

Student Aid and Fiscal Responsibility Act

Summary of Key Provisions Under HR 3221

Updated January 2010

The [Student Aid and Fiscal Responsibility Act of 2009 \(SAFRA\)](#) is legislation implementing President Obama's American Graduation Initiative. The bill would end the Federal Family Education Loan program and shift all student loans to the Federal Direct Loan program. The resulting savings, estimated at around \$87 billion over a ten-year period, would be applied to a broad range of programs and policies, including increases in the Pell Grant and Perkins loan programs, significant new funding for community college initiatives, early childhood education reform, and school infrastructure.

The bill was passed by the U.S. House of Representatives on September 17, 2009. The Senate is expected to take the bill up under reconciliation (a budget process intended to limit debate) during the first part of the 2010 congressional session. Due to the reconciliation process—which limits the scope of policy changes that can be included in a bill—it is possible that the Senate bill will differ in a number of ways from the House-passed bill.

This document is intended to provide a limited overview of some selected provisions under the House-passed bill that relate to post-secondary education and workforce development. It does not reflect the entirety of the bill.

Title I – Investing in Students and Families

Section 101 – Federal Pell Grants.

The draft bill would increase the maximum individual Pell grant award by \$490 for award years 2008-09 and 2009-10, and by \$690 in award year 2010-11. The bill would mandate increases in the maximum award for succeeding award years and index the increase to an “annual adjustment percentage” tied to changes in the Consumer Price Index.

Section 102 – College Access and Completion Fund.

The bill would establish a College Access and Completion Fund, the purposes of which are to 1) to promote innovation in postsecondary education practices and policies by institutions of higher education, States, and nonprofit organizations to improve student success, completion, and post-completion employment, particularly for students from groups that are underrepresented in postsecondary education; and 2) to assist States in developing longitudinal data systems, common metrics, and reporting systems to enhance the quality and availability of information about student success, completion, and post-completion employment.



The new fund would incorporate the existing College Access Challenge Grant Program under Sec. 781 of the Higher Education Opportunity Act, and establish two new grant programs, the State Innovation Completion Grants and Innovation in College Access and Completion National Activities. The bill authorizes \$600,000,000 in appropriations for each of fiscal years 2010-2014, with 25 percent of funds allocated to the College Access Grant Program, 50 percent allocated to the State Innovation Completion Grant Program, and 23 percent allocated to national activities grants. The remaining two percent is allocated for program evaluation.

Section 782 - State Innovation Completion Grants

The bill authorizes the Secretary of Education to award competitive grants to states to promote student persistence in, and completion of, postsecondary education. The Federal share for these grants is 2/3; the non-Federal share may be in cash or in kind, and may be comprised of state resources, contributions from private organizations, or both. Both Federal and non-Federal shares must be used to supplement, not supplant, state and private resources that would otherwise be used for these purposes.

Application

Applications must be submitted by the state agency with jurisdiction over higher education, or another agency designated by the Governor to administer the grant. Applications must include, among other items, descriptions of the state's plans for using the grant funds, the administrative system the state has or will have in place to administer the grant, and the data system the state has or will have in place to measure progress toward goals in the state's "Access and Completion Plan."

States must also provide a range of assurances, including an assurance that the state will submit by July 1, 2011 an Access and Completion Plan to increase the state's rate of persistence in, and completion of postsecondary education, which must include annual and long-term quantifiable goals with respect to postsecondary enrollment, persistence, and completion; closing gaps in enrollment, persistence, and completion rates for students from underrepresented groups; targeting education and training programs to address labor market needs in the state; and improving coordination between two-year and four-year institutions of higher education. States must also have a plan to develop an interoperable statewide longitudinal data system for tracking postsecondary and workforce data on individuals enrolled in postsecondary programs and training programs offered by eligible training providers under the Workforce Investment Act (WIA).

The state must also provide assurances that the state has a comprehensive planning or policy formulation process with respect to postsecondary enrollment, persistence, and completion that, among other things, encourages coordination between activities carried out under this grant and similar state programs, considers the needs of students from underrepresented groups, and provides for participation from institutions of higher education, students, and other providers of postsecondary education services.



Subgrants

States may provide subgrants to one or more nonprofit organizations, or a partnership of such organizations, if such organizations or partnerships were in existence prior to the enactment of SAFRA, and were participating in activities and services promoting persistence in, and completion of, postsecondary education.

Priority

The Secretary is required to give priority to states that enter into partnerships with philanthropic organizations or with loan guaranty agencies.

Use of Funds

States may use funds received under the grant to (A) provide programs that increase persistence in, and completion of, postsecondary education, which may include financial counseling and debt reduction programs; and (B) support the development of statewide longitudinal data systems. Funds may not be used to promote any lender's loans or services. States must use at least 1/3 of funds on activities that benefit students enrolled at junior or community colleges, two-year public institutions, or two-year programs at four-year colleges.

Section 783 - Innovation in College Access and Completion National Activities

The bill authorizes the Secretary of Education to award competitive grants to eligible entities to “conduct innovative programs that advance knowledge about, and adoption of, policies and practices that increase the number of individuals with postsecondary degrees and certificates.” Eligible entities are defined as institutions of higher education, states, nonprofit organizations with demonstrated experience operating programs to increase postsecondary completion, philanthropic organizations, entities receiving Federal TRIO grants, and consortia of any of these entities. The minimum award under this section will be \$1 million.

Grant Uses

The Secretary of Education may award grants to eligible entities to conduct innovative programs that advance policies and procedures that increase the number of individuals with postsecondary degrees and certificates; grants must be matched by contributions from philanthropic organizations. The Secretary may also award grants to eligible entities to provide supplemental grants or loan benefits to students that are designed to improve student outcomes, including degree completion and post-completion employment; grants to students must supplement regular student financial aid and cannot effect or reduce eligibility for student financial aid.

Priorities

The Secretary must give priority to applications that (A) are from eligible entities (or consortia of eligible entities) with demonstrated experience serving students from underrepresented



groups; (B) are from public institutions of higher education, (or consortia including such entities) that do not predominantly provide educational programs for which it awards a bachelor's degree; (C) include activities to increase degree or certificate completion in science, technology, engineering, and math fields, including preparation for post-baccalaureate study, particularly for women and other underrepresented groups; (D) are from philanthropic organizations, or consortia including such entities, with the primary purpose of providing scholarships and support services to students from underrepresented groups; and (E) encourage partnerships between institutions of higher education with high completion rates and institutions of higher education with low completion rates to share best practices.

Section 784 - Evaluation

Requires the Director of the Institute of Education Sciences to conduct a rigorous evaluation of the programs funded under this part and to submit a final report to the Secretary and the authorizing committees no later than January 30, 2016.

Title III – Modernization, Renovation, and Repair

Subtitle A provides just over \$2 billion in formula funding to states in fiscal years 2010-2011 for the modernization, renovation, and repair of public elementary and secondary schools. Of particular interest to workforce development professionals is Sec. 342, "Promotion of Employment Experiences," which requires the Secretary of Education, in consultation with the Secretary of Labor, to work with grant recipients to promote employment experiences for participants in the YouthBuild program, participants in the Job Corps program, individuals enrolled in a junior or community college, and participants in pre-apprenticeship programs with direct linkages to registered apprenticeship programs.

Subtitle B, Sec. 351, "Federal Assistance for Community College Modernization and Construction," provides \$2.5 billion in formula grants to states in fiscal year 2011 for the purposes of constructing new community college facilities and modernizing, renovating, and repairing existing facilities.

Title V – Community College Initiative

The bill provides \$730 million per year in fiscal years 2010-2013, and \$680 million per year for fiscal years 2014-2019, for a series of grants and initiatives related to community college reform.

For purposes of this section, 'eligible entities' are defined as

- (a) a community college or community college district;
- (b) an area career and technical education school;



- (c) a public four-year institution of higher education not reasonably close to a community college that offers two-year degrees and will use funding for activities at the associate degree and certificate level;
- (d) a public four-year institution of higher education in partnership with one of the entities under (a),(b), and (c);
- (e) a state acting in partnership with another eligible entity; or
- (f) a consortium of at least two eligible entities

In awarding grants under this title, the Secretary must give priority to applications focused on serving low-income, nontraditional students who do not have a bachelor's degree, and who have one or more of the following characteristics: (1) Are the first generation in their family to attend college; (2) Have delayed enrollment in college; (3) Have dependents; (4) Are independent; (5) Work at least 25 hours per week; (6) Are out-of-school youth without a high school diploma.

Section 503 - Grants to Eligible Entities for Community College Reform

The bill provides \$630 million for each of fiscal years 2010-2013 for four-year competitive grants to eligible entities to support innovative programs leading to the completion of a post-secondary degree, certificate, or industry-recognized credential. The program is jointly administered by the Secretary of Education and the Secretary of Labor.

No more than 50 percent of grants awarded each year under this section may go to states or consortia including states. Grants cannot be awarded for activities that are already fully supported by other Federal funds. The minimum grant award shall be \$750,000.

Priority for grants is given to (1) eligible entities that enter into partnerships with (A) philanthropic or research organizations; (B) businesses or industry or sector partnerships that design and implement programs, pay a portion of the costs of the programs, and collaborate with one or more eligible entities to hire individuals who complete a particular program; (C) labor organizations that provide technical expertise for occupationally specific education necessary for an industry-recognized credential leading to a skilled occupation in a high-demand industry; or (2) to institutions of higher education eligible for assistance under Titles III or V of the Higher Education Act, such as historically black colleges and universities and Hispanic-serving institutions.

The Federal share for grants is 50 percent; the non-Federal share may be in cash or in kind, and may be provided from state resources, local resources, contributions from private organizations, or a combination of such resources. The Secretary may waive or reduce the non-Federal share for eligible entities that demonstrate extreme financial hardship. Funds provided under this section must supplement, not supplant, state and private resources that would otherwise be used for these purposes.



Application

Eligible entities must submit an application describing the programs, services and policies that the eligible entity will carry out under the grant, including but not limited to: the goals of such programs, services, and policies; how the entity will use programs, services, and policies to establish quantifiable targets for improving graduation rates and employment-related outcomes, how the eligible entity will serve high-need populations through such programs, services, and policies; and how the eligible entity will partner with industry or sector partnerships, the state public employment service and state or local workforce investment boards in carrying out such programs, services, and policies..

Uses of Funds

Eligible entities must use grant funds to carry out programs that shall include at least two of the following activities:

- Developing and implementing policies and programs to expand opportunities for students to earn bachelor's degrees by facilitating the transfer of academic credits between institutions of higher education and by expanding articulation and guaranteed transfer agreements between such institutions;
- Expanding, enhancing, or creating academic programs, which may be carried out in partnership with industry or sector partnerships or employers, including apprenticeships and worksite learning opportunities, that provide relevant job skill training for high-wage occupations in high-demand industries;
- Providing student support services, including intensive career and academic advising, labor market information and counseling, and assistance connecting students with community resources, transitional job support, or supportive services;
- Creating workforce programs that provide a sequence of education and occupational training that lead to industry-recognized credentials, including programs that blend basic skills and occupational training, integrate developmental education curricula and instruction with for-credit coursework, or advance individuals on a career path toward high-wage occupations in high-demand industries;
- Building or enhancing linkages, including dual enrollment programs, between secondary or adult education programs and eligible entities;
- Implementing other innovative programs, services, or policies designed to increase postsecondary credential completion rates, particularly for underrepresented groups, and to increase the provision of training for students to enter high-wage occupations in high-demand industries;



- Improving the timeliness of the process for creating degree, certificate, and industry-recognized credential programs at eligible entities that reflect and respond to regional labor market developments and trends.

Benchmarks

Eligible entities must develop quantifiable benchmarks on (A) closing gaps in enrollment and completion rates for underrepresented groups and groups of students enrolled at the eligible entity with the lowest enrollment and completion rates; (B) addressing local and regional workforce needs; (C) establishing articulation agreements between two- and four-year institutions of higher education; and (D) improving comprehensive employment and educational outcomes for postsecondary education and training programs.

Evaluation

Not more than two percent of funds under this subsection will be allocated to the Institute of Education Sciences to conduct a rigorous evaluation by January 30, 2014, that assesses the effectiveness of the grant programs carried out by each eligible entity in improving postsecondary education completion rates and employment-related outcomes, serving high-need populations, and building or enhancing partnerships with state or local workforce investment boards.

Section 504 - Grants to Eligible States for Community College Programs

Authorizes the Secretary of Education, in coordination with the Secretary of Labor, to award \$630 million for each of fiscal years 2014-2019 for six-year competitive grants to states to implement the systematic reform of junior and community colleges located in the state by carrying programs, services, and policies that demonstrated effectiveness under Sec. 503 (Grants to Eligible Entities for Community College Reform).

Eligible states are defined as states that, among other requirements, have a plan to increase the state's rate of persistence in and completion of postsecondary education that involves junior and community colleges, and have a statewide longitudinal data system that includes data with respect to junior or community colleges

The Federal share of these grants shall be 50 percent; the non-Federal share may be in cash or in kind, and may be provided from state or local resources, contributions from private organizations, or a combination of such resources. The Secretary may waive or reduce the non-Federal share for states that demonstrate extreme financial hardship. Federal and non-Federal funds must supplement, not supplant, state and private resources that would otherwise be used for these purposes.

Application

Eligible states must submit an application describing the programs, services, and policies to be used to achieve systematic reform, including but not limited to the goals of such programs,



services and policies; how the state will use such programs, services and policies to establish quantifiable targets for improving graduation rates and employment-related outcomes; how the state will serve high-need populations; and how the state will partner with the state public employment serviced and state or local workforce investment boards in carrying out such programs, services and policies.

Uses of Funds

States must use grant funds to implement the systematic reform of junior and community colleges located in the state by carrying out programs, services and policies that demonstrated effectiveness under Sec. 503 (Grants to Eligible Entities for Community College Reform). States must allocate not less than 90 percent of grant funds to community colleges within the state.

Benchmarks

States must develop quantifiable benchmarks on the indicators used by eligible entities under Sec. 503.

Section 505 - National Activities

Open Online Education

Authorizes the Secretary of Education to award \$50 million in each of fiscal years 2010-2019 for competitive grants or contracts to institutions of higher education, philanthropic organizations, and other entities to develop, evaluate, and disseminate free, high-quality training, high school courses, and postsecondary education courses.

Learning and Earning Research Center

Authorizes the Secretary of Education to award \$50 million for each of fiscal years 2010-2013 for a grants or contract to a nonprofit organization with demonstrated expertise in the research and evaluation of junior and community colleges to establish and operate a "Learning and Earning Research Center." The Center shall, among other things, develop metrics on the effectiveness of junior and community colleges in meeting education and employment objectives, and develop and disseminate materials analyzing best practices and research on successful postsecondary education and training efforts.

State Systems

Authorizes the Secretary of Education to award \$50 million for each of fiscal years 2010-2013 for grants to states to establish cooperative agreements among states to develop, implement, and expand longitudinal data systems that collect, maintain, disaggregate, and analyze student data from junior and community colleges, including data on programs of study and education and employment outcomes for particular students over time. Systems must be able to link to other data systems, including elementary and secondary education and workforce systems. Funds received under this section must supplement, not supplant, other Federal and state resources that would otherwise be expended to carry out statewide longitudinal data systems, including funds appropriated under the American Recovery and Reinvestment Act. The Secretary must submit to the authorizing committees an annual report on amounts awarded to entities under this section and the activities carried out by such entities.