



FY 2016 Federal Budget Proposal Summary

On Monday, February 2, President Barack Obama released his FY 2016 budget proposal. It is important to note that the President's budget is a symbolic document intended to guide Congress and accentuate the President's legislative priorities. The budget proposes to end sequestration, fully withdrawing it for domestic priorities in 2016, matched by equal dollar increases for defense funding. (That provides an additional \$37 billion for non-defense discretionary spending). This is an important fix to federal budget policy that many higher education advocates strongly support.

The Administration's FY 2016 budget requests \$2.1 billion in discretionary funds for Higher Education programs. The budget proposal supports increasing the number of Americans attaining college degrees or credentials that support career opportunities and economic mobility. Enacting many of the proposals and changes presented by President Obama would require Congress would to pass legislation, which could be challenging with Republican majorities in both the House and Senate. However, at the same time, there are opportunities for compromise according to the President and various members of Congress. This report provides highlights of the President's proposal. A more detailed fact sheet describing the budget can be found [here](#).

Notable highlights:

- \$200 million for the First in the World Fund to invest in innovative strategies and practices that improve educational outcomes and make college more affordable for students and families. This represents a 4140 million increase above the FY 2015 enacted level.
- \$860 million is requested for the Federal TRIO programs, a \$20 million increase, to enable the Department to maintain funding for approximately 2,800 TRIO projects that serve middle school, high school, and college students and adults. The budget also will support a new TRIO initiative designed to give existing grantees the opportunity to compete for increased funding to implement, evaluate, and scale additional, evidence-based college access and success strategies.
- \$429.8 million requested in discretionary funding for the Aid for Institutional Development programs, the same as the 2015. This investment would assist in closing gaps among racial and socioeconomic groups in college enrollment and degree attainment.

- \$76.2 million, and increase of \$4 million above the enacted 2015 level is requested for the International Education and Foreign Language Studies programs, which help meet the Nation's security and economic needs through the development of expertise in foreign languages and area and international studies. \$29.3 million is also requested for merit- and need-based scholarships and fellowships to postsecondary students under Graduate Assistance in Areas of National Need (GAANN) programs, as well as \$11.8 million for model comprehensive transition programs through the Model Transition Programs for Students with Intellectual Disabilities (TPSID) program.
- \$60 billion over 10 years is requested for the America's College Promise proposal. The program would create new federal-state partnerships to provide two years of free community college to "responsible" students, while promoting key reforms to improve the quality of community college offerings to ensure that they are a gateway to a career or four-year degree. If all states were to participate, an estimated 9 million students could benefit from this proposal.
- \$7 billion over 10 years for a College Opportunity and Graduation Bonus program which would provide an annual grant to eligible institutions based on their number of on-time graduates that receive Pell Grants.
- \$200 million is requested for a new American Technical Training Fund to create or expand innovative, evidence-based job training programs in high-demand fields that provide a path to the middle class for hard-working, low-wage Americans. Projects would emphasize strong employer partnerships, work-based learning opportunities, accelerated training, and flexible scheduling for students to accommodate part-time work. Programs could be created within current community colleges, other innovative, non-traditional training providers, or these entities in partnership with secondary programs. This initiative would be housed in the Career and Technical Education Innovation Fund, jointly administered by the Department of Education and the Department of Labor and builds on the Trade Adjustment Assistance Community College and Career Training Grants (for which 2014 was the final year of funding).
- Pell Grant Program - The budget proposes extending the annual consumer price index (CPI) increases to the Pell Grant maximum beyond 2017. The Department of Education (ED) recently revised the maximum award for AY 2015 – 2016 based on the final CPI for 2014. Pell will increase \$45, bringing the maximum to \$5,775. Additionally, the budget calls for continuing access to a full maximum Pell Grant award for Ability to Benefit students enrolled in career pathway programs. The budget recommends strengthening academic progress requirements for the Pell Grant program in order to encourage completion, and limiting the receipt of additional Pell disbursements by recipients who are not advancing academically.
- Proposes to extend Pay-As-You-Earn (PAYE) to all student borrowers and reform the PAYE terms to ensure that the program is well targeted and to safeguard the program for the future. This is something the Department of Education is currently working on through negotiated rulemaking. The budget also proposes expanding the existing Perkins Loan program into a new unsubsidized program, which would provide \$8.5 billion in loans annually. The new program would allocate lending authority among institutions on the basis of the financial need of their students, and the extent to which institutions enroll and graduate higher numbers of Pell eligible students, and offer an affordable and quality education such that graduates can repay their educational debt.

- Higher education tax credits would be simplified, consolidated, and expanded. It would cut taxes for 8.5 million families and students, simplify taxes for the more than 25 million families and students that claim education tax benefits, and would provide students working toward a college degree with up to \$2,500 of assistance each year for five years.
- The Budget builds on recent bipartisan legislation by including a proposal to significantly simplify the Free Application for Federal Student Aid (FAFSA). While the details of the FAFSA simplification are not available as of this writing, proposed tax changes correct a number of problems with the patchwork of existing tax credits, and extend their reach to lower-income families who need help the most.
- \$125 million for a proposed competitive program to promote the re-design of America's high schools by integrating deeper learning and student-centered instruction, with a particular focus on STEM-themed high schools that expand opportunities for girls and other groups underrepresented in STEM fields.
- Provides a 6 percent increase for R&D, including significant investments in basic research and advanced manufacturing technology. The Budget invests in biomedical research—like the BRAIN initiative, which is developing tools and technologies to offer new insight into diseases like Alzheimer's, and Precision Medicine, which can improve health outcomes and better treat diseases. It also emphasizes agricultural research, looking at climate resilience and sustainability.
- The budget also proposes adding the Department of Defense Tuition Assistance program and post-9/11 GI Bill benefits to the 90/10 rule.



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