Court Report

Education Law News You Can Use

March 3, 2025

Supreme Court Upholds E-Rate Fraud Protections, Safeguarding School Internet Subsidies

The E-Rate program, created under the Telecommunications Act of 1996, provides subsidies for internet and telecommunications services to schools and libraries. Funding for the program comes from mandatory contributions by telecommunications carriers, managed by a private, not-for-profit entity called the Universal Service Administrative Company (USAC). In *Wisconsin Bell v. U.S. ex rel Heath*, Wisconsin Bell was accused of violating the "lowest corresponding price" rule which prohibits charging schools and libraries more than similarly situated non-residential customers. A private auditor filed a *qui tam* lawsuit under the False Claims Act (FCA), alleging that Wisconsin Bell knowingly overcharged schools, resulting in excessive reimbursement requests from the E-Rate fund. Wisconsin Bell sought dismissal, arguing that E-Rate reimbursement requests do not qualify as "claims" under the FCA because the funds originate from private carriers rather than the government. The district court and the U.S. Court of Appeals for the Seventh Circuit (IL, IN, WI) rejected this argument, holding that the U.S. government plays a substantial role in administering and enforcing the E-Rate program. In a unanimous opinion, the U.S. Supreme Court affirmed and held that E-Rate reimbursement requests constitute "claims" under the FCA because the government "provided" at least a portion of the funds used to reimburse program participants.

Supreme Court Clarifies State Exhaustion Requirements on Civil Rights Lawsuits

In *Williams v. Reed*, A group of unemployed workers in Alabama brought a due process claim against the state's labor department, alleging that the department unreasonably delayed processing their unemployment benefits claims. However, Alabama law required claimants to exhaust all administrative remedies before filing suit — meaning claimants were in a catch-22 where they could not sue to challenge administrative delays until they completed the very process they alleged was unlawfully delayed. The Alabama Supreme Court dismissed the suit for failure to exhaust administrative remedies. In a 5-4 decision, the U.S. Supreme Court reversed, holding that a state cannot apply an exhaustion requirement in a way that effectively immunizes state officials from civil rights lawsuits challenging delays in administrative processes. The decision suggests that schools cannot impose procedural hurdles that functionally block plaintiffs from bringing claims.

Supreme Court Limits Attorneys' Fees in Civil Rights Cases

In *Lackey v. Stinnie*, a group of drivers sued Virginia's Department of Motor Vehicles, challenging the constitutionality of a statute that suspended driver's licenses for failure to pay court fines. The district court granted a preliminary injunction, halting enforcement. Before a final ruling, the Virginia legislature repealed the statute, mooting the case. The plaintiffs sought attorneys' fees under § 1988, arguing that the preliminary injunction made them "prevailing parties" entitled to fees. In a 7-2 decision, the Supreme Court held that a preliminary injunction by itself does not confer "prevailing party" status unless it results in a final, judicially sanctioned resolution of the case.

First Circuit (ME, MA, NH, PR, RI) Upholds School Policy on Gender Identity Non-Disclosure

A Massachusetts middle schooler requested to use a different name and pronouns at school without informing the student's parents. School staff honored the student's request, in accordance with guidance from the state education agency. A group of parents sued the school board and school officials, alleging that the policy of affirming students' gender identity without parental notification violated their fundamental parental rights under the Due Process Clause of the Fourteenth Amendment. The U.S. Court of Appeals for the First Circuit affirmed the district court's dismissal of the parents' claims, reasoning that parents' fundamental rights do not extend to controlling how public schools interact with students on non-medical matters, including gender identity expression. The court rejected the parents' claim that the school's actions amounted to unauthorized medical treatment, distinguishing social transition (e.g., different names) from medical interventions such as therapy or hormone treatment.

ED Issues FAQ on Recent Dear Colleague Letter on Racial Preferencing

The U.S. Department of Education (ED) and its Office for Civil Rights (OCR) supplemented its Feb. 14, 2025, Dear Colleague Letter addressing its interpretation of how the Supreme Court's decision in *Students for Fair Admissions v. Harvard* applies to racial classifications and diversity policies in education, and clarifying how OCR will enforce Title VI of the Civil Rights Act of 1964 in light of the Court's ruling. The FAQ also instructs that schools may not advance discriminatory policies under the guise of DEI initiatives.

Teachers Unions Sue ED Over Anti-DEI Dear Colleague Letter

A coalition of education organizations, including the American Federation of Teachers, sued ED, challenging the Feb. 14, 2025, Dear Colleague Letter. The plaintiffs assert that the letter is unconstitutionally vague and impinges free speech.

Advocacy Group Files OCR Complaint Agains Chicago Public Schools Over Race-Based Academic Initiative

Parents Defending Education (PDE), a conservative advocacy group, filed a federal civil rights complaint against Chicago Public Schools concerning its recently unveiled Black Student Success Plan, which aims to address longstanding disparities affecting Black students (e.g., suspension rates, graduation rates). PDE alleges that the plan discriminates against students of other races in violation of the Equal Protection Clause and Title VI.

Utah Bans Collective Bargaining for Teachers Unions

Utah Governor Spencer Cox signed into law House Bill 267, which prohibits collective bargaining for public sector unions, including teachers. The Utah Education Association is exploring response options, including a ballot referendum to overturn the law. Utah joins North Carolina and South Carolina as states with the most restrictive policies regarding public sector unions.

Iowa Removes Gender Identity Protections from Sate's Civil Rights Code

Iowa Governor Kim Reynolds signed into law Senate File 418, which removed gender identity as a protected class from its civil rights code. The legislation, effective July 1, 2025, eliminates anti-discrimination protections for transgender individuals in areas such as housing, employment and public accommodations.

D.C. Federal Court Declines Emergency Relief in ED Data Sharing with DOGE

As reported in the Feb. 10 edition, the University of California Student Association sought injunctive relief against ED over allowing DOGE-affiliated individuals access to sensitive data in federal student aid systems. The U.S. District Court for the District of Columbia denied the request for a temporary restraining order (TRO), finding that the student group failed to demonstrate irreparable harm; while the group raised concerns about unauthorized access, there was no immediate threat of misuse of the data.

Maryland Federal Court Grants TRO Against in Data Sharing with DOGE

By contrast, in a similar case, the American Federation of Teachers and other unions sought a TRO against ED, the U.S. Office of Personnel Management (OPM) and the Treasury Department sharing data with DOGE. The U.S. District Court for the District of Maryland granted the TRO in part, enjoining ED from sharing personally identifiable information (PII) with DOGE affiliates. The court did not find a need for DOGE affiliates to access PII to advance the objectives of recent executive orders.

U.S. Supreme Court Petitions to Watch:

- L.M. v. Town of Middleborough – Whether school officials may presume substantial disruption from a student's passive ideological speech (specifically, wearing a shirt that reads, "There are only two genders") merely because the speech relates to matters of personal identity.
- West Virginia v. B.P.J., by next friend and mother, Heather Jackson – Whether Title IX or the Equal Protection Clause prevents a state from designating school sports teams based on biological sex determined at birth.
- Little v. Hecox – Whether laws that seek to protect women's and girls' sports by limiting participation based on sex violate the Equal Protection Clause.
- Hittle v. City of Stockton – Whether the legal framework for an employment discrimination action requires a plaintiff to disprove the employer's proffered reason for an adverse employment action.
- Petersen v. Doe – Whether Arizona's Save Women's Sports Act, which excludes biological males from girls' and women's sports teams, violates the Equal Protection Clause.
- Hoskins v. Withers – Whether qualified immunity shields government officials from liability even in cases where they retaliate against a person for exercising a clearly established constitutional right.

U.S. Supreme Court Cases to Watch:

- *St. Isidore of Seville Catholic Virtual School v. Drummond* (consolidated with *Oklahoma Statewide Charter School Board v. Drummond*) – Whether it violates the First Amendment's protection of religious freedom for a state to exclude religious schools from its charter school program just because the school is religious.
- *Mahmoud v. Taylor* – Whether public schools burden parents' religious exercise by compelling elementary school children to participate in instruction on gender and sexuality against their parents' religious convictions without notice or opportunity to opt out.
- *A.J.T. v. Osseo Area Schools, Independent School District No. 279* – Whether the Americans with Disabilities Act requires children with disabilities to satisfy a uniquely stringent "bad faith or gross misjudgment" standard when seeking relief for discrimination relating to their education.
- *FCC v. Consumers' Research* (consolidated with *Schools, Health & Libraries Broadband Coalition v. Consumers' Research*) – Whether Congress unconstitutionally delegated its legislative authority to the FCC by allowing it to determine and administer mandatory contributions to the Universal Service Fund (which provides funding to support internet services to schools and libraries), and whether the FCC improperly subdelegated its regulatory authority to a private company to manage the fund. *(Set for argument 3/26).*
- *Stanley v. City of Sanford* – Whether, under the Americans with Disabilities Act, a former employee — who was qualified to perform her job and who earned post-employment benefits while employed — loses her right to sue over discrimination with respect to those benefits solely because she no longer holds her job.
- *Free Speech Coalition, Inc. v. Paxton* – Whether strict scrutiny or rational basis review applies to a Texas law that restrict minors' access to sexual material but significantly burdens adults' access to protected speech.
- *FDA v. R.J. Reynolds Vapor Co.* – Whether a tobacco product manufacturer may file a judicial review petition in a circuit outside of the District of Columbia if the manufacturer is not located in that circuit but is joined by a seller of their products located in that circuit.
- *FDA v. Wages and White Lion Investments, LLC* – Whether the FDA's denial of an application for authorization to market new e-cigarette products (including candy and fruit flavors) was arbitrary and capricious.
- *U.S. v. Skrmetti* – Whether Tennessee Senate Bill 1, which prohibits medical treatments intended to allow a minor to identify with a purported identity inconsistent with the minor's sex, violates the Equal Protection Clause (a related petition in *L.W. v. Skrmetti* asks whether this same bill violates the fundamental right of parents to make decisions concerning the medical care of their children).

Compiled by:

Celebrating 25 Years of
Powerful Persuasion