TO: Illinois State Board of Education
FROM: Robert E. Schiller, Superintendent
       Lynne Haeffele Curry, Director

Agenda Topic: Federal Legislation Status Report
Staff Contact(s): Peter Leonis and Randy Burge

Purpose of Agenda Item
To apprise the members of the State Board of Education on current legislation before Congress, and discuss related federal education issues and funding.

Expected Outcome(s) of Agenda Item
The Board will be informed about the agency’s Governmental Affairs federal activities.

Background Information
After a fairly quiet August recess, Congress returned to Washington this week to begin the last period of this year’s scheduled legislative session. Many major pieces of legislation must still be considered, including the reorganization of the Homeland Security Department, and the thirteen FY 03 Appropriations bills, none of which are ready for the President’s signature. One of the most debated of these appropriations bills will be the Labor, Health and Human Services, and Education spending bill.

Analysis and Implications for Policy, Budget, Legislative Action and Communications

Budget Implications
The FY03 federal appropriations bill has implications for upcoming budget and agency action:

- Standard appropriations (e.g., for NCLB Title I, etc.) this fall have implications in the budgeting process and supporting agency and school initiatives;
- Agency grant applications or school direct grant applications during 2002-03
Communication

Governmental Affairs’ Federal Liaison will continue to communicate with the Illinois Congressional Delegation regard FY03 earmark requests.

Next Steps

Secure as much federal funding as possible.

Attachment: *Washington Education News* for September 2002
Legislative Update
On September 5, 2002, top House Republican appropriators decided to introduce a $130 billion FY03 Labor/HHS/Education appropriations bill, H.R. 5320, with funding levels for education at the amounts requested in President Bush’s FY03 budget, a total increase of only $1.4 billion or 2.8%. The President has proposed only small increases for education overall and no increases in career and technical education programs. There has been tremendous pressure on House Republicans to follow his budget request when preparing their bill.

Apparently, appropriators have not decided yet on whether to mark-up a bill or just go directly to the floor for a vote. Reportedly, House Speaker Hastert (R-IL) favors a mark-up while Appropriations Chairman Young (R-FL) favors going directly to the floor.

If there is a mark-up, it will most likely by-pass the subcommittee level and take place at the full committee sometime next week.

Senate Budget Committee leaders, Senators Kent Conrad (D-ND) and Pete Domenici (R-NM), have reportedly reached a bipartisan agreement to extend the expiring budget enforcement provisions for one year and set an FY03 aggregate discretionary spending cap of $768.1 billion. The deal would still need full Senate approval.

Senate Majority Leader Daschle (D-ND) reportedly has stated that no more FY03 appropriations bills will go to the Senate floor until the House moves them, which means the earliest the Senate Labor/HHS/Education bill could go to the floor is the week of September 16.

Senator Kennedy (D-MA) is seeking support from Senate leaders and Democratic caucus members for a substantial amendment to the Senate appropriations committee FY03 Labor/HHS/Education bill.

Lott lists Defense spending, Homeland Security bill as top priorities
Returning to Washington September 3rd, Minority Leader Trent Lott, Miss., listed three major priorities for congressional action prior to the Nov. 5 elections. First, he said, Congress must clear the FY03 defense appropriations bill (HR 5010), which is now ready for conference. Next he said, lawmakers should pass the homeland security reorganization measure (HR 5005) now before the Senate. Finally, he acknowledged, Congress will need to adopt a continuing appropriations resolution to keep the government operating after the new fiscal year begins Oct. 1. Though Lott and Majority Leader Tom Daschle, S.D., have agreed to "dual track" the homeland security measure and spending bills, Lott said it is inevitable that Congress will have to return after the elections for a lame-duck session to finish FY03 appropriations. Lott predicted that any lame duck session would be fraught with problems. "I have been around the Congress for 34 years now, and I've been involved in lame duck sessions several times in the House and the Senate, and I've never seen a good lame duck session."
Senate might pass Omnibus tax, wage and pension bill
Senate Majority Leader Tom Daschle, S.D., said September 4th that Congress might pass pension overhaul legislation, a minimum wage increase and unrelated tax bills in an omnibus year-end measure. "That's something we'll have to explore," Daschle said. "I don't know that I have a scenario or a set of options that make one more likely than another, but I think we are going to have to worry about how we can imaginatively deal with the tremendous agenda left to be done." Finance Committee Chairman Max Baucus, D-Mont., has said he would like to combine a pension reform bill with other tax legislation. In that mix would be legislation imposing greater disclosure requirements for users and marketers of tax shelters and denying tax benefits to companies that move their headquarters abroad to avoid paying U.S. taxes. An as-yet-unwritten package of small business tax breaks intended to offset the cost of increasing the minimum wage could also be included.

Panel approves $1 billion boost for child care subsidies
The Senate Health, Education, Labor and Pensions Committee approved legislation by voice vote September 4th that would boost discretionary funding for child-care subsidies by $1 billion next fiscal year. The bill (S. 2758) would increase the discretionary authorization for the Child Care Development Block Grant to $3.1 billion in FY03. It will likely be merged with companion legislation (HR 4737) pending in the Senate that would reauthorize and rewrite the 1996 welfare law (PL 107-193). Funding for FY02 is at $2.1 billion for the discretionary portion of the block grants and $2.7 billion for the mandatory portion. The Senate Finance Committee approved the welfare legislation on June 26. It would increase the mandatory portion by $5.5 billion over the next five years. An amendment by ranking Republican Judd Gregg, N.H., that would have added $1 billion in discretionary money over the next five years rather than one year, was defeated by voice vote.

Congress Set to Consider Tuition Tax Credits and Voucher Bills Upon Return
The House Ways and Means Committee will hold a mark-up of H.R. 5193, the Back to School Tax Relief Act, which would extend a current tax deduction for higher education expenses to also include K-12 expenses. Parents could claim credit for money spent on tutoring, supplies or other education related expenses. The Committee may also consider HR 5192, another tax credit bill, which would provide individuals with a tax credit of up to $250 ($500 for married couples) for contributions to private voucher foundations. Businesses would be able to deduct up to $50,000.

Before Representatives left for August recess, Senate and House members introduced two corresponding bills, S. 2866 and H.R. 5033, which would each create a demonstration voucher program in the District of Columbia. Parents of low-income students would receive a $5000 voucher to spend towards private school tuition. The bill is authorized at $7 million for the first year. In the past, similar proposals have been defeated by a slim majority. Opposition to the demonstration program may have declined, however, particularly among more moderate members, as a result of the recent Supreme Court ruling that declared Cleveland's voucher program constitutional.
The bill is expected to be offered as an amendment to the House and Senate District of Columbia's appropriations bills.

In addition, the House Education and the Workforce Committee is expected to include voucher provisions in its bill to reauthorize the Individuals with Disabilities Education Act. The program would reflect the recommendations given by the President's Commission on Excellence in Special Education in their report, which was released last July. The report recommends creating a voucher program for special education students, which would allow parents the option of using IDEA funds to pay for private school tuition. The Committee plans to introduce an IDEA reauthorization bill sometime this fall.