



Wednesday, January 3, 2018

Dear CEF Members:

I. Policy Intelligence and Education News

- **Happy 2018...without FY 2018 funding resolved** – Right before leaving town in December, Congress passed a third short-term government funding bill that extends fiscal year (FY) 2017 funding levels (with a few exceptions) until January 19. The continuing resolution (CR) also includes a \$5 billion addition for defense programs and a few smaller “anomalies” for non-defense programs, a short-term extension of the Children’s Health Insurance Program (CHIP) and a surveillance program under FISA, and a waiver for the PAYGO sequester that would have been triggered by the \$1.5 trillion tax cut (see Rules Committee summary [here](#)). The House also passed a disaster relief bill with \$81 billion in emergency funding, but the Senate did not take up the bill. Below is a summary of funding levels, key decisions, and sticking points in the path towards enacting funding for the remaining 9 months of FY 2018.
 - **Status of FY 2018 funding in the House and Senate** - In September, the House passed an FY 2018 omnibus appropriations bill that included all 12 government funding bills that cut non-defense discretionary (NDD) funding by \$5 billion below the FY 2018 cap while providing \$72 billion above the cap for defense. As a reminder, the House bill cut funding for the Department of Education by \$4.2 billion below the FY 2017 level when factoring in rescissions of Pell grant funding in both years; if you exclude all Pell grant funding, the rest of the Department of Education is cut by \$2.2 billion. The Senate has not yet voted on any FY 2018 bills other than the three CRs. The Senate Appropriations Committee marked up 8 bills and posted the 4 others that together provide the total of the FY 2017 funding caps, not the lower FY 2018 levels. The Senate Labor-HHS-Education bill cut discretionary funding for the Department of Education by \$1.3 billion below the FY 2017 level when factoring in rescissions of Pell grant funding in both years; if you exclude all Pell grant funding, the rest of the Department of Education receives a \$29 million (0.1%) increase.
 - **Choosing new levels for defense and NDD spending for FY 2018 and maybe 2019** – The sequester-level caps for FY 2018 are slightly below the levels for 2017, and are widely held to be too low. Debate on a budget deal – when it has occurred - is behind closed doors, but reportedly sticking points are the size of the increase, whether the cost is offset with savings elsewhere, and whether defense and NDD are raised by the same amount – the parity principle that all previous deals have maintained. To give you a sense of the scope, eliminating the discretionary sequester would raise defense spending by \$54 billion

and raise NDD by \$37 billion (the sequester cuts equally from defense and non-defense programs, but there are additional non-defense savings from mandatory programs).

- **Who wants what spending level** - Defense hawks want to increase the defense cap but not the NDD cap. A deal to fund defense at the level in the National Defense Authorization Act would raise defense spending even more - by \$77 billion above the FY 2018 cap. Democrats continue to push for parity in raising NDD caps by the same amount as defense caps. Some Republicans want a deal that eliminates the discretionary sequester for both categories for two years, which provides a far greater increase for defense than for NDD spending – increasing defense by \$54 billion and NDD by only \$37 billion, as shown in the table below. That is because one third of the non-defense sequester cuts are from mandatory programs, and the mandatory sequester would continue (there is virtually no eligible mandatory defense spending to sequester, so 99% of the defense sequester comes from the discretionary side).
- **Non-budget-related sticking points** – Other issues will affect agreement on a budget deal and further funding bills. These unrelated issues include addressing DREAMers immigration status, funding for a border wall, extending the Children’s Health Insurance Program, stabilizing the Obamacare health insurance market, disaster relief, and more. House Democrats, for example, maintain their opposition to a spending deal unless it helps DREAMers stay in this country.
- **Next steps: leadership/White House meeting today** – This afternoon the House and Senate leaders of both parties are meeting with Office of Management and Budget Director Mick Mulvaney and the White House Legislative Affairs director to talk about the budget caps, among other topics. The House is not in session this week, so no official action will occur there until next week at the earliest, leaving only two weeks before the CR expires on January 19. Even if leadership can quickly reach an agreement on higher spending caps, there will need to be another CR to provide time to craft and negotiate an omnibus bill funding all government programs for the full year.
- **White House budget dates** – The President will make his State of the Union address on Tuesday, January 30, which usually provides a sneak peek into key budget priorities, even if without many specifics. The FY 2019 budget request is due on Monday, February 5, but it would not be surprising if it is delayed. The Administration may want to wait until Congress finalizes FY 2018 funding before proposing FY 2019 levels, and it may want to incorporate underlying changes to the economic forecast resulting from the tax bill enacted last month. We should know by mid-January whether the President’s budget request will be delayed.
- **House Budget Committee Chair Black to relinquish the gavel** – Rep. Diane Black (R-TN) will step down as chair of the House Budget Committee as she runs for governor. The Republican Steering Committee will vote on a successor next week, with Rep. Steve Womack (R-AR) a possible successor, along with Rep. Rob Woodall (R-GA) and Rep. Bill Johnson (R-OH).

II. CEF schedule and activities

- **Please attend the membership retreat on January 26** – CEF’s membership retreat on Friday, January 26, is your first of many opportunities to be involved in CEF’s advocacy, research, events, and membership activities this year. The new Board will be meeting on January 19, and then I’ll outline the 2018 strategic plan at the Membership Retreat. After that, everyone will have a chance to join our four committees: Advocacy and Research, Hill Teams, Membership and Bylaws, and the Gala Committee. Each committee will have specific plans based on ongoing efforts and suggestions you made last fall, but we encourage you to join and play a role where you are most interested – we rely on your participation and input to be successful.
- **“Education Budgeting 101” Hill briefing on January 29** – We are working on our first event of the year – a Hill briefing for education Legislative Assistants and CEF members covering how the budget and appropriations process works for education programs as well as an overview of how mandatory education spending is changed. The briefing will be on Monday, January 29, from 10:30-noon in 1334 Longworth House Office Building. Stay tuned for more details.
- **CEF’s upcoming schedule –**
 - **Friday, Jan. 5, 9-11am: NO CEF MEETING** (this is a change from the original schedule)
 - **Friday, Jan. 12, 9-11am:** at AFT, 555 New Jersey Ave, NW. Guest Speaker: Jacque Chevalier, House Education and Workforce Committee Democratic staff
 - **Friday, Jan. 19** – NO CEF MEETING
 - **Friday, Jan 26, 9-noon:** CEF Membership retreat at AASCU, 1307 New York Ave, NW.
 - **Monday, Jan 29, 10:30-noon:** Education Budgeting 101 Hill briefing, 1334 Longworth House Office Building. All CEF members are invited. Details to come soon.

My best,

Sheryl

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