



Federal Issues Update:

as of March 24, 2010

On March 21, 2010, the US House of Representatives passed a modified version of the American Graduation Initiative (AGI) as HR 4872, the "*Health Care and Education Affordability Reconciliation Act.*" While significantly smaller in scale than the potential federal resources included in either the AGI as proposed by President Obama or in the House-passed *Student Aid and Fiscal Responsibility Act of 2009*, the legislation includes significant new resources that seem likely to benefit the WTCS. The Jobs Bill recently signed into law also may provide additional resources that will benefit the WTCS.

AGI: Included in Health Reform Reconciliation

When the House passed its version of AGI on September 17, 2009, most insiders expected quick introduction of the Senate's version of the bill followed by immediate mark-up by the Senate Higher Education, Labor and Pensions (HELP) committee. The general consensus was that the Senate would complete its committee work by October 15, 2009 to comply with a procedural deadline as soon as Congress finished its work on health care reform legislation.

However, as delays in completing health care reform legislation stretched into 2010, it became increasingly likely that the AGI would be combined with health care reform legislation through a process known as reconciliation. It was this combined reconciliation bill that passed the House of Representatives on March 21. The reconciliation bill as passed by the House must now be approved by the Senate (where it needs a simple majority), which could happen as early as the week of March 22. However, most insiders expect Republicans in the Senate to attempt to use a series of procedural amendments to slow or stop passage of the reconciliation bill.

Assuming that the Senate passes the bill and it is signed into law by President Obama, several provisions will be important to the WTCS because the bill:

- Funds a \$2 billion Community College and Career Training Grant Program that provides \$500 million per year from federal fiscal year (FFY) 2011 through 2014. The competitive grant program will be administered by the US Department of Labor and provide at least \$2.5 million per year in each state. The goal of this grant program is to provide education and training programs at public two-year colleges for dislocated workers and those in danger of losing their jobs. Initial indications are that the education and training programs will not be limited to those workers defined as dislocated under Trade Adjustment Assistance but that grant-funded programs must be designed to address the needs of these workers. This grant program was originally included (but not funded) in the American Recovery and Reinvestment Act.

- Provides \$750 million for college access and completion programs open to higher education institutions, states and nonprofit organizations for activities that improve student success, completion and post-completion employment with special emphasis on students traditionally underrepresented in postsecondary education.
- Requires processing of almost all federal student aid loans through direct lending as of July 1, 2010 thus eliminating the Federal Family Education Loan Program (commonly known as Stafford Loans). The Congressional Budget Office originally estimated \$87 billion in federal savings from the change to direct lending, with those savings providing the funding that supported the community college reform initiatives included in the AGI. More recent estimates suggested savings of about \$60 billion, with the lower estimated partly because many colleges have already switched to direct lending in advance of the required change and because many lenders have left the market. The lower savings estimates affected the resources for higher education that Congress was willing to include in the reconciliation bill.
- Increases the Pell Grant maximum by \$690 in 2010-11 academic year. Beginning in 2011-12, the bill ties changes to the Pell Grant maximum to the consumer price index.
- Helps students repay their student loans by providing \$1.5 billion to pay for a program that caps student loan payments at 10% of monthly income beginning in 2014.

The WTCS also may benefit from some of the resources included in the health care portion of the reconciliation bill, which has a strong emphasis on ensuring the availability of the necessary health care workforce. Additional details about the proposals included in the legislation and their impact on the WTCS will be provided as they become available.

Hiring Incentives to Restore Employment (HIRE) Act

The House of Representatives passed its Jobs for Main Street Act in December 2009 and the Senate passed its version on March 17. On March 18, President Obama signed into law the HIRE Act, which provides \$17.6 billion to: exempt employers from Social Security payroll taxes on new hires who were unemployed; fund highway and transit programs; extend business tax breaks for capital investments such as equipment; and expand a bond program intended to help states and municipalities fund capital construction costs. While it does not appear that the HIRE Act provides direct funding that will benefit the WTCS, its emphasis on funding construction and highway programs and incentives for hiring the unemployed will likely be related to types of education and training programs offered by the WTCS.

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