



December 12, 2008

Dear President-Elect Obama:

On behalf of the nation's 1,200 community colleges and their CEOs and trustees, the American Association of Community Colleges and the Association of Community College Trustees ask you to review and consider our views on some of the most important and pressing issues facing our members. Community colleges enroll more than 11 million students each fall, with 6.7 million of these in credit courses and another 5 million taking noncredit classes. Nearly one half of all U.S. undergraduates are enrolled in community colleges, which also serve the highest percentages of first-generation, low-income and minority students of any sector of higher education. The community college is truly an American success story. First created in your home state of Illinois in 1901, community colleges have grown into the largest sector of postsecondary education.

The new Administration and Congress give policymakers a chance to take a fresh look at a variety of issues. Below are outlined a number of items that are of the highest importance to community colleges.

Sincerely,

George R. Boggs  
AACCC President and CEO

J. Noah Brown  
ACCT President and CEO



## **New Priorities for a More Secure and Prosperous Future: Issues for the Next President**

### **Pell Grants**

For generations, a college degree has served as the key to attaining the American dream. Since the enactment of the G.I. Bill, the federal government has recognized the importance of ensuring access to higher education. Through the years, federal grant and loan assistance -- coupled with state, institutional and family support -- has enabled millions of low- and middle-income students to pursue postsecondary education. Yet the United States is no longer the world leader in the percentage of its citizens who attain some postsecondary education. Given the enormous economic challenges facing the nation, it is essential that the new administration reaffirm its commitment to ensuring access to postsecondary education and training.

Community colleges strongly support the federal student aid programs, particularly the Pell Grant program, which benefits the neediest students in higher education. Each year more than 5 million postsecondary students receive Pell Grants, 87 percent of who come from families with annual earnings of \$40,000 or less. Approximately 2 million of these Pell Grant recipients attend community colleges, where they use Pell Grants to help pay for tuition, books, equipment and living expenses. Low-income students need a significant boost in the Pell Grant maximum or they will have to work more hours, stretch out their programs or borrow more to pay for college expenses.

Candidate Obama supported increases for the Pell Grant program and we hope that he will act forcefully to increase the maximum Pell Grant. Increases are particularly important given the regrettable but almost certain tuition increases that many community colleges will face in coming months as state and local government cut support due to the weak economy.

### **Funding Key Federal Programs**

Community colleges and their students benefit by scores of programs spanning a broad array of agencies. We call attention to a limited number of key programs that provide significant benefits to our colleges but do not necessarily receive the recognition and financial support garnered by other programs. We strongly support funding for the following programs and urge that your Fiscal Year 2010 budget reflect these as particular priorities:

- The Carl D. Perkins Act career and technical education (CTE) programs, which are an indispensable source of support for community college workforce development programs.
- Title II-A, Strengthening Institutions, which serves institutions—most of them community colleges— with relatively few resources that serve high percentages of needy students.
- Hispanic-Serving Institutions.



- A series of promising programs created by the recent Higher Education Opportunity Act: Predominantly Black Institutions; Sustainability Grants; Centers of Excellence for Veterans Success; Rural-Serving Institutions of Higher Education; and Community College Partnership Grants.

### **Community College Partnership Program**

As a candidate, the President-Elect proposed a Community College Partnership Program to strengthen community colleges by providing grants to: (a) conduct more thorough analysis of the types of skills and technical education that are in high demand from students and local industry; (b) implement new associate degree programs that cater to emerging industry and technical career demands; and (c) reward those institutions that graduate more students and also increase their numbers of transfer students to four-year institutions. These efforts are designed to ensure that community college students are able to directly use their skills in the workforce following graduation, and be prepared to continue their higher education. We look forward to the introduction of this new program, whose goals are shared by our campuses.

### **Streamlining Tax Policy**

The Administration should assign the highest priority to overhauling the tax code's college financing proposals, along the lines proposed by President-Elect Obama in his "American Opportunity Tax Credit." The current higher education tax provisions that President-Elect Obama supports restructuring represent a substantial if under-recognized role in college financing. In 2006, 8.4 million students and families received either a Hope or Lifetime Learning tax credit or a tuition deduction, totaling \$6.5 billion in tax expenditures.

There is consensus that the existing college financing provisions are confusing, inefficient and poorly targeted. These conclusions have been reflected in analyses issued by the Urban-Brookings Tax Policy Center, the Center for Policy and Budget Priorities, the Institute for Higher Education Policy and numerous higher education researchers. All have reached the conclusion that the existing higher education tax credits and tuition deduction direct significant subsidies to individuals who would attend college anyway, while those who struggle to afford college receive little to no benefit. In 2006, 58 percent of all Hope and Lifetime Learning tax credit benefits were awarded to those with incomes above \$50,000, an amount slightly above the median family income; 59 percent of the benefit of the tuition deduction was provided to those with incomes of \$100,000 or more. The country cannot afford such a profound misallocation of limited resources.

In addition, a May 2008 GAO report found that 19 percent of those eligible for a higher education tax credit or deduction failed to claim one. Another 9 percent who did file failed to select the most financially advantageous option. Clearly, the higher education tax provisions cry out for simplification.



Community colleges enthusiastically endorse President-Elect Obama's "American Opportunity Tax Credit." The credit embodies the broad outlines of proposals long supported by community colleges, including simplifying and expanding the credit and making it refundable. These features were largely embodied in H.R. 2458, introduced in the 110<sup>th</sup> Congress by Representative Rahm Emanuel. Community colleges also believe that the credit must cover non-tuition expenses, as in H.R. 2458, since these expenses comprise a majority of community college student costs. Lastly, the national service provisions need to be structured carefully so that working students, who are the norm at community colleges, can also perform the requisite community service. Community colleges have been leaders in national service and service learning, but for certain students some type of waiver may be necessary.

We note that comprehensive tax changes will likely be high on the Congressional agenda early in 2009. Overhauling the inefficient and poorly targeted existing tax provisions should be considered part of this effort.

### **Workforce Development**

We urge the Obama administration to make reauthorization of the Workforce Investment Act (WIA) a top priority. WIA has been scheduled for reauthorization since 2003. Without changes to the current WIA statute, our colleges will be hampered from fully utilizing the WIA framework to serve the needs of business, workers and their local communities.

Some community colleges play an integral role in the system by being active members of state and local workforce investment boards, hosting and running One Stop Career Centers, and training large numbers of WIA participants. Other colleges have played little or no role in the system. As you look at reforming WIA, community colleges believe that they need to have a greater role and capacity in the various WIA programs. One change would be to make community colleges the primary provider of training services in the workforce development system, given their scope, quality and low-cost. We also believe that the law needs to play a much stronger role in making the concept of lifelong learning and training a reality for our population.

A more recent initiative, the Community-Based Job Training Grant program, complements other WIA programs by funding training and related capacity expansion at community colleges. As noted earlier, we strongly support the formal authorization and increased funding for this program, or a similar framework focused at community colleges.

By one measure, federal support for workforce development programs has declined nearly 70 percent since its peak in FY1979. Recent years have seen steep funding decreases for these programs, including a \$250 million rescission of unexpended WIA funds in FY 2008. President-Elect Obama will inherit an extremely challenging budget situation, but we urge the Administration to view workforce training as an investment that will return large economic dividends. We urge the Administration to work with Congress to restore WIA funding to at least its FY 2002 levels. We are encouraged that funds for workforce training were included in an



earlier version of the second economic stimulus bill and are being considered for upcoming legislation.

### **Welfare Reform**

Although welfare reform has achieved some of the goals of its sponsors, the Temporary Assistance for Needy Families (TANF) program has drastically limited the ability of community colleges to serve the welfare population. Current statutory and regulatory TANF policies have placed counter-productive restrictions on the participation of welfare recipients in postsecondary education, despite the fact that attainment of a postsecondary credential is the surest way for an individual to become economically self-sufficient. The new Administration should carefully re-examine the TANF statute and regulations with the goal of encouraging college enrollment for welfare recipients, so long as they make "satisfactory academic progress" as defined in the Higher Education Act. In particular, the TANF law should be amended so that 24 months of an individual's postsecondary education counts toward the state's work participation rate.

### **Community Colleges and the Federal Agencies**

Community colleges currently have formal representation in the form of a Deputy Assistant Secretary for Community Colleges in the Department of Education's Office of Vocational and Adult Education (OVAE). This position was elevated from what was previously a "Special Assistant," also located within OVAE. We support retention of the elevated position but, more importantly, we urge the Obama Administration to create a position of community college liaison that advises the Secretary of Education on matters impacting our institutions. The liaison position was created in the 1992 HEA reauthorization (Section 1553) to report directly to the Secretary, but it has never been implemented. Community colleges strongly support structuring the liaison position as a direct report. (Authority for the position is found in Section 202(i) of the Department of Education Organization Act.) Lastly, given the increasing importance of the Department of Labor programs to our campuses, we believe that some type of formal community college liaison/advocate should be created within the Employment and Training Administration.