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To the Faculty:

4 December 2017

Folks,

Since I recently wrote to the faculty-at-large, following the most recent Board of Regents meeting I did not plan to report to the Faculty Senate today. Events over the weekend changed that, so my apologies for the late addition.

Early Saturday morning the U.S. Senate passed its version of the tax reform bill, which lowers the corporate tax rate from 35 percent to 20 percent. The measure would add a trillion dollars to the federal deficit over the next decade. The previously passed House version would add $1.4 trillion. Congressional leaders must now decide whether to form a conference committee to work out differences between the Senate and House versions, or simply vote to accept the Senate's version before sending it to President Donald Trump, who is expected to sign whatever bill arrives on his desk.

The Chronicle of Higher Education outlined provisions in the tax reform bills that stand to negatively impact higher education.

- The **tuition waivers many graduate students receive** as research or teaching assistants would be taxed under the House bill – treating those waivers as income – and deeply discouraging enrollment in graduate school. The Senate bill leaves graduate-student waivers untaxed.
- The House bill also eliminates the **deduction, up to $2,500, for interest on certain student loans**. The Senate bill does not eliminate any of these provisions.
- Both the House and Senate versions of the tax-reform bill include a **tax on the investment income** of a select group of colleges, including Berea College. (...and in the House version, Centre and Transylvania.)

- Both the House and Senate bills change the standard deduction for taxpayers who **donate to charity**. If enacted, in addition to states' continued disinvestment in public colleges, a new chill on donations would likely be created.
- The **expanded deficit** has raised concerns that future efforts to reduce the deficit through federal spending cuts could target higher-education programs.

While US businesses demand a greater percentage of citizens to be well-educated, the US Congress seems poised to ignore higher education's strong impact on the economy and the workforce – and with the apparent support of the business community, which stands to benefit in the short term, but will likely struggle to find a sufficient number of highly skilled US workers in the long term.

On Friday, the US House introduced a bill meant to overhaul the Higher Education Act of 1965 and undo some Obama administration priorities. A **summary of the legislation** includes a plan to simplify (and create a mobile app for) FAFSA, cap the amount graduate students may borrow, and end the Public Service Loan Forgiveness Program. The unilateral bill would ban free speech zones on campus and deny federal dollars to schools that do not recognize campus religious groups.

The bill would require colleges to conduct annual sexual assault surveys but would allow schools to choose their own standard of evidence in Title IX cases. Rather than a "preponderance of evidence" schools could choose the higher "clear and convincing evidence" standard.

The proposed legislation includes a provision that would expand Pell Grant eligibility to "high-quality short-term, summer, and certificate programs." Year-round Pell eligibility is probably a good thing for many of our students but the bill's expansion to include short-term certificate programs is seen as an entrée into apprenticeships and career training as an alternative to traditional four-year degrees.

Meanwhile back in Kentucky, Chamber of Commerce President David Adkisson, - not an inconsequential supporter of better Kentucky schools in recent years - spoke to the Danville-Boyle County Chamber last week about the **state Chamber's legislative priorities**. He described Kentucky's political climate as two earthquakes, both happening on the same night, when Donald Trump was elected President and the Republicans took over the state House.

He explained the Chamber's shifting priorities saying, "We work with whoever you send us." The Chamber is calling for a "responsible" budget along with tax, and pension reform. Chamber members stand to benefit most from tax reform and the Chamber is generally quiet on new revenue with the exception of favoring a cigarette tax increase, for health reasons.

With regard to the pension problem, Adkisson said, "We own it. We've got to dig out." But the Chamber is clearly supporting structural changes that might well violate the state's inviolable contract with state workers. About 500,000 of Kentucky's 4.3 million residents are directly impacted by the pension system but the state has only set aside about $38 of every $100 promised. The money put in by teachers, school districts, county governments and others is there, he said. It's the state that "held back" some of its portion. "It's a sad story," said Adkisson.

Still, the Chamber supports a solution somewhere between Governor Bevin's PFM report and the Shared-Responsibility plan offered by Kentucky education groups.

With each passing day the likelihood of Governor Bevin actually calling a special session on pension reform before Christmas dissipates. If a special session is called, Kentucky teachers plan to rally in Frankfort.

Best wishes for a restful yet productive holiday season.

Richard