Congress is locked in a partisan battle over approval of the FY 2013 Budget Resolution, among other issues, including several issues that affect funding for higher education and community colleges. Funding for Pell Grants, the doubling of federal student loan Interest rates, Reauthorization of the Workforce Investment Act, and numerous programs designed to support community college economic and workforce development programs continue to be major issues.

Congress is Divided Over Budget Proposals and Education Funding

In late March the U.S. House of Representatives passed the FY 2013 Budget Resolution proposed by Republican Budget Committee Chairman Paul Ryan (R-WI) by a vote of 228 to 191. This budget proposal contains deep cuts to education programs, such as the Pell Grant Program, which proposes elimination of more than $105 billion in mandatory funding over the next 10 years and makes significant changes to student eligibility. The Budget proposal lowers the zero expected family contribution, reduces administrative funds, and eliminates eligibility for less-than-half-time students. The proposal to eliminate Pell Grant eligibility for less-than-half-time college students would have a significant negative impact on community college students. The Budget proposal also eliminates automatic increases in the Pell maximum above $5,500.

The Ryan Budget also eliminates all mandatory funding for the Trade Adjustment Assistance Community College and Career Training Grant Program. The proposal repeals mandatory funds ($1.5 billion) for the TAA Community College and Career Training Grant program and sets an overall cap for federal spending at $1.028 trillion.

The Senate has approved a measure that allows the upper House to begin advancing Appropriations vehicles without first approving a Budget Resolution. The Senate will use the funding levels from last year’s Budget Control Act to move the 12 Appropriations bills. This Senate’s funding framework is about $19 billion higher than that contained in the House Budget Resolution.

The gap between the House and Senate will make it difficult for all 12 Appropriations bills to be passed before the fiscal year ends on September 30th. Congress will likely approve Continuing Resolutions to get past the November elections.

The good news is that Pell Grant funding is not in as much risk of being cut as in prior years because there is not a Pell Grant funding shortfall this year. This will likely help fight back draconian cuts to Pell Grants, such as eliminating Pell eligibility for less-than-half-time students as recommended in the Ryan budget proposal.
Both the House and Senate have introduced legislation to prevent interest rates on subsidized Stafford loans from doubling on July 1st. Both bills would extend the current rate of 3.4 percent for one year, but have different approaches for funding the estimated $6 billion cost for maintaining the current interest rate. Last week Senate Leader Harry Reid (D-NV) introduced S. 2343, the Stop the Student Loan Interest Rate Hike Act of 2012. This bill would fund the current interest rate by taxing S Corporations who meet specific criteria. House Republicans also have introduced their version of maintaining the current student loan interest rate. Congresswoman Judy Biggert (R-Ill) introduced H.R. 4628, the Interest Rate Reduction Act. The major difference in this bill from the Senate measure is that it would offset the cost by cutting mandatory funding for the Prevention and Public Health Fund in the Affordable Care Act.

There is significant political momentum in Congress to approve legislation that maintains the current student loan interest rate for another year. Congress will be pressured to compromise on the offset used to fund this extension by July 1st.

There are discussions taking place in Congress to either partially or fully restore funding for Ability-to-Benefit (ATB) students who were eliminated from Pell Grant eligibility late last year. These are student who do not have a high school diploma or a GED certificate. This change affects 19,000 students in the California Community College System and shuts the door to many students with few options available to turn their lives around. While this issue still has an upward battle, ATB continues to be in play.

**WIA Reauthorization Bills are Likely to Frame Debate after November Election**

Republicans and Democrats in the House Education and Workforce Committee have introduced competing measures that would Reauthorize the Workforce Investment Act (WIA). Neither of these measures are expected to gain traction this year because of election-year politics and other major differences, such as the budget, the debt ceiling, and expiring tax cuts. However, the debate on these two bills will likely frame the WIA discussions after the election.

**The Workforce Investment Improvement Act of 2012 (H.R. 4297)**

This comprehensive Republican bill was introduced by Congresswoman Virginia Foxx (R-NC), Congressman Howard P. “Buck” McKeon (R-CA), and Congressman Joe Heck (R-NV) and is a compilation of three earlier bills. The 214-page bill is consistent with much of the current Republican legislative agenda as it provides state and local governments more autonomy and reduces federal authority. The measure consolidates many existing workforce programs and would take 25 of the 47 workforce training programs and consolidate them into a single funding stream—the Workforce Investment fund. This fund would provide formula funds to state and local workforce investment boards to create universal employment and training programs for all adults, unemployed workers, and youth. This bill also gives more authority to governors allowing them to choose the entities that are eligible to administer training programs. The bill increases the required participation of the business community; state and local WIBs would be required to give priority to placing participants in private sector
employment. The legislation has the full support of Education and the Workforce Committee Chairman John Kline (R-MN) and will likely be marked up before Committee in the coming months.

The Workforce Investment Improvement Act of 2012 (H.R. 4227)
Congressmen George Miller (D-CA), Ruben Hinojosa (D-TX) and John Tierney (D-MA) introduced the Democratic version of WIA Reauthorization last month. Though this bill is unlikely to come up for a vote in committee because it lacks Republican support, it articulates what the House Democrats would like to see in the reauthorized law. This bill creates new competitive funding streams with the goal of incentivizing and rewarding programs that are effective. It also includes authorization of the $8 billion Community College to Career Fund as proposed by President Obama. Similar to the Republican bill, H.R. 4227 does not alter reporting requirements under the WIA except to allow electronic submission and dissemination of data. It differs from the Republican bill by requiring at least 20% of the State WIBs to include representatives of the workforce within the State or local areas and representatives from labor organizations. The Republican bill proposed to eliminate the requirement for such organizations to participate.

US Secretary of Education Arne Duncan testifies in House Education and Workforce Committee
The US Secretary of Education testified on the President’s FY 2013 Budget request. There was Republican resistance to the Administration’s competitive-based funding proposals, including the new competitive-based higher education proposals outlined in the President’s budget. With a House allocation that is far below the President’s request, these competitive programs may be the first to be eliminated.