

Washington Update November 20, 2017

Dear Colleagues:

Congress paused in the midst of a massive tax reform bill to head off for Thanksgiving recess this week. They will return November 27 to a packed agenda.

1. Tax Reform: Winners and Losers

Earlier this fall Congress adopted a Budget resolution paving the way for a tax reform bill with a whopping price tag of \$1.5 trillion! Because the bill is being considered under an arcane procedure called reconciliation (allowed because the budget resolution was adopted), only 51 votes are needed to pass the bill in the Senate. Partisanship continues to prevail in Washington.

The House passed its bill, H.R. 1 – the Tax Cuts and Jobs Act -- with a vote of 227-205. Thirteen Republicans broke rank and voted against the bill. All Democrats opposed it. Work then moved to the Senate where the Finance Committee adopted the bill, again along party lines, with a vote of 14 to 12. When the Senate returns next week they intend to take the bill up on the floor, heading to a conference and final legislation on the President's desk for Christmas.

While the House and Senate versions of the bill differ, many analysts believe that both bills are skewed toward giving the biggest tax breaks to wealthy Americans. What is certain is that adding such a large sum to the deficit will place immense pressure on existing government spending, including education programs, for big cuts. If a bill such as this becomes law, Congress will undoubtedly begin to turn its attention to cutting programs in an effort to pay for the expanded debt.

While a full comparison of the tax bills is well beyond the scope of this blog (and this blogger!), below are some specific concerns of education advocates, in addition to the overall pressure the bill would put on the government for spending cuts across the board:

- **SALT:** The State and Local Tax Deduction is under threat in both bills. The House bill would cap the local property tax deduction at \$10,000 while the Senate bill eliminates the deduction all together. Losing or limiting this deduction will mean less funding for public education at the state and local levels. Cuts in SALT were the key reason 13 Republicans in the House opposed the bill.
- **Teacher Expenses:** Currently a teacher may deduct up to \$250 paid for supplies or training. The House bill eliminates the deduction while the Senate bill doubles it to \$500. (Note: it's a sad commentary that we don't think twice about teachers paying for supplies for their jobs out of their own pockets. Wish we were debating that!)
- **College Savings Accounts:** "Unborn children" are eligible as college savers in both the House and Senate bills. The House bill expands the 529 college saving accounts into the K-12 sector, replacing the existing Coverdell accounts.

- **Higher Education:** Deductions for student loan interest, college tuition and expenses and tax breaks for university employees and graduate students would be eliminated in the House proposal, but remain in the Senate proposal. The House bill also repeals the lifetime learning credit. Both bills include a 1.4% excise tax on earnings of endowments at private universities, though the criteria of eligibility differ.

A central feature of both bills is lowering the corporate tax rate from 35% to 20% with the intention of additional funds becoming available for expanded job creation. A key difference in the bills is the last minute inclusion in the Senate bill of the repeal of the individual mandate under Obamacare. The provision would result in between \$300 and \$400 billion in savings which could help to pay for tax cuts. However, the Congressional Budget Office estimates that 13 million people would lose their health insurance if it is adopted.

The mood on Capitol Hill seems to be skewing toward passage of the bill as Republicans believe they must score a legislative win before the end of the year. However, much negotiating remains to be done. And don't forget that last minute McCain (R-AZ) vote that sank the Obamacare repeal earlier in the year. With a number of Republican Senators not running for re-election (e.g. Sen. Flake – AZ and Sen. Corker – TN), and a number of moderate Republicans holding out (e.g. Sen. Collins – ME and Sen. Murkowski – AK), wheeling and dealing is guaranteed. Education advocates will be at the table weighing in.

See: <https://www.cbpp.org/blog/cbo-and-jct-estimates-show-senate-bill-skewed-to-top-harmful-to-low-and-middle-income-americans>

See: <https://www.fool.com/taxes/2017/11/05/7-hidden-changes-to-education-tax-breaks-in-the-go.aspx>

2. What about FY 2018 Appropriations?

On December 8, the continuing resolution which is keeping the government temporarily funded, will expire. Congress must act to keep the government from closing down. In all likelihood, another short term funding bill will be passed to give Congress time to complete the tax reform bill and consider the fallout that will have in terms of spending. Also in the mix is the sequester, which is a set of automatic spending cuts which will go into effect unless an amendment to the Budget Act is adopted. And just in case you thought this wasn't complicated, throw into the mix the looming expiration of the debt ceiling, which requires government action to enable further borrowing. It's a Christmas tree – Washington style.

3. Movement on Department of Education Political Appointees

Last week the Senate HELP Committee held confirmation hearings on two appointees and a nomination was announced.

Brigadier General Mitchell Zais, USA (Ret.) was nominated to be Under Secretary, the # 2 slot at the Department. The former South Carolina Superintendent of Education and former president of a college of the Evangelical Lutheran Church in America, Zais faced questioning from the Committee.

James Blew, former director of the Walton Family Foundation's K012 reform efforts and national president of StudentsFirst, was nominated to be Assistant Secretary for the Office of Planning, Evaluation and Policy Development. Blew also faced the Committee last week.

Both Zais and Blew were questioned by Democrats on the Committee about their support for vouchers and the enforcement of civil rights laws. Sen. Al Franken (D-MN) asked Zais about recent research on the impact of vouchers on student achievement. Franken cited studies which found that vouchers had negative effects on reading and math. Noting he was unaware of those studies, Zais said that “ whenever we give parents an opportunity to choose a school that is the best fit for their children, there are improved outcomes.”

Patty Murray (D-WA), ranking Democrat on the Committee noted concerns that Zais had indicated that 5 year olds are too young to learn and that abstinence-only sex education and creationism should be taught in schools.

Johnny Collett was nominated to be Assistant Secretary for the Office of Special Education and Rehabilitative Services. Collett is currently the Director of Special Education Outcomes at the Council of Chief State School Officers. He previously served as Director of the Division of Learning Services and State Director of Special Education at the Kentucky Department of Education. A former special education teacher, he also served on the board of directors of the National Association of State Directors of Special Education. Statements of support were issued from the National Disability Rights Network, the National Council for Learning Disabilities and the Council for Exceptional Children. The Senate HELP Committee has not yet scheduled a confirmation hearing.

See: <https://www.help.senate.gov/hearings/nominations34>

See: https://www.washingtonpost.com/news/answer-sheet/wp/2017/11/15/trump-nominee-for-no-2-spot-at-education-department-stumbles-on-key-questions-at-confirmation-hearing/?utm_term=.6804696f19bb

See: <https://www.whitehouse.gov/the-press-office/2017/11/15/president-donald-j-trump-announces-intent-nominate-personnel-key>

See: <https://www.nclد.org/archives/blog/statement-from-mimi-corcoran-on-the-nomination-of-johnny-collett-as-assistant-secretary-of-the-office-of-special-education-and-rehabilitative-services>

See: <http://www.ndrn.org/en/media/releases/646-press-release-osers-nominee.html>

See:

<http://www.cec.sped.org/~media/Files/News/Johnny%20Collett%20Nomination%20Announcement.pdf>

5. New Reports of Interest

The National Council for Teacher Quality has issued a report on state efforts to address the equitable distribution of experienced and effective teachers intended to ensure that low income and minority students have equal access to such teachers.

See: https://www.nctq.org/dmsStage/Educator_Equity_Best_Practices

AASA, the Superintendent's Association and the Rural School and Community Trust have issued a report with recommendations about ensuring equity in education for rural students.

See: http://www.aasa.org/uploadedFiles/Policy_and_Advocacy/Resources/AASA_Rural_Equity_Report_FINAL.pdf

The Education Commission of the States provides an overview of the multiple different state governance structures in education: <https://www.ecs.org/k-12-governance-structures/>

The Rand Corp has issued a report considering the outcomes and economic returns of early childhood. https://www.rand.org/pubs/research_reports/RR1993.html

Happy Thanksgiving to all! Enjoy that turkey and stuffing. See you on twitter @janewestdc

Best,

Jane