

Washington Update December 21, 2017

**Dear Colleagues:**

Congress passed the critical government spending bill tonight on the heels of the big tax package, but pushed many big decisions down the road as they headed to the airport for the Christmas holiday.

**1. Tax Package Enacted**

On December 20, the Congress completed action on the Tax Cuts and Jobs Act, the first major tax overhaul since 1986. Passed largely along partisan lines in both the House and the Senate (though several Republican House members voted against it because of the SALT changes noted below and the impact that would have on high local and state tax areas such as CA and NY), the final legislation – which will be signed by the President in the coming days – includes a number of provisions of concern to educators.

- Interest on student loans remains tax deductible
- Tuition waivers for graduate students working as teaching or research assistants will continue not to be taxed
- The \$250 deduction for teachers who spend that amount on school supplies remains
- Changes for State and Local Tax deductions (SALT) will be limited to \$10,000 for property and income or sales tax, thus potentially limiting public funds available in states to support education
- The expansion of the 529 college savings plan to include up to \$10,000 for private K-12 schools remains, though the option of using those funds for home schooling expenses was deleted because of a Senate reconciliation rule
- Private colleges and universities with endowments of \$500,000 or more and at least 500 tuition paying students will be taxed on those endowments at a 1.4% rate

While Sec. DeVos praised the K-12 private school deduction, she noted that it would not help low-income students. Rather it is likely to be a windfall to private schools by families who can already afford private school.

In a related Congressional moment, the House Committee on Education and the Workforce had a hearing schedule with Sec. DeVos for 2 pm on Dec. 20. That conflicted with a White House celebration of the new tax package, and next thing you know.... the hearing was canceled thus enabling the Republican House members on the Committee to attend the White House event.

See: <https://www.nytimes.com/2017/12/19/us/politics/tax-bill-vote-congress.html>

See: [https://www.washingtonpost.com/news/powerpost/paloma/daily-202/2017/12/21/daily-202-10-reasons-democrats-think-the-tax-bill-will-be-a-political-loser-for-trump-s-gop-in-the-midterms/5a3b0db430fb0469e883fd41/?utm\\_term=.677d139d7e94](https://www.washingtonpost.com/news/powerpost/paloma/daily-202/2017/12/21/daily-202-10-reasons-democrats-think-the-tax-bill-will-be-a-political-loser-for-trump-s-gop-in-the-midterms/5a3b0db430fb0469e883fd41/?utm_term=.677d139d7e94)

## **2. Congress Avoids Government Shutdown by Avoiding Decisions**

In a predictable but always drama-filled end of year crunch, the Congress postponed decisions on many pressing issues on the policy agenda to enact what is called a “clean CR.” This means there are minimal policy riders and anomalies and funding for all government agencies stayed pretty much the same.....until January 19, when they will be back at it, looking at another potential government shutdown if they don’t act.

Some key features of the CR include:

- Continued funding for most programs, at the current levels, including education
- \$2.85 billion to keep the Children’s Health Insurance Program going through March 31
- A four week extension of spy powers for foreign intelligence surveillance
- Waiver of “PAYGO” for the tax bill that was just passed; without this \$150 billion a year in cuts to Medicare and other federal programs would be triggered in order to pay for the increase in the deficit caused by the tax bill
- Extra funds for a number of defense programs

Congress will return on January 3 and face the continued need to address the budget caps. If they are not raised across the board cuts for most programs are likely to ensue. Republicans are eager to lift the cap for defense spending; but Democrats are insisting on similar increases for non-defense spending like education. This has caused a stalemate.

See: <https://www.nytimes.com/2017/12/21/us/politics/house-republicans-government-shutdown.html>

## **3. New Disaster Relief Aid Package Passes the House but Fails in the Senate**

The House also passed a disaster relief bill before leaving town for recess; however the bill failed in the Senate where Democrats said it was insufficient, especially for Puerto Rico, and Conservatives held that it was too expensive.

The \$81 billion package included \$2.9 billion directed to schools and colleges affected. Most of the funding would be assistance to restart school operations and provide emergency aid for displaced students. The Federal Work Study Program (SEOG) and the Fund for the Improvement of Postsecondary Education would be awarded \$200 million for distribution. In order to assist defraying the costs of colleges enrolling displaced students, the package would provide \$120 million. School districts serving homeless children displaced by the disasters would have a total of \$25 million available. Finally, \$35 million would be provided for the Project School Emergency Response to Violence grant program. Additional funds would be set aside for the Inspector General to oversee the funding and for the Department's administrative costs.

This proposal would have been funded outside of the budget caps (emergency or supplemental funding) and would thus not have been a part of the funds subject to the budget cap.

The disaster relief bill will be revisited next year.

See: <http://beta.latimes.com/politics/la-na-pol-congress-disaster-shutdown-20171221-story.html>

#### **4. DOJ Guidance Addressing Employment of People with Disabilities Rescinded**

Obama-era guidance that required states and local governments to better integrate employees with disabilities into workplaces was rescinded by the Department of Justice. The guidance was a part of the implementation of the Supreme Court's 1999 ruling in *Olmstead v. L.C.* that required states to protect people with disabilities against exclusion from public services.

See: [https://www.ada.gov/withdrawn\\_olmstead.html](https://www.ada.gov/withdrawn_olmstead.html)

See: [https://web.archive.org/web/20170119232648/www.ada.gov/olmstead/olmstead\\_guidance\\_employment.htm](https://web.archive.org/web/20170119232648/www.ada.gov/olmstead/olmstead_guidance_employment.htm)

#### **5. New Resource for Educators**

- Ed Trust has issued *Trends in ESSA State Plans*, finding that “what we are seeing so far is not encouraging. . . . For all the talk about equity surrounding ESSA, too many state leaders have taken a pass on clearly naming and acting on schools' underperformance for low-income students, students of color, students with disabilities and English learners.”

See: <https://edtrust.org/resource/trends-state-essa-plans/>

This will be my final update for 2017 as we are off to Jamaica tomorrow. Wishing you and your loved ones a wonderful holiday season. Let's hope for a more productive Congress for education in 2018!

Best,

Jane