

Health Care and Education Reconciliation Act

Key Workforce and Education Provisions

April 2010

The Health Care and Education Reconciliation Act of 2010, signed into law by President Obama on March 30, 2010, included elements of the Student Aid and Fiscal Responsibility Act (SAFRA) originally passed by the House of Representatives in September 2009. This legislation terminates the Federal Family Education Loan (FFEL) program, which offered subsidies to private student loan providers, and directs a significant portion of the resulting \$61 billion in savings to a range of education and job training programs. These investments will expand financial assistance for low- and moderate-income students, support programs to increase student access to and completion of postsecondary education, and provide new funding for community college job training programs.

Key Education and Workforce Provisions under Reconciliation Bill

Pell Grants

The reconciliation legislation provides \$36 billion for the federal Pell Grant program, of which \$13.5 billion is dedicated to reducing current funding shortfalls due to increased demand. The remaining funds will be used to support mandatory increases in the Pell Grant maximum award, equal to the rate of inflation as determined under the Consumer Price Index. The mandatory increases will begin in award year 2013-14, and will continue through 2017-18, increasing the maximum award from \$5,500 to an estimated \$5,975 over that period.

Community College and Career Training Grant Program

The bill provides \$500 million per year in fiscal years (FY) 2011-2014, for a total of \$2 billion, for this grant program established as part of the Trade Adjustment Assistance (TAA) reauthorization passed under the American Recovery and Reinvestment Act. The grant program is administered through the Department of Labor and supports competitive grants to community colleges and other higher education institutions to develop, offer, or improve educational or career training programs to workers who are eligible to receive training under TAA. Each state is guaranteed to receive at least \$2.5 million for each fiscal year. The program was originally authorized at \$40 million for FY 2009 and 2010, but has never been previously funded.



College Access Challenge Grant Program

The bill provides \$150 million per year in fiscal years (FY) 2010-2014, for a total of \$750 million. The College Access Challenge Grant program provides formula funding to states to support financial literacy, outreach, educational support, and other programs designed to help low-income students enter into, and succeed in, higher education. The program was established under the Higher Education Opportunity Act and was funded at \$66 million in 2008 and 2009.

While these investments are an important first step toward expanding access to postsecondary education and training for U.S. workers and businesses, fiscal constraints and budgetary rules governing the reconciliation process led to significant cuts in the funding levels proposed under the original version of SAFRA, and the loss of key legislative language that would have enhanced the ability of community colleges and other institutions to serve the workforce and economic development needs of their communities, including through strategic partnerships with industry and other stakeholders. National Skills Coalition looks forward to working with Congress and the Obama administration to implement the provisions included in the reconciliation bill while strengthening programs and policies to more effectively align with the demands of today's labor market.