



Federal Issues Update:

as of November 8, 2011

Despite hopes from the Obama administration for quick passage of the entire American Jobs Act (AJA), the bill has been broken into several different legislative pieces and Congress has yet to pass any of it. Congress also must continue working on federal appropriations in advance of the November 18 expiration of the latest continuing resolution, which funds the new federal fiscal year that started on October 1, 2011. Finally, the Congressional "Super Committee" also must complete its work before November 23 by identifying \$1.2 trillion in federal spending reductions over the next 10 years to avoid significant across-the-board cuts to all federal programs.

American Jobs Act (AJA)

The President proposed \$447 billion for the AJA in a speech to a joint session of Congress on September 8, along with calls for quick action by Congress to pass the entire Act. The Act focuses heavily on tax cut and tax incentive proposals that have received bi-partisan support in the past. Instead of acting on the entire bill, Congress split the AJA into several pieces and has yet to pass any bills related to the four major AJA provisions, which include tax cuts aimed at small businesses, infrastructure improvements, pathways back to work or tax relief for workers.

Under the AJA, the WTCS was most likely to benefit most from the \$5 billion included for infrastructure improvements through renovation of existing community and tribal college facilities across the US and from \$1 billion included as part of funding for Pathways Back to Work to further develop innovative training programs in high-growth areas. Colleges themselves are not eligible recipients of these training funds but are identified as partners of local workforce development boards to qualify for these competitive grants, with a minimum of \$2.5 million expected to be awarded to each state. The future of funding, however, for both the infrastructure improvements and pathways back to work is uncertain in the current Congress, where emphasis is on budget and deficit reduction.

2012 Federal Budget, Deficit Reduction and the Super Committee

Even as the President stumps for the AJA and deficit reduction, Congress continues working on budget and appropriations for the new federal fiscal year that started on October 1, 2011. Because Congress did not complete work on 2012 appropriations, they must rely on passage of continuing resolutions to keep the federal government funded and operating. The version that passed is in effect until November 18, which means Congress must finish work on appropriations or pass another continuing resolution by November 18 to avoid a federal shutdown.



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Even as the House and Senate work on finalizing 2012 appropriations or passing another continuing resolution, the Congressional “Super Committee” composed of Democrat and Republican members of the Senate and House of Representatives continues its deliberations. The Super Committee must identify \$1.2 trillion in federal spending reductions or revenue enhancements through 2021 by November 23. Each chamber of Congress must pass the Super Committee’s proposal without amendment by December 23 and the President must sign it by January 15, 2012. Failure to pass the proposed spending reductions or revenue enhancements at any of these three steps will trigger automatic across-the-board spending cuts starting in 2013 for any amount of \$1.2 trillion not reduced by the Super Committee’s proposal. The cuts will be shared between defense and non-defense programs with early estimates suggesting a 9-10% reduction in discretionary program funding (such as Perkins) starting in 2013 if the automatic cuts are triggered. Additional cuts would occur in each year through 2021.

The sharp partisan divide evidenced by Congress during debates about the debt ceiling also seems likely to affect debate and action on any proposal developed by the Super Committee and any continuing resolutions, contributing to uncertainty about federal funding for programs of particular importance to the WTCS.

Community College and Career Training (CCCT) Grants

Awards for the first round of Community College and Career Training (CCCT) grants were announced in late September by the US Departments of Education and Labor and the White House. An estimated \$3 billion in proposals were submitted for the \$500 million available in first year funds for these grants and over 90% of the proposals were submitted by two-year community and technical colleges.

Wisconsin did not qualify for an award for the consortium application submitted by WTCS colleges. However, three colleges (Chippewa Valley, Southwest and Western) received awards as part of a consortium led by Northeast Iowa Community College.

Three additional years of awards are expected with an additional \$500 million available in each year. The 2012 round of grant applications is likely later this fall and WTCS colleges are sure to continue their efforts to receive these grant funds. However, continued emphasis on deficit reduction may make these funds a target for cost savings in Congress. More information about CCCT grant awards in Wisconsin and applying for CCCT grants in future years will be provided as it becomes available.