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## FEDERAL LEGISLATIVE ISSUE BRIEF: Annual Appropriations

APRIL, 2017

This month's advocacy focus is all about funding. It is a little longer than usual, because we spent a little more time providing background.

### BACKGROUND:

This month's 'background' section makes a little more sense when listed as a set of definitions:

- What year is it? For purposes of this update, you will see reference to federal fiscal year (FY) 2016, 2017 and 2018. Federal fiscal years run from October 1 through September 30. FY17 started on October 1, 2016 and runs through September 30, 2017. This month, April 2017, is in FY17 and FY17 dollars will be in your schools for the 2017-18 school year; FY16 dollars are currently in your schools; and FY18 is the budget proposal just released by President Trump.
- Sequester: Sequester is the set of across the board cuts that was applied to the federal budget—including education—in 2013. The cuts of sequester stem from the Budget Control Act of 2011, a law passed by Congress. The BCA implemented ten years of budget caps AND triggered sequester when Congress was unable to identify cuts on its own. The budget caps and sequester cuts (and continued pressure) are at the center of the broader federal education funding conversation. The budget caps are very real and Congress is legally bound to operate within those funding restraints.
  - Defense and Non-Defense Discretionary Funding: Within the federal budget, there is mandatory and discretionary funding. We are in the discretionary slice of the pie. Within discretionary funding, there is defense discretionary and non-defense discretionary (NDD). Education funding is a part of non-defense discretionary funding. When the cuts of sequester applied, they applied equally between defense and non-defense discretionary dollars.
  - Parity: From the first application of sequester, there was a concerted push to raise the cap (amount of funding available) for defense discretionary funding. The cuts of sequester are absolute, meaning the only way to raise funds for defense discretionary were to make further cuts to NDD (eek!) or to raise the overall cap. Most preferably, the goal would be to raise the cap and provide equal cap raises for both defense AND NDD. This is parity. President Barack Obama was rock-solid on parity. When he was approached with the idea of raising defense discretionary funding, he was agreeable so long as there was a comparable increase available for non-defense discretionary funding.
- Appropriations Process: If this were 'School House Rocks', here's how the federal appropriations process works: The President introduces a budget proposal; the House and Senate use/refer to this budget proposal in drafting/revising their respective budget proposals before adopting their respective budget resolutions. These budget resolutions are used to determine allocations for each of the 12 appropriations sub committees (education funding is in the Labor, Health, Human Services Education And Other, or LHHS, appropriation). Sub committees use these allocations to provide funding (whether a cut or an

increase) to specific programs. All 12 subcommittees would adopt and pass a stand-alone appropriation, which would then be adopted on the full chamber floor, and all before the October 1 start of the federal fiscal year. This is NOT a ‘School House Rocks’ process kind of Congress, though. (the last time Congress completed the traditional appropriations process on time was more than 20 years ago).

- Continuing Resolution: When Congress is unable to complete its annual appropriations process on time, there is a threat for a federal government shutdown. Congress can avoid a shutdown by exercising a continuing resolution (CR), which provides short-term funding to buy Congress additional time to complete its appropriations work. A CR is straight, level funding. If the program was funding in the previous year, it will be funded in this new year, at the exact same level. The CR does not include program/policy changes or changes to funding level. A CR can include anomalies, which may account for some changes, but the most common type of CR is a ‘clean’ CR, which just extends and level funds programs.

### **POLICY RELEVANCE:**

Federal Fiscal Year 2017 (FY17): FY17 runs Oct 1, 2016 thru Sept 30, 2017. Congress did NOT complete its appropriations work for FY17 on time, and instead adopted a CR, and the current CR expires on April 28. Congress will need to complete its appropriations work ahead of April 28 if it wants to avoid a shutdown. What are its options? Each is listed below, along with a brief explanation of why it may (not) be relevant:

- Stand Alone Appropriations Bills: Congress could pick up the work it had started, and move to consider and adopt each of the 12 appropriations bills independently. This is highly unlikely. Congress has a finite amount of floor time available for this debate before April 28—including a 2 week Easter/Spring recess. Further, Congress (and the Senate, in particular) has other demands for floor time that limit the likelihood of this scenario: normal business, ongoing confirmations for the new administration, FY18 conversations, and confirmation of the Supreme Court nominee. Quite simply, they don’t have enough floor time for this option.
- Omnibus: Congress could pass the 12 stand-alone bills independently in committee, and then pile them together into one big ‘up or down’ vote. This is increasingly less likely to happen, given time constraints.
- Minibus: In this scenario, Congress would pass some of the stand alone appropriations bills (typically those that are slated for funding increases, so not necessarily LHHS), and then use a year-long CR for the remaining bills. This is somewhat likely, but also concerning. Given the absolute nature of the budget caps, a funding increase for some would mean a funding cut for others (including our LHHS bill). In a mini-bus scenario, LHHS doesn’t even get on the bus.
- Year-Long CR: In this scenario, Congress will extend the CR to last through September 30. A year-long CR means level funding for any program currently being funded. As each day goes by, this looks ever more likely. It is the path of least resistance: by not opening up the 12 individual bills, Congress avoids debate, and avoiding debate will be key to getting any of these done on time. A year-long CR will require certain anomalies (or conforming language) particular to education. FY16 funded No Child Left Behind; FY17 will fund the first year of Every Student Succeeds Act. ESSA had some programmatic restructuring that would not be realized under an FY16/NCLB construct; anomaly language would allow FY16 dollars amounts to flow through an FY17 construct.

Federal Fiscal Year 2018 (FY18): On March 16, President Trump released his FY18 budget proposal for federal fiscal year 2018 (October 1, 2017-September 30, 2018; these are the federal dollars that will be in your schools

for the 2018-19 school year). Referred to as a 'skinny budget', the proposal covers only the discretionary portion of the budget (NOT mandatory programs) and even in that, does not indicate the proposed funding level for all federal discretionary programs.

Overview & Analysis: As expected, the framing lens for the President's budget is his proposal for a \$54 billion increase in defense discretionary funding. (As a reminder, the cuts of sequester applied only to the discretionary portion of the budget, and applied equally to both defense and non-defense discretionary funding. Education programs are in the non-defense discretionary (NDD) portion of the budget. From the onset of sequester, President Obama was a staunch protector of ensuring parity between defense and non-defense discretionary funding; any time there was a push to increase funding for defense discretionary funding, he was agreeable only if there was a commensurate increase for the NDD slice of the pie.) President Trump blows the concept of parity out of the water. He proposes paying for his \$54 billion increase in defense discretionary funding by making a \$54 billion cut in NDD. As a frame of reference, that is approximately 10% of the overall NDD allocation. Looking more specifically at the K12 education portion of the proposal:

- Cuts funding to the US Education Department by \$9 billion (13 percent)
- Provides \$1.4 billion increase in school choice privatization
  - \$1 billion increase for Title I, for state and districts to use for vouchers/choice/portability
  - \$250 million for a new voucher program
  - \$168 million increase for the charter school program
- ALL new proposed education funding in President Trump's budget is for choice/privatization. All other programs (for which detail is provided) are either cut or level-funded.
- IDEA is level funded (\$12.7 billion, or approx. 16%, less than half of federal commitment to 40%)
- Eliminates
  - Every Student Succeeds Act Title II (Supporting Effective Instruction State Grants)
  - ESSA 21st Century Community Learning Centers program
- Eliminates or cuts 20 other categorical programs. Those listed include:
  - Striving Readers
  - Teacher Quality partnership
  - Impact Aid Support Payments for Federal Property
  - International Educational Programs

There is much that remains unanswered, both in terms of the mandatory programs in the budget and other programs we care about in the K12 budget (including, but not limited to, Perkins/Career Tech, Rural Education Achievement Program, ESSA Title IV). Please note that this summary includes all detail that is currently available. If you do not see a program referenced, it means the budget does not reference it. We cannot predict, at this point, whether that means an increase, cut or level funding.

FY18 Looking Ahead: Two big questions remain to be answered: How committed is President Trump to this budget? That is, does this proposal represent his serious funding priorities or is it a compilation of campaign promises parading around as a federal document? Second, how does Congress react to this proposal? It is a proposal based heavily on cuts, many of which may make the proposal 'dead on arrival' on Capitol Hill. We have to see if Congress takes any/all/none of it into consideration as it starts its FY18 appropriations work.

#### TALKING POINTS:

- Talk to your members about the importance of continued investment in education. Investing in education builds a stronger nation. We need a well-trained and educated workforce ready to compete in a global economy and support our military.

- The best way to reduce the deficit is to spur economic growth. Yet we can't run businesses, schools and universities, or the public sector if our children don't grow into adults equipped with the tools they need to succeed.
- Education funding for K-12 education is less than it was ten years ago. In a time of tight budgets, 23 states are on track to provide less formula funding in 2017 than they did ten years ago, cutting the largest source of support for elementary and secondary education. Yet federal elementary and secondary education funding is still below the 2008 level even though public school enrollment has increased by 2.3 percent over those ten years.
- \$1 invested in early childhood education saves at least \$7 down the road. Yet Head Start, the largest federal early childhood education program, is so underfunded that it can serve only 4 out of every 10 eligible children from low-income families.
- A greater education investment – spent wisely – makes sense by increasing educational achievement. For example, funding that allows for better teachers and smaller class size increases high school graduation rates, especially for low-income students. Because of how education is funded in the U.S., low-income students are likely to benefit most from federal funding, much of which is targeted to schools in low-income neighborhoods and to low-income college students.
- Parity: Encourage your members of Congress to advocate for—and support—continued parity between defense and non-defense discretionary funding, and to oppose President Trump's proposal to increase defense discretionary funding by \$54 billion, and to pay for it by cutting NDD.
- FY17:
  - Title I: Fund Title I at a level \$200 million above President Obama's proposed level. Title I must be funded at a robust enough level to ensure at least level funding for district allocations. ESSA includes an increase in the state set aside and lifts the Title I "hold harmless" provision, meaning that even with the \$450 million rollover from SIG, the Title I allocation (as proposed by the President) leaves a \$200 million shortfall at the local level. AASA is opposed to any scenario where they FY17 allocation leaves school districts with less money in FY17 (the first year of ESSA) than they had in FY16.
  - IDEA Funding: Congress must continue to increase its investment in IDEA. Adjusted for inflation, the current proposals—the President, the Senate, and the House—remain woefully underfunded, coming nowhere near Congress' commitment to providing 40% of the additional cost associated with education students with disabilities. In fact, the current proposals put the federal share at roughly 16%, which is less than half of what Congress committed to, and below FY10 levels when adjusted for inflation.
  - ESSA Student Support and Academic Enrichment Grants (SSAEG, Title IV-A): It is critical that Title IV, the flexible funding block grant that allows school districts to invest in a variety of programs—including well-rounded education, school climate, technology and professional development—must be funded at high enough a level to support meaningful formula allocation.
  - If Congress advances a year-long CR, the bill must include anomaly language to reconcile policy changes between No Child Left Behind and Every Student Succeeds Act, including authorizing the eliminated School Improvement Grant (SIG) money to flow through the Title I Part A base formula, and to allow the program changes in the new Title IV.

- FY18: Much of the advocacy for FY18 will be further shaped by what Congress does in response to President Trump's FY18 budget proposal.
  - Urge your delegation to OPPOSE the draconian cuts in the President's budget.
  - Express deep concern with a budget proposal that cuts \$9 billion (13%) from the Department of Education.
  - Express deep concern with a budget proposal where EVERY.SINGLE.NEW. dollar (all \$1.4 billion of them!) are for choice and privatization. Encourage your delegation to support that increase, but to prioritize investment of those dollars into key formula programs that support all students and schools, including IDEA, Title I and Perkins.
  - OPPOSE the President's proposal to use \$1 billion in new funding for Title I for portability or vouchers. Any new money in Title I must flow through the base formula.
  - AASA remains opposed to continued reliance on competitive allocation of funding. All dollars must remain available to all schools and all students, and any reliance on competitive allocation reinforces a system of winners/losers, rather than addressing opportunity gaps.

Check out this [handy chart from the Committee for Education Funding](#), which shows the total amount of discretionary funding available at the Department of Education. As a point of reference: the FY16 allocation (the dollars currently in your schools) is above where we were in FY12, but below where we were in FY10. Think about your student population today; do you have more students in poverty? More English Learners? More students with disabilities?

For a better look at trends in state funding (35 states put in less money in 2014 than they did in 2008) check out [this report from our friends at Center on Budget & Policy Priorities](#).