific recipients that are in the bill. Many colleges are among them.



Senate

On Tuesday, February 24, the Senate confirmed Hilda Solis, former California state legislator and California community college trustee, as Secretary of the Federal Department of Labor by a vote of 80-17. For Senate comments regarding her approval, go to:

<http://sanders.senate.gov/news/record.cfm?id=308528>

House

On Monday, February 23, the House unveiled its \$410 billion measure to fund the federal government through the remainder of FY09. Congress must either pass this bill or approve another continuing resolution to keep funding programs at previous levels. The current continuing resolution expires March 6.

As expected, the measure is favorable to higher education, providing the following:

Pell Grants: The measure provides an additional \$347 million for the Pell Grant Program. This increase is paid for in large part by taking money that had been proposed for the Academic Competitiveness and Science and Mathematics Access to Retain Talent grant programs that have been underutilized by colleges for an array of reasons (for more info, go to: <http://www.insidehighered.com/news/2007/10/15/smart>). The bill increases the maximum Pell Grant by \$119 to \$4,360. With additional mandatory funding under the College Cost Reduction Act of 2008, the maximum Pell Grant is \$4,850. With the funding from the stimulus bill, the Pell Grant maximum will be \$5,350. The total funding for the Pell Grant program will be \$17.3 billion – a \$3 billion increase over FY2008. **POINT OF INFORMATION:** Federal Secretary Arne Duncan announced a projected increase in funding for Pell Grants in California as a result of the American Recovery and Reinvestment Act (ARRA) of \$755,283,611. California Community Colleges receive approximately 35 percent of this amount.

Among other programs, the measure further provides:

GEAR Up: An increase in funding from \$303,423 to \$313,212.

TRIO: An increase in funding from \$828,178 to \$848,089.

Supplemental Educational Opportunity Grant Program/SEOG: Level funding at \$757,465.

Leveraging Educational Assistance Partnerships/LEAP: Level funding at \$63,852.

Perkins Loan Program: A slight increase from \$64,327 to \$67,124.



Perkins Career and Technical Education Program: Level funding at \$1.27 billion for the State Career and Technical Education Grants (Perkins), including funding for the Tech-Prep program.

Community Based Job Training Grant Program: Level funding at \$125 million.

Legislation: Windfall Elimination Provision (WEP)

During the NLS, Federal Relations visited with Congressman Berman regarding his legislation, H.R. 82, addressing the WEP in federal legislation and was informed that Congressman Rangel, Chair of the House Ways and Means Committee, has announced that he will bring forward the issue during congressional deliberations revamping Social Security laws this session but noted there would be no stand-alone provision or legislation regarding this matter.

The Office of Management and Budget had tagged costs at \$62 billion over a 10-year period, as a result of “speeding up” the crossover point when revenues will be insufficient within the Social Security budget. Social Security will collect more in taxes than it spends on benefits until 2017, and the fund is projected to run out of money in 2040. Individual costs of the GOP and WEP are split at \$31 billion apiece.

Background: During the 110 Congress, S. 206, Feinstein, and H.R. 82, Berman sought to repeal the government pension offset (GPO) and to eliminate the windfall provision (WEP) within the Social Security code. In an attempt to curtail benefits to highly paid individuals, these reductions have inadvertently disadvantaged large numbers of K-14 teachers in states where educators are not covered by Social Security – almost a third of teachers nationwide. As many as 60,000 full and part-time teachers at the 109 campuses of the CCC are impacted. It has been estimated that 9 out of 10 public employees affected by the GPO lose their entire spousal benefits, even though their deceased spouse paid Social Security taxes for many years, inordinately impacting lower-income women. In many instances, a majority will be subject to both the GPO and the WEP.

At the request of Federal Relations, Governor Schwarzenegger had sent a letter to Congressman Buck McKeon, on April 19, 2006, noting the importance of the legislation to an array of Californians and commending him on his leadership in this matter. He has also forwarded letters to Senator Feinstein and Congressman Berman, thus assisting in keeping this matter foremost in the California Congressional Delegation’s priorities.



HEA Reauthorization

College Textbook Rental Pilot Program: The NLS California attendees lobbied for funding of the College Textbook Rental Pilot Program that had been authorized last year in the Higher Education Opportunity Act of 2008 (HEOA) but for which no funding had been provided. The House spending plan, previously referenced, includes funding in FIPSE -- the higher education "slush fund", at \$10 million for this program which was diligently promoted and negotiated by several CCC campuses during the reauthorization of HEOA, in addition to Federal Relation's efforts in monitoring the provision. It is expected that grant applications will far outpace the number of awards available for this program, considering the economic downturn and the affordability controversy surrounding the cost of textbooks.

HEA Neg Reg Teams: Negotiated rulemaking is required for the development of all regulations implementing statutory changes to Title IV of the HEA. Linda Michalowski, Vice-Chancellor for Student Services at the Chancellor's Office, has been named to the Accreditation team among the negotiated rulemaking committees preparing proposed regulations under Title IV of the Higher Education Act of 1965, as amended by the Higher Education Opportunity Act of 2008. Meetings to consider draft regulatory language will be held in March and April, after which the Department will issue a Notice of Proposed Rulemaking (NPRM) based on the work of the teams. A Final Rule is to be published no later than November 1, 2009.

GI Bill Reauthorization

Regulations: At the beginning of the year, the U.S. Department of Veterans Affairs (VA) issued guidance for implementing the Post-9/11 GI Bill, which goes into effect in August, with comments having been due by January 22. Numbers of issues have arisen, particularly over the manner in which the VA is calculating academic progress – identified as the "rate of pursuit." The formula, according to the rules, is "obtained by dividing the number of course (credit or clock) hours an individual is enrolled in by the number of course (credit or clock) hours considered to be full-time training at the institution of higher learning" is thought to be too narrow among the higher education segments in California.

Costs: This month, the VA posted a preliminary state-by-state list of the maximum fees and tuitions payable to veterans under the Post 9/11 GI Bill, causing more confusion among the segments and among the states, as they are higher, and in some cases, much higher, than anticipated. Under the bill, eligible veterans can get their tuition covered up to the cost at the most expensive public college in the state, based on undergraduate resident tuition and fees, in addition to receiving housing and book stipends. To view the chart, go to: http://www.gibill.va.gov/GI_Bill_Info/CH33/Tuition_and_fees.htm



Federal Department of Education

Former Acting Deputy Secretary of Education Marshall (Mike) Smith under Secretary Richard Riley is now Senior Advisor to current Secretary Arne Duncan. Following his tenure in the Clinton Administration, Smith had been with Stanford University and served as program director for the William and Flora Hewlett Foundation in Menlo Park during the intervening years.

Robert Shireman, founder and director of the independent, nonprofit organization, the Institute for College Access & Success, is on leave from the organization to assist the Secretary in an, as yet, not clearly defined capacity. His focus in the Institute was to improve the processes and public policies that pave the way to successful educational outcomes for students and for society.

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