



Monday, February 12, 2018

Dear CEF Members:

I. President's Fiscal Year (FY) 2019 budget request

- **Budget materials** – The Office of Management and Budget (OMB) has just released [the President's FY 2019 budget](#). The agencies will release their budget material with detailed programmatic description throughout the day, and we will update and share our comprehensive funding table once we have all the details. As a reminder, the Department of Education (ED) will hold a briefing on its budget request today at 2pm in the Potomac Center Plaza auditorium at 550 12th Street SW (not the main ED building). You will need a photo ID and should bring a business card if you have one for signing in. Enter on the south side of the building and then sign in on the 10th floor outside the auditorium. The briefing will be live-streamed [here](#), and ED's budget materials will be posted Monday afternoon [here](#).
- **Big picture on the education budget: large cuts across the continuum** – The President's FY 2019 budget slashes funding for the Department of Education and doubles down on the cuts to student loans in its previous budget. It provides \$59.9 billion for education appropriations for FY 2019, a total that it characterizes as a cut of \$7.1 billion (10.5 percent) from the 2017 enacted level. However, I don't know whether that total reflects another rescission of previously appropriated funding for Pell grants or counts the rescission enacted for FY 2017, which would change the net total for ED. The budget eliminates funding for 29 education programs that currently receive \$5.9 billion, and consolidates 13 other programs. Once we get the Department's detailed tables we can fill in all the blanks, but below is what we now already.

Elementary and Secondary Education

- **Eliminates two large elementary and secondary education programs** – The budget eliminates all funding for both Title II (supporting effective instruction state grants), currently funded at \$2.0 billion, and 21st century community learning centers, funded at \$1.2 billion.
- **Increases and new funding for elementary and secondary education** –
 - **School choice** – a total of \$1.1 billion, which represents new programs and increases for existing programs. That total includes \$500 million for a new school choice grant program including “expanding existing private school choice programs to serve more low-income and at-risk students,” new models, and the portability of government funding to follow students to their whatever public school they choose to attend. It also includes \$500 million for

public charter schools (an increase of \$158 million over current funding) and \$98 million for magnet schools (frozen at current levels).

- **Special education (IDEA state grants)** – \$12.8 billion, an increase of more than \$800 million. Without more detail, I can't yet tell whether it is increasing or cutting special education research.
- **School Climate Transformation Grants** - \$43 million to help school districts implement school-based opioid abuse prevention strategies.
- **Frozen funding for elementary and secondary education programs** – The budget freezes funding for career and technical education programs at \$1.1 billion, and for magnet schools at \$98 million.

Higher Education

- **Cuts and changes to higher education appropriations** –
 - **Supplemental Educational Opportunity Grants** – the budget eliminates this \$733 million program.
 - **GEAR-UP and TRIO programs** – The budget consolidates these programs and slashes their current combined \$1.3 billion in funding into one \$550 million state grant program.
 - **Minority-Serving Institutions** – The budget cuts funding for Minority-Serving Institutions by consolidating six programs into one \$147.9 million formula grant program. (Until I see more detailed information, I can't tell which programs these are and how that compares to current funding.) Most current programs are competitive grants, not formula grants.
 - **Historically Black Colleges and Universities (HBCUs)** – The budget says it provides \$642 million to support “HBCU-focused programs” – without more detail about which programs this counts, I can't compare to current funding.
 - **Work Study** – The budget changes the program, but I can't tell yet how much the funding is cut.
- **Huge cuts to student loans** – In addition to the cuts to appropriations, the budget cuts \$203 billion from student loan programs over ten years (FY 2019-2028). (Note on scoring for mandatory programs: unlike changes to appropriations, which are measured by the change in budget authority from one year to the next, changes to mandatory programs are measured by how much they change spending over ten years compared with the Office of Management and Budget's baseline that projects spending under current law. Congress's non-partisan budget estimators, the Congressional Budget Office, will re-score the President's budget using its own economic and programmatic assumptions, and I think the student loan costs will change significantly. Congress will use CBO scoring for any legislation it proposes.) The budget appears to grandfather existing borrowers and those in the midst of a “current course of study,” with new provisions taking effect on all other loans starting in July 2019. The cuts to mandatory higher education spending are:

- **Replacing current income-driven repayment plans with one new one (cuts \$128.4 billion over ten years)** – The new income-driven repayment plan caps a borrower’s monthly payment at 12.5 percent of discretionary income. Undergraduate borrowers would have any remaining balance forgiven after 15 years of repayment, but graduate-student debt would not be forgiven until after 30 years of repayment. This is a different from the proposal in the House’s proposed reauthorization of the Higher Education Act (HR 4508).
- **Eliminating Public Service Loan Forgiveness program (cuts \$45.9 billion over ten years)** – This is also part of HR 4508.
- **Eliminating subsidized student loans (cuts \$28.6 billion over ten years)** – These loans are only available to undergraduates anymore. They are subsidized in that interest does accrue while the student is in school. This is also part of HR 4508.
- **Eliminating account maintenance fees to guaranty agencies (cuts \$656 million).**
- **Using existing Pell mandatory funds to support short-term training programs (uses \$401 million over ten years)** – The budget makes Pell grants available to students pursuing training in “high-quality short-term programs...more quickly than traditional two-year or four-year degree programs.” (p 41 of The Budget)

- Sarah

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