





The Board of Governors of the California Community Colleges

PRESENTED TO THE BOARD OF GOVERNORS
DATE: July 8-9, 2013

SUBJECT: State and Federal Legislative Update		Item Number: 4.2	
		Attachment: Yes	
CATEGORY:	Government Relations	TYPE OF BOARD CONSIDERATION:	
Recommended By:	 Vincent Stewart, Vice Chancellor	Consent/Routine	
		First Reading	
Approved for Consideration:	 Brice W. Harris, Chancellor	Action	
		Information	X

ISSUE: The Board of Governors will be provided with an update on state and federal activities.

BACKGROUND: The state update will be provided at the Board of Governors meeting. The federal update is provided as an attachment to this item. The status of state legislation often changes significantly during this period, and presenting the state update at the meeting ensures the information is up to date. Federal action on legislation and budget activities progresses according to a different process, and the federal update is unlikely to change significantly by the board meeting.

RECOMMENDATION: This item is presented for information and discussion.



June 20, 2013

Federal Update

Immigration Reform Bills

On June 11, 2013 the Senate voted on **S. 744** sponsored by Senator Charles Schumer (D-NY) to move forward on immigration reform. This bipartisan legislation drafted by 4 Democratic and 4 Republican Senators known as the Border Security, Economic Opportunity, and Immigration Modernization Act includes expanding provisions of the DREAM Act. Under S. 744, as it pertains to the DREAM Act would remove the age cap for eligibility, repeals the current federal law that limits states' options to provide in-state tuition to undocumented students, and allows DREAM Act students to qualify for federal loans and work-study programs. In its current form, the bill has caused some concerns from the GOP to strengthen the legislation's border security provisions even further, so an influx of amendments are expected to be offered up in the upcoming weeks.

Beginning the week of June 17, the House Judiciary Committee started marking up a series of immigration reform bills. According to the House Judiciary Committee Chairman Bob Goodlatte (R-VA), on June 18 the Committee started to markup **H.R. 2278**, the SAFE Act, a bill to improve the interior enforcement of our immigration laws and strengthen national security. Following the SAFE Act, the Committee will begin to markup **H.R. 1773**, the AG Act, a bill to provide American farmers with a workable temporary agricultural guestworker program.

Student Loan Interest Rate Bills

Three bills have been introduced in the House and Senate in an attempt to address the impending July 1st interest rate increase from 3.4 percent to 6.8 percent on subsidized Stafford loans. One of the bills by Senators Jack Reed (D-RI) and Richard J. Durbin (D-IL) would set interest rates based in part on the cost of operating student-loan programs. Under **S. 909**, the Responsible Student Loan Solutions Act, rates would be set annually, based on the 91-day Treasury bill plus a percentage determined by the Secretary of Education to cover program-administration and borrower-benefit costs. It would also cap subsidized Stafford loan interest rates at 6.8 percent, and cap parent and unsubsidized rates at 8.25 percent. This bill is currently being heard in the Committee on Health, Education, Labor, and Pensions.

On May 9, 2013, **H.R. 1911** was introduced by Representative John Kline (R-MN). This bill would amend the Higher Education Act of 1965 to establish interest rates for new loans made on or after July 1, 2013. The bill, known as the Smarter Solutions for Students Act, would move all federal student loans (except Perkins Loans) to a market-based interest rate. It would calculate subsidized and unsubsidized Stafford loans using a formula based off of the 10-year Treasury Note plus 2.5 percent. Graduate and parent PLUS loans would use the same formula plus 4.5 percent. Loans would be recalculated yearly, and rates could increase or decrease yearly throughout the life of the loan. It also would put an interest rate cap set at 8.5 percent for Stafford loans and 10.5 percent for PLUS and graduate loans. This bill is passed the House with a 221 to 198 vote and is now in the Senate.

Senator Elizabeth Warren (D-MA) introduced her first piece of legislation in the Senate on May 8, 2013. Her bill, **S. 897**, the Bank on Student Loans Fairness Act prevents the doubling of the interest rates for Federal subsidized student loans for the 2013-14 academic year by providing funds for such loans through the Federal Reserve System to be administered by the Department of Education. It also ensures that such loans are available at interest rates that are equivalent to the interest rates at which the Federal Government provides loans to banks. S. 897 will be heard in the Health, Education, Labor and Pensions Committee.

Inside Higher Education published the chart below giving an overview of the proposals:

	Current law	Obama’s FY14 budget request	House Republicans (H.R. 1911)	Sens. Reed and Durbin	Sen. Elizabeth Warren
Interest rate determined...	By Congress. Interest is 3.4% on subsidized Stafford; 6.8% on unsubsidized Stafford; 7.9% on PLUS loans.	10-year Treasury rate plus 0.93 percentage points for subsidized Stafford; plus 2.93 points for unsubsidized Stafford; plus 3.93 points for PLUS loans.	10-year Treasury rate plus 2.5 percentage points for unsubsidized and subsidized Stafford; plus 4.5 points for PLUS loans.	91-day Treasury rate plus a percentage determined by the Education Secretary to cover administrative costs.	By the discount rate the Federal Reserve charges to banks, at least for one year.
Interest rate varies over life of loan?	No.	No. Rate varies from year to year for new loans, but is then fixed for life of loan.	Yes.	Yes.	No.
Interest rate cap?	N/A	No.	Yes: 8.5% for Stafford loans; 10.5% for PLUS.	Yes: 6.8% for subsidized Stafford, 8.25% for unsubsidized Stafford and PLUS.	N/A
If a new loan was issued today under this plan, interest rates would be...	3.4% for subsidized Stafford, 6.8% for unsubsidized Stafford, 7.9% for PLUS	2.74% for subsidized Stafford; 4.74% for unsubsidized Stafford; 5.74% for PLUS	4.31% for subsidized and unsubsidized Stafford; 6.31% for PLUS	Unclear what administrative costs would be. 91-day Treasury yield is .04%	0.75%.

* <http://www.insidehighered.com/news/2013/05/10/student-loan-interest-rate-proposals-house-republicans-and-some-senate-democrats>

Other Congressional Community Colleges Bills of Interest

H.R. 357: GI Bill Tuition Fairness Act of 2013

This bipartisan legislation introduced by Representative Jeff Miller (R-FL), Chairman of the House Veterans Committee, and ranking member Representative Mike Michaud (D-ME), would require courses of education provided by public institutions of higher education that are approved for purposes of the educational assistance programs administered by the Secretary of Veterans Affairs to charge veterans tuition and fees at the in-state tuition rate. This bill was amended in the House Veterans' Affairs Committee and is now on the House Union Calendar.

H.R. 359: CAMPUS Safety Act of 2013

This bill, introduced by Representative Robert Scott (D-VA) would establish and operate a National Center for Campus Public Safety. The Center would: (1) provide quality education and training for public safety personnel of institutions of higher education and their collaborative partners, including campus mental health agencies; (2) foster quality research to strengthen the safety and security of institutions of higher education; and (3) serve as a clearinghouse for the identification and dissemination of information, policies, protocols, procedures, and best practices relevant to campus public safety, including off-campus housing safety, the prevention of violence against persons and property, and emergency response and evacuation procedures. This bill is in the House Judiciary Committee and was referred to Subcommittee on Crime, Terrorism, Homeland Security, and Investigation.

H.R. 798: Workforce Investment Act Reauthorization

The Democrats introduced a competing bill to H.R. 803 to reauthorize the Workforce Investment Act, H.R. 798 by Representative John Tierney (D-MA). This bill reauthorizes the Workforce Investment Act of 1998 to strengthen the United States workforce investment system through innovation in, and alignment and improvement of, employment, training, and education programs, and to promote national economic growth. Unlike H.R. 803, this bill does not consolidate funding streams, it maintains the community college representation on WIBs, and it authorizes President Obama's proposed \$8 billion Community College to Career Fund. On April 23, 2013 H.R. 798 was referred to Subcommittee on Higher Education and Workforce Training.

H.R. 803: The Support Knowledge and Investing in Lifelong Skills Act (SKILLS Act)

H.R. 803, also known as the SKILLS Act relates to statewide and local workforce investment systems and activities, identification of eligible training services providers, and use of funds for employment and training activities. As for community colleges, this bill would facilitate greater collaboration with community colleges by allowing states to determine the standards required for eligible training providers and allows local boards to contract with community colleges directly to provide training to large groups of participants instead of on an individual basis. H.R. 803 would also consolidate 35 existing streams of funding into a single Workforce Investment Fund. This Republican bill, introduced by Representative Virginia Foxx (R-NC), passed out of the House Education and Workforce Committee with a 23-0 vote. The Democrats left the hearing early in protest from not being included in the drafting of the bill, so none of the Democrats voted. This bill also passed on the House floor, so it is now being considered in the Senate Health, Education, Labor and Pensions Committee.

H.R. 1949: Improving Postsecondary Education Data for Students Act

Representative Luke Messer (R-IN) passed this piece of legislation in the Senate on May 23, 2013. It would direct the Secretary of Education to convene the Advisory Committee on Improving Postsecondary Education Data to conduct a study on improvements to postsecondary education transparency. Specifically, the task force will explore factors that students and families have, want, and need when researching their postsecondary education options. This bill is being considered in Senate Health, Education, Labor and Pensions Committee.

S. 3: Strengthen our Schools and Students Act

Introduced on January 22, 2013 by Senator Harry Reid (D-NV) Senate Bill 3, among other things, would build on recent efforts to continue to make higher education more affordable and to improve access and success for all students. It would also provide all teachers with the support they need to ensure student success, including the creation of a new national Science, Technology, Engineering, and Mathematics (STEM) Master Teacher Corps to recognize and help retain STEM teachers and strengthen STEM education in public schools in the United States. This bill is in the Senate Health, Education, Labor and Pensions Committee.

S. 216: Tyler Clementi Higher Education Anti-Harassment Act of 2013

Senator Frank Lautenberg (D-NJ) introduced Senate Bill 216 on February 4, 2013 which would prevent harassment at institutions of higher education. It would authorize the United States Secretary of Education to award grants, on a competitive basis, to eligible entities to enable them to carry out authorized activities such as counseling or redress services to students who have suffered from harassment or students who have been accused of subjecting other students to such harassment; or to educate or train students, faculty, or staff of institutions of higher education about ways to prevent harassment or ways to address such harassment if it occurs. This bill is waiting to be heard in the Senate Health, Education, Labor and Pensions Committee.