

Summary of President Obama's Fiscal Year 2017 Budget Request

On February 9, 2016, President Obama released his budget request for FY 2017. Included in the budget are a number of policy proposals and funding recommendations that if enacted would impact community colleges.

The budget requests the following for the Pell Grant program:

- Restore year-round Pell Grant eligibility for full-time students. Under the proposal, recipients would qualify for up to 150 percent of their regular Pell Grant award. The budget estimates that this would provide assistance to 700,000 students in award year 2017-18 with an additional \$1,915, on average.
- Provide an additional \$300 On-Track Pell Bonus to students who take 15 credits per semester. This change would effectively increase the Pell Grant maximum award to \$6,235 for recipients who take 15 credit hours per semester in an academic year.
- Permanently index the Pell Grant maximum award to inflation. Currently inflationary increases to the maximum grant award cease after FY 2017. The administration proposes extending these increases. The budget estimates the Pell Grant will increase to \$5,935 in award year 2017–2018.
- Establish a Second Chance Pell. The Budget proposes to reinstate access to Pell Grant aid for eligible incarcerated students in Federal and State penal institutions.
- Prevent additional Pell disbursements to recipients who repeatedly enroll and obtain aid but do not earn any academic credits.
- Strengthen Pell Grant satisfactory academic progress (SAP) requirements. The budget but does not offer a specific recommendation for reform to SAP beyond stating its intent to support on time completion.

Additional recommendations for the Department of Education:

- \$1.3 billion in mandatory funding for fiscal year 2017 for America's College Promise (ACP); an investment of \$60.8 billion in mandatory outlays over 10 years. ACP would provide grants for States to make community college free for responsible students. The ACP would also provide 2 years of college for new low-income students at 4-year Historically Black Colleges and Universities and Minority-Serving Institutions, including community college transfers.
- \$75 million to support competitive grants for the American Technical Training Fund to support the development, operation and expansion of innovative, evidence-based job training programs in high demand fields. These additional funds would be appropriated under Perkins Career and Technical Education (CTE). However, the state grants portion of CTE remains level funded under the budget proposal.
- \$547.8 million fiscal year 2017 budget authority for the College Opportunity and Graduation Bonus program; an investment of \$5.7 billion in mandatory outlays over the next decade. This proposal will reward colleges that successfully enroll and graduate a significant number of low- and moderate-income students on time. Eligible institutions may receive a grant that will support innovation, interventions, and reforms to further increase college access and success.

- \$11 million for Adult Education National Leadership Activities. These funds would be used to support States in their efforts to improve adult education standards and assessments and carry out data collection activities. State grants for Adult Basic Education remain level under the budget request.
- Reform of the federal allocations for campus-based aid programs (Supplemental Educational Opportunity Grants, Federal Work Study, and Perkins Loans) to target those institutions that enroll and graduate higher numbers of Pell-eligible students.
- Simplify the FAFSA by removing questions related to assets, non-IRS untaxed income, non-IRS income exclusions, and other income adjustments.
- Reform the Perkins Loan program into a new Unsubsidized Perkins Loan program which would provide \$8.5 billion in loans annually, allocating lending authority among institutions on the basis of the extent to which institutions enroll and graduate higher numbers of Pell-eligible students, and offer affordable and quality education such that graduates can repay their educational debt. The Department would administer the new Perkins Loan program as a direct loan program; however, institutions would continue to have discretion over awarding aid to students.
- Create a single PAYE plan (income driven student loan repayment option) for loans originated on or after July 1, 2017. Loans originated prior would still have access to the current range of income driven repayment options.
- \$100 million for the First in the World (FITW) Program. This funding would support the implementation and evaluation of innovative and evidence based strategies designed to improve college completion. Funding for FITW was eliminated in the FY 2016 omnibus appropriations bill.

Budget request for the Department of Labor and Other Agencies:

- The Community College Partnership Tax Credit is a new tax incentive designed to encourage employers to play a more active role in supporting community colleges. Employers would assist community colleges through contributions like designing curriculum, donating instructors and equipment, and creating job-based learning opportunities. Once students complete the program, employers would be eligible for a tax credit of \$5,000 for hiring them. The proposal would provide \$500 million in credits per year for the next five fiscal years.
- The budget proposes an increase of \$148 million for state grants under the Workforce Innovation and Opportunity Act.
- \$3 billion to create an American Talent Compact that would expand talent pipelines in over 50 regions to fill open jobs and attract new jobs from overseas. These proposed funds would train half a million people for high-demand jobs through regional partnerships among workforce boards, community colleges and other organizations.