May 27, 2025

The Honorable Bill Cassidy
Chairman

The Honorable Bernie Sanders
Ranking Member

Committee on Health, Education, Labor and Pensions
U.S. Senate
Washington, DC 20510

Dear Chairman Cassidy and Ranking Member Sanders:

We write on behalf of the American Association of Community Colleges (AACC) and the Association of Community College Trustees (ACCT) regarding Senate HELP committee consideration of FY 2025 budget reconciliation legislation. Our associations represent the chief executive officers (CEOs) and trustees of the nation's 1,024 community colleges and their 10 million students.

The committee's actions in the reconciliation process will profoundly affect the lives and opportunities for millions of community college students, those who are enrolled and those who hope to enroll. We hope that the committee will make far-sighted decisions that, while acknowledging the imperatives of the reconciliation process, ensure that people from all corners of America will be able to succeed in our low-cost, locally oriented institutions.

The views of our sector follow.

Pell Grant Eligibility Cuts

The Pell Grant eligibility cuts contained in the House's reconciliation bill are of grave concern to community colleges across the country. They would result in substantially decreased opportunities for low-income individuals. In the process, they would compromise the strength of the American economy.

The first area of grave concern is the House bill's redefinition of a full-time courseload for the Pell Grant program as 15 credit hours per semester or 30 per year, an increase from the current minimum of 12 credit hours per semester. The change means that students now taking 12 credits in a term and receiving a full Pell Grant will only receive 80% of the Pell Grant maximum, currently set at $7,395. Most community college students who are receiving a full Pell Grant take fewer than 15 credits per semester. In some rare circumstances students also taking summer courses, commonly known as summer Pell, would meet the 30-credit hour requirement, but even in these cases their total grant support would be reduced.

Even more harmful to community college students is the House's elimination of Pell Grant eligibility for less-than-half-time students. Coupled with the new definition of full-time enrollment, students taking fewer than 8 credits would no longer qualify for a Pell Grant— they would commonly need to enroll in three courses to receive any support. Data received from across the country, which we are eager to present to the committee, suggest that at least 20%--*more than one-fifth—of all community college students would lose their Pell Grant.* This is roughly 400,000 students each year. This would be catastrophic for students, leaving most of them with no feasible higher education alternative, given the low cost of community colleges. They are certainly not likely to enroll in a more costly institution. This change would also call into question the viability of most Second Chance Pell sites, where it is common for students to face limitations on the number of courses they can enroll in.

As committee members are aware, community college students, at an average age of 27, must integrate college into their working and family lives. Forty to 50 percent of all community college students work full-time, with another 40+ percent working part-time. As a practical matter, the overwhelming majority are not able to take 15 credits at one time, or, often, more than one or two courses (3-6 credits). These students still need the Pell Grant support they have come to rely on. They greatly benefit from the education that a Pell Grant allows them to receive. The changes in the House bill would force them to work more hours, borrow or increase loan amounts, or leave college altogether.

The current standard of 12 credits to qualify for a full Pell Grant strikes a fair balance between student responsibility and federal interests. Students will always retain an inherent incentive to maximize their course loads to progress as rapidly as possible to completion. They enroll in college with a seriousness of purpose, and all students must maintain the Title IV standards of satisfactory academic progress to continue receiving federal aid.

The Senate must reject the House's Pell Grant eligibility cuts that, taken together, would negatively impact hundreds of thousands of community college students.

<u>Pell Grant Funding</u>

The House reconciliation bill provides $10.5 billion in additional Pell Grant funding to help shore up the program's finances. Community colleges commend this action. It is hoped that the committee will offset other savings, particularly around loan repayment, by providing at least this level of additional support.

The HELP Committee should provide substantial resources to finance the Pell Grant program by using some of the savings found in other programs.

<u>Workforce Pell</u>

We urge the HELP Committee to include in its reconciliation bill the JOBS Act or similar bipartisan legislation extending Pell Grant eligibility to programs between 150 and 599 clock hours or its equivalent. Employers across the country are desperate for more skilled workers, and this legislation will help meet that need, and start many individuals on the route to further higher education. The House bill includes a slimmed down version of the Bipartisan Workforce Pell Grant Act from the 118th Congress and we support that language with one exception: the new provisions make non-institutional, non-accredited providers eligible for workforce Pell Grants. We strongly oppose this dangerous loosening of Title IV quality control standards, which both committees have worked diligently to maintain.

The HELP Committee should include the JOBS Act or similar legislation in its reconciliation bill. Non-institutional, non-accredited providers should not be eligible for workforce Pell Grants.

Accountability Proposals/Risk-Sharing Rejection

The House's "Risk-Sharing" provisions and related PROMISE Grants have received much attention. As outlined at the end of this section, community colleges strongly oppose the House's policies for many reasons. Community colleges are already highly accountable to the state and local funding and regulatory authorities that, on average, provide 54% of their funding. They are also accountable to the federal government through the Higher Education Act's oversight framework and numerous other laws. Nevertheless, community colleges acknowledge Congress's interest in doing more in this area.

Campus officials believe that Senator Cornyn's legislation from the 118th Congress, Streamlining Accountability and Value in Education for Students Act (SAVE for Students Act), which has aspects of "gainful employment for all," could serve as a framework for strengthening accountability without unduly compromising campus programming and student success. If the SAVE plan is ultimately adopted, community colleges seek the following modifications:

- **Any potential loss of programmatic Title IV eligibility should be limited to loans.** This is the top community college priority in any adoption of the SAVE Act. Limiting eligibility losses to the loan programs will incentivize institutions to ensure that programs provide adequate returns to students and taxpayers without needlessly and harmfully limiting student access to Pell Grants. In reconciliation, this policy would still capture the vast majority of potential savings because of the mandatory budget status of loans, in contrast to other federal student aid programs. (Note that limiting sanctions to loans seems to be the SAVE Act's intent, as the section that includes these provisions is entitled "Taxpayer and Student Protection *on Student Loans".*)

- **Community college students should receive credit for completers who transfer to four-year institutions.** Close to 17% of all community college students who attain an AA degree subsequently transfer to another institution of higher education, and other students transfer before receiving a community college credential. These students should, at that point, be included in the earnings test for the receiving institution's program completers. In addition, the program at the "sending" community college should receive credit for a successful transfer to a 4-year institution. Therefore, any community college program completer that subsequently transfers to a 4-year institution should be included in the community college's earnings cohort and presumed to be earning 20% more than the average earnings of the cohort members that did not transfer to a 4-year institution.

- **Programmatic cohorts should be limited to completers.** The bill takes an earnings snapshot for individuals after they are no longer enrolled in a program, whether they complete the program or not. An accurate evaluation of program earnings can only be made based on completers. Therefore, we recommend that working students' median earnings be measured six years after completion of the community college program, excepting students still enrolled in an educational program as noted above.

Community College Opposition to House Risk-Sharing and Related Provisions

Community colleges have always opposed all forms of risk-sharing in any form. The House-passed risk-sharing tax is particularly problematic. The proposed PROMISE Grants, which in isolation would be welcome, do not compensate for this. Community colleges' opposition to risk-sharing is based on several factors:

- Colleges don't collect on loans, and loan repayment and collection is currently in a turbulent state.
- Furthermore, colleges fundamentally cannot determine student behavior once they leave college.
- Perhaps most importantly, colleges simply don't have money on hand available to write checks to the federal government.
- The specter of the risk-sharing tax undermines institutions' ability to plan.
- Community colleges support grants to support student success, particularly since these efforts can be costly, but not at the price of risk-sharing. Also, it is not clear that the House's PROMISE Grants will be in order in the Senate because of reconciliation rules.

Student Loans and Repayment

Only 12% of all community college students take out federal loans, but they remain a key source of financing. Restructuring the student loan programs is inevitable in reconciliation, and substantial savings can be found through new loan terms and conditions. Community colleges recommend the following changes, which have a particular impact on their sector:

- Include institutional discretion to lower loan limits, as in the House bill.
- Key loan maximums to enrollment intensity, as in the House bill
- Lower timelines to forgiveness under a new Income-Based Repayment Plan based on loan volume.

Summary

With adoption of these recommendations, the HELP Committee can fashion higher education reconciliation provisions that dramatically reduce program spending without substantially compromising the ability of community college students to enroll and succeed. In particular, the House's changes to Pell Grants, along with its risk-sharing provisions, will do far more harm to students, campuses, and communities than any fiscal benefit accruing from budget reductions. Our recommendations are designed to allow the federal government to responsively support our colleges and their students in their pursuit of family-sustaining wages and building the regional workforce.

Thank you for your attention to these views. Please feel to contact our David Baime, AACC Senior Vice President for Government Relations, or Carrie Warick-Smith, ACCT Vice President for Government Relations, if you have any questions about these critical issues

Sincerely,

Walter G. Bumphus, Ph.D.
AACC President and CEO

Jee Hang Lee
ACCT President and CEO