

ECTAC: FEDERAL EDUCATION UPDATE

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DECEMBER 2017

THE YEAR THAT WAS

- 2017 brought new administration, new Congress, and single party leadership for the first time since 2009-10
- Confirmation of Betsy DeVos was one of the most contentious of all cabinet hearings, and she remains the one with the highest name recognition
- Impacts on K12 have been minimal, but the bar was low. There are three more years.
- In terms of policies getting attention that impact education:
 - USED regulations
 - ESSA Congressional Review Act
 - Tax Plan
 - Affordable Care Act Repeal/Replace (Medicaid implications)
 - Annual appropriations

FALL FUN: 2017 TO DO LIST

- Less than 3 business days to resolve funding
- CR expires 12/8 (annual appropriations)
- Emergency Funding
- Debt Ceiling
- Raising Funding Caps
- Secure Rural Schools
- Deferred Action for Childhood Arrivals
- Tax Plan
- And then, its 2018 and we're in campaign season.

AASA FEDERAL POLICY: MORE THAN EDUCATION

- Health Policy
 - Medicaid
 - CHIP
- Tax Policy
 - Tuition Tax Credit
 - Tax Plan
- Immigration Policy
 - Deferred Action of Childhood Arrivals
- Telecommunications Policy
 - Erate, Lifeline

AASA: YOUR ADVOCACY MAKES A DIFFERENCE

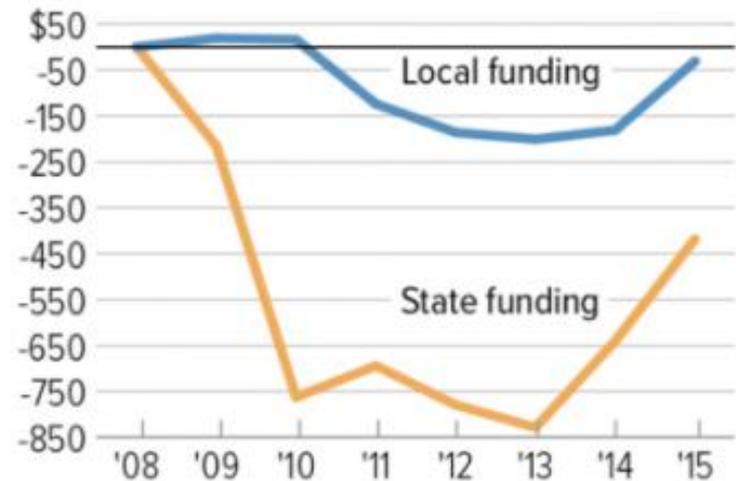
- This year alone:
 - You saved Medicaid.
 - You weighed in on E-Rate changes
 - You weighed in (multiple times!) on tuition tax credits and vouchers
 - You weighed in on SALT-D
 - You weighed in on CHIP
- Never underestimate the power of your advocacy.

A PUNISHING DECADE FOR SCHOOL FUNDING

- Twenty-nine states provided less overall state funding per student in the 2015 school year (the most recent year available) than in the 2008 school year, before the recession took hold.
- In 19 states, local government funding per student fell over the same period, adding to the damage from state funding cuts. In states where local funding rose, those increases usually did not make up for cuts in state support.

K-12 Funding Fell Sharply After Recession Hit

Change in funding per pupil compared to 2008, inflation adjusted



Note: Excludes Hawaii and Indiana due to lack of data.

Source: CBPP analysis of U.S. Census Bureau, "Public Education Finances: 2015."

CENTER ON BUDGET AND POLICY PRIORITIES | CBPP.ORG

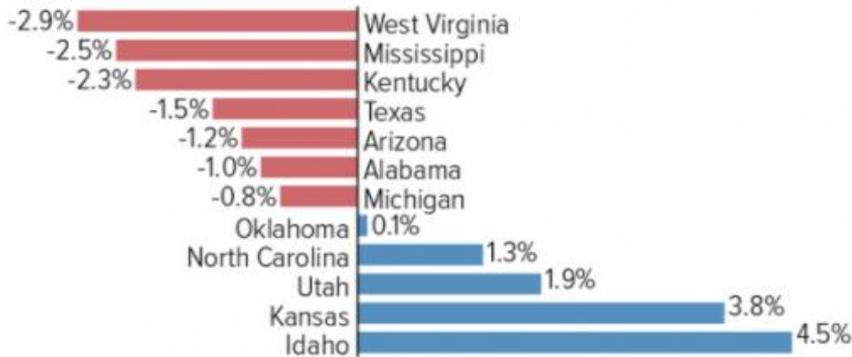
Source: Center on Budget Policy and Priorities, A Punishing Decade for School Funding

<https://www.cbpp.org/research/state-budget-and-tax/a-punishing-decade-for-school-funding>

A PUNISHING DECADE FOR SCHOOL FUNDING

Seven of the Deepest-Cutting States in the Last Decade Also Cut General Funding Per Student This Year

Percent change in state formula funding* per student, inflation adjusted, fiscal years 2017-2018



*General or formual funding is the primary form of state K-12 funding. States also typically provide revenue for other, more specific purposes, such as bus transportation and contributions to school employees and pension plans.

Source: CBPP budget and enrollment analysis

State General Funding Per Student Still Far Below 2008 in at Least 12 States

Percent change in state formula funding* per student, inflation adjusted, fiscal years 2008-2018



*General or formual funding is the primary form of state K-12 funding. States also typically provide revenue for other, more specific purposes, such as bus transportation and contributions to school employees and pension plans.

Source: CBPP budget and enrollment analysis.

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TAX POLICY: BACKGROUND

- Adequate and fair taxes support our nation's communities, neighborhoods and schools. In discussing the ways that tax policy affects our schools, the most obvious examples are those directly related to education expenses and funding, such as property taxes, the Qualified Zone Academy Bonds program, and the teacher tax credit.
- Beyond these more visible and direct tax policies, there are federal tax policies that have an impact on and shape education and educational opportunity.
- As Congress moves forward to revise the tax code, we must understand not only those tax policies that directly affect schools, but also how broader tax policies help enable states, communities and neighborhoods to support their schools.

TAX POLICY & EDUCATION

- Our concerns fall into three buckets:
 - Impact of tax plan “pay-fors”: In addition to the select tax policies referenced below, the decision of how tax reform will be paid for—or not—may have a significant impact on federal funding for education.
 - Impact on state and local governments’ ability to raise revenue to fund education: Taxes do not occur in isolation. And when it comes to schools, it is the confluence of local, state and federal taxes that generate the revenue that supports those schools. State and local governments must balance their budgets annually, and any change that disrupts this stability will negatively affect the ability of state and local governments to fund essential services, including schools.
 - Reduction in state revenue from reduced tax base: Most states base their tax code on the federal code, so changes that shrink the federal tax base will result in a similar reduction in the state revenue base.

STATE AND LOCAL TAX DEDUCTION

- SALT-D: The proposed tax reform package includes elimination of the state and local tax deduction (SALT-D). AASA is opposed to this elimination, as the deduction has a long history and is a critical support for investments in infrastructure, public safety, homeownership and, specific to our work, our nation's public schools. SALT-D prevents double taxation for local residents and reduced the pressure tax payers feel/face when it comes to paying state and local taxes, which represent the lion's share of public education funding.
- SALT has been a fixture of the federal tax code and our nation's fiscal federalism for more than 100 years to guard against double taxation of households and protect the fiscal integrity of state and local governments, and it should remain in the tax code without limitation.
- Any limitations, restrictions or changes to SALT would undermine these fundamental principles of our federalism and create a slippery slope that would subject SALT to continued erosion whenever Washington needs more money – at the expense of 44 million middle class households and homeowners who now claim this deduction.
- The elimination of SALT is one of the largest sources of revenue in the “Big Six” tax plan, estimated at \$1.3 trillion dollars taken from 44 million households. Thus, any compromise and anything less than preserving the full deduction, is sure to cause millions of taxpayers to pay higher taxes, undermine funding for state and local government and the services they support, and possibly cause home values to decline as well.

PERKINS CTE

- 114th Congress
 - House passed bipartisan legislation in July 405-5 to reauthorize Perkins, Senate didn't take action
- 115th Congress
 - Earlier this summer, the House passed a very similar bill
 - There is much to like in the bill
 - Addresses the onerous administrative requirements for Perkins funding
 - Addresses paperwork burden by allowing districts to fill out a simple, easy-to-complete local application
 - Streamlines the accountability system and aligns performance measures with those set by each state under ESSA

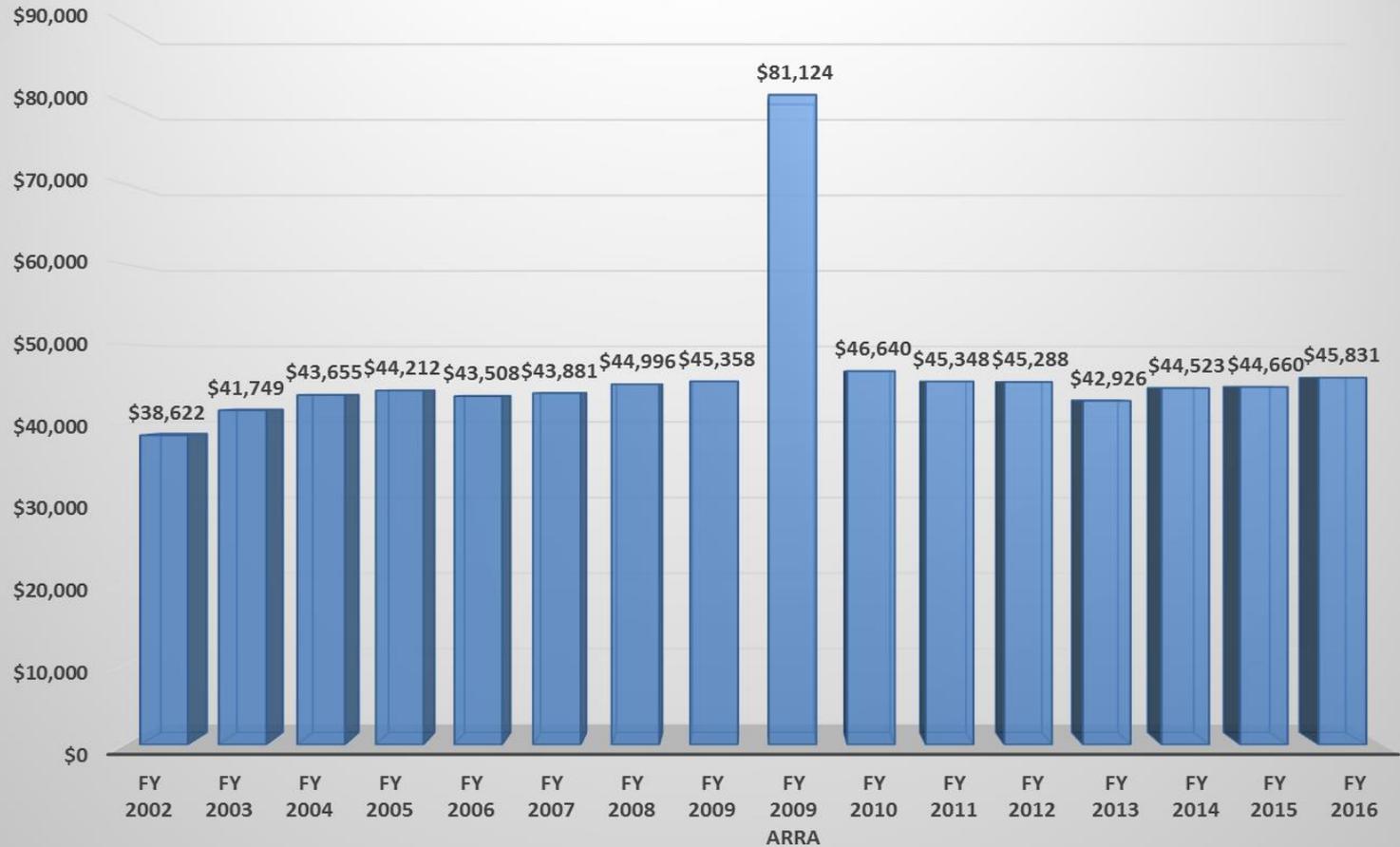
RURAL EDUCATION

- Duncan vs DeVos: Any different for rural?
- Rural programs to follow:
 - REAP; Secure Rural Schools/Forest Counties; Impact Aid
- Reliance on funding and disproportionate sensitivity to changes in federal funding, whether cuts, shifts away from formulaic allocation, and privatization agenda
- E-Rate and access to affordable broadband matters, particularly in rural areas. Make sure your delegation knows what E-rate is and what it means in your district.
- Infrastructure
 - Rebuild America's Schools Act of 2017
 - Get the Lead Out of Schools

FUNDING

Total ED Discretionary Funding Excluding Pell

in millions



FY18 BUDGET PROPOSAL

- FY18 Priority: Very real deep cuts.
 - Parity between defense/non-defense discretionary
- \$54b increase for defense discretionary; paid for with \$54 b cut to NDD
- \$9 b (13%) cut to USED
- \$1.4 b increase for school choice/privatization
 - \$1b for Title I portability; \$250 m for vouchers; \$168 m for charters
- Cuts IDEA and Title I local allocations, as well as Carl D Perkins (Career/Tech)
- Eliminates Title IIA, Title IV and 21st Century Community Learning grants
- Eliminate 20 other categorical grants

FY 18 APPROPRIATIONS

- President proposal is bad, House proposal is less bad, Senate proposal is least bad
- Less bad \neq GOOD
- Current status:
 - Continuing Resolution (CR) through Dec 8
 - Overlapping politics of caps and debt ceiling
 - Must reconcile different starting numbers
 - Reality of potential mini-sequester b/c FY18 cap is below FY17 levels (relevant in CR scenario)
 - House and Senate are adopting budget resolutions—devoid of convo re: raising the caps—and will need to reconcile those numbers if we are to get a funding deal by Dec 8. Highly unlikely; more likely to get another CR

AASA LEGISLATIVE AGENDA

- ESSA
- School Nutrition
- Perkins Career/Tech
- IDEA
- Rural Education (REAP, Forest Counties, Impact Aid)
- School Vouchers
- E-Rate/Lifeline/EBS
- Student Data & Privacy
- Charters
- Higher Education Act
- Early Education
- Affordable Care Act
- Regulations: DoL and EPA
- Immigration / DACA
- More?

GET INVOLVED, STAY ENGAGED

- Policy Blog The Leading Edge
- AASA Advocacy on Twitter (@AASAnetwork)
- Weekly & Monthly Updates
- Websites & Newsletters
 - EdWeek
 - [Politics K12](#)
 - [Morning Education](#) (Politico)
 - [Real Clear Education](#)
 - [Cabinet Report](#)

AASA LEGISLATIVE TEAM

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