

# Federal Policy Update from Washington

2016 Student Parent Support Symposium

May 20, 2016

Lauren Walizer, Senior Policy Analyst

[lwalizer@clasp.org](mailto:lwalizer@clasp.org)

# About CLASP

The Center for Law and Social Policy (CLASP) is an anti-poverty non-profit that develops and advocates for policies to improve the economic security of low-income people.

- Child Care & Early Education
- Income and Work Supports
- Job Quality
- Youth
- Postsecondary and Economic Success

# Student-Parents: An Important Population Among Today's College Students

- **26%** of all postsecondary students have dependent children
- Many student-parents and non-student-parents must work or borrow to pay for school. However,
  - **40%** of student-parents work FT vs. 21% of non-student-parents
  - Among FT students who had student loans in 2011-12, student-parents borrowed **\$7,700** vs. \$7,300 for non-student-parents



# Student-Parents & Unmet Financial Need

- Unmet need is a problem for all students; average = \$7,800
  - Ranges from \$4,000 at community colleges to \$14,500 at for-profit colleges
  - Students without children: \$7,500; Students with children: **\$8,700**
- Students of color are more likely to be student-parents, *and* more likely to have high rates of unmet financial need.
- 40% of community college students don't complete the FAFSA

# Overview of Federal Policy Update

| Public Benefits                                  | Education & Training                                 | Budget/ Appropriations                |
|--|--|---------------------------------------|
| Supplemental Nutrition Assistance Program (SNAP) | Higher Education Act (HEA) and education tax credits | President Obama's 2017 Budget Request |
| Temporary Assistance for Needy Families (TANF)   | Workforce Innovation Opportunity Act (WIOA)          | Fiscal Year 2017 Appropriations       |
| Medicaid   | Carl D. Perkins Act (Perkins)                        |                                       |
| Child Care                                       | Every Student Succeeds Act (ESSA)                    |                                       |

# Low-Income Parents & Public Benefits

- Eligible for a wide range of programs
- Few receive all programs they are eligible for:
  - Some programs have capped funding
  - Eligible individuals may not know about programs, or may be deterred by the burden of establishing and maintaining eligibility
- For those who do receive benefits, they are most likely to receive EITC, health insurance for kids

# SNAP

- Helps low-income families pay for food; amount determined by income, household size, & expenses
- Many restrictions on participation by students or campuses, but **exceptions exist**
  - Students can be eligible based on:
    - Age or disability status
    - Status as a parent or caregiver
    - Employed at least 20 hours per week
    - Receiving any work-study funds or TANF benefits
    - Enrolled in certain programs aimed at employment
  - Humboldt State Univ. (CA) – [hsuohsnap.org](https://hsuohsnap.org)







# SNAP Employment and Training (E&T)

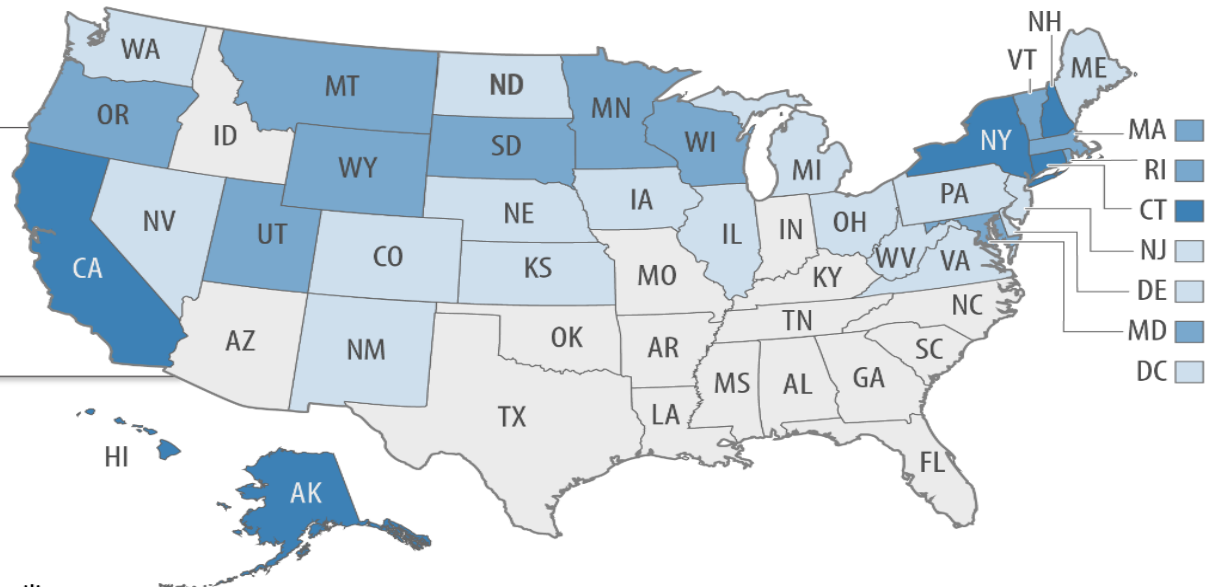
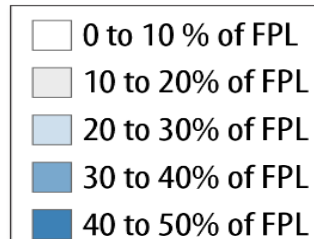
- 3 parts: participant assessment, employment & training activities, and supportive services.
- Funds distributed through:
  - Grants to states (Federal share = 100%), and
  - 50% reimbursement grants (“50-50 funds”), where Federal government reimburses 50% of eligible expenses:
    - administrative costs exceeding the formula grant funding; and
    - participants’ expenses related to the program, such as child care, transportation, test fees, supplies, and equipment.
  - *50-50 funding is not capped*

# Temporary Assistance for Needy Families (TANF)

- Provides ongoing cash assistance to very low-income parents, but benefits are low
- Congress considering bills for program reauthorization

## Maximum TANF\* Benefits Leave Families Well Below the Federal Poverty Level (FPL)

Maximum TANF benefit  
as a percent of FPL  
(For a family of three)



\*Temporary Assistance for Needy Families

Note: Hawaii and Alaska FPLs are higher than the other 48 states.

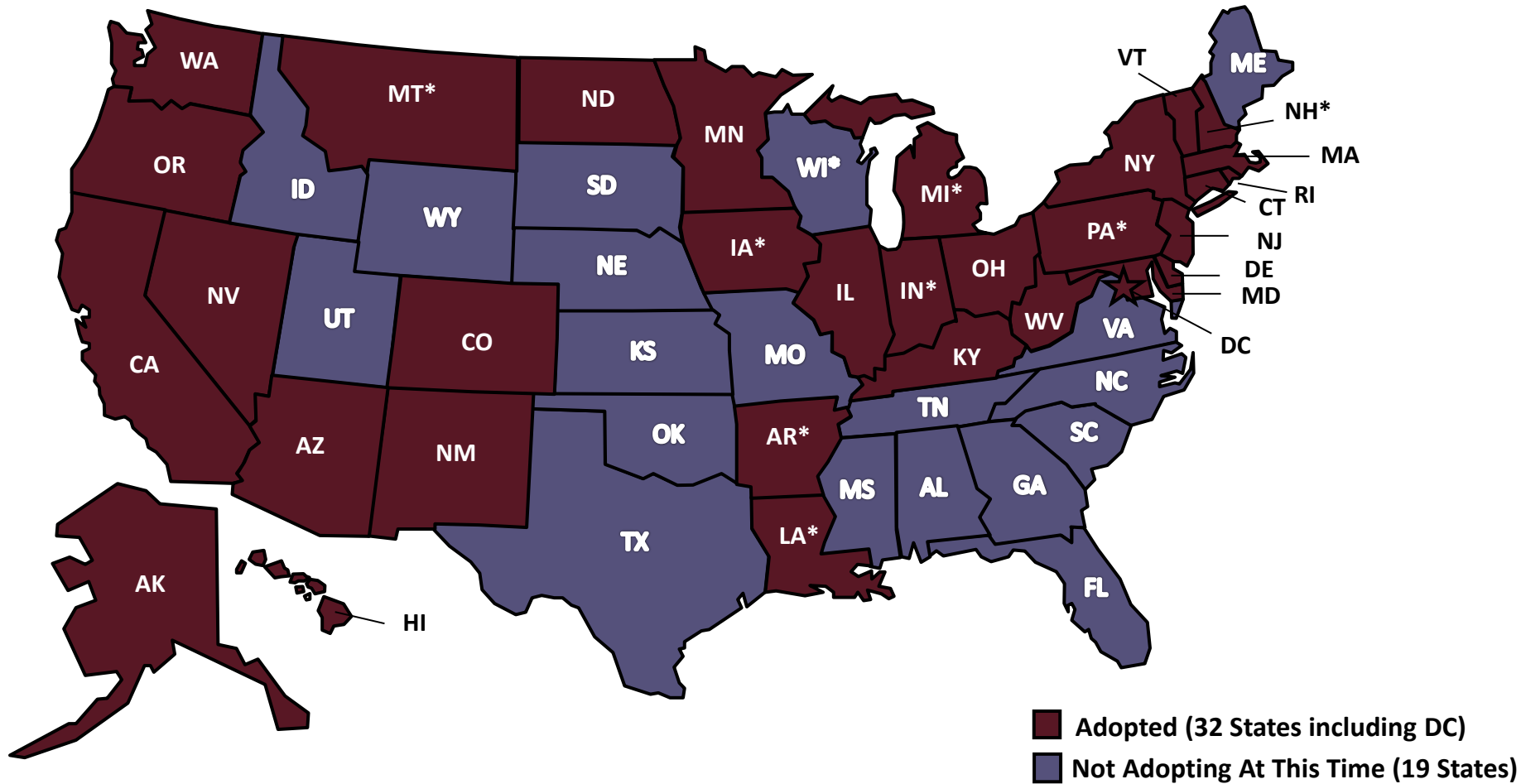
Source: Calculated from 2014 HHS Poverty Guidelines and CBPP-compiled data on July 2014 benefit levels.

Center on Budget and Policy Priorities | [cbpp.org](http://cbpp.org)

# Health Insurance Options

- Young adults (under 26) can be covered by their parents' health insurance.
- Low-income adults under 138% of the Federal Poverty Level are eligible for Medicaid in states that have chosen to expand Medicaid under the Affordable Care Act.
- Tax credits for purchasing Marketplace coverage
  - Available for those with incomes beginning at 100% FPL in states that have not expanded Medicaid; for those above 138% FPL in states that *have* expanded.

# Status of State Medicaid Expansion Decisions, as of March 2016



SOURCE: <http://kff.org/health-reform/state-indicator/state-activity-around-expanding-medicaid-under-the-affordable-care-act/>

# Subsidized Child Care

- CCDBG reauthorized (Nov 2014)
- HHS released draft rules (Dec 2015)
- Final rule expected Summer 2016
- **New opportunities in CCDBG**
  - Increased health and safety standards
  - Improved stability of child care assistance
    - Minimum 12 month eligibility for all children receiving subsidies
    - Guarantees 3 month minimum job search (including at end of education/training)



# The Post-Reauthorization Context

- CCDBG spending and participation at an all-time low
- Reauthorization didn't come with new resources and is very costly for many states.
- Many states already restrict child care assistance for students, although low-income students may be eligible for subsidies.
- In some states, postsecondary alone is not an allowable activity for child care eligibility – must combine education with work.
- Bill to reauthorize CCAMPIS introduced in House (H.R.4681)

# HEA Reauthorization Status

## SENATE

- Sen. Alexander believes agreement can be reached on many issues.
- However, other issues likely under consideration are harder to find common ground
- Several hearings have taken place

## HOUSE

- Rep. Kline is interested in simplifying student aid, in line with bill introduced by Sen. Alexander
  - Also, work-based learning
- Kline is retiring, so is motivated to have even small changes passed before January.

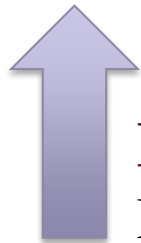
# Federal Student Aid: New in 2015

## Ability to Benefit (ATB)

- **Eligible students:** those without a high school diploma or equivalency; *as of December 2015, these students are now eligible for the full Pell award.*
- **Eligible programs:** those that combine rigorous and high-quality education, training and other services into an eligible career pathway. *As of December 2015, there is a new definition of eligible career pathway*
- <http://www.clasp.org/issues/postsecondary/pages/resources-on-ability-to-benefit/>
- CLASP is interested in hearing about programs that have taken advantage of ATB, or are considering doing so.



# Federal Student Aid: New to Come 2016-17



## Pell Grants

Maximum award  
increases to **\$5,815**

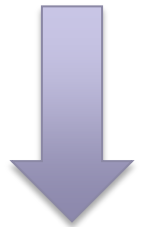
## Federal Student Loans

Interest rates for new loans will be fixed at  
lower rates than last year

Direct loans to undergraduates: **3.76%**

Direct loans to graduate students: **5.31%**

PLUS loans to parents & graduate students: **6.31%**



## Repayment Plans

- Choosing a plan:  
<https://studentloans.gov/myDirectLoan/repayOptions.action>
- More specific repayment advice:  
<https://studentloans.gov/myDirectLoan/mobile/repayment/repaymentEstimator.action>

# Federal Student Aid: New to Come 2017-18



## Changes to the FAFSA

- ED will accepted completed 2017-18 applications accepted by ED beginning Oct 1, 2016
- Students/families may use prior-prior year income information
  - E.g., 2015 income data for the 2017-18 FAFSA
- Adds the receipt of Medicaid as a reason students/families are eligible for the simplified needs test.

**Pell** award estimated to increase to \$5,935. However, this will be the last year of automatic increases.

# Education Tax Credits: New in 2015

The fiscal year (FY) 2016 appropriations bill made temporary changes to important tax credits for low-income individuals *permanent*:

- **Earned Income Tax Credit** – establishes a modestly larger credit for individuals with 3+ qualifying children; also marriage penalty relief
- **Child Tax Credit** – part of the credit can be refunded if it exceeds taxes owed; this has been set at 15% of earnings above \$3,000
- **American Opportunity Tax Credit** – provides credit of 100% of qualified tuition and expenses (up to \$2,000) plus 25% of expenses between \$2,001 & \$4,000. Up to \$1,000 of the credit is refundable

# Workforce Innovation & Opportunity Act (WIOA)



- **July 1:** Remaining provisions, including performance accountability, take effect
  - These provisions were outlined in each state's unified or combined plans (due April 1<sup>st</sup>)
- **Final regulations from DOL and ED are overdue (expected end of June)**
- Passed with bipartisan support (2014)
- Most provisions took effect (2015)

# Carl D. Perkins Act (Perkins)

- Federal government provides about \$1.3 billion toward innovation and expansion of quality career & technical education programs.
- Last reauthorized in 2006 (currently overdue)
- Best potential to be reauthorized this year; hearing held this week
- House and Senate have several priorities in common

# Every Student Succeeds Act (ESSA)

- **December 2015 Reauthorization** of the Elementary and Secondary Education Act (ESEA); replaces "No Child Left Behind"
- Features include:
  - Focus on college- and career-ready standards
  - States have more flexibility and control over accountability, measures, and teacher evaluation
  - Maintains some of the same student assessment provisions
  - Increases state and local flexibility to use federal funds
- **ED must now issue guidance** on implementing the new law and transitioning from NCLB; full implementation -- academic year 2017-2018

# President Obama's 2017 Higher Education Budget Request

- Focuses on expanding access, affordability, and completion
- America's College Promise
- Several Pell reforms
- Streamline income-driven repayment plans
- College Opportunity and Graduation Bonus
- \$100 million for First in the World
- \$30 million HBCU/MSI Innovation for Completion Fund competitive grant program
- \$75 million American Technical Training Fund





# Appropriations

- Fiscal Year 2017 appropriations still in development
- Labor-HHS-Education appropriations bill is typically (one of) the last to be finished
- **Most likely to happen:** continuing resolution through the election. The election outcome will determine next steps.



# Tell Your Story – Connect with Other Advocates!

- **TANF**
  - State-by-state advocacy (contact CLASP for more information)
- **SNAP**
  - Food Research and Action Center (<http://frac.org/leg-act-center/>)
- **Child Care**
  - Contact CLASP for more information
- **Adult Education/GED/ESL**
  - National Coalition for Literacy (<http://www.national-coalition-literacy.org/>)
- **Budget/Appropriations**
  - Coalition on Human Needs ([www.chn.org](http://www.chn.org))
  - NDD United (@NDDUnited)

# Want more updates? Keep in touch

## For more information:

Lauren Walizer, Senior Policy Analyst

[lwalizer@clasp.org](mailto:lwalizer@clasp.org)

202-906-8033

## For updates:

- Sign up at [www.clasp.org](http://www.clasp.org)
- Like us on Facebook: [www.facebook.com/CLASP.org](http://www.facebook.com/CLASP.org)
- Follow us on Twitter: @CLASP\_DC