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ACCT ASSOCIATION OF COMMUNITY COLLEGE TRUSTEES

Community College Position on Stimulus "4.0" Legislation – April 2020

As Congress works on the next legislative response to the Coronavirus (COVID-19) crisis, community colleges seek federal support for their students and institutions as outlined below. Community colleges are essential to helping the nation weather the ongoing pandemic crisis and, later, to foster widespread economic growth.

1) Institutional and Student Support to Cope with the Pandemic

Community colleges seek further federal financial support to stabilize institutional budgets in the wake of the pandemic. Institutions anticipate immediate enrollment drops for the upcoming term, coupled with deep state budget cuts either in the current fiscal year or the upcoming cycle. Institutions also have incurred substantial additional costs as a result of the pandemic, both to meet student needs as well as in delivering educational and student services. At this point, colleges are counting on the federal government to help address these dire financial conditions. The CARES Act provided badly needed funding but is not adequate given the challenges colleges are confronting. Community colleges could easily be facing a collective revenue reduction of $10 billion (roughly 1/6 of current revenues) or more over the next year, excluding additional needed supports for students. Overall, we seek $46.6 billion in Stimulus 4 legislation, provided through the formula contained in Section 18004(a)(1) of the CARES Act. We also support ensuring that non-profit institutions, particularly community colleges, receive a minimum allocation through formula grants to address the unique needs of small, often rural, colleges.

Increased funding must be matched by policies that ensure that states maintain their financial commitment to higher education. Strong supplement/not supplant language or a tight maintenance-of-effort is required to ensure that higher education continues to receive a proportionate share of state budget funds, and that college students do not face much higher tuitions because of inordinately large budget reductions.

2) Workforce Development Funding for a TAACCCT Successor Program

It is impossible to predict the full extent of the abrupt economic downturn. However, with millions of individuals rendered unemployed and businesses everywhere closing doors, the nation will need to rebuild economically for seasons to come. Community colleges are critical to helping build a stronger economy and address the pronounced skills gap that has emerged. Particularly, community colleges are well positioned to help meet the urgent immediate increased demands for health care professionals, including nurses and allied health professionals.

The sector supports a program modeled on the highly successful Trade Adjustment Assistance Community College and Career Training Program, such as the

Strengthening Community College Training Program, created in FY 2020 appropriations legislation. The Perkins Career and Technical Education Act is another possible vehicle to provide targeted workforce development assistance to community colleges.

An investment of $1.0 billion per year for at least two years would sustain a vital workforce education program connected tightly to business. The program should put postsecondary-industry partnerships at the forefront, while also encouraging other strategic partnerships. Grants should be sufficiently large to enable colleges to make at-scale innovations and investments in workforce education programs and infrastructure but also reflect the size of the institutions and their local communities. Recipients should be required to show how their plans are responsive to the needs of workers and businesses that have arisen as a result of the pandemic, but participant eligibility should not be limited to just those who lost their job due to COVID-19. Institutions should be able to use a limited percentage of grant funds to help defray student costs, including tuition. The program should emphasize the attainment of industry-recognized credentials and employment and earnings outcomes, regardless of whether the offering is credit or non-credit.

Given what is certain to be intense demand for immediate job training services, we urge Congress to establish eligibility for short-term education via the Pell Grant program. Community colleges continue to believe that this eligibility will serve to enhance both increased earnings for workers and a stronger economy.

3) Direct Student Aid

Community colleges seek dedicated financial aid for students during this economically trying time. These resources should be distributed through the Supplemental Educational Opportunity Grant (SEOG) program. However, these funds should be distributed to institutions based upon their relative share of Pell Grant recipients instead of the current formula, which is not well targeted to institutions with the largest numbers of low-income students. We recommend $5 billion for additional student support. We also ask for a waiver on the institutional share, and that funds be distributed to institutions who have received an SEOG allocation in the previous fiscal year.

As the country faces the prospect of a 20% or greater unemployment rate, we strongly encourage Congress to provide special access to the Pell Grant program for this population. In 2009, ED encouraged colleges to use professional judgment to exclude unemployment benefits from need analysis. The Department of Labor similarly encouraged the workforce system to encourage workers to apply for Pell Grants. In the current circumstances, Congress should allow institutions to assign a student a zero Expected Family Contribution (EFC) if that individual qualified for unemployment benefits as provided in the Cares Act. This will allow these individuals to pursue higher education or job training in these wrenching economic times.

4) Relief for Distressed Student Loan Borrowers

Student borrowers are thankful for the relief provided in the CARES Act. But borrowers will still struggle. With the impact of this pandemic yet to be fully grasped, many student loan borrowers, particularly those from low-income backgrounds or those who have not yet completed their degrees, will face a labor market weighted down by the sagging economy. Congress should look for ways to support these struggling borrowers by providing additional relief, including student loan forgiveness. Policies should emphasize the needs of low-income, low-balance borrowers as they continue to have the greatest problems repaying their loans.

5) Temporarily Enhance Higher Education Tax Credits for Training Opportunities

The COVID-19 pandemic has profoundly and adversely affected community college students, particularly those from low- and middle-income backgrounds who have been attached to the workforce. The tax code can directly help these individuals. The American Opportunity Tax Credit (AOTC) and Lifetime Learning Credit (LLC) should be changed at least temporarily to better assist community college students, who are not served optimally under their current structure.

The American Opportunity Tax Credit (AOTC) should be increased from $2,500 to $3,000, and its refundability should be increased from 40% to 60%. Just as importantly, the Lifetime Learning Credit (LLC) should be modified to cover 100% of the first $2,000 of eligible expenses; currently, it covers only 20 percent of up to $10,000 of eligible expenses (maximum credit of $2,000). This eligibility formula works poorly for the part-time and non-credit students who attend community college to enhance their skills, a population for whom the credit was intended.

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