

Summary of the Build Back Better Act:
Education, Labor and Tax Provisions in the House's FY 2022 Budget Reconciliation Proposal

In August 2021, the House and Senate activated an FY 2022 budget reconciliation process by approving a \$3.5 trillion budget resolution containing reconciliation instructions for various committees. Following this, House Committees began working to draft and pass their components of the \$3.5 trillion Build Back Better Act for consideration by the full House. Below is a summary of education, labor and tax provisions contained in House budget reconciliation legislation to date.

House Education and Labor Committee:

On September 10, 2021, the House Education and Labor Committee approved their [FY 2022 budget reconciliation proposal](#) by a vote of 28-22. The measure comprises the committee's portion of the Build Back Better Act.

The Education and Labor Committee's reconciliation proposal contains a total of \$761 billion, and is aimed at lowering costs for families, increasing access to jobs and improving education.

Notable provisions of the legislation are as follows:

Part 2 – Higher Education

Subpart A – America's College Promise

Grants for Tuition-Free Community College (Sec. 20021)

This section of the legislation establishes a program that allows the Department of Education (ED) Secretary to award grants to states to offset the cost of tuition and fees for all qualifying community college students.

Grants to States

The federal payment to states for each eligible full-time equivalent student is a percentage of the national median resident community college tuition for the most recent year for which data are available. Under the legislation, the federal government provides 100 percent of this amount in 2023-24. The federal share then decreases by 5 percent annually to 80 percent in FY 2027-28, when the program phases out. States are obligated to cover the remaining costs per student for each year they receive federal grant funding.

Student Eligibility

To be eligible for the tuition and fees waiver, students must:

- Be enrolled half-time or more.
- File a Free Application for Federal Student Financial Aid (FAFSA) if they are citizens.
- Be enrolled in a Title IV-eligible program.
- Qualify for in-state or in-district tuition at the community college in which they are enrolled (or would have qualified if not for their immigration status).
- Not be a dual or concurrent enrollment student.

Students are eligible for the waiver for up to six semesters.

State Maintenance of Effort (MOE)

To receive a grant for an award year, states must spend at least what they spent, on average, over the last three years on each of the following categories:

- Support for all higher education, measured on a per full-time equivalent (FTE) student basis.
- Operating expenses for public four-year institutions, excluding capital expenses and research and development costs.
- Need-based student financial aid.

State Requirements

States must also:

- Ensure that associate degree programs fully transfer to related baccalaureate programs at public institutions of higher education in the state.
- Enhance the use of reverse transfer for students who have left community colleges without degrees but subsequently enrolled at other institutions.
- Ensure that programs meet quality criteria under the Workforce Innovation and Opportunity Act (WIOA).
- Provide students with Promise eligibility information and information about the availability of other means-tested benefits programs.

Retention and Completion Grants (Sec. 20022)

This subpart of the legislation establishes a new \$9 billion competitive grant program to provide funds to states for higher education retention and completion activities. To be eligible for funds, states must participate in the Promise program. This grant program is authorized for seven years.

Allowable uses of funds

States can use retention and completion grants to:

- Provide comprehensive academic, career, and student support services, including mentoring, advising, case management services, or career pathway navigation.
- Aid students in applying for and accessing direct support services, means-tested Federal benefit programs or similar State, tribal or local benefit programs.
- Provide emergency financial aid grants to students.
- Create and expand career pathways.
- Improve transfer pathways between community colleges and four-year institutions of higher education within the state.

Additionally, non-profit organizations can help states develop and implement retention and completion related activities.

Subpart B - Pell Grants and Student Loans **Increasing the Maximum Federal Pell Grant (Sec. 20031)**

The Pell Grant maximum award is increased by \$500 for award years 2022-23 through 2029-30. This increase is in addition to the current maximum grant and any additional increases enacted through the appropriations process.

Federal Student Aid Eligibility (Sec. 20032)

Undocumented students who are protected from deportation under the Deferred Action for Childhood Arrivals (DACA) program are made eligible for HEA Title IV student aid programs, including Pell Grants and student loans.

Part 3 - Miscellaneous

Subtitle C – Workforce Development

Part 1 - Department of Labor

Approximately \$80 billion is provided over FY 2022-26 for new and existing workforce development programs at the Department of Labor (DOL), including:

WIOA State Formula Funding (Sec. 22001 – 22003)

- \$16 billion for dislocated worker employment and training activities.
- \$15 billion for adult worker employment and training activities.
- \$9 billion for youth workforce investment activities.

Apprenticeships (Sec. 22006)

The legislation provides \$5 billion for grants, contracts, and cooperative agreements to various entities to expand registered apprenticeships, including pre-apprenticeship and youth apprenticeship programs that articulate into a registered apprenticeship program.

Community College and Industry Partnership Grants (Sec. 22007)

The measure provides \$2 billion for a new, community college led workforce development program that is similar to the Trade Adjustment Assistance Community College and Career Training Grant (TAACCCT) program.

Allowable uses of funds

The new program is a DOL-administered competitive grant program in which community colleges working with industry sector partners are the eligible grantees. Grant funds may be used to:

- Establish, scale or improve high-quality, evidence-based workforce education programs.
- Facilitate articulation agreements, dual or concurrent enrollment and credit for prior learning.
- Purchase, lease or refurbish equipment.
- Establish or expand industry sector partnerships.

Part 2 – Department of Education Funding

- \$3.6 billion for adult education and literacy, with a minimum of 10 percent dedicated to corrections education programs. (SEC. 22101)
- \$3 billion for career and technical education, with an additional \$1 billion provided for Perkins Act innovation and modernization programs. (SEC. 22102)

House Ways and Means Committee

On September 15, 2021, the House Ways and Means Committee approved their [FY 2022 budget reconciliation proposal](#) by a vote of 24-19. The measure comprises the committee's portion of the Build Back Better Act.

The Ways and Means Committee's reconciliation proposal is aimed at addressing climate change, creating jobs, and reinvigorating local communities.

Notable provisions of the legislation are as follows:

Subtitle D – Trade Adjustment Assistance

Part 3 – Trade Adjustment Assistance for Communities and Community Colleges

Trade Adjustment Assistance for Community Colleges and Career Training (Sec. 133302)

Reauthorizes the Trade Adjustment Assistance for Community College and Career Training Grant (TAACCCT) program and provides \$9.1 billion over 7 years for the program.

Allowable uses of funds

Eligible entities receiving a TAACCCT grant must use funding to establish and scale career training programs and provide supports for students participating in these programs.

At least 15 percent of a TAACCCT grant must be used for student support services, which may include the following:

- Supportive services, including childcare, transportation, and mental health services.
- Connecting students to means-tested benefits programs.
- The provision of direct financial assistance (emergency funding).
- Navigation, coaching, mentorship and case management services.
- Providing necessary supplies, materials, technological devices or required equipment.

Subtitle E, Part 1– Pathways to Health Careers

Career Pathways Through Health Profession Opportunity Grants (Sec. 134101(b))

Provides \$425 million over four years to continue the Health Profession Opportunity Grant (HPOG) program, which aims to provide training and support to low-income individuals for allied health professions, health information technology, physicians assistants, and other healthcare professions. Entities that are eligible to apply for an HPOG grant include institutions of higher education, local workforce development boards and nonprofit organizations.

Allowable uses of funds

In addition to education and training, grantees must provide project participants with:

- Adult basic education resources.
- Child care services.
- Case management services.
- Transportation services.

Grantees may also provide project participants with:

- A cash stipend
- Emergency funding assistance
- Tuition and training materials, such as books, software, and uniforms.
- In-kind resource donations, such as interview clothing and conference attendance fees.
- Other support services deemed necessary for success in the project.

Subtitle H – Social Safety Net

Part 7 – Higher Education

Treatment of Federal Pell Grants for Income Tax Purposes (Sec. 137703)

Excludes Federal Pell Grants from gross income for tax purposes and eliminates the Pell Grant offset included in the American Opportunity Tax Credit (AOTC) formula. These changes, which would be effective on December 31, 2021, would enable thousands of low-to moderate-income college students to receive the full benefits of the Pell Grant program and the AOTC.

Repeal of American Opportunity Tax Credit Denial on The Basis of Felony Drug Conviction (Sec. 137704)

Strikes language that would deny the American Opportunity Tax Credit (AOTC) to anyone who has been previously convicted of a drug-related felony.