CLASP
Policy solutions that work for low-income people

Fact Sheet
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Trump's Budget Further Harms Vulnerable Students and Job-Seekers

The Trump Administration's proposed budgets for the Departments of Labor (DOL) and Education (ED) released earlier this week are, as predicted, harmful policy prescriptions for low-income students and students of color. The budget's proposed reforms would reduce these students' ability to access and afford the critical education and training programs that increase their employability and productivity in the workforce. The budget does so under the guise of "flexibility" and through further disinvestment in programs that support these students. It also introduces new program ideas at ED, some of which could benefit students, but others lack significant details necessary for evaluating their consequences.

Cuts dangerously disguised as "flexibility" and consolidation

The budget promises that states and localities would get new "flexibility," yet this flexibility would both decrease accountability—without any new, and in many cases less, federal resources—and cause disproportionate harm to populations of color. Instead of allowing programs to serve the unique populations for which they were designed, the budget states that DOL is developing a plan to reorganize and consolidate the nation's workforce development programs. However, much of this work has already been done in the Workforce Innovation and Opportunity Act (WIOA) of 2014. Programs that target specific populations with particular needs and barriers to employment require particularized service delivery models and outreach efforts.

More specifically, the budget:

- Eliminates the Migrant and Seasonal Farmworkers Program and the Indian and Native American Program, using the justification that these programs will be funded by, and work more closely with, WIOA Title I Adult, Dislocated Worker, and Youth programs. It is important to keep these programs separate for the very reasons described above about how their elimination would harm populations of color.
- Eliminates the Senior Community Service Employment program, which provides nonprofit employment opportunities to low-income seniors.
- Cuts Reentry Employment Opportunities (REO), a program for formerly incarcerated individuals, by more than 11 percent. This population has unique needs that must be addressed in a specialized manner.
- Radically changes TRIO, which is an outreach and student services programs to identify and provide services for individuals from disadvantaged backgrounds. The budget would shift TRIO from a competitive grant program into a state formula grant program (a block grant) that supports its current activities as well as the activities of Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP). The ED budget would also eliminate the separate GEAR UP program and cut a combined $731 million from TRIO and GEAR UP. The budget's addendum, which was added to address last week's Bipartisan Budget Act of 2018 that provided additional funding to ED and other agencies, would restore $400 million of that funding, but wouldn't affect the proposed change to make TRIO a block grant.
- Turns six competitive grant programs for Minority-Serving Institutions (MSIs) into one $147.9 million formula grant.

Block grants as a funding mechanism are harmful policy in part because they are touted as increasing flexibility for states, but are actually much more *inflexible* over time. In nearly every instance, federal block grants for a variety of public programs lead to **funding cuts**—despite program participation and population increases—and would, therefore, leave students and schools without the support they need.

Disinvesting in lower-skilled adults and low-income students

By cutting adult education and student financial aid, along with shifting more career and technical education (CTE) money away from postsecondary education and toward secondary education, the budget disinvests in education for low-income adults. The budget also fails to invest more in WIOA Title I funding that helps low-income youth and adults move into jobs with family-sustaining wages. For instance, the budget:

- Requests $485.8 million for Adult Education State Grants, a decrease of $92.2 million, or 16 percent, from the FY2018 spending levels. The Trump Administration requests this cut despite noting the need for Adult Education based on the Program for the International Assessment of Adult Competencies (PIAAC) survey, which shows that about 21 million U.S. employees—15 percent of working 16- to 65-year-olds—have low literacy skills.
- Includes $1.1 billion for FY2019 for Perkins CTE State grants, a $2.2 million increase to restore funding to the FY 2017 level. Unfortunately, the budget directs the majority of funds to high schools, away from postsecondary institutions like community colleges, where many low-income adults earn CTE credentials.
- Cuts $1.2 billion from student aid by eliminating Supplemental Educational Opportunity Grants (SEOG) and halving Federal Work-Study—both of which are critical college affordability programs for low-income students, many of whom are Pell Grant recipients. The administration's claims to reform Work-Study as a program that "supports workforce and career-oriented training opportunities for low-income" students are undermined by the budget request, which provides no information about what the reformed program would look like or how it could function with such reduced funding levels. The budget also maintains the current Pell award at $5,920, failing again to allow Pell to increase with inflation, **a reform that CLASP** and many higher education experts have advocated for. The budget also would level-fund the Child Care Access Means Parents in School (CCAMPIS) program at the FY2017 amount ($15.1 million).
- Eliminates subsidized student loans, which will provide $21.6 billion in aid to students in FY 2018 who have demonstrated financial need. Because half of all independent students who obtain these loans have incomes of $20,000 or less, subsidized loans are a particularly important resource. It also proposes to end Public Service Loan Forgiveness (PSLF), which allows individuals who choose lower-paying jobs in the public or non-profit sector to have their federal student loans forgiven after 10 years. This program offers borrowers with low or modest incomes the opportunity to pursue a career that may provide vital direct services to low-income communities as teachers, librarians, public defenders, public safety personnel, and other crucial service providers.

Introducing new ideas: A mixed bag for low-income students

The budget also introduced a number of new policy reforms to existing programs, some of which were included in last year's budget submission or have been circulating in policy discussions for the last several months. For instance,

- The budget indicates support for a risk-sharing policy, noting that postsecondary accountability should focus on repayment rates and require institutions to share some of the risk of student borrowing. The budget proposal contains no details about what such a plan would look like. CLASP believes any risk-sharing plan should have necessary safeguards to protect low-income students and avoid unintentional harm to them or the institutions that serve them well. Without proper safeguards, risk-sharing could cause irreparable harm to low-income students, and thus is not our preferred method of ensuring institutional accountability.
- Consistent with last year's budget request, Trump's 2019 budget would reform student loan repayment by eliminating all current income-driven repayment (IDR) plans and replace them with one new plan. The new plan would require students to repay up to 12.5 percent of their discretionary income over 15 years (for undergraduate debt) or 30 years (for graduate debt) before the remainder of their loan balances are forgiven. If this were enacted, low-income borrows could receive forgiveness from student debt 5 or 10 years sooner than under existing IDR plans. However, if this were enacted along with the proposed elimination of PSLF, borrowers in public service would be spending a *longer* period of time in repayment.
- Another policy proposal would auto-enroll "severely delinquent borrowers" into IDR and create a process for them to share their income data for multiple years, keeping them from having to annually reenroll in IDR. This would be a positive development for struggling borrowers who aren't always aware of their options for avoiding default and could help prevent their loan balances from ballooning due to missed deadlines or misplaced paperwork during annual IDR reenrollment.
- Finally, the budget proposes to expand the use of Pell Grants for students in "high quality, short-term training" programs. The budget provides no information about what would make a program "high quality," and officials at ED's budget briefing suggested such programs could include coding camps and newly developed programs in cybersecurity. While **CLASP believes** that expanding the use of Pell for short-term training can be an important policy change, it must be done with an abundance of quality control assurances. Opening up Pell eligibility to coding boot camps and the like does not offer students the best chance at success. Short-term programs must be part of a career pathway that enables students to earn degrees through the accumulation of stackable, short-term training, not just given a terminal certification after a few weeks of coursework.