



Monday, December 4, 2017

Dear CEF Members:

## I. Policy Intelligence and Education News

- **Tax reform status** – Late, late Friday night the Senate passed its version of tax reform, and today the House and Senate are expected to appoint members to a conference committee to work out differences between the two bills. Republicans hope to quickly craft a final version that both chambers will pass and send to the President to end the year with this signature accomplishment. The major education-related provisions are summarized below. (For more details, there are links in the next bullet to two articles this weekend that highlighted education-related provisions.)
  - **529 education savings plans** – both bills allow individuals to use tax-free 529 college savings plans for elementary and secondary education costs, including for private schools. Vice President Pence cast the tie-breaking vote on an amendment offered by Senator Cruz (R-TX) to allow 529 funds to be used for private K-12 education.
  - **Teacher deduction for classroom expenses** – The Senate bill doubles the existing \$250 deduction for teachers and educators who spend that much on classroom supplies, but the House bill eliminates it.
  - **Student loan interest deduction** – The Senate bill does not change current law, but the House bill eliminates the deduction.
  - **Graduate student tuition tax** – The Senate bill does not change current law, but the House bill taxes tuition waivers, meaning that graduate students would have to pay taxes on the waiver of tuition that many rely on to attend their programs.
  - **Higher education tax credits** – The Senate bill does not change current law, but the House bill combines the existing higher education tax credits into one slightly expanded American Opportunity Tax Credit. Overall, the change dramatically reduces the college tax credits available.
  - **College endowment tax** – The Senate bill imposes an excise tax of 1.4% on investment income at private colleges with endowments of at least \$500,000 per student (estimated to hit 25 to 30 colleges). The House bill imposes that same tax on more colleges – private colleges with income of \$250,000 per student (estimated to hit 65 to 70 colleges).

- **Deductibility of state and local taxes (SALT)** – Both bills limit taxpayers’ ability to deduct their state and local taxes (key sources of elementary and secondary education funding) from the federal taxes, which many worry will lead high-tax states to cut their taxes to reduce the burden. Both bills allow individuals to deduct up to \$10,000 in property taxes.
- **Articles with details about education-related tax bill provisions:**
  - Washington Post, “[After a high-drama vote, here’s what the Senate tax bill means for schools, parents and students](#)”
  - Education Week, “[Senate Oks Tax Bill Changing Teacher Deduction, Expanding School Choice](#)”
- **Two-week extension of FY 2018 appropriations introduced** – Government funding expires at midnight this Friday, December 8, under the terms of the “continuing resolution” (CR) Congress enacted in September, when it became clear that Congress couldn’t pass all fiscal year 2018 appropriations bills before the start of the fiscal year on October 1. Congress gave itself those extra 10 weeks to agree to a budget deal that raised spending caps on defense and non-defense discretionary (NDD) funding enough to appease a majority of Congress and allow passage of all 12 bills. That hasn’t happened. Therefore, on Saturday, House Appropriations Committee Chairman Rodney Frelinghuysen (R-NJ) introduced a two-week extension of current funding levels that also extends authorization for the expired Children’s Health Insurance Program (CHIP) until the end of the year.

Assuming Congress passes this two-week CR, it’s still likely that it will need more time to work out a budget deal and enact an omnibus appropriations bill funding the government for the rest of the fiscal year. That means we’re likely looking at a third CR by December 22 that could include raising the caps and possibly disaster relief. That pushes final appropriations action into January or February – more than ¼ of the way through the fiscal year.

- **State and local K-12 funding levels decline** – Last week the Center on Budget and Policy Priorities updated its [report on state and local education funding](#) with findings that per pupil education funding in more than half of all states is below the 2008 level! (we tweeted the chart showing the status of each state). These dismal facts make it even clearer why federal education funding is so vital.

## II. Advocacy

- **Tomorrow! - Twitterstorm to #RaiseTheCaps to increase #edfunding** – Please join CEF’s [Twitterstorm on Tuesday, Dec. 5, from 10:30-11:30am ET](#) to encourage Congress to raise the non-defense discretionary cap and then allocate more funding for education investments in the final fiscal year 2018 appropriations bill. See the attached Advocacy Toolkit for sample tweets, links to chats and fact sheets, and a sample letter to Congress.

## III. CEF Activities

- **CEF's upcoming schedule –**

- **Friday, Dec. 8, 9-11am:** At Georgetown University Law Center near Union Station, 600 NJ Ave, NW, Room 200 McDonough Hall. Guest Speaker: Steve Townsend, Senate Budget Committee Republican staff.
- **Friday, Dec. 15, 9-noon: CEF ANNUAL MEETING.** At University of California, 1608 Rhode Island Ave, NW, 1<sup>st</sup> floor auditorium.

**Attendance is vital – we will have elections for CEF's 2018 Board and vote on CEF's 2018 budget.** We also have two excellent guest speakers to provide a bipartisan overview of the budget and appropriations action at the end of the year and the implications going forward. The experts on budget policy, procedure, and the economy are:

- [Bill Hoagland](#), Senior Vice President at the Bipartisan Policy Center, a Senate budget guru who worked for 21 years for the Senate Budget Committee Republican staff, in addition to positions at the Congressional Budget Office and the executive branch.
- [Aaron Klein](#), Fellow in Economic Studies at the Brookings Institution and Policy Director of its Center on Regulations and Markets, who previously served as Deputy Assistant Secretary at the Treasury Department and also as Chief Economist for the Senate Banking Committee Democratic staff.

And of course, we'll provide CEF's traditional annual meeting hot breakfast as a bonus!

- Sarah

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## Advocacy Toolkit for Twitterstorm on December 5, 2017

**What:** Twitterstorm to #RaiseTheCaps to increase #edfunding.

CEF is urging Congress to raise the non-defense discretionary (NDD) spending cap and increase education funding in fiscal year 2018 appropriations.

**When:** Tuesday, December 5, 2017 from 10:30-11:30a.m. ED

Below are sample tweets and a sample letter, as well as links to fact sheets and charts you can use.

### Sample tweets

- Federal investment in education is almost \$1 billion less than in 2010, excl. Pell grants. Congress must #RaiseTheCaps to increase #edfunding
- Congress is poised to cut #edfunding, which is only 2% of fed budget. Ask Congress to invest in ed – fact sheets & sample letter at [cef.org/advocacy/how-you-can-help/](http://cef.org/advocacy/how-you-can-help/)
- Tell Congress to #RaiseTheCaps and make #edfunding a priority! Sample letter & fact sheets at [cef.org/advocacy/how-you-can-help/](http://cef.org/advocacy/how-you-can-help/)
- Congress is deciding the 2018 budget – ask your Rep/Sen to #RaiseTheCaps to increase #edfunding. Sample letter & info at [cef.org/advocacy/how-you-can-help/](http://cef.org/advocacy/how-you-can-help/)
- Congress needs to increase #edfunding in FY2018 appropriations -longer term goal is to reach 5% of budget

**Charts available to tweet** (scroll to “2017 Advocacy Toolkit charts” for tweetable versions)

- 2018 Education Funding Far Below 2010 Level Excluding Pell Grants
- Education Funding Bill Cut the Most in 2018
- Education Accounts for Just 2% of All Federal Spending
- Non-Defense Discretionary Levels

### Fact sheets

- [“5 Cents Makes Sense”](#) campaign to increase education investment to 5% of the federal budget
- [Why](#) we need a larger federal investment in education
- [Myth v Fact](#) on education funding

*(continued on next page)*

**Sample Letter to Congress** (you can find your representative [here](#) and your senators [here](#))

[date]

Dear Senator/Representative [name]:

As one of your constituents, I am writing to urge you to repeal the non-defense sequester-level spending caps and match any increases in defense spending with equal increases in non-defense spending. Congress needs to act quickly to pass a budget deal that accommodates necessary investments, including significantly increasing vital federal investments in education for fiscal year 2018 and beyond. This education funding not only provides opportunities and needed services for students, their families, and schools; it also strengthens our economy and nation.

Individual success and the nation's economic strength are inextricably tied to educational attainment. For instance, students who graduate from college earn more and have lower unemployment rates than individuals with just a high school degree. In addition, every one dollar invested in early childhood education saves at least seven dollars in later societal costs. Overall, countries with higher educational achievement have greater economic growth. Despite these proven benefits of investing in education, education funding accounts for merely two percent of the federal budget. I encourage you to work towards increasing the share of the budget devoted to education to five percent of the federal budget, and to reject the education cuts in the 2018 appropriations proposals.

I and your other constituents are counting on strong federal education investments to ensure access to high quality education from pre-school to higher education. These vital investments also fill gaps where local and state funding is insufficient, and help with the costs of federally mandated services, such as special education. By eliminating sequester caps and increasing education funding, Congress can help improve student achievement and our nation's economic strength. Thank you for your consideration.

Sincerely,

[Your name]