

EDUCATION FUNDING

IN THE FY 11 BUDGET



CEF

- ▶ The Committee for Education Funding (CEF) is the oldest and largest education coalition.
- ▶ We represent over 80 national organizations and institutions from preK through graduate education.
- ▶ For more information and an electronic copy of CEF's Budget Response: www.cef.org

The Big Picture – Obama Budget

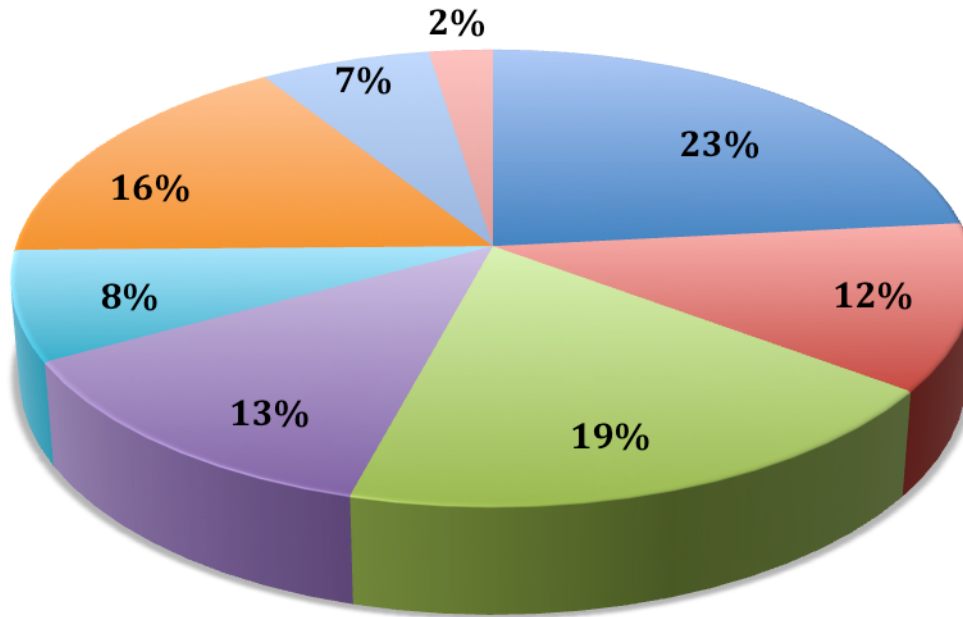
- ▶ FY 10 deficit = \$1.556 Trillion
- ▶ FY 11 deficit = \$1.267 Trillion
- ▶ FY 11 Total Outlays = \$3.834 Trillion
- ▶ Total FY 11 Discretionary = \$1.16 Trillion
- ▶ Total FY 11 Non-Security Discretionary = \$441 billion

Education A Priority



- ▶ **USED discretionary total = \$49.7 billion**
 - Increase of \$3.5 billion (+7.5%)
 - Additional \$1 billion contingent on ESEA reauthorization
 - Largest dollar increase since FY 02 (not counting ARRA)
 - Largest % increase since FY 03 (not counting ARRA)
 - Largest % increase of any non-security agency
 - Larger % increase than discretionary security total

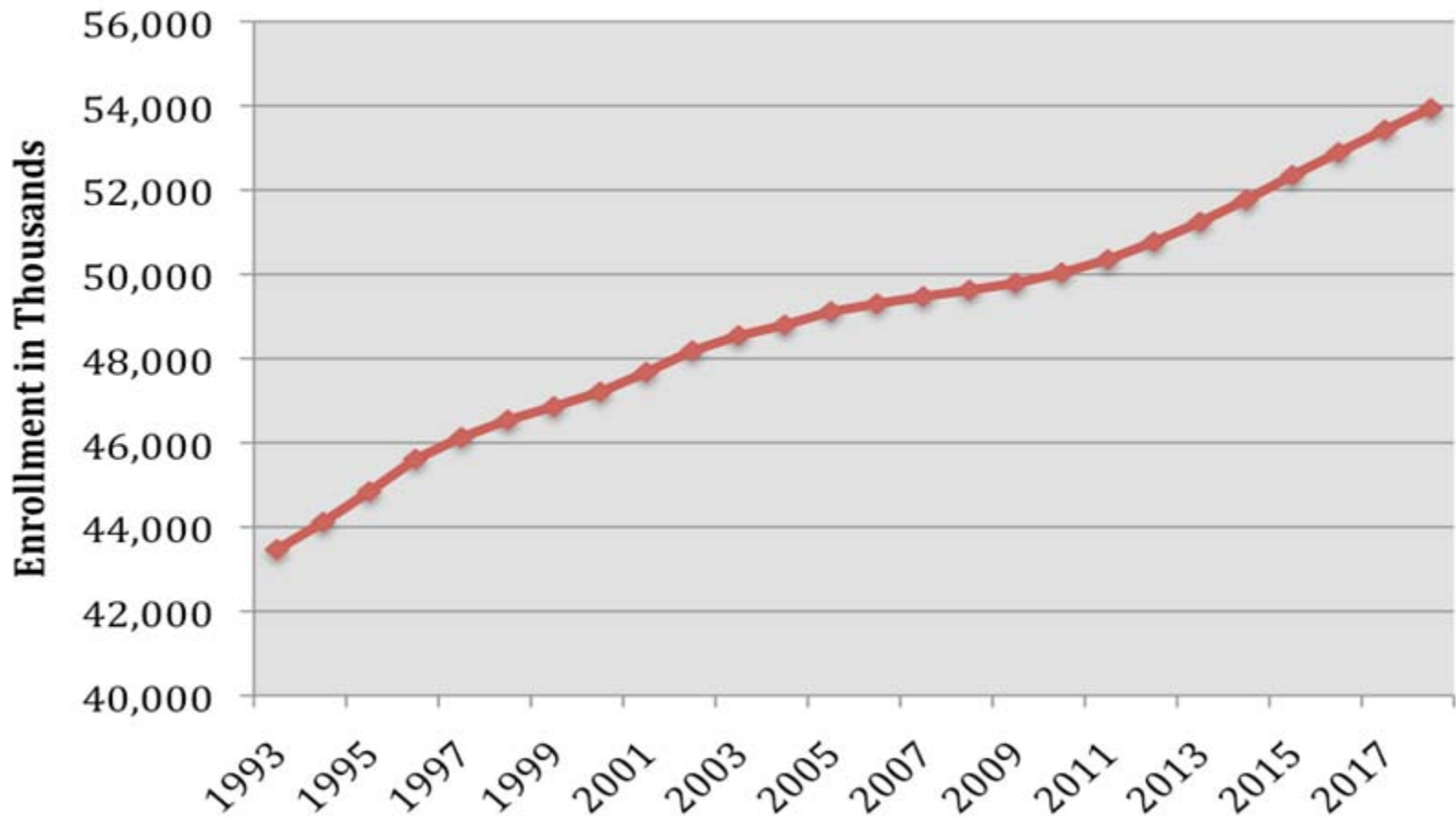
Fiscal Year 2011 Total Outlays



- Discretionary Security
- Discretionary non-security (minus ED)
- Social Security
- Medicare
- Medicaid
- Other Mandatory (minus Education)
- Interest
- Department of Education

CEF based on OMB data

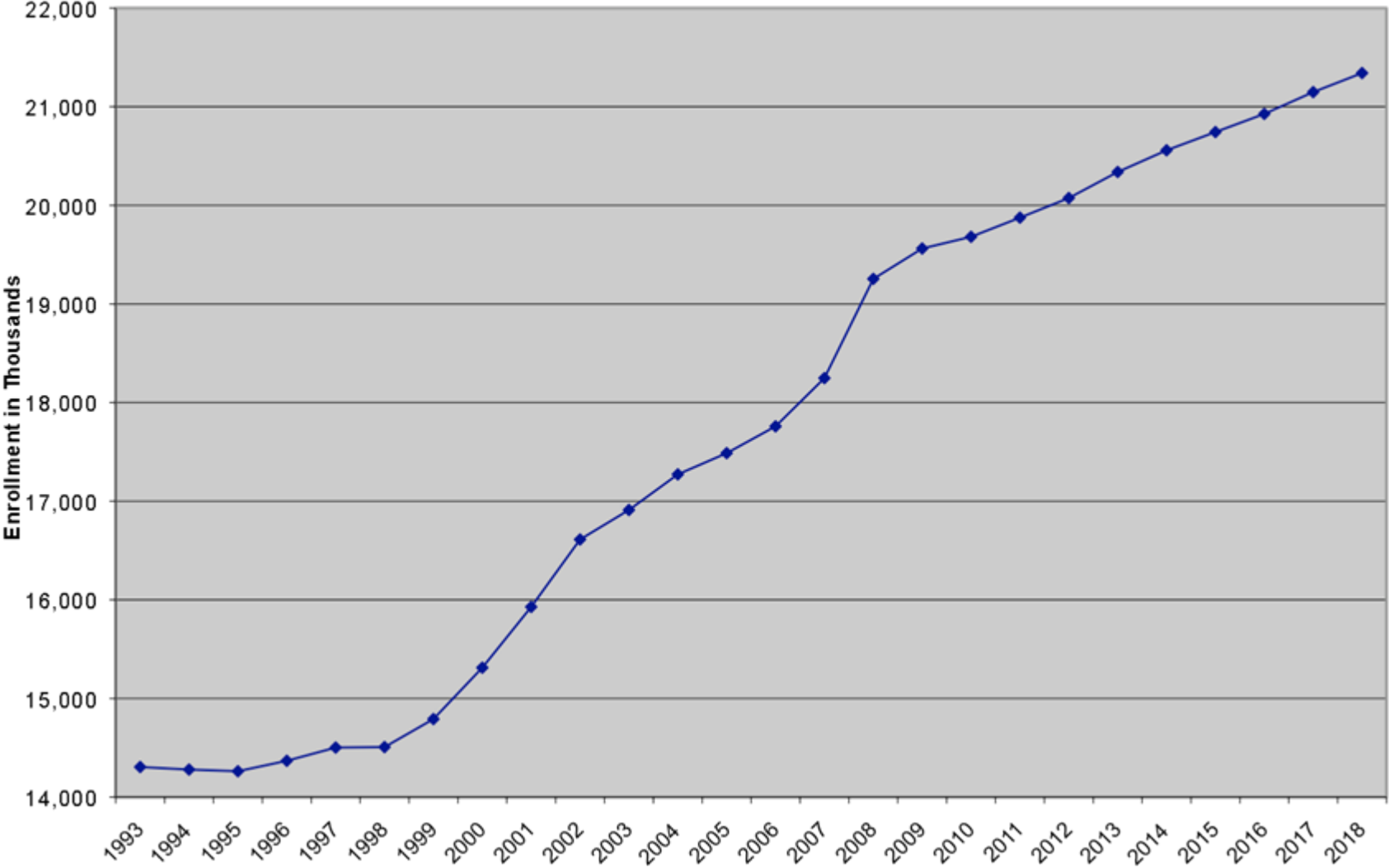
Rising K12 Education Enrollments



Source: CEF based on NCES data



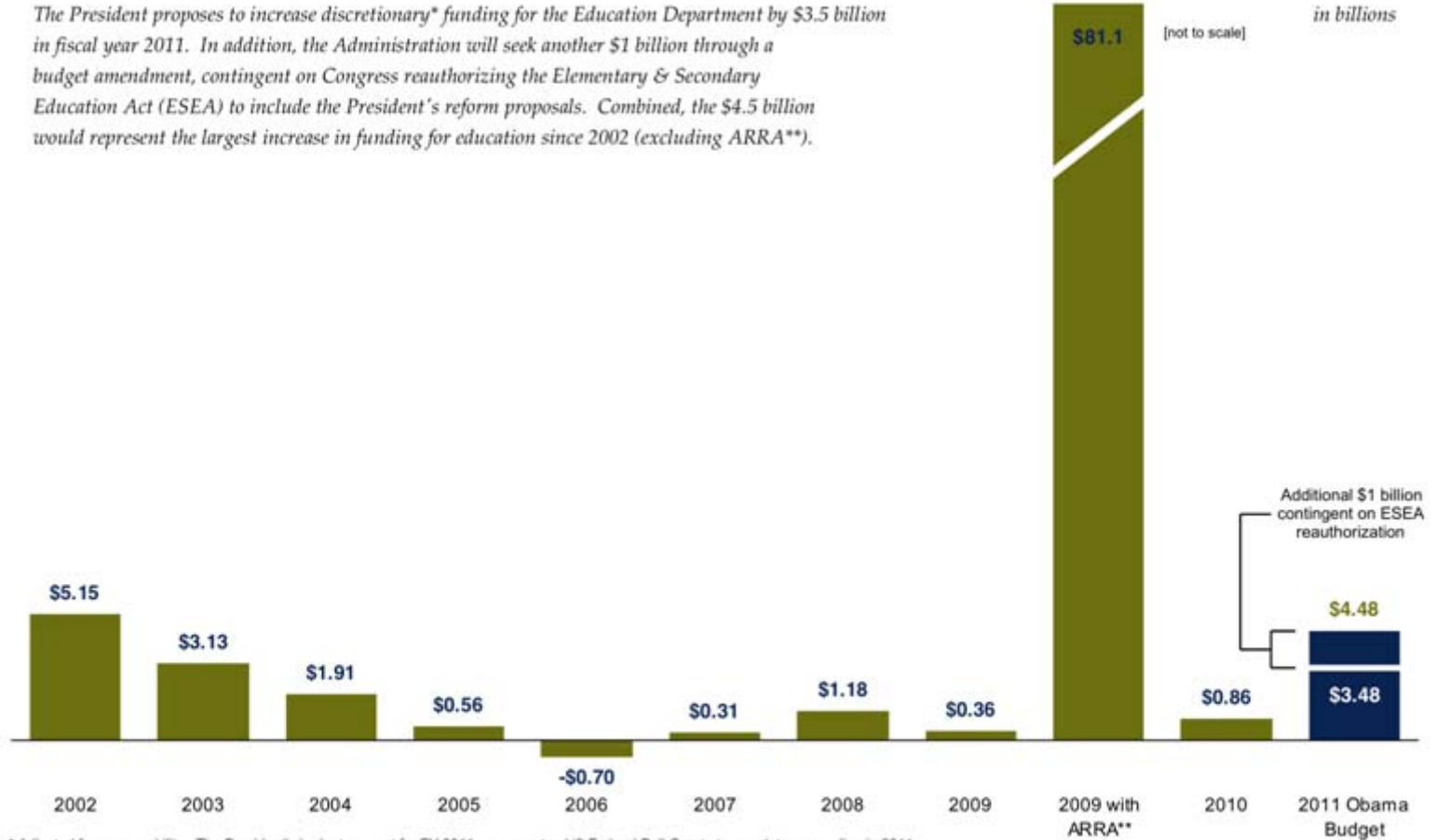
Rising Higher Education Enrollments



Federal Education Funding

Annual Change in Discretionary* Funds, FY 2002-11

The President proposes to increase discretionary* funding for the Education Department by \$3.5 billion in fiscal year 2011. In addition, the Administration will seek another \$1 billion through a budget amendment, contingent on Congress reauthorizing the Elementary & Secondary Education Act (ESEA) to include the President's reform proposals. Combined, the \$4.5 billion would represent the largest increase in funding for education since 2002 (excluding ARRA**).



* Adjusted for comparability. The President's budget request for FY 2011 proposes to shift Federal Pell Grants to mandatory spending in 2011.

** American Recovery & Reinvestment Act of 2009

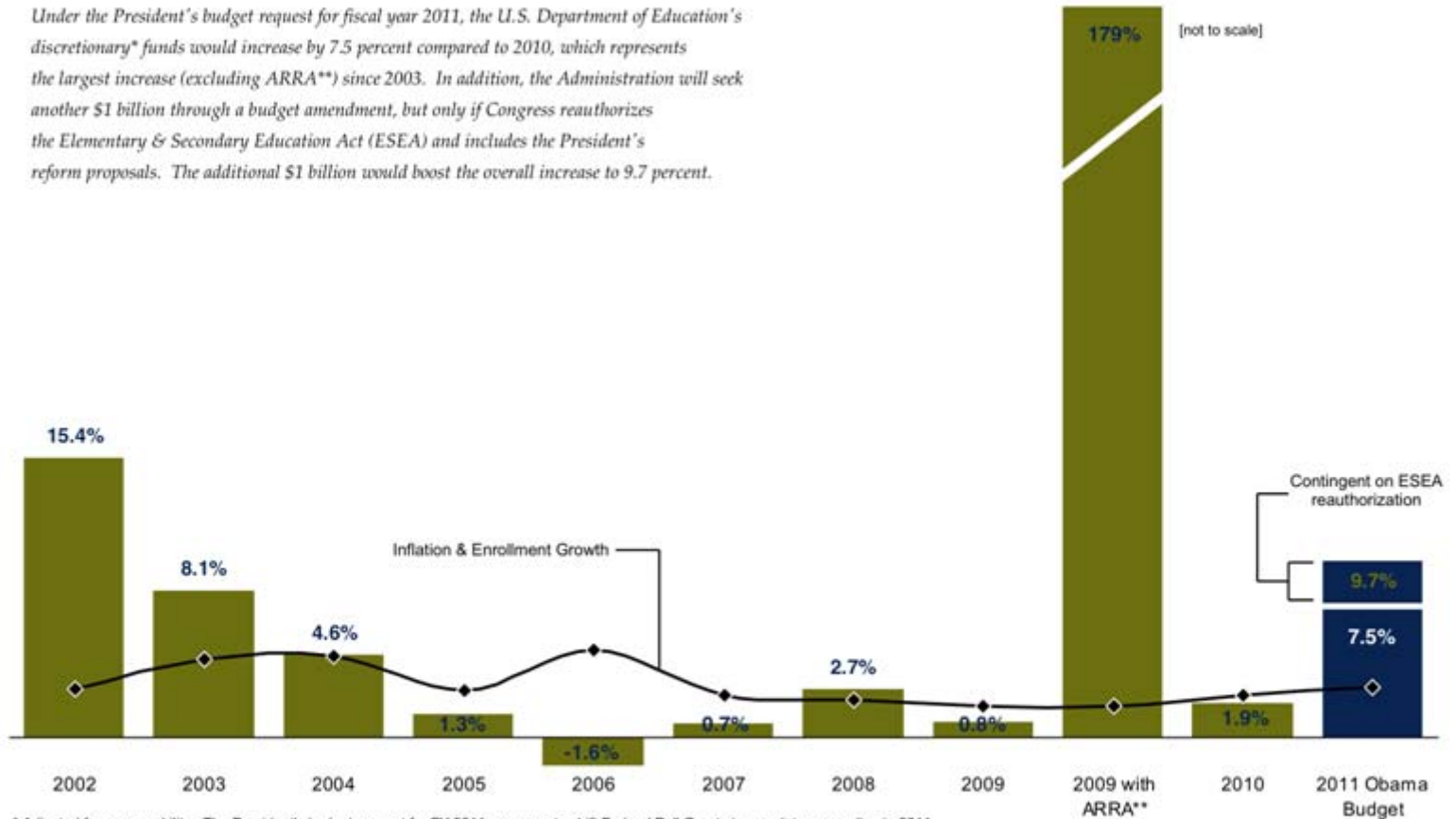
Source: U.S. Department of Education. For more information, contact Tom Zembar at 202.822.7109 or TZembar@nea.org. Updated February 1, 2010.



Federal Education Funding

Annual Percentage Change in Discretionary* Funds, FY 2002-11

Under the President's budget request for fiscal year 2011, the U.S. Department of Education's discretionary* funds would increase by 7.5 percent compared to 2010, which represents the largest increase (excluding ARRA**) since 2003. In addition, the Administration will seek another \$1 billion through a budget amendment, but only if Congress reauthorizes the Elementary & Secondary Education Act (ESEA) and includes the President's reform proposals. The additional \$1 billion would boost the overall increase to 9.7 percent.



* Adjusted for comparability. The President's budget request for FY 2011 proposes to shift Federal Pell Grants to mandatory spending in 2011.
** American Recovery & Reinvestment Act of 2009

Source: U.S. Department of Education. Inflation is based on the percentage change (fourth quarter over fourth quarter) in the Consumer Price Index for all urban consumers, Budget of the United States Government, Office of Management & Budget. Enrollment growth is calculated from Projections of Education Statistics to 2018, National Center for Education Statistics. For more information, contact Tom Zembar at 202.822.7109 or TZembar@nea.org. Updated February 1, 2010.

The Foundation for Success – Early Childhood, Elementary, and Secondary Education

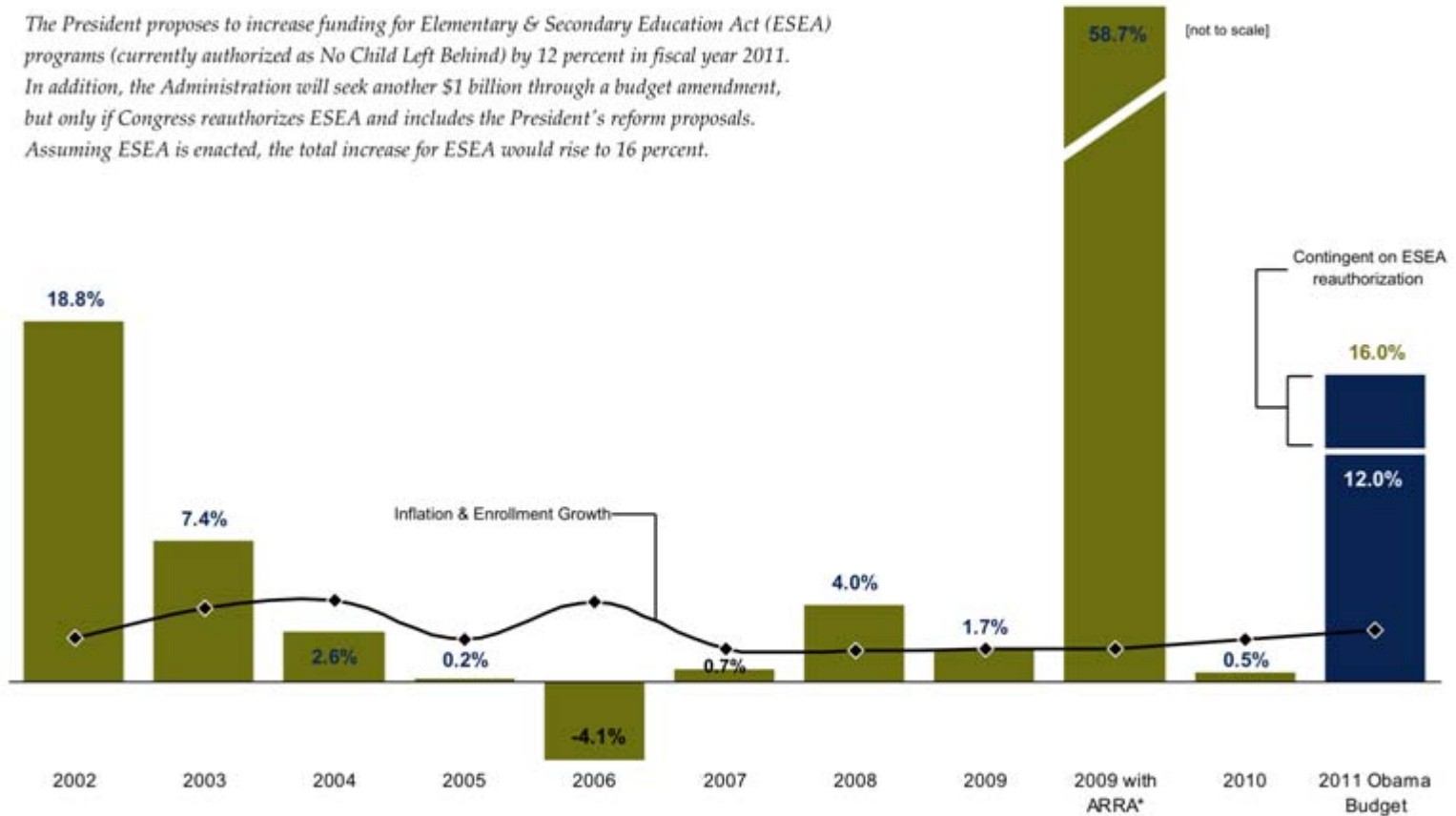
ESEA Funding

- ▶ Budget increases ESEA overall by \$3 billion (+12%)
- ▶ Largest dollar and % increase since FY 02
- ▶ With proposed \$1 billion contingency = +\$4 billion (+16%)

NCLB Funding

Annual Percentage Change in Appropriations Since Enactment, FY 2002-11

The President proposes to increase funding for Elementary & Secondary Education Act (ESEA) programs (currently authorized as No Child Left Behind) by 12 percent in fiscal year 2011. In addition, the Administration will seek another \$1 billion through a budget amendment, but only if Congress reauthorizes ESEA and includes the President's reform proposals. Assuming ESEA is enacted, the total increase for ESEA would rise to 16 percent.



* American Recovery & Reinvestment Act of 2009

Source: U.S. Department of Education. Includes all federal education programs authorized or otherwise amended by the No Child Left Behind Act of 2001 (P.L. 107-110). Inflation is based on the percentage change (fourth quarter over fourth quarter) in the Consumer Price Index for all urban consumers, Budget of the United States Government, Office of Management & Budget. Enrollment growth for preK-12 is based on Projections of Education Statistics to 2018, National Center for Education Statistics. For more information, contact Tom Zembor at 202.822.7109 or TZembor@nea.org. Updated February 1, 2010.



ESEA Funding

- ▶ Proposes to consolidate 38 existing programs into nine new funding streams
 - All but one would be competitive grants
 - Education Technology State Grants is eliminated but ED Tech infused throughout new programs
 - Consolidations contingent on ESEA reauthorization

ESEA Consolidations

New Authority	Consolidated Programs
<p>Effective Teachers and Leaders (-\$458.5 million (-15.5%) below consolidated programs cumulative total)</p>	<ul style="list-style-type: none"> •Ready to Teach •Teacher Quality State Grants
<p>Teacher and Leader Innovation Fund (+\$539.4 million (+131.3%) over consolidated programs cumulative total)</p>	<ul style="list-style-type: none"> •Advanced Credentialing •Teacher Incentive Fund
<p>Teacher and Leader Pathways (+\$268.9 million (+197.6%) over consolidated programs cumulative total)</p>	<ul style="list-style-type: none"> •School Leadership •Teach for America •Teacher Quality Partnership •Teachers for a Competitive Tomorrow •Transition to Teaching

ESEA Consolidations

New Authority	Consolidated Programs
<p>Effective Teaching and Learning: Literacy (+\$36.7 million (+8.9%) over consolidated programs cumulative total)</p>	<ul style="list-style-type: none">•Even Start•Literacy through School Libraries•National Writing Project•Reading is Fundamental•Ready-to-Learn Television•Striving Readers
<p>Effective Teaching and Learning: Science, Technology, Engineering, and Mathematics (+\$119.5 million (+66.2%) over predecessor program)</p>	<p>Mathematics and Science Partnerships</p>

ESEA Consolidations

New Authority	Consolidated Programs
<p>Effective Teaching and Learning for a Well-Rounded Education (+\$38.9 million (+17.2%) over consolidated programs cumulative total)</p>	<ul style="list-style-type: none">•Teaching American History•Academies for American History and Civics•Civic Education•Close-Up Fellowships•Excellence in Economic Education•Foreign Language Assistance•Arts in Education
<p>College Pathways and Accelerated Learning (-\$3.3 million (-3.2%) below consolidated programs cumulative total)</p>	<ul style="list-style-type: none">•Advanced Placement•High School Graduation Initiative•Javits Gifted and Talented Education

ESEA Consolidations

New Authority	Consolidated Programs
<p>Successful, Safe, and Healthy Students (+\$45 million (+12.3%) over consolidated programs cumulative total)</p>	<ul style="list-style-type: none">•Alcohol Abuse Reduction•Elementary and Secondary School Counseling•Foundations for Learning•Mental Health Integration in Schools•Physical Education•Safe and Drug-Free Schools and Communities National Activities

ESEA Consolidations

New Authority

Expanding Educational Options
(+\$80.9 million (+19.8%) over consolidated programs cumulative total)

Consolidated Programs

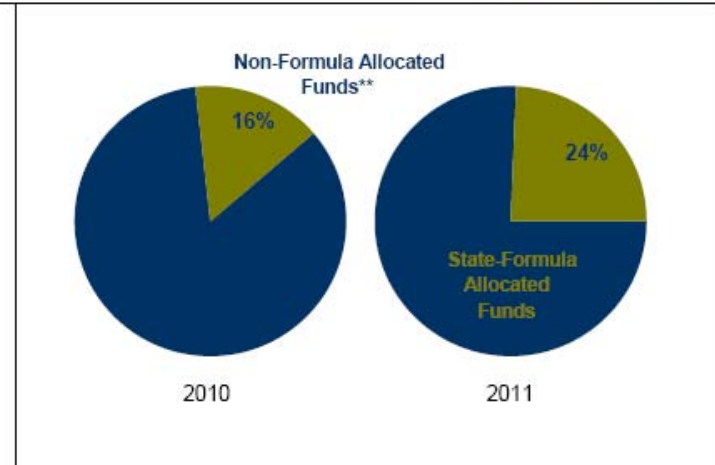
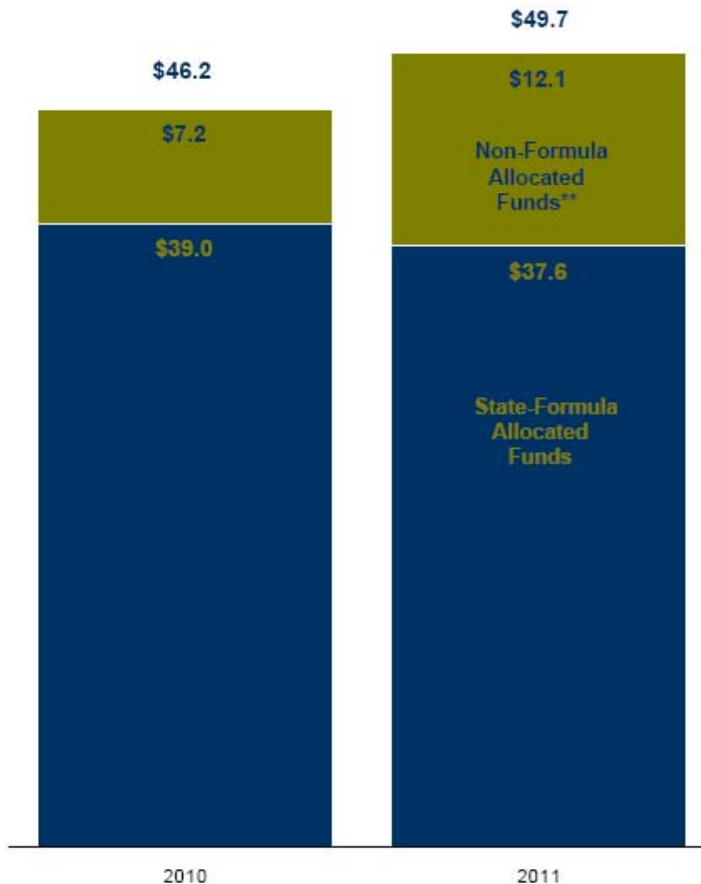
- Charter Schools Grants
- Credit Enhancement for Charter School Facilities
- Parental Information and Resource Centers
- Smaller Learning Communities
- Voluntary Public School Choice



Federal Education Discretionary* Funds

Formula vs Non-Formula Comparison, Fiscal Years 2010-11

in billions



The President proposes to increase the amount of non-formula, or competitively awarded, funds in fiscal year 2011 by \$4.9 billion, or 68 percent, compared to 2010. Non-formula funds would grow to almost one-fourth of all discretionary funds in 2011 from less than 16 percent in 2010.

* Excludes state-formula allocated mandatory funds, such as the Federal Direct Student Loan Program and Vocational Rehabilitation State Grants; and Federal Pell Grants, which the President has proposed to shift to mandatory spending in FY 2011. FY 2010 amounts exclude Federal Pell Grants as well for comparability.

** Primarily competitive grants, but may also include cooperative agreements and contracts.

Source: U.S. Department of Education. For more information, contact Tom Zembar at 202.822.7109 or TZembar@nea.org. Updated February 4, 2010.

ESEA Funding

If ESEA is not reauthorized, the budget proposes these increases:

Program	2010 Enacted	Request	Increase
Race to the Top	0	\$1.35 billion	\$1.35 billion
Investing in Innovation (i3)	0	\$500.0 million	\$500.0 million
School Improvement Grants	\$545.6 million	\$900.0 million	\$354.4 million
Teacher Incentive Fund	\$400.0 million	\$800.0 million	\$400.0 million
Teacher Recruitment	0	\$50.0 million	\$50.0 million
School Leadership	\$29.2 million	\$79.2 million	\$50.0 million
Charter Schools	\$256.0 million	\$310.0 million	\$54.0 million
Promise Neighborhoods	\$10.0 million	\$210.0 million	\$200.0 million

ESEA Funding

- ▶ New funding for:
 - Race to the Top (\$1.35 billion)
 - Investing in Innovation (\$500 million)
- ▶ Other ESEA program increases:
 - School Turnaround Grants = +\$354.4 million (+65%)
 - Assessing Achievement = +\$39.2 million (+9.6%)
 - Promise Neighborhoods = +\$200 million (+2,000%)
 - Magnet Schools = +\$10 million (+10%)
 - ELL Grants = +\$50 million (+6.7%)
 - The \$50 million would be for competitive grants

ESEA Funding

- ▶ Programs frozen:
 - Title I
 - Migrant Education
 - Neglected/Delinquent
 - Education for Homeless
 - Impact Aid
 - Rural Education
 - Indian Education
 - 21st Century Community Learning Centers

Mandatory Proposals

- ▶ Create a new \$1.2 billion (over 5 years) Graduation Promise Grants program to strengthen high schools
 - Part of SAFRA (though not in House-passed bill)

Special Education

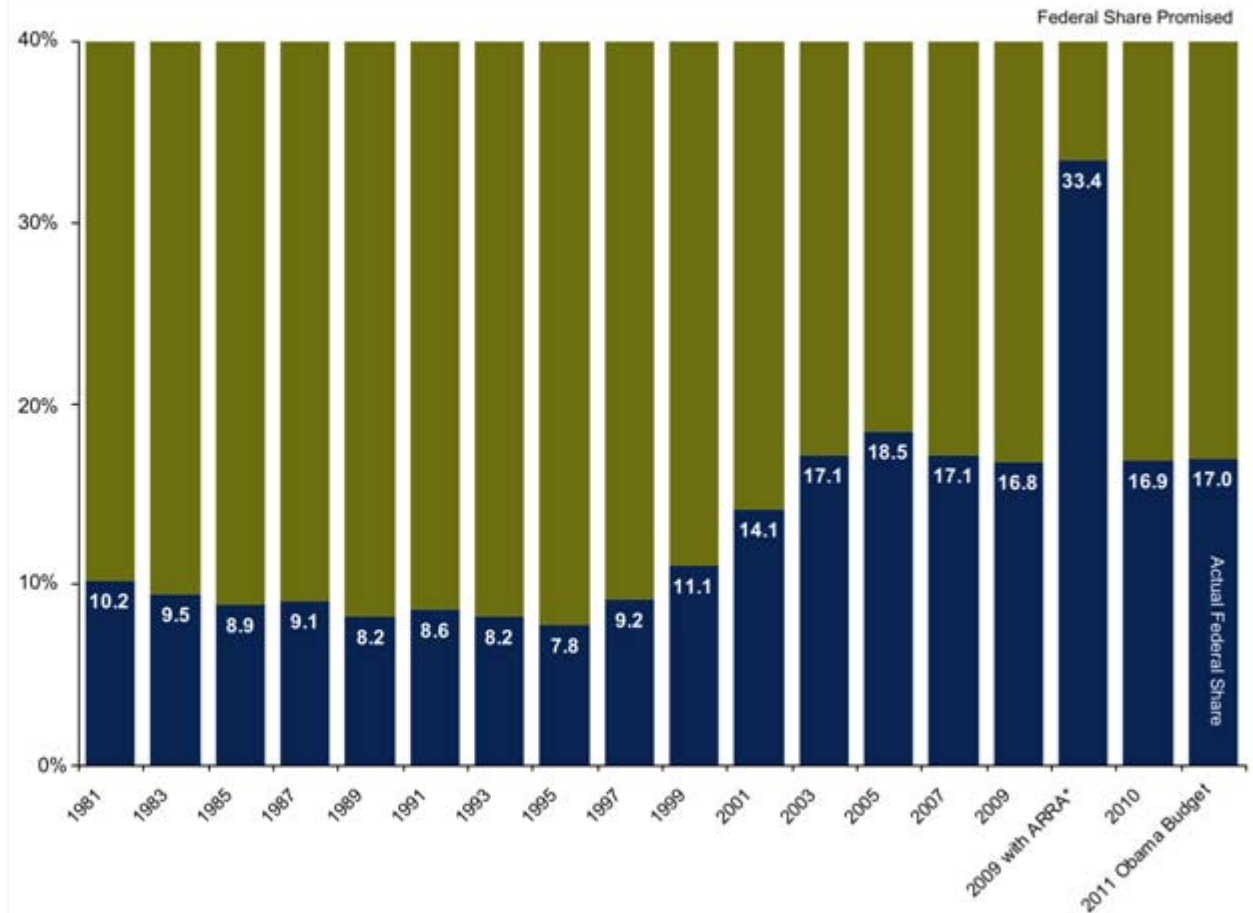
- ▶ IDEA State Grants = +\$250 million (+2.2%)
 - Federal share of special ed costs would remain at 17%
 - Amount per student = \$1,750
 - FY 09 amount per student with ARRA = \$3,395
- ▶ Preschool State Grants and Grants for Infants/Toddlers are frozen
- ▶ All national activities are frozen, except for 6.3% cut for technology

IDEA Full Funding

Federal Share Promised in the Law vs. Actual Share, Selected Fiscal Years 1981-2011

The assumption underlying the Individuals with Disabilities Education Act (IDEA) and its predecessor legislation is that, on average, the cost of educating children with disabilities is twice the average cost (measured as the national average per pupil expenditure or APPE) of educating other children. Congress determined that the federal government would pay up to 40 percent of this "excess" cost, which is referred to as full funding. Since 1981, the first year for which full funding was 40 percent of APPE, the federal payment has remained less than half of the federal promise (excluding 2009 with ARRA*).

* American Recovery & Reinvestment Act of 2009



Source: U.S. Department of Education and Congressional Research Service. The federal share is calculated from appropriations for Special Education Grants to States (IDEA Part B-611), excluding amounts available for studies and evaluations or technical assistance as applicable. For more information, contact Tom Zembar at 202.822.7109 or TZembar@nea.org. Updated February 1, 2010.

Education, Careers, and Lifelong Learning

Career, Technical and Adult Education

- ▶ Career and Technical Education State Grants and Tech-Prep State Grants proposed for consolidation, with overall total frozen
- ▶ Adult Ed State grants cut by \$15.9 million (-2.5%)

The Gateway to Opportunity – Higher Education

Higher Education

- ▶ Pell Grants: \$68.6 billion over ten years to:
 - increase maximum award to \$5,710 (+2.9%), payoff current funding shortfall (\$6.5 billion), make program mandatory and provide future award increases (FY 11 increase = \$7.9 billion)
 - Number of recipients increases from 8.36 million to 8.74 million.

Mandatory Proposals

- ▶ Expand income-based repayment options for Federal student loans (\$7.5 billion over 10 years)
- ▶ \$3.4 billion over 5 years for a College Access and Completion Fund

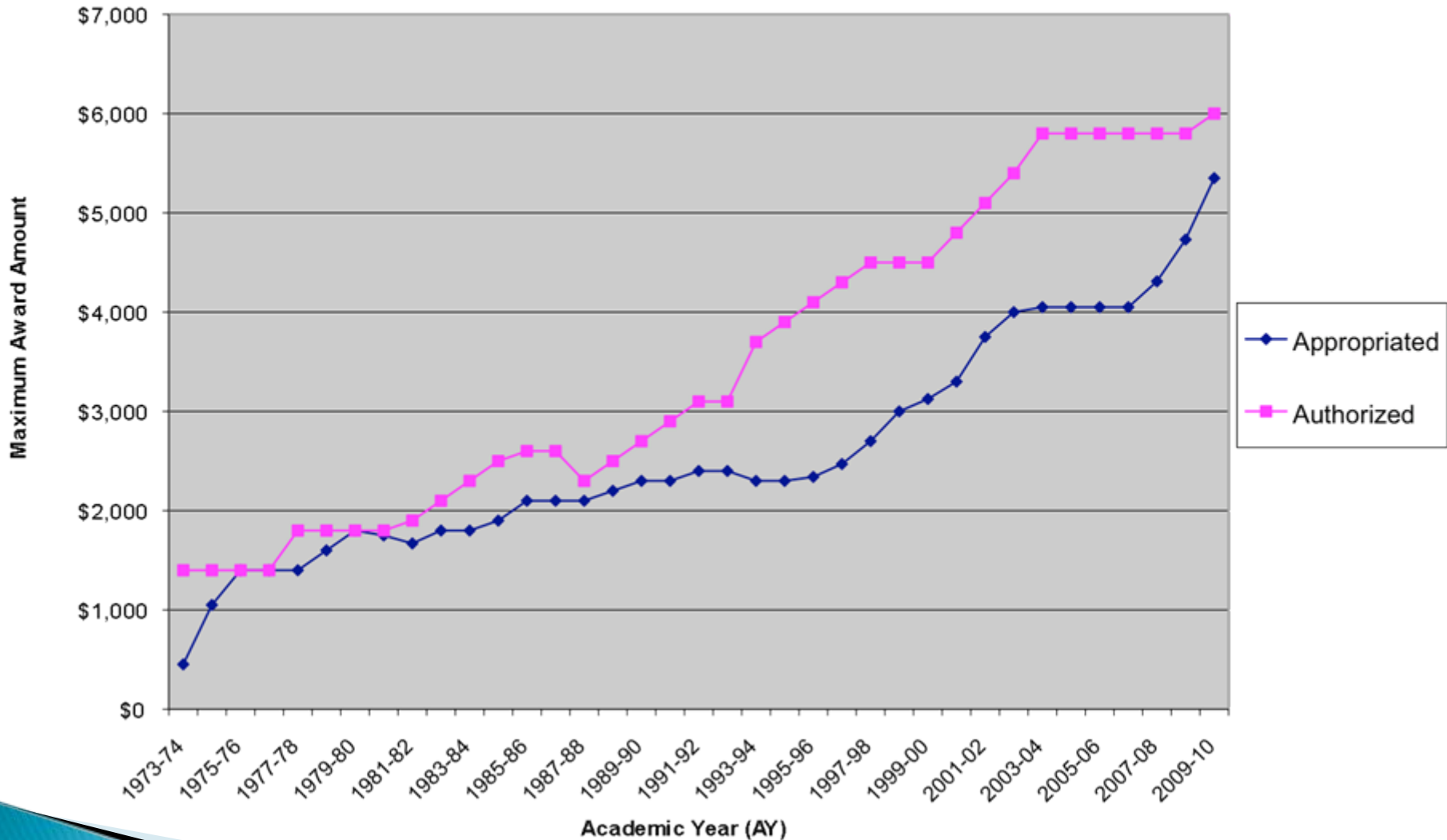
Mandatory Proposals

- ▶ \$2.5 billion over 10 years for investments in Historically Black Colleges and Universities and other minority-serving institutions
- ▶ \$8.9 billion over 10 years for the American Graduation initiative, to strengthen and support community colleges

Student Financial Aid

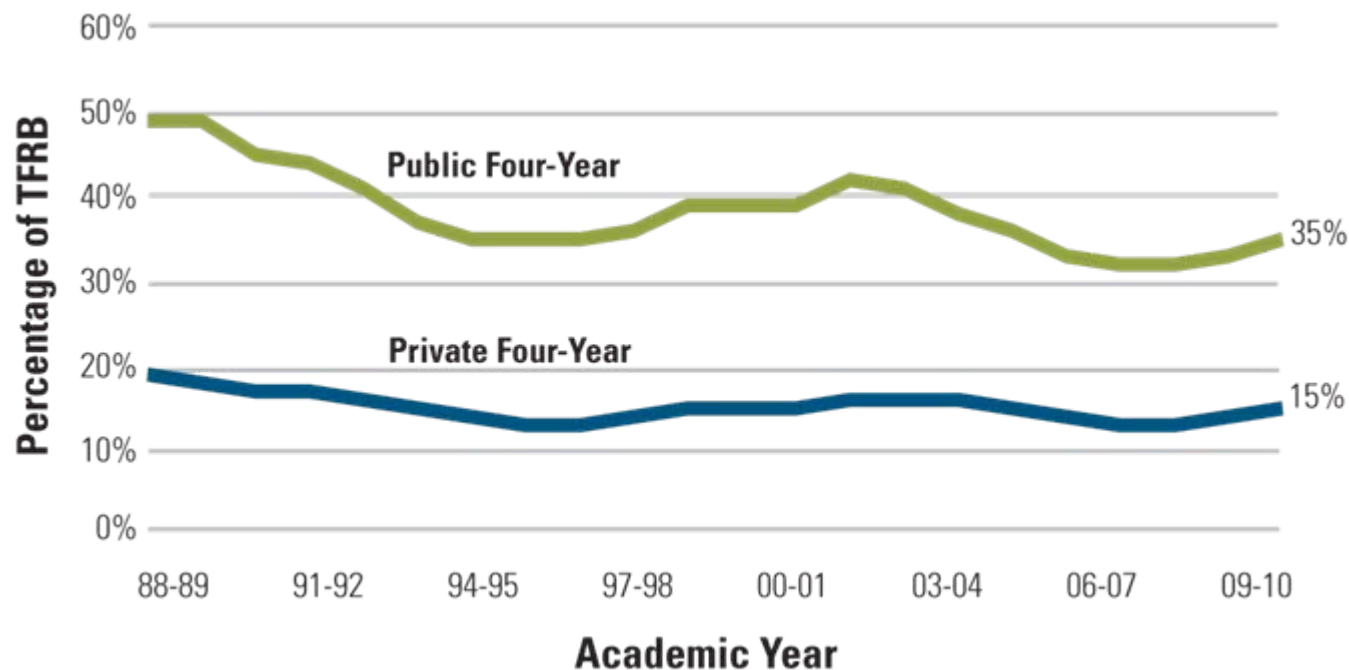
- ▶ In addition to Pell grant proposals described above:
 - SEOG and College Work–Study are frozen
 - LEAP is eliminated
 - All student loans proposed to shift from Federal Family Education Loans Program to Federal Direct Student Loans Program – saves \$43.3 billion over 10 years.
 - American Opportunity Tax Credit made permanent (\$75.5 billion over 10 years)

Gap Between Maximum Pell Award Authorized vs. Appropriated



Prepared by American Council on Education

Maximum Pell Grant as a Percentage of Tuition and Fees and Room and Board (TFRB), 1988-89 to 2009-10



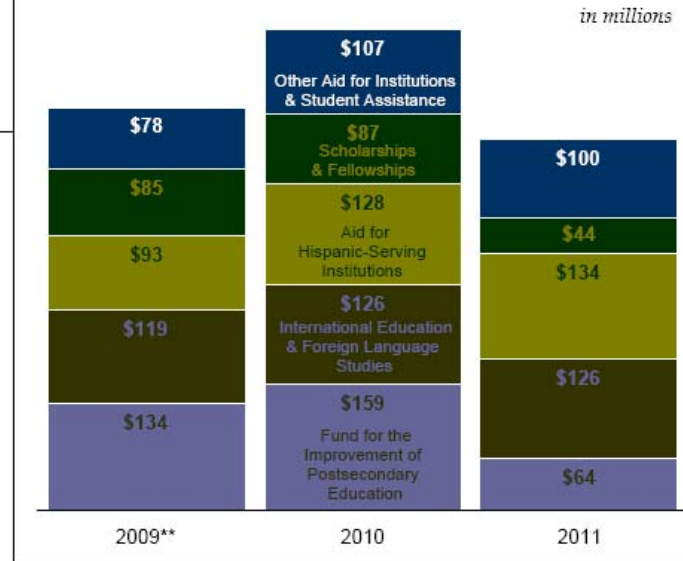
Sources: The College Board, *Trends in Student Aid 2009*; *Trends in College Pricing*, The College Board, New York, NY; *The Federal Pell Grant Program End-of-Year Report*, 2007-08; and projections from U.S. Department of Education, Office of Postsecondary Education.

Higher Education

- ▶ 5.0% increases proposed for aid to HBCUs, HSIs, and other minority-serving institutions
- ▶ TRIO and GEAR-UP both frozen
- ▶ Byrd honors scholarships eliminated (-\$42 million)

Higher Education Funding

Discretionary* Funding, Fiscal Years 2009-11



The President proposes to reduce higher education discretionary* spending in fiscal year 2011 by \$180 million, or 4.4 percent. The budget plan includes increases in certain areas, such as Aid for Institutional Development, and cuts in spending elsewhere, such as scholarships and fellowships. In addition, the Administration proposes to shift Federal Pell Grants* to mandatory spending beginning in 2011; and to fold Teacher Quality Partnerships* and Teach for America* under a new program, Teacher and Leader Pathways, as part of its Elementary & Secondary Education Act reauthorization plan.

* Adjusted for comparability. Amounts for 2009-11 exclude Federal Pell Grants, which are proposed to be shifted to mandatory spending; and Teacher Quality Partnerships and Teach for America, which are folded into an Elementary & Secondary Education Act reauthorization proposal.
 ** Excludes funding under the American Recovery and Reinvestment Act

Sources: U.S. Department of Education. Includes programs authorized under the Higher Education Opportunity Act of 2008 (P.L. 110-315) and related programs. Excludes student aid administration. For more information, contact Tom Zembar at 202.822.7109 or TZembar@nea.org. Updated February 1, 2010.

Forging Success – Educational Research, Statistics, and Improvement

Institute for Education Sciences

- ▶ Research, development, and dissemination increased by \$60.5 million (+30.2%)
- ▶ Statistics increased by \$8.5 million (+7.8%)
- ▶ National assessment (NAEP) increased by \$5 million (+3.8%)
- ▶ Statewide data systems increased by \$6.75 million (+11.6%)

Education-Related Programs – Meeting the Human Needs of America's Children

Children's Programs

- ▶ Head Start increased by \$989 million (+13.7%)
 - Increase of 66,500 children served
- ▶ Child Care and Development Block Grant increased from \$5 billion to \$6.6 billion (+32%)
 - Additional 235,000 children served
- ▶ 21st Century Community Learning Centers
 - Flat funding, significant authorization proposals

Mandatory Proposals

- ▶ \$9.3 billion over 10 years for an Early Learning Challenge Fund
 - Part of SAFRA
- ▶ Child Nutrition proposal increases funding by \$9.9 billion over 10 years

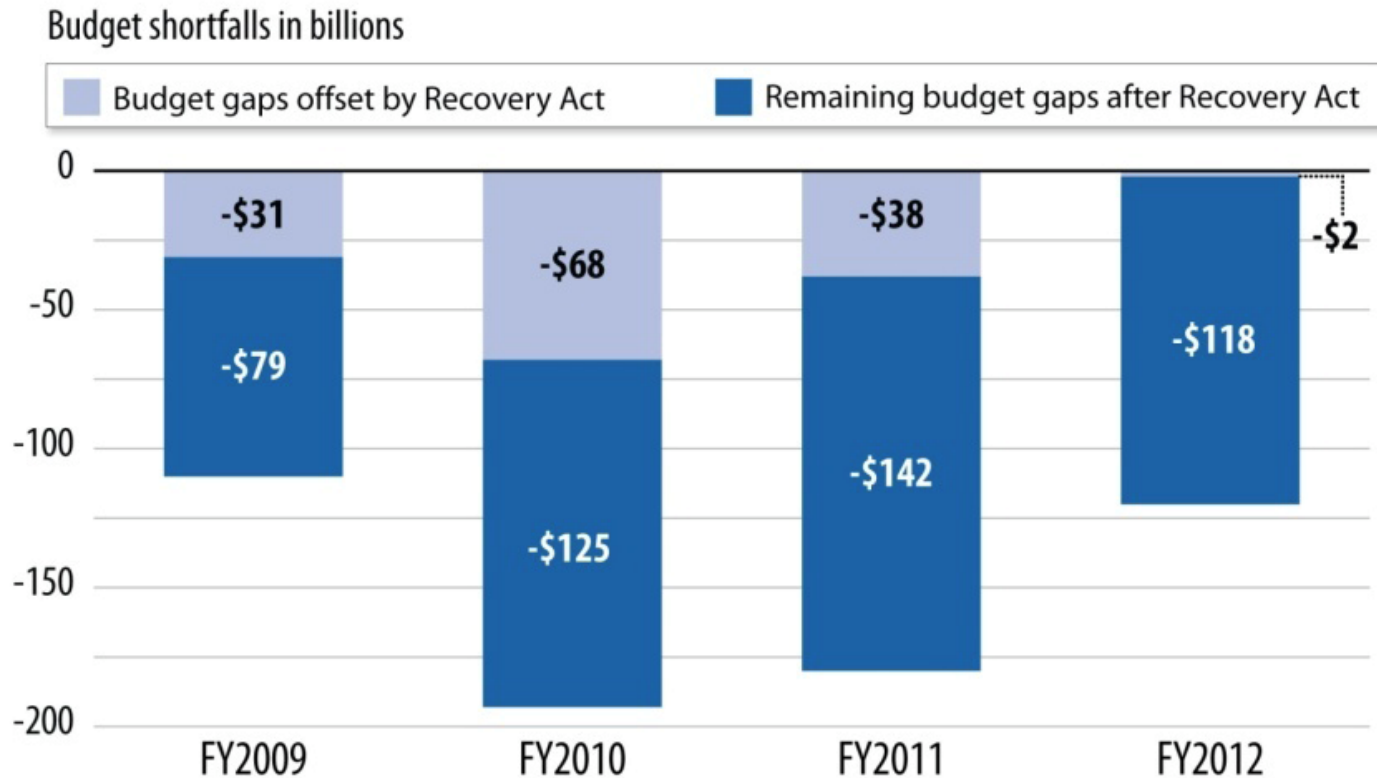
The Funding Cliff



The Funding Cliff

Even though USED has a \$3.5 billion (7.5%) increase, that's \$76.8 billion below FY 09 ARRA level (-61%)!

ARRA Reduces State Budget Gaps, But Large Deficits Remain



Sources: Shortfalls data from CBPP; ARRA data from Congressional Budget Office and CBPP.

Next Steps

- ▶ Mandatory proposals contingent on passage of Student Aid and Fiscal Responsibility Act (SAFRA) – passed House, pending in Senate
- ▶ ESEA proposed consolidations contingent on ESEA reauthorization – no dates set for hearings or mark-ups in either House or Senate
- ▶ Discretionary proposals for ED determined through budget and appropriations process

For More Information

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Questions?

