

June Federal Update

Administration

Confirmation: Martha Kanter was confirmed as Undersecretary of the Federal Department of Education.

Energy Funding:

On June 15 during the Governors' Education Symposium in North Carolina, Cabinet leaders from the Administration promised to help Western states, including California, develop a robust system for delivering renewable energy. Interior Secretary Ken Salazar said the West has vast untapped potential for harnessing wind, the sun and geothermal energy to create electricity, noting: "It doesn't do any good to generate energy if you can't get it to market." Salazar said four Western states, Arizona, California, Nevada and Wyoming, will get federal renewable energy planning offices to help make sure projects don't get stalled. See: California Promised Aid for Renewable Energy Projects @: <http://www.sfgate.com/cgi-bin/article.cgi?f=/c/a/2...>

Today, the Administration and the U.S. Department of Energy (DOE) announced California is one of the first 15 states to receive 50 percent of their total Weatherization funding from DOE. Receipt of these funds is based on early approval of California's DOE Weatherization Assistance Plan State Plan for funding under the American Recovery and Reinvestment Act of 2009. California, awarded \$74.3 million, will leverage a network of over 50 non-profits, local governments, and community action associations to perform weatherization services at over 50,000 homes. For info, got to: <http://www.csd.ca.gov/Recovery/Recovery.aspx>

Congress

Budget:

On June 18, the Senate Appropriations Committee approved its allocations, including \$163 billion for Labor, HHS, and Education —almost \$10 billion more than the FY2009 allocation.

The House Appropriations Committee had earlier passed \$160.1 billion for Labor HHS, and Education —\$7.5 billion more than FY2009 and is expected to introduce its bill around July 8, while the Senate Subcommittee expects to do the same later in the month. As noted in the *June Federal Report, both chambers are focused on passing their respective bills prior to the Congressional August recess.

*(<http://www.cccco.edu/ChancellorsOffice/Divisions/GovRelations/FederalUpdates/tabid/300/Default.aspx>)

Appropriations bills must be completed by the end of each fiscal year.

Reconciliation:

Last week, the Chair of the House Education and Labor Committee, California Representative George Miller, discussed reconciliation language the committee is developing, including student loan proposals, expected to be released before the July 4 recess, although no final date has been scheduled for the committee to “mark-up” its bill. The Senate Committee on Health, Education, Labor and Pensions (HELP) is also expected to mark-up its bill in early July. Health care and student loan reform are the two issues under reconciliation instructions, so both will have to move under one bill.

Reauthorization of the Workforce Investment Act:

Momentum is building for greater inclusion of community colleges in the reauthorization of the Workforce Investment Act, as Senator Kennedy and other members begin to press for scheduled hearings in this matter. He has stated the Act: “...renews our commitment to raising the skills of the American workforce and helping workers compete in the job market... increase opportunities for workers to find new or better jobs, enable them to hold the good jobs of the future, and help the nation maintain its leadership in the global economy.

Additionally, another article appeared in the Chronicle for Higher Education today, entitled: “Building Up Job Training” and featured responses from both national community college organizations in this matter.

J. Noah Brown, president of the Association of Community College Trustees, noted that ACCT understands the recent comments from the President and his chief of staff spotlighting community colleges in federal training efforts (*see June Federal Report for Administration comments*: as a “revamping of the Workforce Investment Act, a federal program adopted under President Clinton that funds job training initiatives and whose reauthorization is on the horizon” and said this “would serve as a likely vehicle for these changes.”

The article also quotes David Baime, vice president for government relations at the American Association of Community Colleges, who enumerates a number of suggestions to the Obama administration and Congress by AACC regarding increasing federal support for two-year institutions, including making significant changes to the Workforce Investment Act. The full comments may be found at: <http://www.insidehighered.com/news/2009/06/19/announcement>.

Clearly, an important juncture has been reached in D.C. with the Administration and the support in Congress, particularly among the House members, for greater community college inclusion in the WIA. As the Administration’s proposal is unveiled, possibly focusing a shift away from the

current “voucher system” toward a more institutional based approach, noted by Baime, the tension between interests groups will increase and focus on communicating to “authorizers” in Congress will become paramount for community colleges in this matter.

In addition to specific recommendations from the Chancellor’s Office noted in the June Federal Report, following are some of the recommendations forwarded by the Los Angeles-Orange County Workforce Development leaders to Hilda Solis, Secretary for the Department of Labor, in regards to the reauthorization:

- Require program offerings to demonstrate labor market need;
- Encourage use of funds for barriers faced by those seeking short-term training, such as child-care, transportation, etc;
- Explore co-location of the One-Stop Centers with community colleges; and,
- Address the need to work with multiple entities by regional consolidation.

The WIA includes:

- “One-Stop” centers -- a comprehensive service delivery system for job-seekers and employers. The system is a lifeline for workers who have lost their jobs and need assistance and training to get back on track; creates stronger partnerships with businesses to recruit new workers and train current workers, so that many more people can be served and improves opportunities for career ladders and enables job training centers to work with local leaders and businesses to meet the changing needs of their community.
- Funding for local service providers to continue their training programs until employees are self-sufficient, so that a support system will be in place to help workers qualify for better-paying jobs that will enable them to provide for themselves and their families.
- Funding for youth programs which work with both in-school and out-of-school youths to help them obtain the education and the job experience they need to succeed in the future.
- Focus on people with disabilities to ensure workforce training programs coordinate with vocational rehabilitation programs to provide many more opportunities for those with physical or mental challenges.
- Funding for the Adult Literacy Act, which provides critical programs for states to assist adults in obtaining the basic reading, writing and English language skills they need in order to participate fully in the workforce and in society.

Federal Department of Education

Student Aid:

On July 1, federal interest rates and other terms for student aid will change. In addition to the decrease in costs for many loans, a major new student loan repayment option will become available for the first time. Included among the July 1 changes are the following:

- **Stafford Loan Rate Drop:** The fixed interest rate for new, subsidized Stafford loans will drop from 6.0% to 5.6% for undergraduates. Subsidized Stafford loans go primarily

to students with family incomes under \$80,000, and the government pays the interest while the student is in school (or in deferment). Also, the origination fees for all Stafford loans (subsidized and unsubsidized, undergraduate and graduate) will drop by half a percentage point, to 1.5% of the amount borrowed.

All unconsolidated Stafford loans that originated before July 1, 2006, have variable interest rates that reset each year. This year, the variable rate is dropping from 4.21% to 2.48%. And, for Class of 2009 graduates, the news is even better: if they consolidate during the six-month grace period, they can lock in a rate of 1.88%.

<http://studentaid.ed.gov/> AND <http://projectonstudentdebt.org/july1-2009.vp.html>.

- **Grants:** Funding provided by the ARRA and the *College Cost Reduction and Access Act* (CCRAA) increases the maximum Pell Grant for the 2009-10 school year to \$5,350 – a \$600 increase over last year’s award. Pell Grants are awarded mainly to students with family incomes under \$50,000. Also, students will now be eligible to receive Pell Grants year round.
- **Income-Based Repayment (IBR) Program.** IBR caps eligible borrowers’ monthly federal loan payments at 15% of their discretionary income, or, more technically, 15% of what a borrower earns above 150% of the poverty level for their family size. The program covers nearly all federal loans made to undergraduate and graduate students, past, present, or future, including Direct Loans and federal loans from a private lender. The debt and interest remaining after 25 years of payments will be forgiven.
<https://studentaid.ed.gov/PORTALSWebApp/students/english/IBRPlan.jsp>
- **Public Service Loan Forgiveness Program:** If the borrower works in a government, non-profit, or other public service job, debts could be forgiven in as few as 10 years under IBR or other qualifying payment options.
<https://studentaid.ed.gov/PORTALSWebApp/students/english/PSF.jsp>), Yet, only Direct consolidated loans are eligible for this program. Borrowers can use the Department’s IBR Calculator
(<https://studentaid.ed.gov/PORTALSWebApp/students/english/IBRCalc.jsp>) to estimate if they will benefit from IBR.

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