

## Community College Summary of the President's FY 2015 Budget Request

### Existing Programs

**Pell Grants** – The budget provides sufficient resources to fully fund the \$5,830 maximum Pell Grant award in the 2015-2016 award year. The Budget proposes strengthening academic progress requirements in the Pell Grant program in order to encourage students to complete their studies on time. It also would **reinstate the Ability to Benefit** provision for students enrolled in eligible career pathways programs, which will allow adults without a high school diploma to gain the knowledge and skills they need to secure a good job. The budget also includes a tax proposal that would make Pell Grants excludable from taxable income.

**Perkins Career and Technical Education (CTE) and Adult Basic Education (ABE)** – Funding for the CTE program is level to that which was appropriated for FY 2014. However, the budget request for CTE State Grants earmarks up to \$100 million for competitive grants under a CTE innovation fund, including \$10 million for “Pay for Success” projects. Funding for Adult Education State grants is level to that of FY 2014 – an amount which was not restored from prior sequestration cuts. There is however, an additional \$20 million for Adult Education National Leadership activities designed to support Skills Challenge Grants to help scale up promising and evidence based models that combine basic skills education with training and improve alignment of services across sectors and with postsecondary education and training.

**Supplemental Educational Opportunity Grants (SEOG) and Federal Work Study (FWS)** - Funding for SEOG and FWS is level to funding appropriated for FY 2014. The request includes proposed reforms to the allocation formula for SEOG and Work-Study which would redirect funding from institutions receiving funds primarily based on historical funding levels to institutions that enroll and graduate higher numbers of Pell-eligible students, and offer an affordable and quality education such that graduates can repay their educational debt. Allocations to schools that fail to maintain a commitment to meeting these standards would be redistributed to better-performing institutions.

**Perkins Loan program** – The budget proposes expanding the existing Perkins Loan program into a new unsubsidized program which would provide \$8.5 billion in loans annually. The new program would allocate lending authority among institutions on the basis of the financial need of their students, and the extent to which institutions enroll and graduate higher numbers of Pell eligible students, and offer an affordable and quality education such that graduates can repay their educational debt. This reform would replace the current program. When fully implemented, the new Perkins loan program would provide eight and a half times the current Perkins loan volume and expand institutional participation by up to an additional 2,700 postsecondary institutions. Savings resulting from this reform will be redirected to the Pell Grant Program, which, when added to surplus Pell Grant discretionary budget authority from the prior year, are sufficient to fund the program through the 2016 - 2017 award year. The new Perkins Loans would be originated by institutions in the same manner as Federal Direct Student Loans; however, institutions would continue to have discretion with regard to student eligibility.

**GEAR UP and TRIO** – Funding for GEAR UP and TRIO is level to that which was appropriated for FY 2014.

**Workforce Investment Act (WIA) State Grants** – Funding for WIA grants to States for adult employment and training activities, youth activities, and dislocated worker employment and training activities are level to that which was appropriated for FY 2014. However, a number of new training proposals were included in the budgets, which are detailed under the new proposals section.

**Aid for Institutional Development** – Funding for Title III Part A, Strengthening Institutions is level to that which was appropriated for FY 2014. Also level funded are all other undergraduate discretionary programs for Minority Serving Institutions (MSIs) and Historically Black Colleges and Universities (HBCUs).

**First in the World Fund** - Building on FY 2014 appropriations of \$75 million, the budget requests \$100 million for this program to invest in cutting-edge innovative strategies and practices that improve educational outcomes and make college more affordable for students and families.

**College Access Challenge Grants program** – This program was not renewed under the FY 2015 budget proposal.

**Pay As You Earn (PAYE) Expansion** - The budget proposes to extend PAYE to all student borrowers, regardless of when they borrowed. The budget also would reform PAYE to safeguard the program for the future and ensure that program benefits are targeted to the neediest borrowers.

**Higher Education Tax Benefits** – The budget requests the permanent extension the American Opportunity Tax Credit (AOTC). The budget also proposes providing tax relief to student loan borrowers by excluding student loan forgiveness from taxation for borrowers who have made student loan payments for many years under an income-related repayment plan.

## **New Proposals**

**Community College Job-Driven Training Fund** – The budget proposes \$1.5 billion in 2015 to support a four-year, \$6 billion Community College Job-Driven Training Fund, which will offer competitive grants to partnerships of community colleges, public and non-profit training entities, industry groups, and employers to launch new training programs and apprenticeships that will prepare participants for in-demand jobs and careers. Of each year's funding, \$500 million will be set aside for grants to create new apprenticeships and increase participation in existing apprenticeship programs. The Community College Job-Driven Training Fund is proposed as a successor to the TAA Community College and Career Training Grant Program (TAACCCT). Mandatory funding for TAACCCT expires after FY 2014.

**College Opportunity and Graduation Bonus** – The budget proposes \$7 billion over 10 years to reward colleges that successfully enroll and graduate a significant number of low- and moderate-income students on time and encourage all institutions to improve their performance. The new College Opportunity and Graduation Bonus program would provide an annual grant to eligible institutions based on their number of on-time graduates that receive Pell Grants. The program will provide an annual grant to eligible institutions equal to their number of on-time Pell graduates multiplied by a tiered bonus amount per student.

**State Higher Education Performance Fund** – The budget proposes \$4 billion in competitive state grants to encourage systemic efforts to make higher education more affordable and increase college access and success, particularly for low-income students. State grantees would adopt strategic higher education reform policies and provide federal and state resources to public colleges and universities based on their performance. State policies would promote alignment with the K-12 system; ensure seamless transitions to higher education for all students; build strong postsecondary pathways from the workforce system; and empower students and families with clear, relevant information about the return on investment of enrolling at different colleges and universities. Funds could be used to support and scale up effective and innovative practices that improve access and success at public colleges and universities while reducing cost per degree. States would receive up to four years of funding, and would match their federal grants, dollar-for-dollar, for a total of \$8 billion in four years.

**College Success Grants** - This new \$75 million competitive program aims to support the implementation of sustainable strategies, processes and tools, including those based on technology upgrades, to reduce costs and improve outcomes for students. Grants would go to Historically Black Colleges or Universities and other Minority-Serving Institutions. Funded activities could include partnering with school districts and schools to provide college recruitment, awareness, and preparation activities; establishing high-quality dual-enrollment programs that allow students to earn college credit while still in high school; providing comprehensive student support services; and reducing the need for remedial education.

**New Career Pathways program** - The budget proposes \$4 billion for a New Career Pathways program that will streamline the delivery of training and reach as many as one million workers a year with a set of core services, combining elements of two existing programs –Trade Adjustment Assistance for Workers and WIA Dislocated Workers. In addition to extensive reemployment services, workers demonstrating attachment to the workforce of three years or longer will be eligible for training vouchers of up to \$8,000 over two years for training in high growth, high-demand occupations.

**WIA Incentive Grants** – The budget proposes \$80 million for expanded and enhanced Incentive Grants for States and tribal governments. Similar to the incentive grants currently authorized in WIA, which have not been consistently funded in the past, these funds, will be used to reward States and tribal governments that exceed levels of performance for subpopulations facing significant barriers to employment, such as the long-term unemployed, disconnected youth, individuals with disabilities, and veterans.

**Sector Strategies** - The budget proposes \$15 million for the Secretary of Labor to award grants to States, consortia of States, or regional partnerships to develop employment and training strategies targeted to particular in-demand industry sectors in regional economies. These grants will further collaboration between Workforce Investment Boards and businesses, and the resulting partnerships will ensure that businesses' workforce needs are being met, and that the long-term unemployed and other targeted populations receive the training they need for careers in in-demand industry sectors.

**Funding for Evaluations and Higher Education Rating System** - The budget proposes \$52 million for GPRA Data/HEA Program Evaluation (GPRA/HEA) activities in fiscal year 2015, an increase of \$51.4 million from the 2014 amount. The funding would allow the Department to conduct evaluations, data collection, research, and demonstration activities. Multiple offices across the Department will collaborate to design and implement the studies, with one of the evaluation offices taking the lead for the evaluations to ensure high-quality research. Within the amount requested for 2015, the Department would allocate the funds as follows: approximately \$20 million to conduct research, evaluations, and demonstrations to test approaches that promote postsecondary access, program completion, and high-quality, affordable education programs; approximately \$19 million to begin demonstrations and evaluations of alternative strategies for providing services; \$12 million to support development and refinement of a new college rating system; and \$1 million to support the development of a postsecondary and adult Data Quality Initiative (DQI).