

FEDERAL EDUCATION POLICY UPDATE

Sasha Pudelski

Advocacy Director

AASA: The School Superintendents Association

OVERVIEW

- ESSA
- Funding
- DACA
- Tax Reform
- Medicaid/CHIP
- CTE
- Child Nutrition
- E-Rate

STATE PLAN REVIEW PROCESS

- USED has been more hands-on in the review process than expected
- 33 Plans approved by ED as of Friday
- Six states (including Oregon) want to use a “dashboard” approach to accountability that rates schools based on their performance on things like academic achievement and chronic absenteeism, but does not assign schools a final, summative score.
- Some states are opting for fixed goals for all students, and specific groups such as low-income students, to reach the same target. Other states picked relative goals, which means that groups of students who are further behind don’t have to meet the same endpoint as those who start further along.
- At least a dozen states plan to directly reduce a school’s overall score if the school does not meet the threshold of testing 95 percent of eligible students
- At least 33 states are looking at chronic absenteeism or attendance in some form to hold schools accountable under the new law.
- At least 35 states are incorporating some kind of postsecondary-readiness measure, whether that's ACT scores, SAT scores, dual enrollment, AP scores, CTE pathways, a mix of those factors, or something else.

ESSA REGULATIONS?

- Congressional Review Act (CRA)
- Previously little-used Congressional action to undo the regulations from a previous administration
 - Used for two education regulations
 - Teacher preparation program evaluation
 - ESSA accountability regulations
- This does NOT push rules back to NCLB laws
 - ESSA will continue as written in the ESSA statute
 - CRA means to act like regulations were never written

TITLE IV

- Funded at \$400 million – OR will distribute via formula
 - 7 states will do competition
- If district allocation is over \$30,000, you must
 - Conduct a needs assessment
 - Spend 20 percent of its grant on safe and healthy school activities
 - Spend 20 percent on activities to provide a well-rounded education programs
 - Can spend up to 15 percent on spending for devices, equipment, software and digital content
- If district allocation is below \$30,000, the law does not require a needs assessment or setting aside percentages for well-rounded and safe and healthy students programs
 - The 15% technology purchase cap still applies

CURRENT FUNDING CLIMATE

- Putting the “fun” back in dysfunction
- Congress has a **BIG** To-Do List:
 - Pass 12 appropriations bills/keep government open
 - Raise the debt limit
 - Pass huge supplemental funding bill for Harvey/Maria/Fires
 - Pass new DACA legislation

FY18 BUDGET PROPOSAL

- Proposed \$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

HOUSE FY 18 APPROPRIATIONS

- Passed the House LHHS Appropriations Committee
- The good(ish):
 - Level funding for Title I, IDEA, Perkins
 - Does not include voucher/school choice provisions (small bump to charter schools)
 - \$100 million increase to Title IV from FY17
- The bad
 - Cuts \$2.4 billion to USED
 - Eliminates \$2 billion of Title II
 - Does not fill in Title I shortfall, Title IV formula requirements

SENATE FY18 APPROPRIATIONS

- More good than bad
- Passed Senate Labor-HHS-ED Subcommittee in early September
- It would provide \$68.3 billion for the U.S. Department of Education, a slight increase of \$29 million over the current level for fiscal year 2017 (vs \$66b in House bill)
- Continue funding for Title II, which provides \$2.05 billion in federal funding to hire and train educators, and 21st Century Community Learning Centers, which provides \$1.2 billion for after-school and school and summer programs.
- + \$25 million Title I
- Level funding for IDEA and Perkins CTE
- +11.5m for Impact Aid
- + \$25 m for Charters
- Does not include voucher/school choice provisions

HOW DID WE GET THE SHUTDOWN?

- Congress already passed several Continuing Resolutions (CR) – in essence kicking the can down the road
 - They still have to fund the government for the next 9 months
- Because Democrats have no other leverage, they have demanded the addition of CHIP and DACA to the funding bill
 - This has become very normal
- The House passed a bill to fund the government for one month and to fund CHIP for 6 years – no DACA deal
 - Passed with only Republican votes
- The Senate needs 60 votes – meaning all Republicans and 9 Democrats must agree to fund government
- **New deadline/New round of Chicken set to end Feb 8th.**

FUNDING TALKING POINTS

- Parity between defense/non-defense spending
- Need to lift the caps in place under Budget Control Act
- FY17 funding is better than FY18 due to current caps.
 - More kids in poverty, more kids generally, we need more not less.
- Oppose House/Trump budget
- Less bad does not = good
- DACA deal is a must

DACA

- In August President Trump announced he will be ending the DACA program
- Congress has 6 months to come up with an alternative
- Potential Legislative Fixes:
 - Bridge Act- extends DACA for 3 years to those not convicted of any crimes
 - DREAM Act- pathway to citizenship if you graduate from high school, pursue higher education, work lawfully for at least 3 years, pass security law enforcement background checks, demonstrate proficiency in English and knowledge of U.S. history, and have not committed a felony or other serious crimes.
- AASA endorses the DREAM Act of 2017
 - Bipartisan, bicameral– applicable to 1.8 million kids
 - Applies to anyone brought to the country under the age of 18, four years prior to enactment
 - Of the current DACA recipients under this program, more than 20,000 are going to school to be educators

TAX REFORM

- **SALT-D** – reduction of the state and local tax deduction
 - This could tie the hands of districts to raise local taxes, because that money would be double-taxed by the local district and the federal government
 - Can lead to lower education spending at the local level – especially in a high-tax state like OR
 - 40% of residents use SALT-D
- **529s**– expansion of 529 to K12 (more on next slide)
- **Qualified Zone Academy Bond (QZABs)**
 - Repeals tax-exempt status for bonds, thus increasing the interest rates available to school districts and the long-term costs
- **\$1.5 trillion added to deficit**
 - Will pressure Congress to make cuts elsewhere, may trigger more across-the-board sequester cuts

529 CHANGES

- Major victory for privatization proponents
- Allows 529 savings accounts to be used for K-12 tuition
- Originally was created as a mechanism for families to set aside savings tax-free to eventually pay college tuition.
- Only used by 3% of Americans
- The federal tax break taken on its own won't break the piggy bank of the federal government—the 10-year cost of the 529 expansion is less than \$1 billion.
- But in the many states that now allow 529 programs, conforming to the new private-school provisions could reduce income tax collections by far more, **since many states allow deductions not only for withdrawals but contributions** (Oregon is one of these).

OREGON AND 529 CHANGES

- The good news: Oregon would have to proactively amend its tax law to mirror the 529 provisions in the tax bill (unlike many other states that will automatically conform to federal tax bill changes)
- What voucher proponent and private school parents may advocate for in Oregon: Amend code so that taxpayers can set-aside money temporarily in 529 accounts and then withdraw for private school tuition which would allow part of their private school tuition to be paid with pretax dollars.
- In a nutshell, the provision would allow state residents to send their state income tax dollars to pay for private schools instead of public schools, as they already now can with their federal income tax bills.

MEDICAID FIGHT OF 2017

- Senate bill would have cut \$772 billion from Medicaid funding.
- States would have to make up shortfall.
- Tough choices on who keeps getting reimbursed and who is eligible means schools could be excluded completely from Medicaid funding.
- Schools can't compete with hospitals, doctors for limited Medicaid funding
- Who loses? The millions of kids who rely on schools for critical health care and health services.

And this fight is far from over. Block-granting Medicaid is now a legitimate, popular GOP position.

2017: THE YEAR OF MEDICAID DEBATES

The goal of 2017: Repeal Obamacare, reduce expenditures for Medicaid and use savings to pay for tax cuts

The reality of 2017: Can't fully repeal Obamacare or make big-changes to Medicaid, but can pass taxes. Need to figure out how to pay for it in 2018.

Main ideas that the GOP has coalesced around generally referred to as "Graham-Cassidy":

- Reduce federal expenditures for Medicaid to pay for other things (tax cuts, increases to defense, etc)
- In exchange for a major cut in federal \$, offer States more "flexibility" to design their Medicaid program
- Leave it to States to decide who keeps getting paid from Medicaid, who is eligible for services, what services are covered

WHY IS GRAHAM-CASSIDY A PROBLEM FOR SCHOOLS?

More students in poverty +

More students with significant disabilities and medical needs served
in our schools +

Fewer federal and state dollars for education =

More districts relying on Medicaid to make budgets “work”

And...

Under a block-grant program, States will have fewer dollars to spend on Medicaid, so school-based Medicaid programs will be among the first to lose reimbursement.

Schools can't compete with frontline healthcare providers like hospitals, doctors, clinics, for limited Medicaid resources.

CRYSTAL BALL: 2018 AND MEDICAID

- **Optimistic view:** McConnell has no appetite for yet another Medicaid/Obamacare fight. *Asked about ObamaCare repeal last month, McConnell said “we’ll probably move on to other issues.”*
- Likelihood of success is lower in a 51-49 environment than 52-48 environment.
- **Pessimistic view:** Conservative groups have made clear they want ACA repeal. They also want welfare reform (not well-defined) which could include changes to Medicaid. Either way, they will try again to use budget reconciliation to get either option accomplished.
- *“We’re going to have to get back next year at entitlement reform, which is how you tackle the debt and the deficit... Frankly, it’s the health care entitlements that are the big drivers of our debt, so we spend more time on the health care entitlements — because that’s really where the problem lies, fiscally speaking,” said Paul Ryan.*

PERKINS CTE

- 114th Congress
 - House passed bipartisan legislation in July 405-5 to reauthorize Perkins
 - Senate didn't take action
- 115th Congress
 - In June, 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 align performance measures with those set by each state under ESSA

SCHOOL NUTRITION

- 114th Congress
 - House and Senate introduced bills last year, did not make it out of Committee
- 115th Congress
 - Attention in the Senate to be on the Farm Bill instead this year
- USDA Proclamation
 - Secretary Purdue signed proclamation ordering flexibilities
 - Essentially status quo
 - Holding sodium limits at Target 1
 - Allows for waiver of whole grain requirement to 50%
 - Allows 1% flavored milk to be served

E-RATE, LIFELINE & NET NEUTRALITY

- E-Rate: Call to action in fall 2017 to help push back against proposed changes to Category 2/internal connections
- Lifeline: Changes to 2014 modernization that undermine ability of program to help address homework gap by prohibiting internet providers to participate in Lifeline. The Lifeline program allows low income homes to afford phone access. The 2014 modernization expanded it to allow them to choose to use their benefit for internet access in the home, a critical step toward addressing the homework gap. That's gone.
- New Neutrality: FCC rescinded regulations; AASA has no official position
- Collectively, AASA is concerned this set of changes demonstrates no understanding of—or concern for—the importance of continued equitable access to affordable broadband for our nation's students

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- #LovePublicEducation
- Adopt a resolution
- Commit to the advocacy challenge (and more!)
- www.lovepubliceducation.org

PUBLIC SCHOOLS WEEK

- Opportunity to lift-up the great things happening in public schools
- Bipartisan and bicameral
- Twitter storm (so you and your district can engage)
- Opportunity to engage Members of Congress and invite them to tell a positive story on the floor about **your district**.

AASA POLICY & ADVOCACY TEAM

Noelle Ellerson Ng

nellerson@aasa.org

@noellerson

Sasha Pudelski

spudelski@aasa.org

@Spudelski

Leslie Finnan

lfinnan@aasa.org

@LeslieFinnan

QUESTIONS AND DISCUSSION