



south carolina
school boards
association

Federal Legislative Update

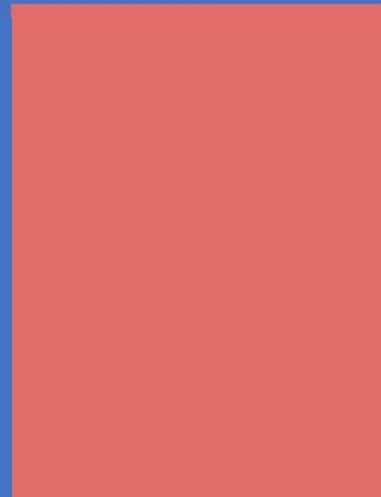
Office of Federal Advocacy & Public Policy

December 2, 2017



Agenda

- Capitol Hill Perspective
- Educational Choice / Tax Reform
- School-Based Medicaid
- Fiscal Year 2018 Budget & Appropriations
- Perkins Career & Technical Education
- Q&A



Capitol Hill Perspective



- **Tax Reform** = Senate passed its version of the Tax Cuts and Jobs Act this morning by a vote of 51 to 49.
- Floor debate began this week without actual text for the proposed Tax Cuts and Jobs Act
- House-Senate Conference Committee to begin final negotiations
- **FY2018 Appropriations** may not be completed this month
- **School choice proposals** rejected in current appropriations law, but debated in tax reform bill
- **Healthcare Reform** inclusive of School-based Medicaid and Children's Health Insurance Program (CHIP)

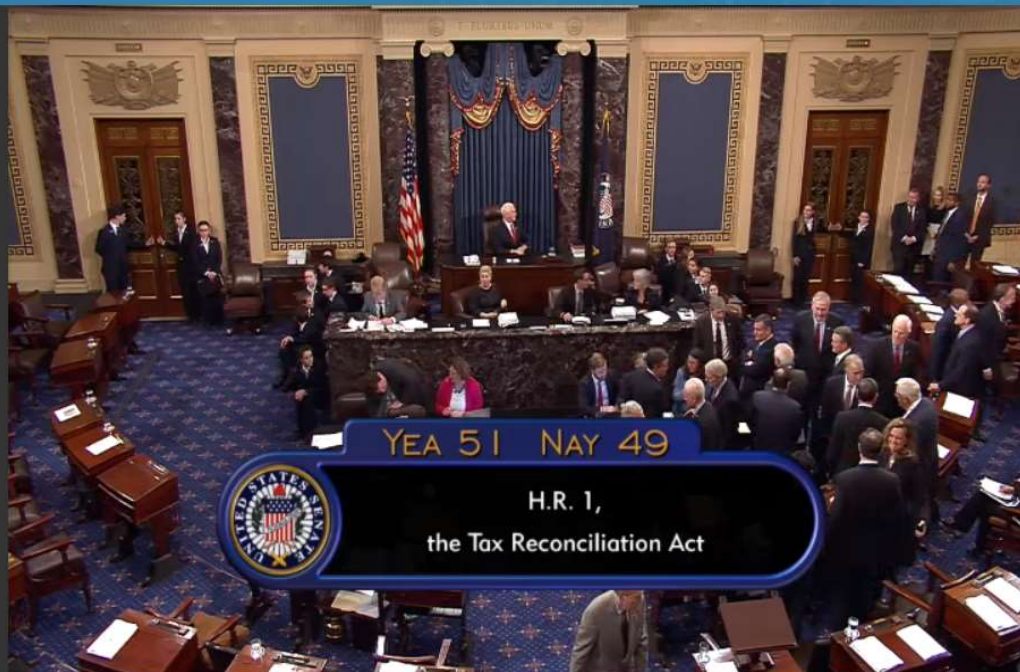
South Carolina Congressional Delegation

- Senator Lindsey Graham – Budget and Appropriations
- Senator Tim Scott – Health, Education, Labor & Pensions (HELP) and Finance
- Rep. Mark Sanford – Budget
- Rep. Joe Wilson – Education & the Workforce
- Rep. Jeff Duncan – Homeland Security
- Rep. Trey Gowdy – Oversight & Government Reform
- Rep. Ralph Norman – Science, Space & Technology
- Rep. James Clyburn – Assistant Minority Leader
- Rep. Tom Rice – Ways & Means

H.R. 1 – Tax Cuts and Jobs Act Conference Committee

- Oppose provisions for any tax credit/voucher program
- State and Local Tax Deduction (SALT) – oppose proposed repeal of SALT deductions
- Municipal Bonds – support existing statutes for tax-exempt financing of school infrastructure
- Teacher Tax Credit – support retaining the above-the-line tax deduction for teachers
- Urge repeal of the “Cadillac Tax” on healthcare plans

UNITED STATES SENATE



Senate Floor Proceedings

Tax Reform – Excerpt of Senate Manager's Amendment

2 This section shall apply to taxable years beginning after
3 December 31, 2017.

4 SEC. 13543. MODIFICATION OF TREATMENT OF S CORPORA- 5 TION CONVERSIONS TO C CORPORATIONS.

6 (a) IN GENERAL.—Section 1371 is amended by add-
7 ing at the end the following new subsection:

8 “(f) CASH DISTRIBUTIONS FOLLOWING POST-TERMI-
9 NATION TRANSITION PERIOD.—

10 “(1) IN GENERAL.—In the case of a distribu-
11 tion of money by an eligible terminated S corpora-
12 tion after the post-termination transition period, the
13 accumulated adjustments account shall be allocated
14 to such distribution, and the distribution shall be
15 chargeable to accumulated earnings and profits, in
16 the same ratio as the amount of such accumulated
17 adjustments account bears to the amount of such ac-
18 cumulated earnings and profits.

19 “(2) ELIGIBLE TERMINATED S CORPORA-

AVX
(a) adjustments attributable to conversion from S corporation to Corporation — Section 481 is amended by adding at the end the following new subsection:
(d) Adjustments attributable to conversion from a corporation to a C corporation.
(1) In general, in the case of an eligible terminated S corporation, any increase in the amount of the accumulated adjustments account shall be allocated to such distribution in the same ratio as the amount of such accumulated adjustments account bears to the amount of such accumulated earnings and profits.

Tax Cuts and Jobs Act Talking Points

- ***Educational Choice:*** We urge you to reject proposals for the Tax Cuts and Jobs Act that would create a separate unaccountable system of publicly funded and/or subsidized education for non-public schools. Instead, we urge your strong support for the [range of choices](#) that are currently offered by our nation's public school districts, such as magnet schools, charter schools authorized by local school boards and schools with specialized curricula for science, technology, engineering, the arts, and mathematics (STEAM).
- ***State and Local Tax Deductibility (SALT):*** We urge your strong support for tax legislation that will strengthen state and local efforts to fund public education, and to reject proposals that would negatively affect those efforts. We urge you to retain full deductibility of state and local taxes and to reject any proposals to the Tax Cuts and Jobs Act that would limit or eliminate SALT.

Tax Cuts and Jobs Act Talking Points

- ***School Bond Programs and Advance Refunding:*** Municipal bond programs that benefit school construction and other capital improvements for school districts would be eliminated under the Tax Cuts and Jobs Act, along with advance refunding of bonds that allows school districts/bond issuers to refinance a bond one time for a lower interest rate, which is a cost-savings to taxpayers. As an important investment in school infrastructure for safe, healthy and innovative learning environments, we urge you to retain the municipal bond programs that directly benefit our students, communities and economy. In addition, we urge you to restore advance refunding for bond programs that helps our school districts and communities finance school infrastructure in a cost effective manner.
- ***Teacher Tax Credit:*** We urge you to retain the teacher tax credit in the final Tax Cuts and Jobs Act, as many of our teachers use their personal funds to augment resources for classroom instruction that benefit student achievement.

Tax Cuts and Jobs Act Talking Points

- ***Cadillac Tax on Healthcare Plans for Teachers and Other School District Employees:*** The tax reform bill does not currently include provisions that address the "Cadillac Tax." We urge you to modify conditions under which penalties may be imposed on school districts as employers for health insurance coverage that exceeds the price benchmark established by the Affordable Care Act (ACA), as there is bipartisan support to address this fiscal burden.

Under the Affordable Care Act, this tax is scheduled to be collected in the year 2020 and would require employers to pay a 40 percent penalty on health insurance expenditures over \$10,200 for individual coverage and \$27,500 for family coverage.

National & State Polls Show Cutting SALT Most Unpopular Provision in Tax Bills



by Americans Against Double Taxation · 2 days ago in PRESS RELEASES

NO COMMENT



WASHINGTON – Recent national and state polls that tested several provisions of the House and Senate tax reform plans consistently show that voters overwhelmingly oppose eliminating or restricting the state and local tax (SALT) deduction. SALT, part of the federal tax code since 1913, is claimed by 44 million households and supports middle-class homeownership, along with essential public services including education and public safety.

- A newly-released POLITICO/Morning Consult poll found that restricting SALT was the



Categories >

COALITION LETTER

PRESS RELEASES

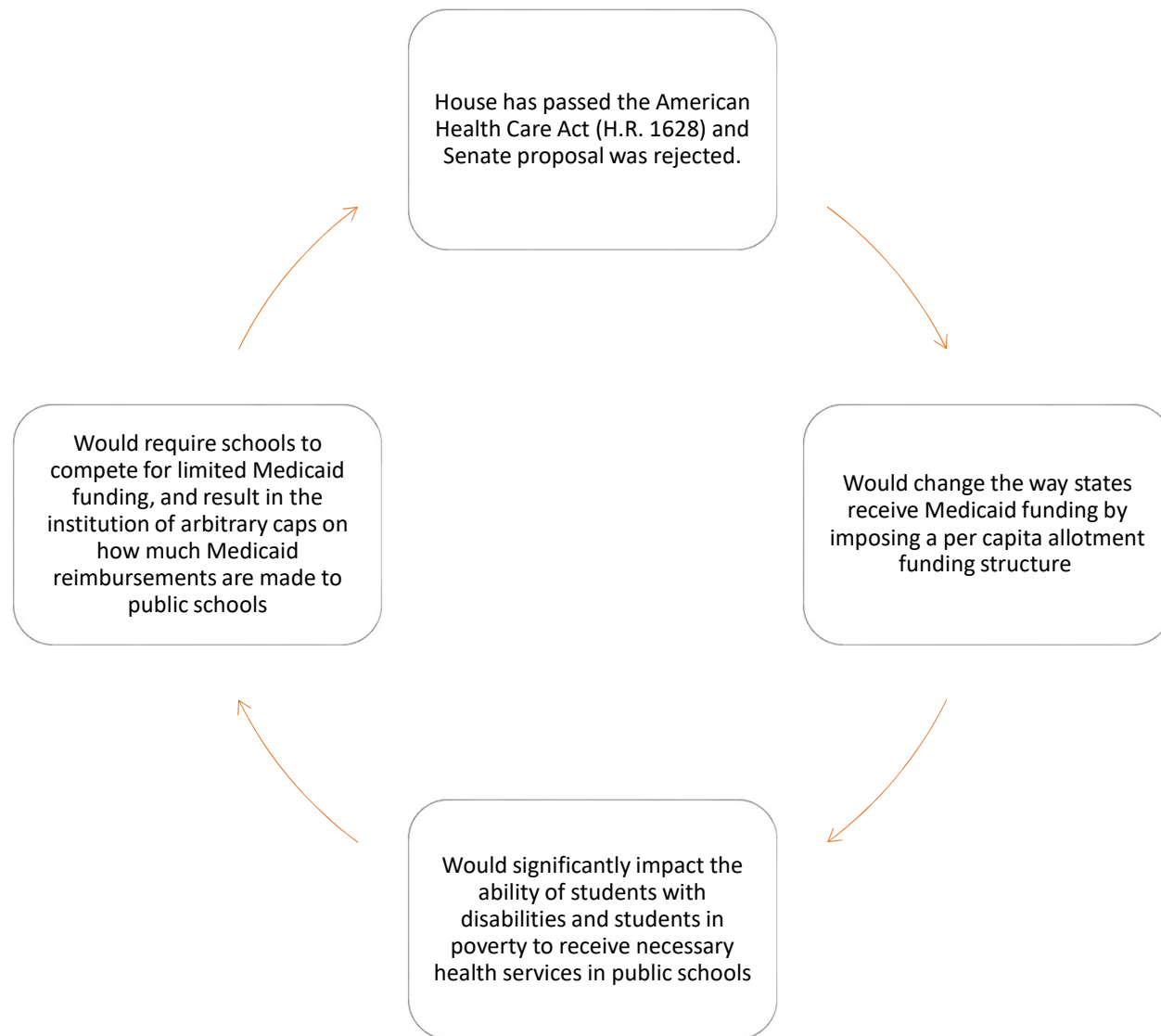
RESOURCES

Recent Posts >

Medicaid Funding in Schools

- School districts receive \$4 billion annually in Medicaid reimbursements nationwide
- Schools provide critical health services to students, including those with disabilities
Speech-language pathology, physical therapy, mental and behavioral health, school social workers and school nurses
- Almost half of Medicaid beneficiaries are children

Healthcare Reform & School-Based Medicaid





Appropriations: NSBA urges Congress' passage of a final Fiscal Year 2018 appropriations bill that maximizes the investments in special education, Title I grants for disadvantaged students, and related education programs that our students need for a strong future. Additionally, NSBA urges Congress' bipartisan efforts to avert further across-the-board budget cuts to education in FY2018 and future fiscal years that impact the success of our students, school districts and communities.

FY2018 Federal Appropriations

- Current law expires December 8 (PL 115-56)
- Two-week Continuing Resolution expected through December 22
- Negotiations on Budgetary Caps would continue to avoid across-the-board cuts to programs through sequestration
- Earlier proposal for a voucher program was rejected by House & Senate Appropriations Committees.
- **South Carolina received \$525.7 million in FY2017 for Title I, special education, English Language Acquisition, rural education, and related programs.**

Funds for State Formula-Allocated and Selected Student Aid Programs
U.S. Department of Education Funding
South Carolina

Program	2016 Actual	2017 Estimate	2018 Estimate	Amount Change FY 2017 to 2018	Percent Change FY 2017 to 2018
Grants to Local Educational Agencies	239,695,259	243,588,366	234,400,912	-9,187,454	-3.8%
School Improvement Programs	7,137,872	0	0	0	---
State Agency Program--Migrant	554,339	767,925	840,198	72,273	9.4%
State Agency Program--Neglected and Delinquent	1,574,011	1,482,524	1,479,618	-2,906	-0.2%
Subtotal, Education for the Disadvantaged	248,961,481	245,838,815	236,720,728	-9,118,087	-3.7%
Impact Aid Basic Support Payments	840,162	929,153	911,011	-18,142	-2.0%
Impact Aid Payments for Children with Disabilities	277,810	296,510	295,945	-565	-0.2%
Impact Aid Construction	0	0	0	0	---
Subtotal, Impact Aid	1,117,972	1,225,663	1,206,956	-18,707	-1.5%
Supporting Effective Instruction State Grants	27,966,497	25,899,138	0	-25,899,138	-100.0%
Mathematics and Science Partnerships	2,531,266	0	0	0	---
21st Century Community Learning Centers	17,895,679	18,713,849	0	-18,713,849	-100.0%
State Assessments	6,090,649	6,091,359	6,091,359	0	0.0%
Rural and Low-income Schools Program	2,960,100	2,372,122	2,372,122	0	0.0%
Small, Rural School Achievement Program	0	0	0	0	---
Student Support and Academic Enrichment State Grant	0	6,359,788	0	-6,359,788	-100.0%
Indian Education--Grants to Local Educational Agencies	22,168	15,200	22,126	6,926	45.6%
English Language Acquisition	3,728,040	4,252,671	4,419,195	166,524	3.9%
Homeless Children and Youth Education	1,120,247	1,195,017	1,082,132	-112,885	-9.4%
Subtotal	312,394,099	311,963,622	251,914,618	-60,049,004	-19.2%
Special Education--Grants to States	180,666,589	181,946,045	180,221,402	-1,724,643	-0.9%
Special Education--Preschool Grants	6,933,774	6,933,774	6,921,695	-12,079	-0.2%
Grants for Infants and Families	6,298,320	6,288,331	6,276,284	-12,047	-0.2%
Subtotal, Special Education	193,898,683	195,168,150	193,419,381	-1,748,769	-0.9%
Career and Technical Education State Grants	18,226,143	18,595,273	15,385,598	-3,209,675	-17.3%
Subtotal, Vocational and Adult Education	18,226,143	18,595,273	15,385,598	-3,209,675	-17.3%
Subtotal, All Elementary/Secondary Level Programs	524,518,925	525,727,045	460,719,597	-65,007,448	-12.4%



NSBA's position on school choice

Public education choice: NSBA supports “locally elected school boards in expanding public school choices to meet the needs of students in a rapidly changing world.” This support extends to charter schools as long as the local school board “retains sole authority” to grant and revoke charters. NSBA opposes charter schools “not subject to oversight of the local school board.”

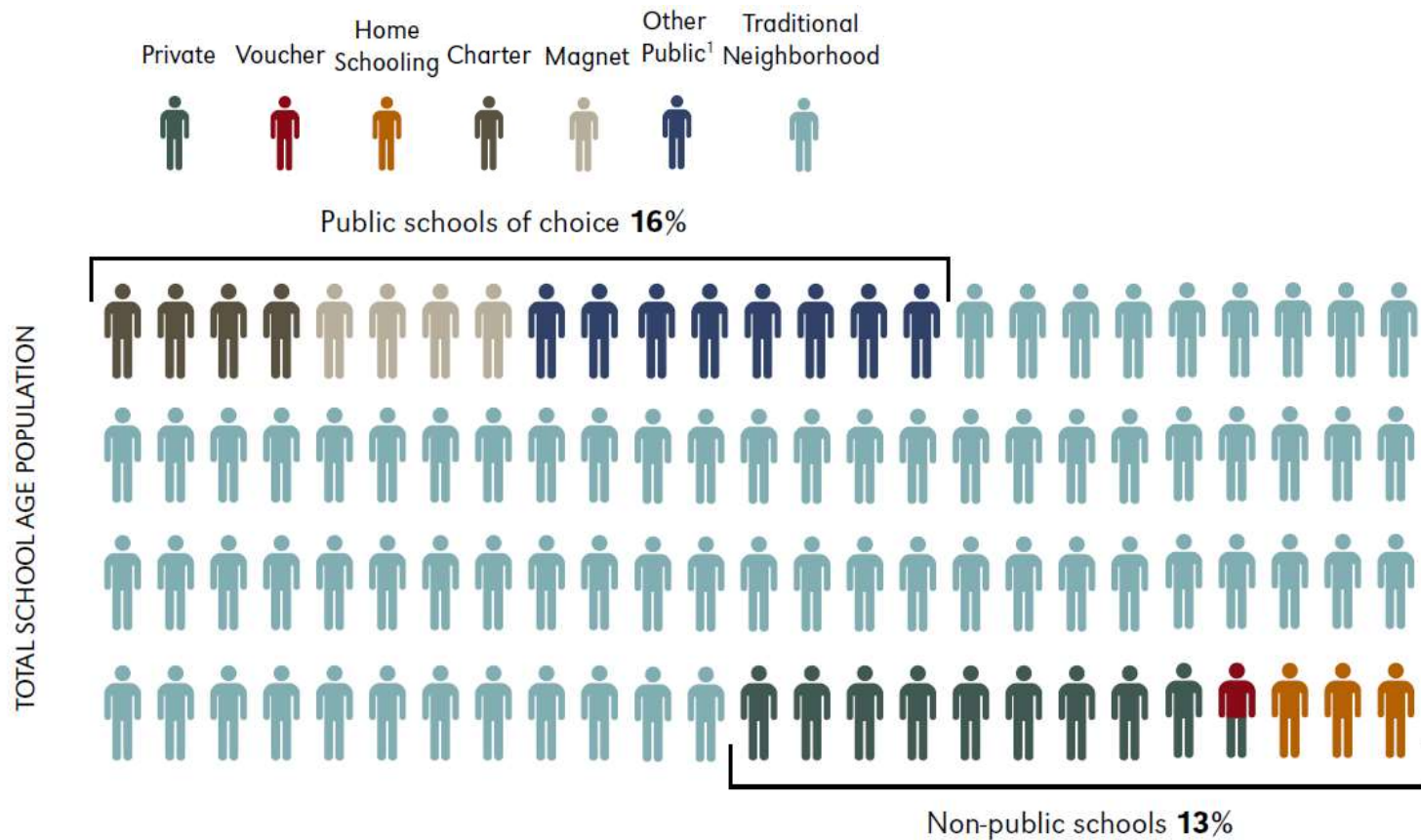
Non-public education choice: NSBA “recognizes and upholds the right of any group to establish and maintain schools so long as such schools are fully financed by their own supporters.” At the same time, NSBA believes public tax dollars should “only support public schools” and opposes “vouchers, tax credits, and tax subsidies for use at non-public K-12 schools.” NSBA further believes that “private and home schools should be subject to governmental regulation that assures a minimum standard of instruction under state law and adherence to the Constitution and laws of the United States.”

Educational Choice



www.centerforpubliceducation.org

87% of all school-aged children attend a public school



Perkins Career & Technical Education

- **Strengthening Career & Technical Education for the 21st Century Act** (H.R, 2353) passed by House and pending Senate action
- Stakeholder meetings continue to advocate for swift Senate action
- Partnering with Association for Career & Technical Education and Advance CTE
- Workforce investment and CTE priorities included in FY2018 congressional budget resolution

Perkins CTE

- NSBA urges Congress' strong support for swift passage of a bipartisan reauthorization of the Carl D. Perkins Career and Technical Education Act that includes provisions for a strong academic component and credentialing programs that will help our nation's school districts continue efforts to advance 21st Century skills and knowledge to meet the needs of both students and employers, and provide practical training through apprenticeships and other opportunities.

Prominent Concerns

- Disaster Recovery Assistance – H.R. 3823
- Secure Rural Schools Act
- Deferred Action for Childhood Arrivals (DACA)
- Every Student Succeeds Act (ESSA) Implementation
- Child Nutrition





Working with and through our State Associations to advocate for equity and excellence in public education through school board leadership.

www.nsba.org