Federal Policy Update from Washington

2016 Student Parent Support Symposium
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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

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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
SNAP “Cliff” – New in 2016

- Impacts Able-Bodied Adults (18-49) Without Dependents (ABAWDs)
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)

*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.
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

- **Adopted (32 States including DC):**
  - AL
  - AR
  - AZ
  - CA
  - CO
  - CT
  - DC
  - DE
  - FL
  - GA
  - HI
  - ID
  - IL
  - IN
  - IA
  - KS
  - KY
  - LA
  - ME
  - MD
  - MA
  - MI
  - MN
  - MS
  - MO
  - MT
  - NE
  - NV
  - NC
  - ND
  - OH
  - OK
  - OR
  - PA
  - RI
  - SC
  - SD
  - TN
  - TX
  - UT
  - VA
  - WI
  - WV
  - WY
  - AK

- **Not Adopting At This Time (19 States):**
  - AK
  - AR
  - AZ
  - CA
  - CO
  - CT
  - DE
  - FL
  - GA
  - HI
  - ID
  - IL
  - IN
  - IA
  - KS
  - KY
  - LA
  - ME
  - MD
  - MA
  - MI
  - MN

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/](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](https://studentloans.gov/myDirectLoan/repayOptions.action)
- More specific repayment advice: [https://studentloans.gov/myDirectLoan/mobile/repayment/repaymentEstimator.action](https://studentloans.gov/myDirectLoan/mobile/repayment/repaymentEstimator.action)
Federal Student Aid: New to Come 2017-18

Changes to the FAFSA

– ED will accept 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 1st)

- **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)
  - NDD United (@NDDUnited)
Want more updates? Keep in touch

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