

AACC Summary of President Obama's Fiscal Year (FY) 2011 Budget

The Obama administration's Fiscal Year (FY) 2011 budget proposal, released February 1, freezes overall domestic discretionary spending, as previously announced. However, the budget contains many proposals of great interest to community colleges and their students, with some key program increases. Below is a snapshot of some of the highlights:

Department of Education

The president's budget would increase discretionary funding for the Department of Education (ED) by \$3.5 billion, or 7.5%, clearly prioritizing education. Full details of the ED budget can be found at: <http://www2.ed.gov/about/overview/budget/budget11/summary/index.html>.

Student Financial Aid

Like last year, the administration proposed making the Pell Grant program a full-fledged entitlement, funded from the mandatory side of the budget (like Social Security and Medicare) rather than through the annual appropriations process. AACC supports this change in budgetary status for the program, but obtaining it will be a substantial challenge. Under the budget, the Pell Grant maximum would rise each year by a percentage equal to the Consumer Price Index plus 1%; this position is reflected in the Student Aid and Fiscal Responsibility Act (H.R. 3221), although that legislation does not include the full Pell entitlement.

Overall, the budget calls for \$34.9 billion in Pell Grant funding, which would fund a \$5,710 maximum grant, an increase of \$160 above the FY 2010 maximum Pell award. Overall 8.74 million students are expected to receive grants—a staggering increase from 5.42 million four years previously (FY 2007).

Funding for other key student aid programs, such as the Supplemental Educational Opportunity Grants and Federal Work Study, is level from last year. The administration has proposed eliminating the Leveraging Educational Assistance Program.

American Graduation Initiative

The Department of Education's budget also includes a restatement and refinement of the administration's American Graduation Initiative. ED budget documents state that \$10.6 billion is projected for community colleges over the next ten years, with the goal of graduating five million more students by 2010.

Related programs of note include \$1.2 billion over the next three years for "graduation promise grants," which could involve community colleges, and ED is also proposing to expand the College Access and Completion Fund to \$3.5 billion over five years, rather than \$2.5 billion as proposed last year.

Higher Education, Vocational and Adult Education, and Other Programs

Most of the institutional assistance programs administered by the Office of Postsecondary Education receive level funding or small increases, highlighted by a \$4 million increase for the Title III-A Strengthening Institutions program (to \$88 million) and a \$6 million increase for Hispanic-Serving Institutions (\$123 million). International education, Strengthening Predominately Black Institutions, TRIO and GEAR-UP would all be level funded.

Funding for the Perkins Career and Technical Education (CTE) programs would remain steady at \$1.27 billion, but with a significant change in structure. The Tech Prep program, previously a \$103 million separate line item, would be rolled into the Perkins Basic State Grant program.

The Department of Education's adult education programs would be increased by about \$14 million, to \$653 million overall. The Adult Basic and Literacy Education State Grants are effectively increased by \$30 million. National activities would increase by \$30 million to \$41 million. The increase would be used to focus more on positive employment outcomes for adult education participants.

A major focus of the president's FY 2011 budget is on K-12 reform and reauthorization of the Elementary and Secondary Education Act (ESEA), currently known as No Child Left Behind (NCLB). Calling for an increase of \$3 billion in competitive funding for ESEA, the administration also proposes to consolidate and reform numerous elementary and secondary education programs to improve performance. One new proposed initiative would provide \$100 million for a College Pathways and Accelerated Learning Program designed to increase high school graduation rates and college preparation. If authorized and funded, it would support early college, dual enrollments, and Advanced Placement/International Baccalaureate courses.

Department of Treasury (American Opportunity Tax Credit)

The budget proposes to replace the Hope Scholarship tax credit with a permanent extension of the AOTC, which would be of great benefit to community college students. The proposal would index the AOTC amounts to inflation, also a positive change. Next year, the AOTC is projected to benefit some 8 million students and families.

Department of Labor

A wealth of information about the DOL Budget can be found at: <http://www.dol.gov/dol/budget/>

The budget's biggest setback for community colleges is the Department of Labor's (DOL) proposed elimination of the Career Pathways Innovation Fund (formerly the Community-Based Job Training Grants) that has provided \$125 million in annual funding to community college projects since FY 2005. The department's leadership believes that this program would be duplicative of the American Graduation Initiative, even though that is still pending in Congress, and even though the AGI as approved by the House of Representatives in September has a much broader focus.

Funding would be increased for the principal programs authorized by the Workforce Investment Act. Both the Dislocated Worker and Adult Employment and Training activities would be increased by roughly 5% (\$1.246 billion and \$906.9 billion, respectively). In turn, the department would be able to reserve up to 5% from each of these programs for a Workforce Innovation Fund that would award competitive grants for innovative programs. Similarly, the youth activities line item would be increased by 11% (\$1.025 billion), with up to 15% of that program going to a Youth Innovation Fund. The budget request also includes \$85 million, up from \$40 million in FY10, for competitive grants to "green jobs" training.

National Science Foundation

The NSF's Education and Human Resources Directorate would increase by just over \$19 million, to \$892 million. While reiterating its intention to increase funding for the Advanced Technological Education (ATE) program to \$100 million by FY13, the NSF has requested level funding for the program (\$64 million) in FY11.