ASSOCIATION OF COMMUNITY COLLEGE TRUSTEES

*The Voice of Community College Leaders*

# PRIORITIES FOR REAUTHORIZING THE HIGHER EDUCATION ACT

## SHORT-TERM PELL GRANTS

Community colleges offer scores of short-term, workforce-oriented programs that do not currently qualify for Pell Grants. Currently, a program must be two-thirds of a year in length (or 600 clock hours) and at least 15 weeks to qualify for Pell Grants. Eligibility for shorter-term programs should be established, with safeguards to ensure that only the highest-quality programs receive support.

- Short-term training programs offer opportunities for students to quickly increase their skill level and earning potential. Yet the cost of these programs remains a barrier for many low-income students as they are unable to access Pell Grants.
- Lowering the threshold for Pell Grant eligibility to 150 clock hours will enable more individuals to access training programs for jobs in high-need fields.
- The bipartisan JOBS Act (S. 839 sponsored by Senators Kaine (D-VA) and Portman (R-OH); H.R. 3497 sponsored by Representatives Richmond (D-LA) and Gonzalez (R-OH) recognizes the need in this area by establishing Pell Grant eligibility for short-term programs.

## INCREASE THE PELL GRANT MAXIMUM AWARD

Between fiscal years (FYs) 2013 and 2017 the Pell Grant program received automatic annual increases to the maximum award level that were tied to inflation. In 2018, the authority to provide those automatic increases expired. Through the reauthorization of HEA Congress should once again provide annual inflationary increases the maximum award using a dedicated source of mandatory funding.

- Pell Grants not only assist low-income students with tuition and fees but can be used to help with other expenses related to the cost of attendance.
- Increasing the maximum award helps diminish the cost of attendance for low-income students, while also reducing the need for students to borrow.
- Raising the maximum award level also increases the minimum award level, thereby expanding the pool of students eligible to receive Pell.

## SECOND CHANCE PELL GRANTS

Across the country scores of community and technical colleges partner with correctional institutions to offer postsecondary programs for incarcerated individuals. However, since 1994 incarcerated individuals who would otherwise be eligible to receive Pell Grants to cover tuition, fees, and course materials have been barred from receiving assistance. Congress and the administration are actively considering the benefits of overturning the ban. Currently, the U.S. Department of Education is operating an experimental sites initiative permitting 67 colleges the ability to offer Pell Grants to incarcerated individuals seeking a postsecondary credential.

- Congress should overturn the ban on Pell for incarcerated individuals to increase the likelihood of employment after release and reduce long-term recidivism.
- Investing in these types of postsecondary programs has a positive return on investment by reducing state prison expenditures and increasing employment rates among formerly incarcerated individuals.
- In order to be eligible to participate in the current experimental sites initiative, incarcerated individuals must meet all Pell Grant eligibility criteria.

## OPPOSE NEW RISK SHARING PENALTIES

A number of policymakers from both parties have proposed new "risk sharing" penalties on institutions of higher education, to be applied when various federal metrics or objectives are not met. These objectives may include student loan repayment rates, default rates, or student persistence, with associated financial penalties if desired outcomes are not met. The driving concept behind risk sharing is that institutions should be held financially responsible for one or more aspects of their performance. Community colleges strongly oppose risk sharing.

- Community colleges faithfully administer federal programs but cannot guarantee all outcomes related to them. For example, institutions cannot control who receives student loans and they do not collect on them, so holding them responsible for student loan repayment is not reasonable.
- Community colleges currently engage in "risk sharing" through the form of state and local financial support. This funding exceeds 50% of all their expenditures and is greater than federal support provided through student aid and other programs.
- Community colleges simply do not have the resources to absorb financial penalties. Risk sharing would almost inevitably result in either increased costs or reduced educational services for students.
- Risk sharing unfairly penalizes open access institutions. Community colleges are dedicated to serving all students and will continue to do so regardless of misdirected federal policies. Meanwhile, selective institutions that enroll fewer at-risk students will generally avoid sanctions.

## REDUCE DEBT FOR COMMUNITY COLLEGE STUDENTS

Student loans should be linked to the enrollment intensity of students (part-time, full-time, etc.) and program length. The current in-school interest subsidy for low-income students should be retained.

- Unnecessary borrowing can be curbed when maximum loan amounts are tailored to the length of a student's program and their enrollment intensity. While relatively few community college students borrow, they continue to default at unacceptably high rates. Limiting borrowing can help reduce defaults.
- Colleges need new tools to reduce student borrowing for broad categories of students whose likelihood of repayment is relatively low.
- Retaining the in-school interest subsidy for students who demonstrate financial need reduces their cost of college and helps students move into family-sustaining careers upon graduation.

## ENHANCE TRANSPARENCY AND DATA

Create a national student unit record data system that can accurately track completion and transfer and well as the earnings of graduates. The system should follow students between institutions and reflect the actual course of community college students, who are often older than traditional students, and enroll part-time.

- A comprehensive unit record data system will produce an accurate accounting of the nation's postsecondary education system, which still does not exist. This system will allow prospective students as well as policymakers to make better decisions about postsecondary education.
- Incorporating transfers-out as well as a realistic measure for the pathways of community college students – 300% of the "normal time" to completion – will improve the public's understanding of actual community college success.
- Linking the postsecondary education data system to federal wage records will finally enable prospective students to be savvy consumers about which higher education program provides the greatest economic opportunity.
- An effectively implemented unit record data system would reduce administrative costs, in part by eliminating redundancy in the data that are currently reported to a variety of federal, state, local and private entities.