

EDUCATION FUNDING

A Tale of Two Budgets



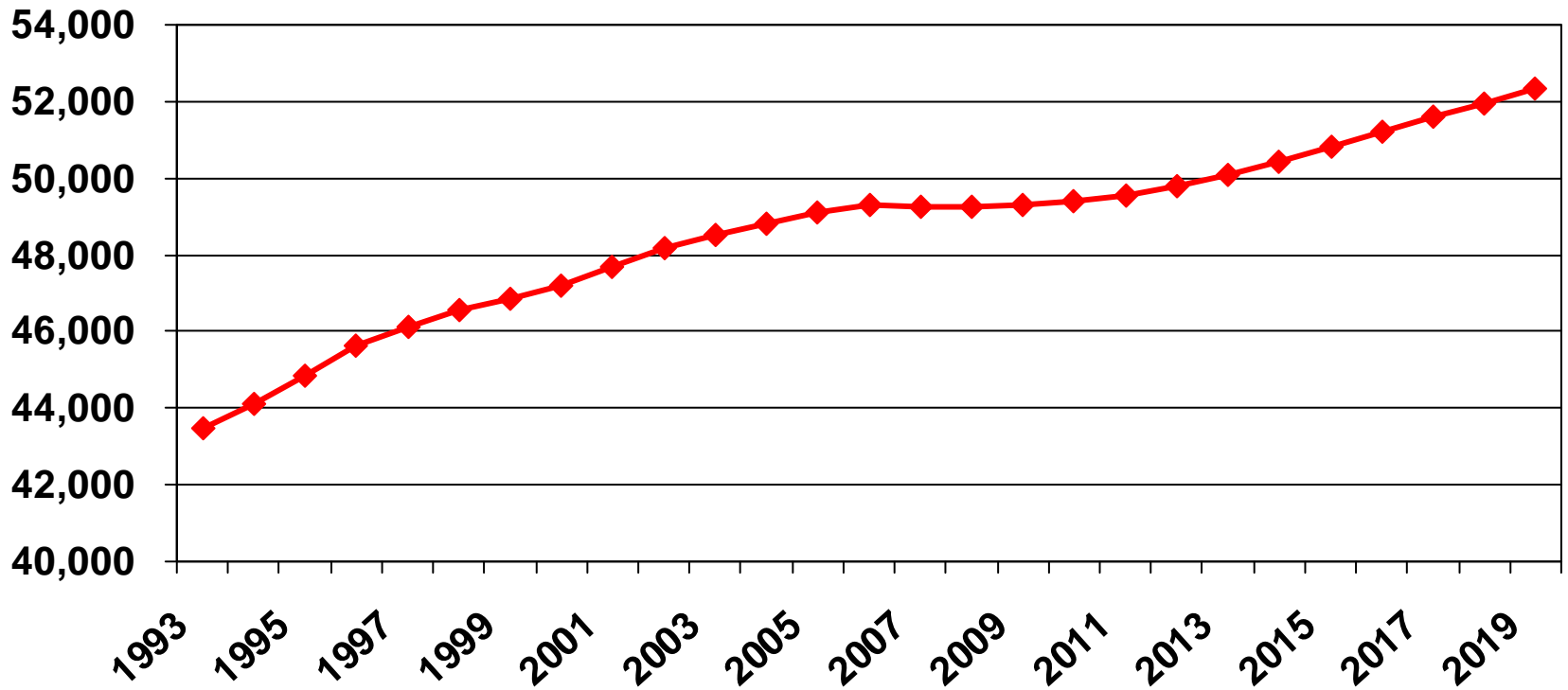
CEF

- ▶ The Committee for Education Funding (CEF) is the oldest and largest education coalition.
- ▶ We represent over 85 national organizations and institutions from PreK through graduate education.
- ▶ For more information and an electronic copy of CEF's Budget Response: www.cef.org
- ▶ Follow us on Twitter:
www.twitter.com/edfunding

Investing in Education

Rising K-12 Enrollments

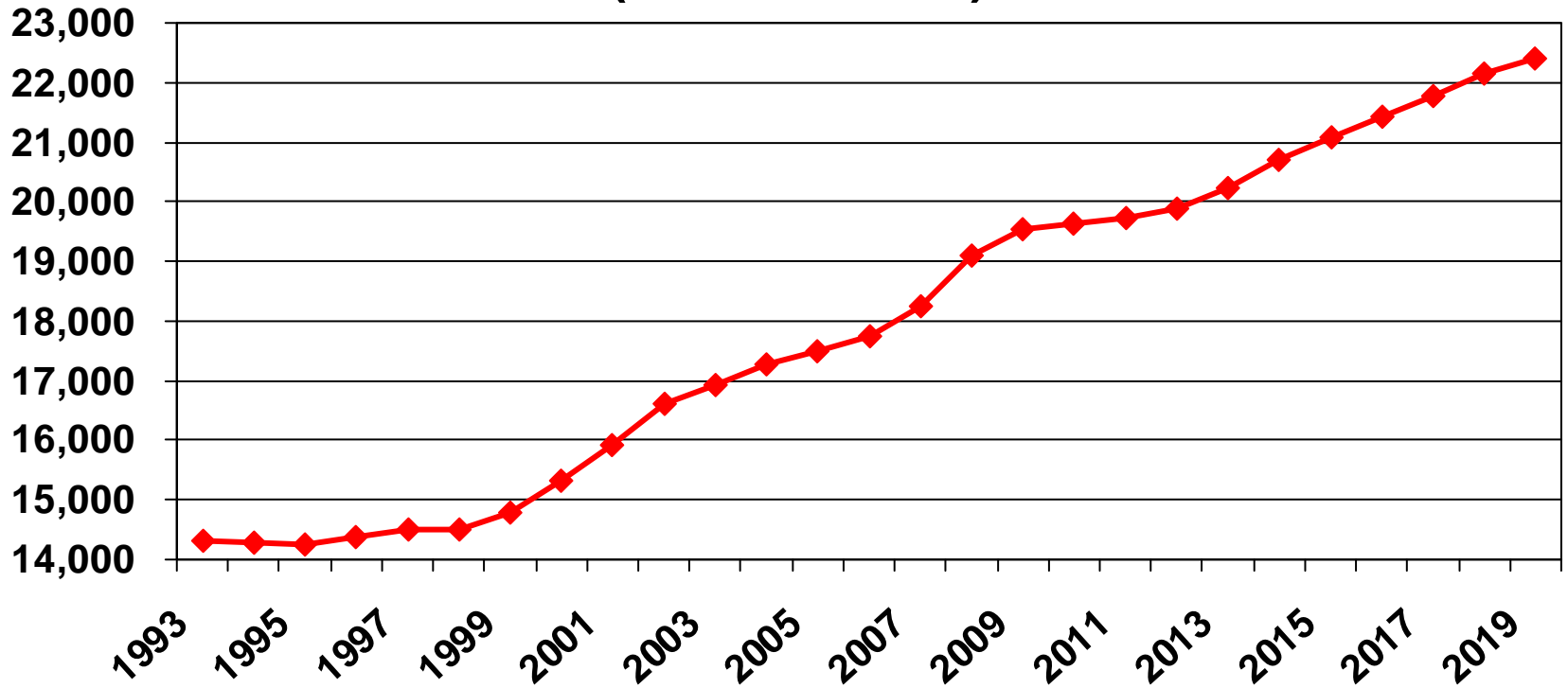
Public school enrollment (in thousands)



Source: CEF based on NCES *Projections of Education Statistics to 2019*

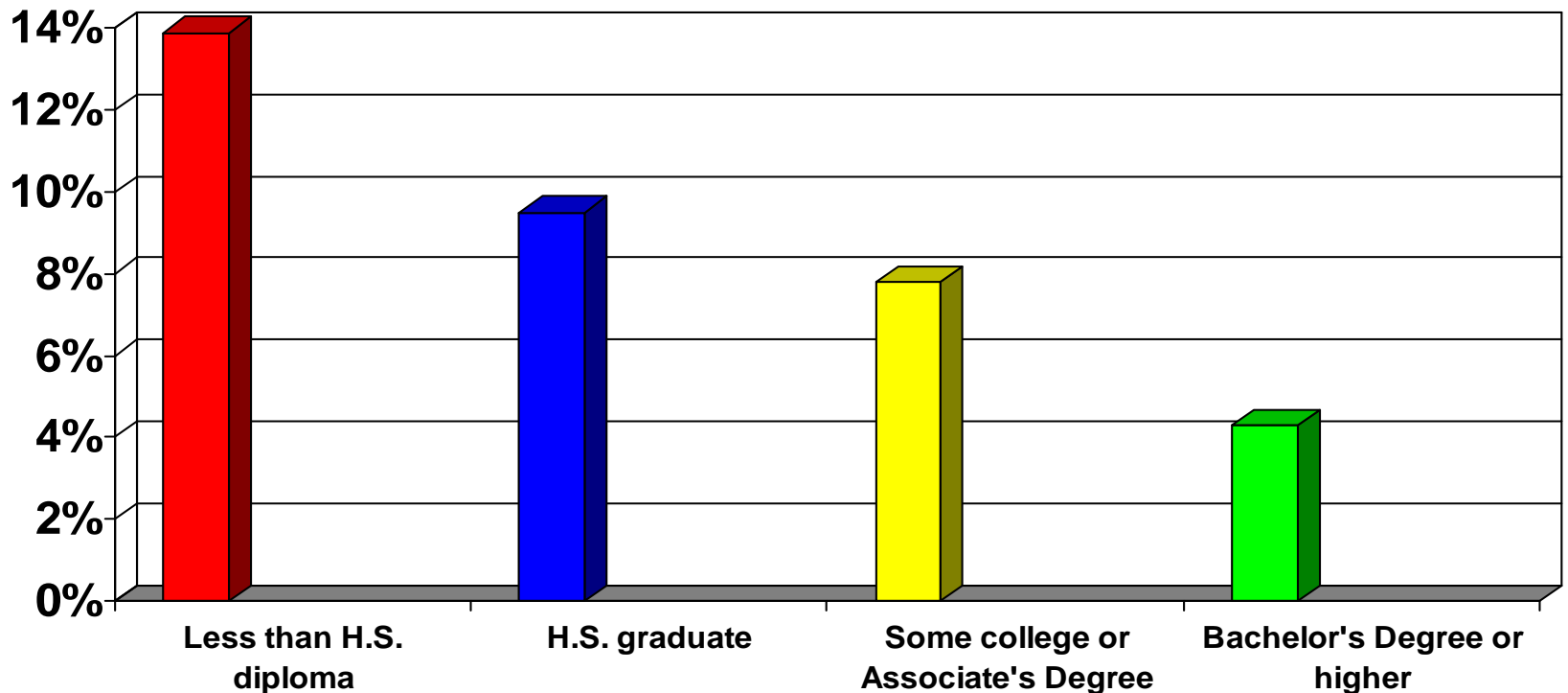
Rising Higher Education Enrollments

Enrollment in Degree-granting Institutions (in thousands)



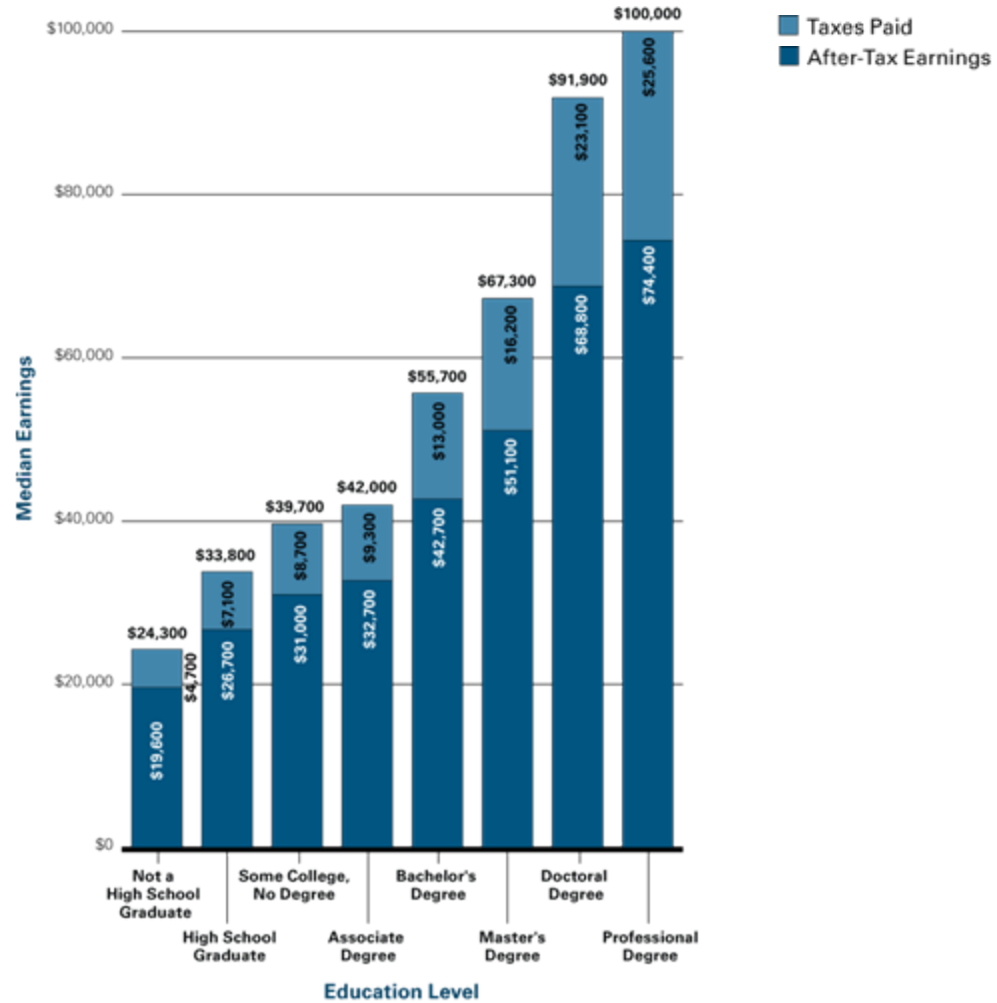
Unemployment Linked to Educational Attainment

February 2011 unemployment rate



Source: CEF based on BLS data

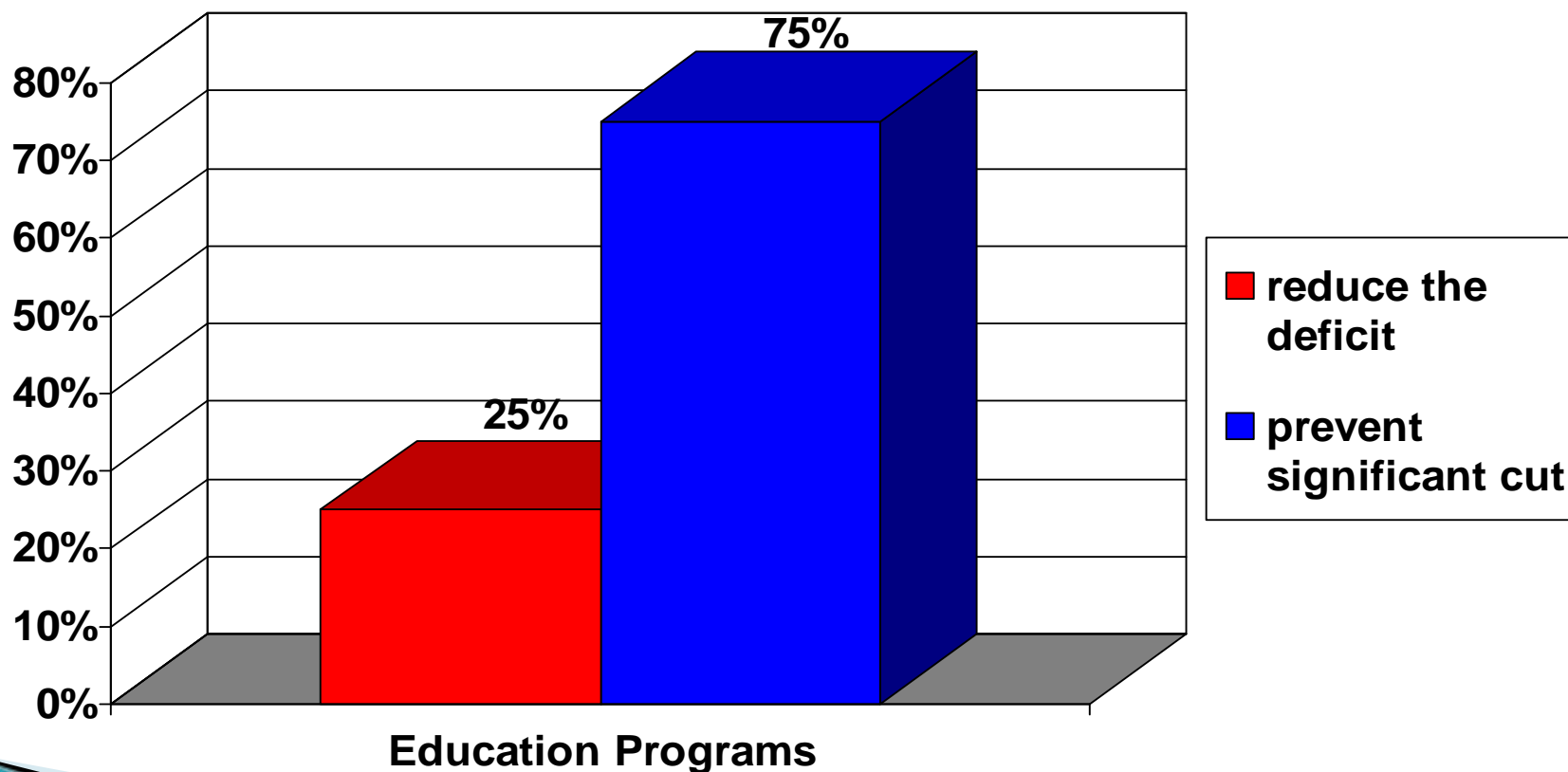
Median Earnings and Tax Payments of Full-Time Year-Round Workers Ages 25 and Older, by Education Level, 2008



Sources: The College Board, *Education Pays 2010*, Figure 1.1; U.S. Census Bureau, 2009; Internal Revenue Service, 2008; Davis et al., 2009; calculations by the authors.

The Public Opposes Education Cuts

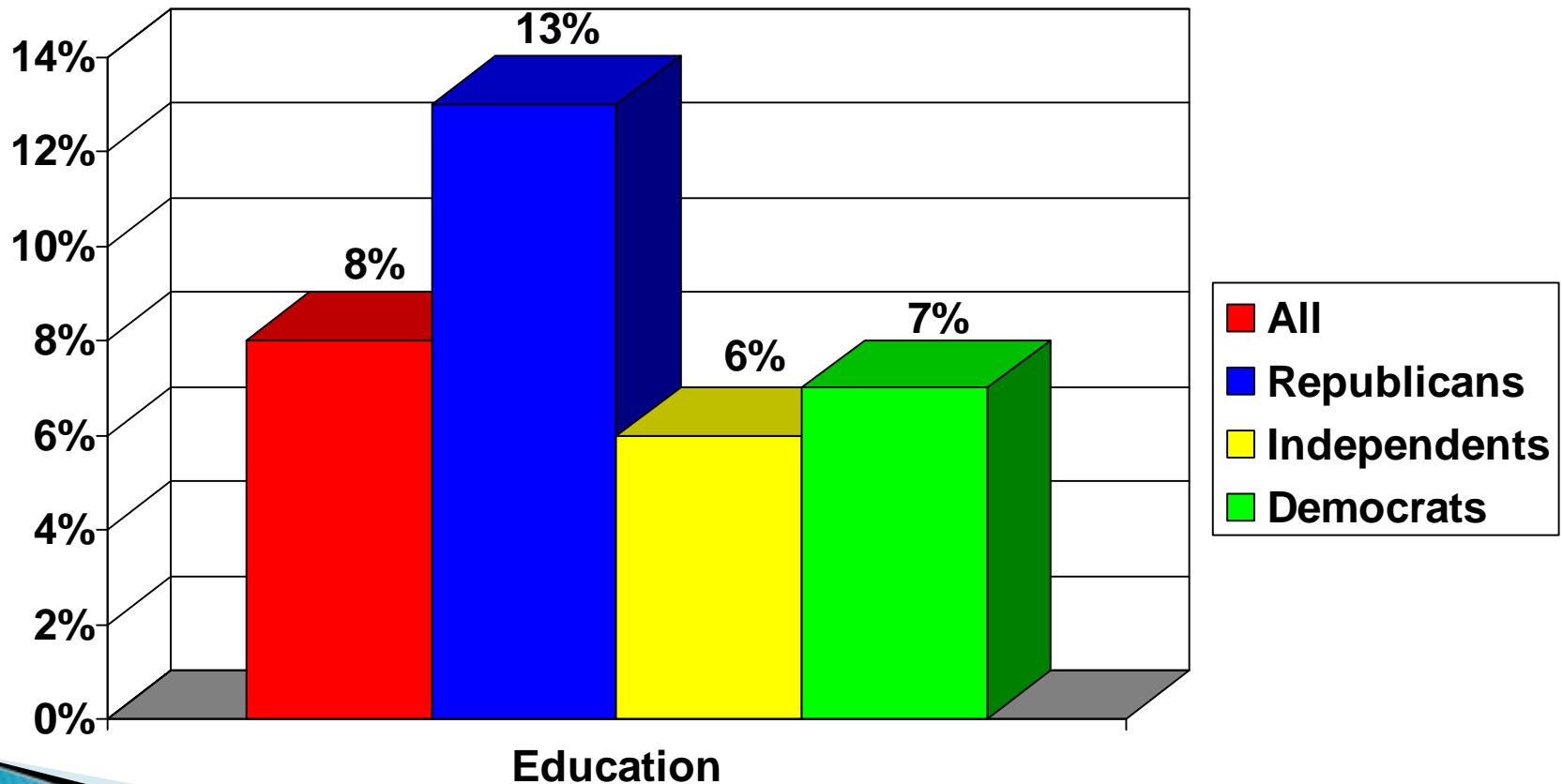
For each of the following programs, please tell me whether you think it is more important to reduce the federal budget deficit, or more important to prevent that program from being significantly cut. . . .



Source: January 2011 CNN/Opinion Research Corporation Poll

The Public Opposes Education Cuts

If you had to choose one, which of the following domestic programs would you be willing to reduce in order to cut government spending?

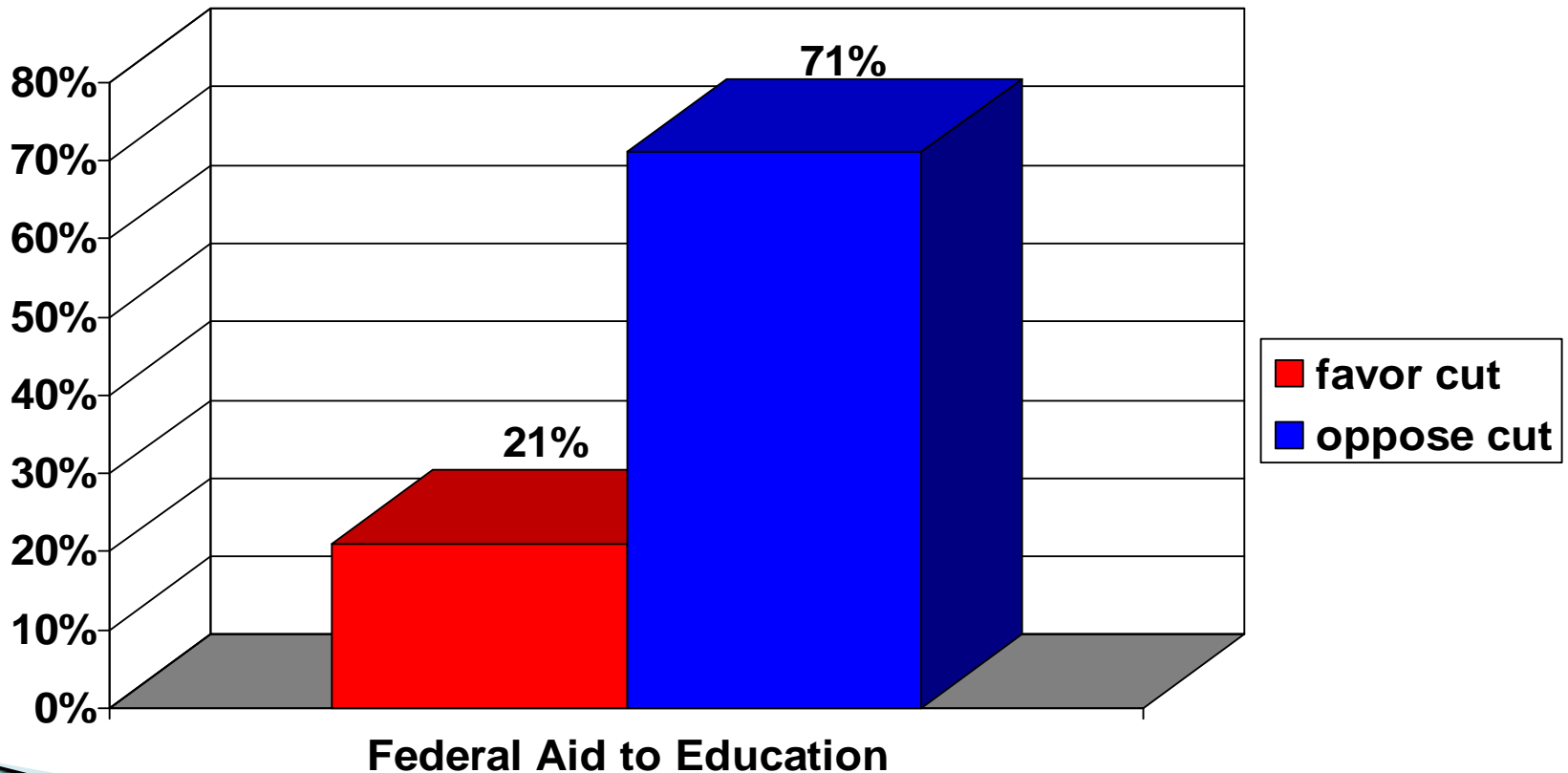


Source: January 2011 New York Times/CBS News Poll



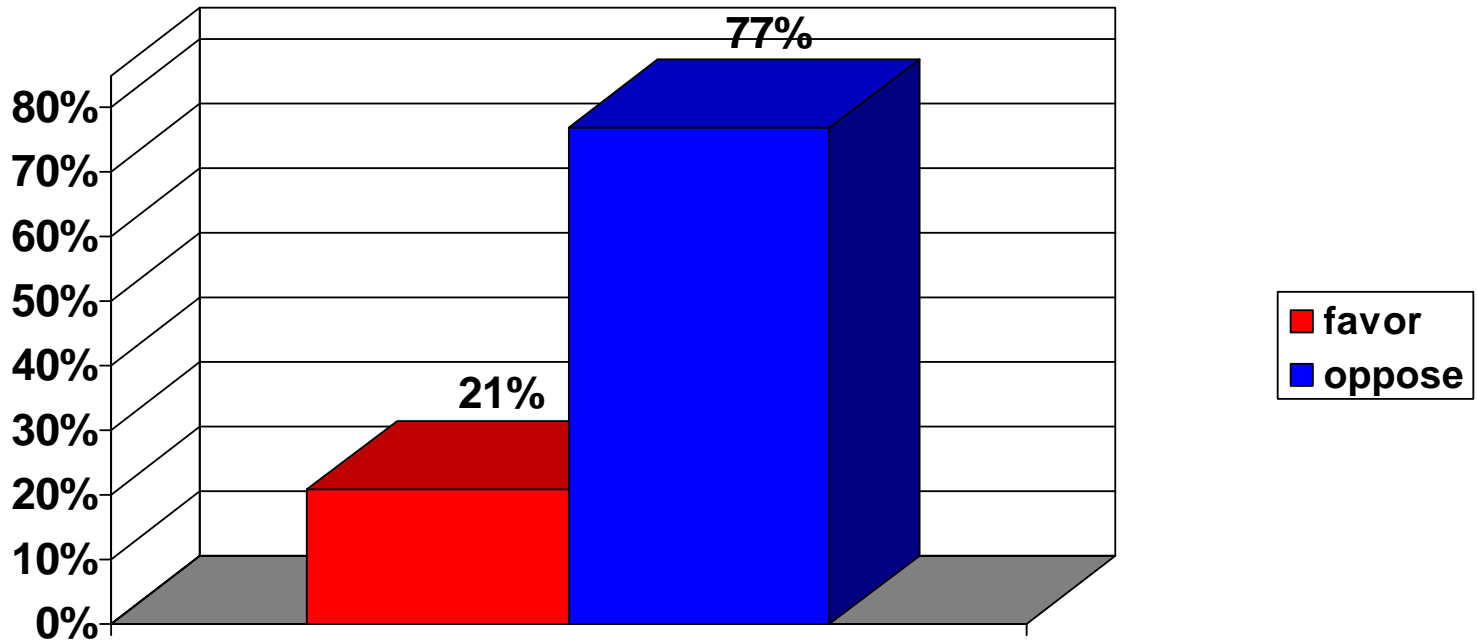
The Public Opposes Education Cuts

Please indicate if you would favor a major cut in spending, a minor cut, no cut at all, or would you increase spending in this area?



The Public Opposes Education Cuts

Please tell me if you would favor or oppose substantial changes to the program.



Significantly cut education programs, including No Child Left Behind, Head Start, and subsidies for college loans

Two Budgets – Competing Visions

**Fiscal Year (FY) 11 CRs V.
President's FY 12 Budget**

Competing Visions for our Nation's Future

- ▶ **HR 1**
 - ▶ Cuts Education \$11.55 billion
 - ▶ Moves us backwards on
 - closing achievement gaps
 - increasing achievement
 - increasing high graduation, college attendance and college completion rates
- ▶ **President Obama's FY 12 Budget**
 - ▶ Increases Education by \$7.46 billion
 - ▶ Invests in the future

March 4 CR

- ▶ Enacted in December 2010
- ▶ Froze all FY 11 education funding at FY 10 levels.
- ▶ Provided \$5.7 billion for Pell shortfall to maintain \$5,550 maximum award.
- ▶ Expired on March 4.

House–Passed Long–Term CR

- ▶ On February 19, the House passed HR 1, a CR for the remainder of FY 11.
- ▶ It cuts ED programs by **\$11.55 billion or 16.1%!**
- ▶ 60 programs eliminated, including literacy, school libraries, Promise Neighborhoods, education technology grants, math/science partnerships, Arts Education, parent information centers, school counseling, tech–prep, SEOG, LEAP.

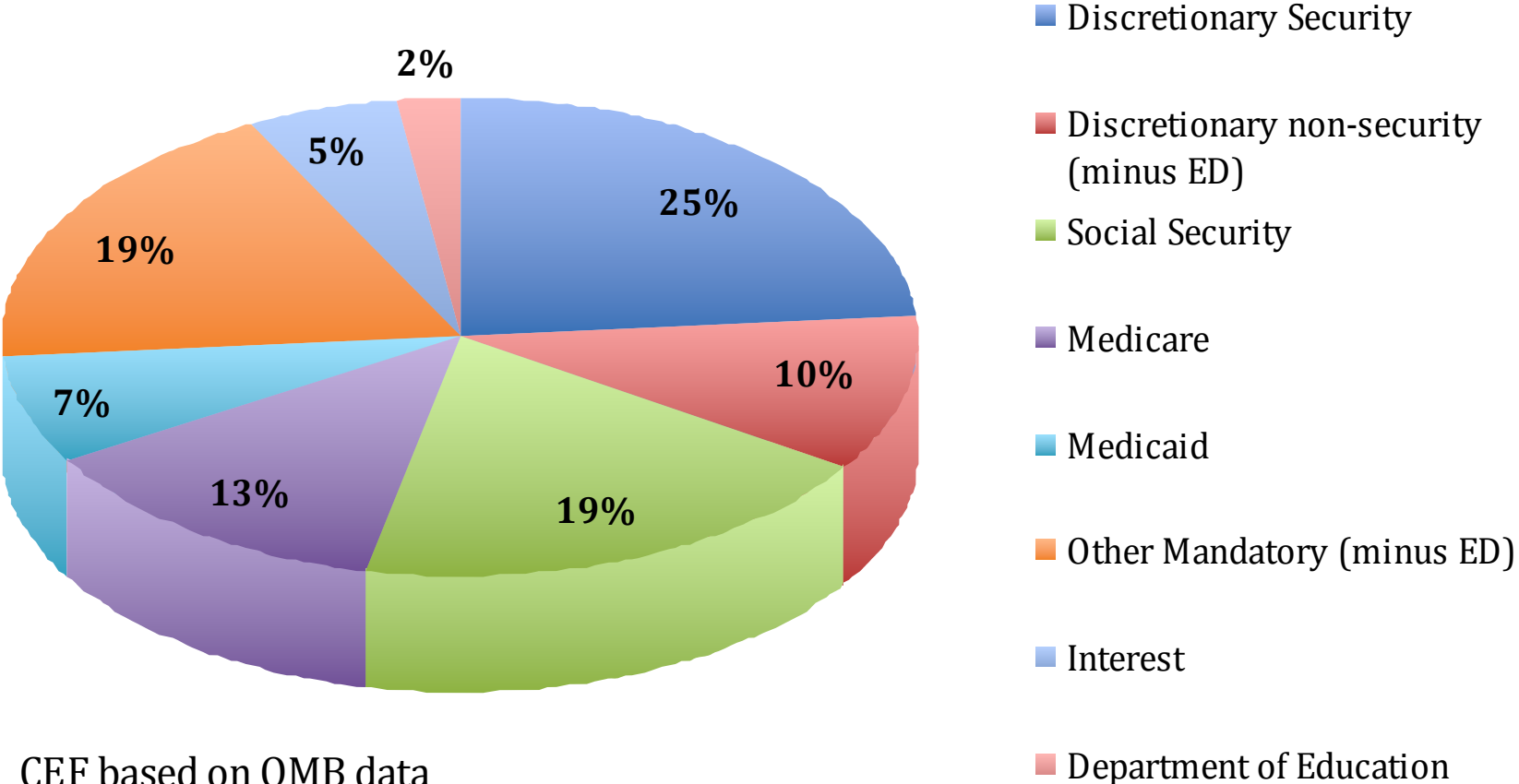
House–Passed Long–Term CR

- ▶ 13 more cut, including Pell, Title I, School Improvement Grants, after school, teacher quality state grants, aid for minority–serving institutions.
- ▶ Head Start cut by \$1.1 billion (–15%)

Short-Term CR, P.L. 112-4

- ▶ Cuts a total of \$4 billion, with \$880 million (22%) coming from ED.
- ▶ Eliminates Striving Readers, Even Start, Smaller Learning Communities, LEAP, NBPTS, and more.

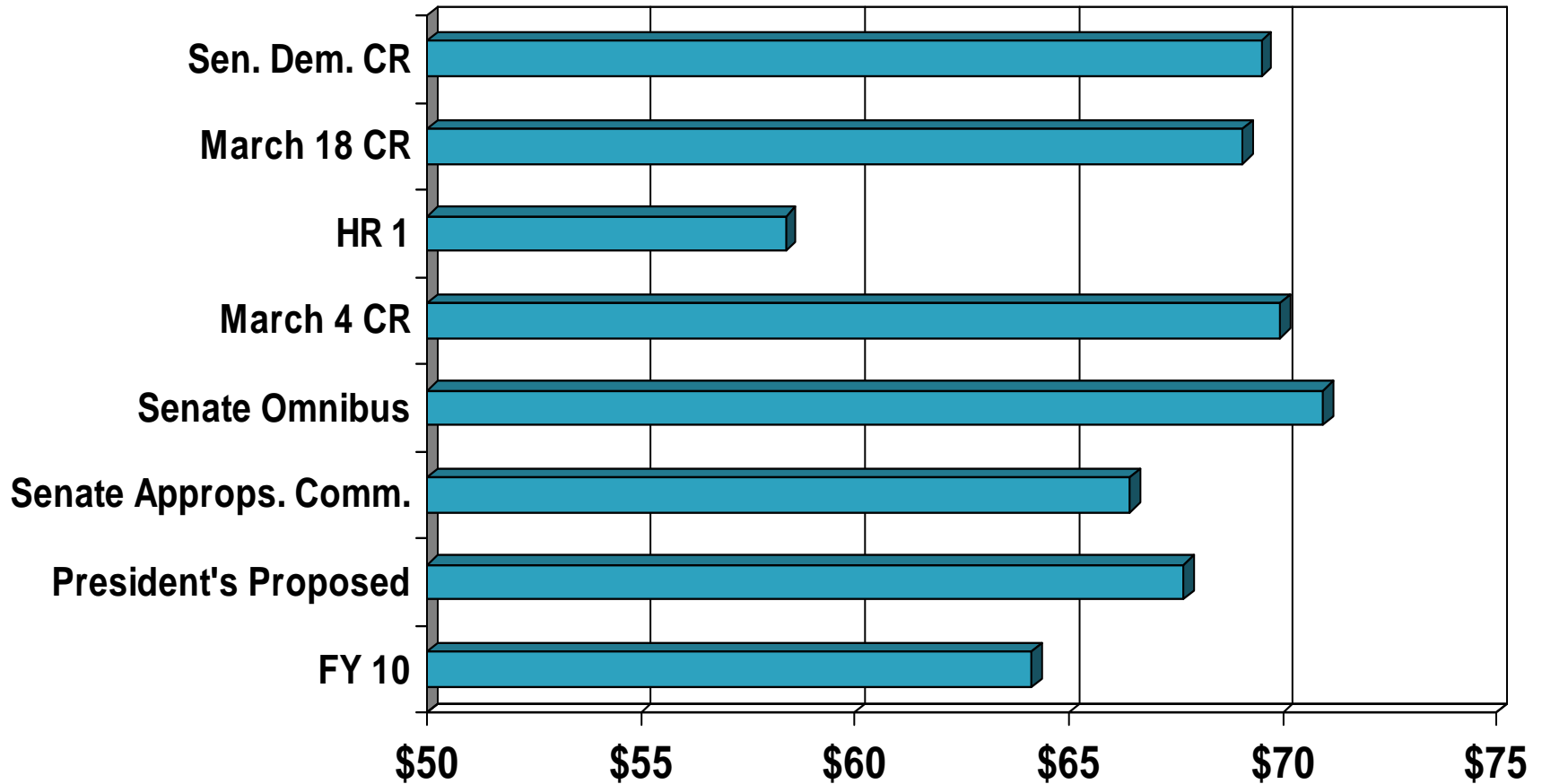
Fiscal Year 2011 Total Outlays



CEF based on OMB data

FY 11 Education Discretionary Funding

In billions



Notes: P.L. President's budget proposed to make Pell mandatory, adjusted above to include \$17.495 billion for Pell discretionary; Senate omnibus, March 4 CR, March 18 CR and Senate Dem. CR include \$5.677 billion for Pell shortfall.

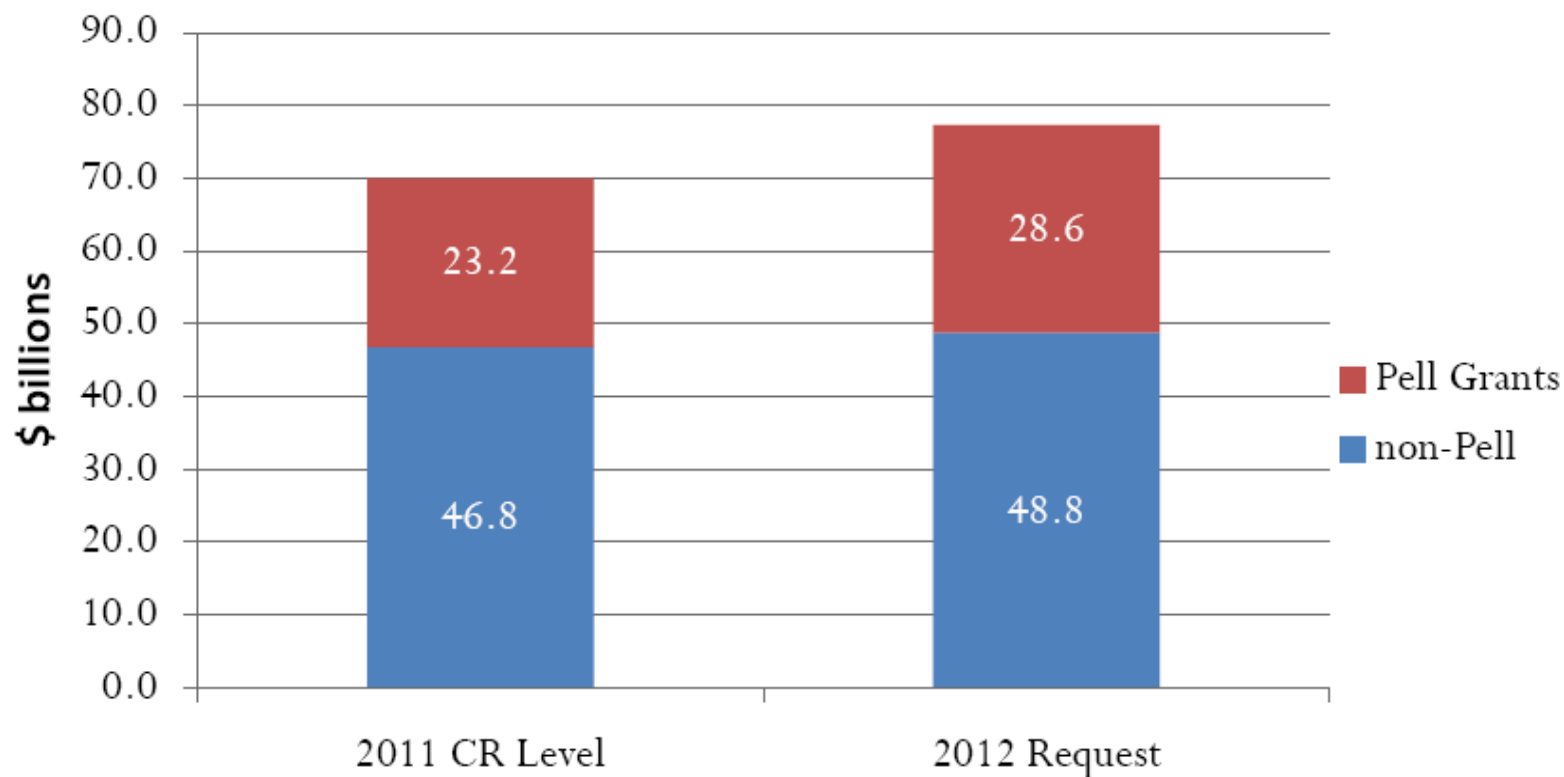


President Obama's FY 12 Budget



The President's Budget Request for the Department of Education

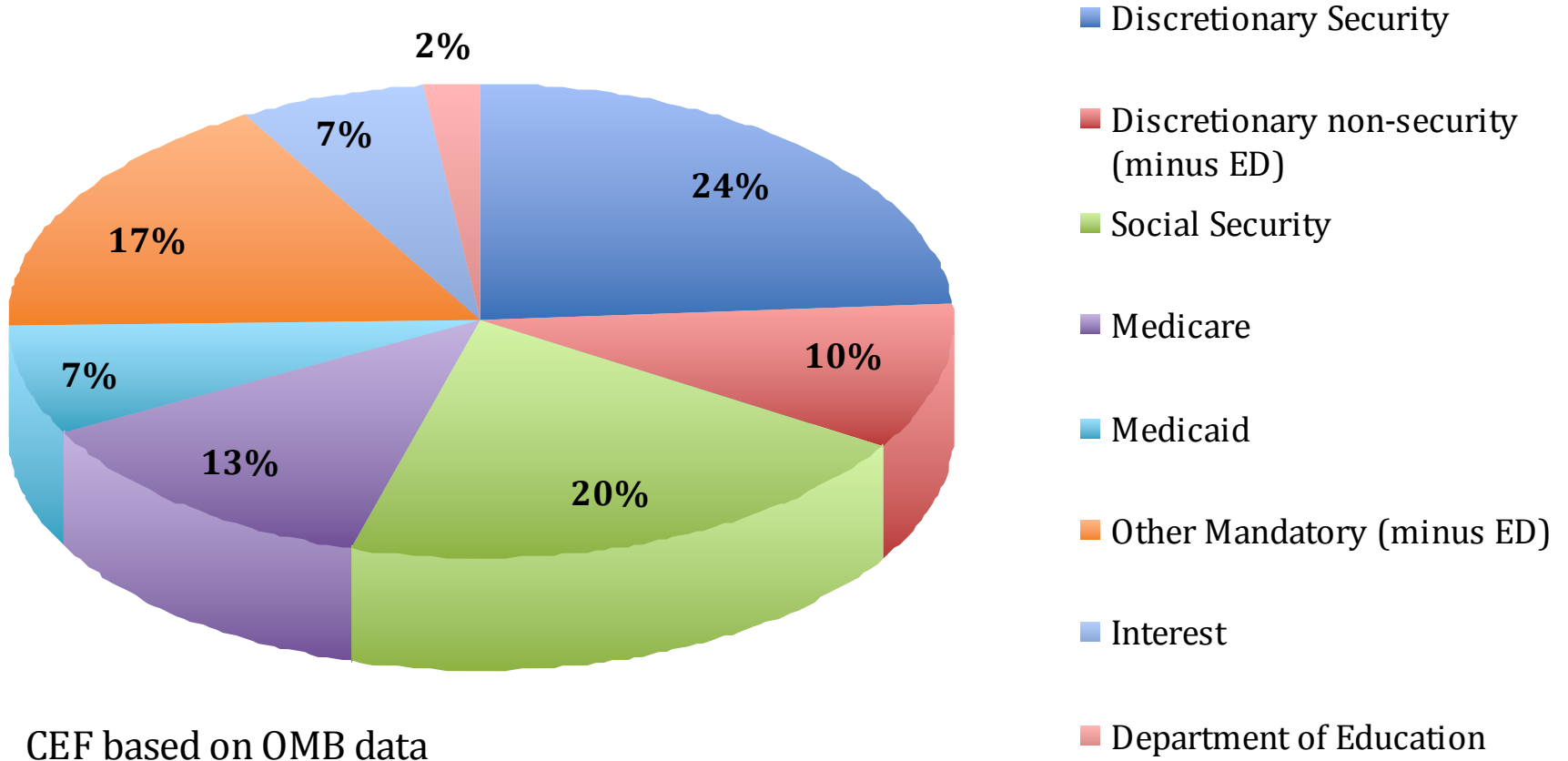
Department of Education Discretionary Budget



President Obama's FY 12 Budget

- **Increase of \$2.0 billion (+4.3%)**
 - With Pell, increase = \$7.5 billion (+10.7%)

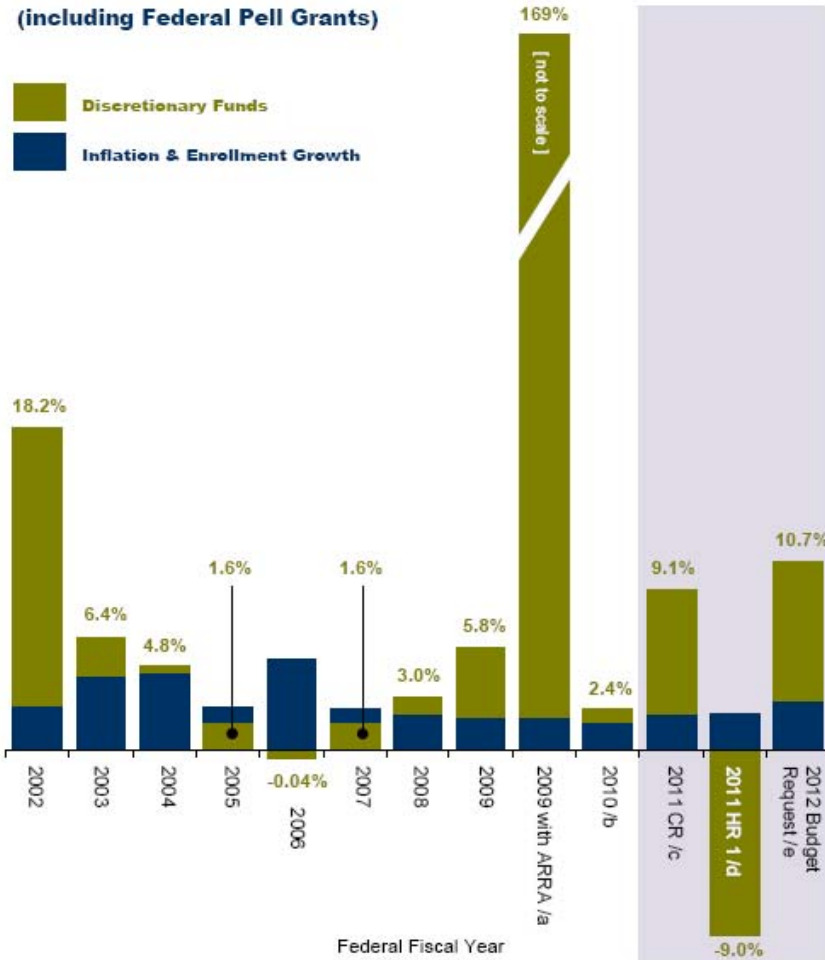
Fiscal Year 2012 Total Outlays President's Proposed Budget



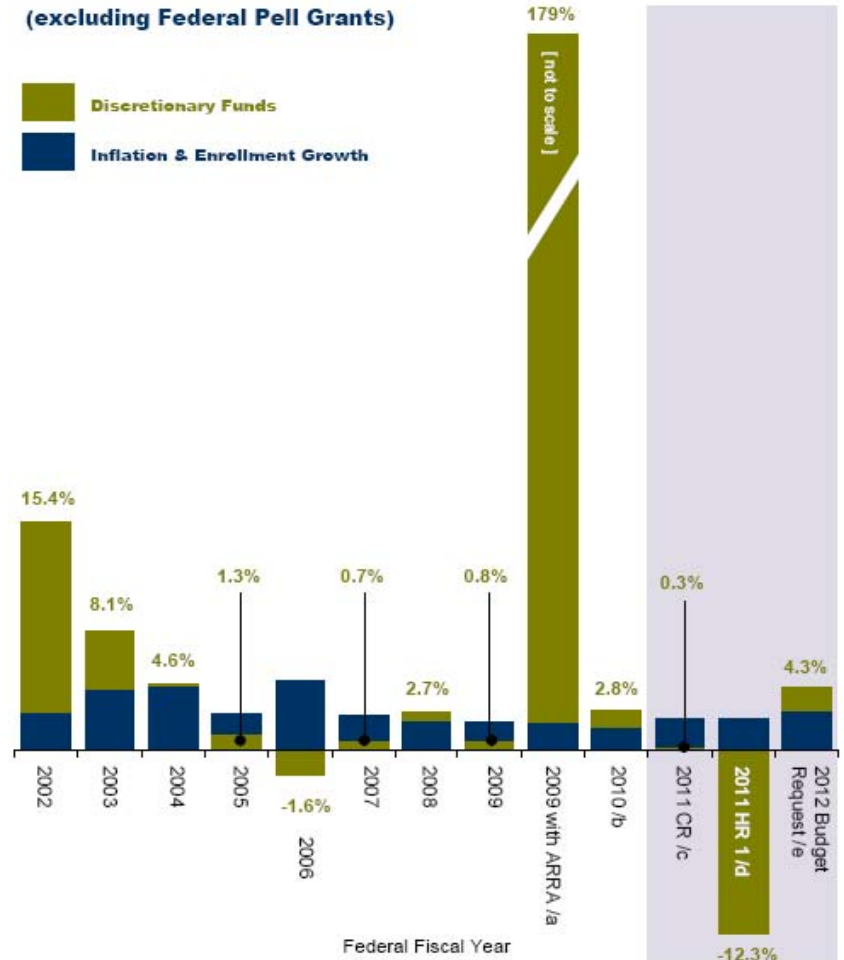
Federal Education Funding

Annual Percentage Change in Discretionary* Funds, FY 2002-12

(including Federal Pell Grants)



(excluding Federal Pell Grants)

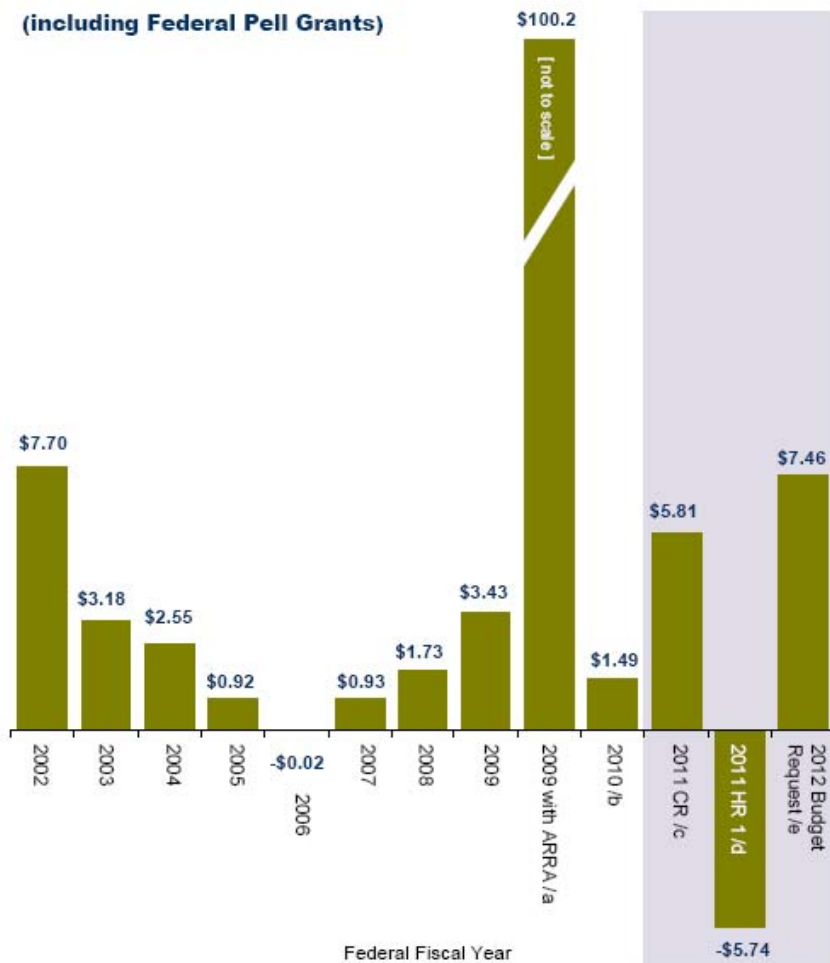


* Discretionary funds are appropriated annually. /a American Recovery & Reinvestment Act (ARRA) of 2009. /b Compared to 2009, excluding ARRA. /c Fourth Continuing Resolution (CR) through March 4, 2011 (P.L. 111-322), annualized. /d House-passed full-year Continuing Resolution (CR), H.R. 1. /e Compared to the Fourth CR (through March 4, 2011). 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. As of February 16, 2011.

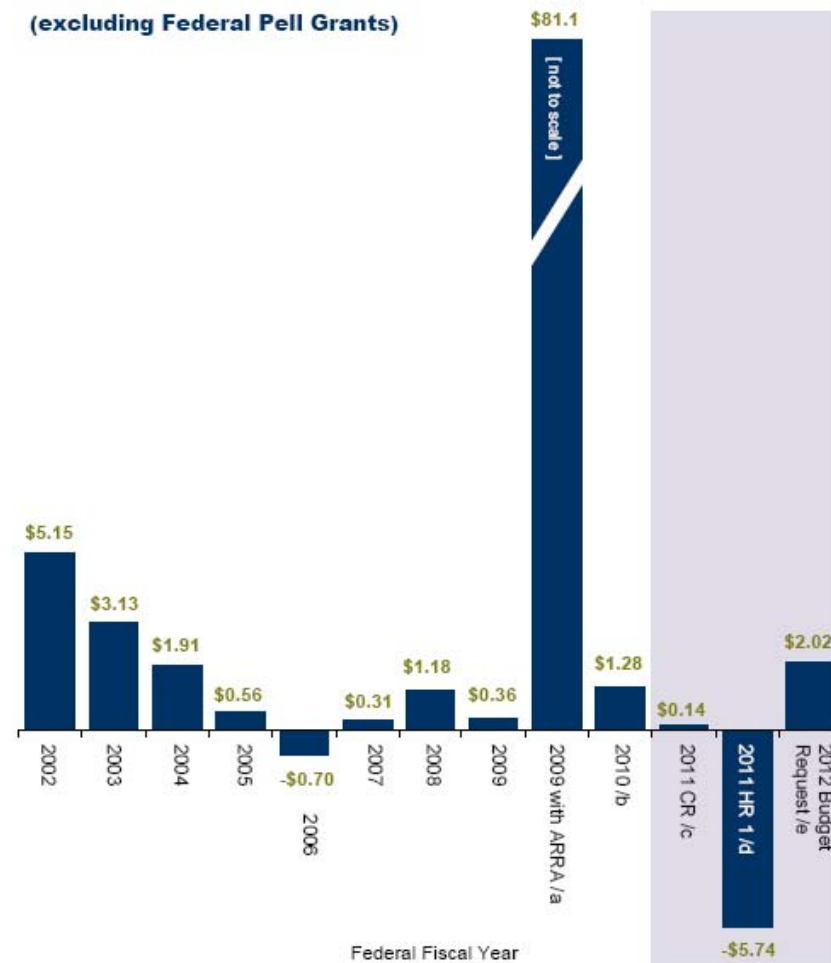
Federal Education Funding

Annual Change in Discretionary* Funds (in billions), FY 2002-12

(including Federal Pell Grants)



(excluding Federal Pell Grants)



* Discretionary funds are appropriated annually. /a American Recovery & Reinvestment Act (ARRA) of 2009. /b Compared to 2009, excluding ARRA. /c Fourth Continuing Resolution (CR) through March 4, 2011 (P.L. 111-322), annualized. /d House-passed full-year Continuing Resolution (CR), H.R. 1. /e Compared to the Fourth CR (through March 4, 2011). Source: U.S. Department of Education. For more information, contact Tom Zembar at 202.822.7109 or TZembar@nea.org. As of February 16, 2011.

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

Elementary/Secondary Education

- **New funding for:**
 - Race to the Top (\$900 million)
 - Investing in Innovation (\$300 million)
 - Early Learning Challenge Fund (\$350 million)
 - Advanced Research Projects Agency – education (\$50 million)

Elementary/Secondary Education

- **Other ESEA program increases:**
 - Title I = \$300 million (+2.1%) for new rewards program
 - School Turnaround Grants = +\$54.4 million (+10%)
 - Promise Neighborhoods = +\$140 million (+1,400%)
 - 21st Century Community Learning Centers = +\$100 million (+8.6%)
 - Magnet Schools = +\$10 million (+10%)

ESEA Funding

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

Elementary/Secondary Education

Programs Frozen

- Migrant Education
- Neglected/Delinquent
- Education for Homeless
- Impact Aid
- English Language State grants
- Rural Education
- Indian Education

ESEA Consolidations

New Authority	Consolidated Programs
<p>Effective Teachers and Leaders -\$447.7 million (-15.2%) 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 +\$89.4 million (+21.8%) over consolidated programs cumulative total</p>	<ul style="list-style-type: none"> •Advanced Credentialing •Teacher Incentive Fund
<p>Teacher and Leader Pathways +\$113.9 million (+65.7%) 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 -\$30.0 million (-7.3%) below consolidated programs cumulative total</p>	<ul style="list-style-type: none">•Striving Readers•Even Start•Literacy through School Libraries•National Writing Project•Reading is Fundamental•Ready-to-Learn Television
<p>Effective Teaching and Learning: Science, Technology, Engineering, and Mathematics +\$25.5 million (+14.1%) 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 +\$20.1 million (+8.9%) 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 -\$17.3 million (-16.7%) 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 A freeze compared to consolidated programs cumulative total</p>	<ul style="list-style-type: none">• Safe and Drug-Free Schools and Communities National Activities• Elementary and Secondary School Counseling• Physical Education• Foundations for Learning• Alcohol Abuse Reduction• Mental Health Integration in Schools

ESEA Consolidations

New Authority

Expanding Educational Options
-\$37.1 million (-9.1%) below consolidated programs cumulative total

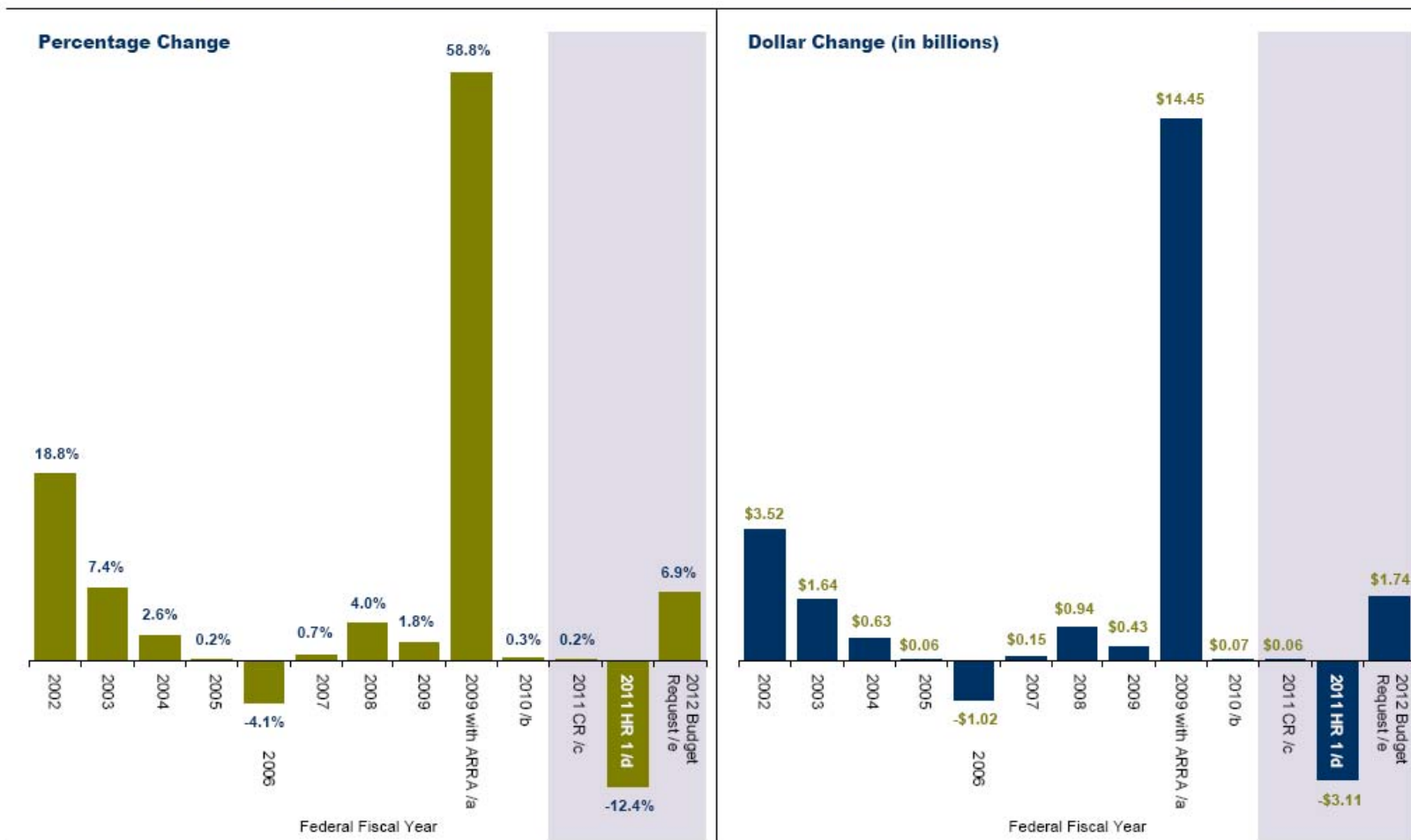
Consolidated Programs

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



ESEA/NCLB* Funding

Annual Change in Appropriations Since Enactment, FY 2002-12



* Includes all federal education programs authorized or otherwise amended by the No Child Left Behind Act of 2001 (P.L. 107-110), the current version of the Elementary and Secondary Education Act (ESEA). /a American Recovery & Reinvestment Act (ARRA) of 2009. /b Compared to 2009, excluding ARRA. /c Fourth Continuing Resolution (CR) through March 4, 2011 (P.L. 111-322), annualized. /d House-passed full-year Continuing Resolution (CR), H.R. 1. /e Compared to the Fourth CR (through March 4, 2011). Source: U.S. Department of Education. For more information, contact Tom Zembar at 202.822.7109 or TZembar@nea.org. As of February 16, 2011.

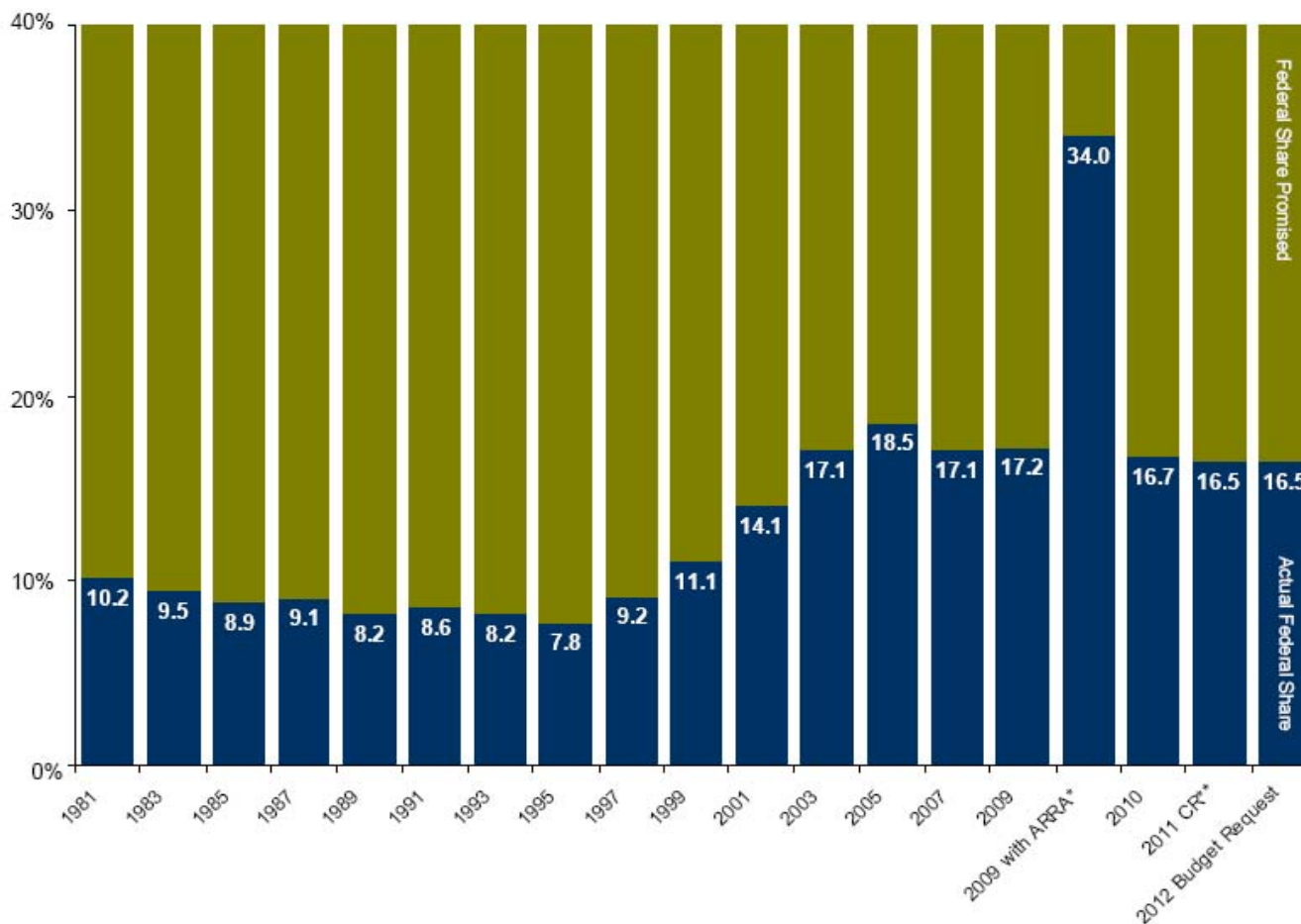
Special Education – IDEA

- **IDEA State Grants = +\$200 million (+2.0%)**
 - Federal share of special ed costs would fall to 16.5%
 - Federal Share per student = \$1,765
 - Preschool State Grants are frozen
 - Grants for Infants/Families = +\$50 million (+11.4%)
 - All national activities are frozen, except for 24.3% cut for technology/media services

IDEA Full Funding

Federal Share Promised in the Law vs. Actual Share, Selected Fiscal Years 1981-2012

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 (ARRA) of 2009. ** Fourth Continuing Resolution (CR) (P.L. 111-322), annualized. 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. As of February 16, 2011.

Education, Careers, and Lifelong Learning

Career, Technical and Adult Education

- ▶ Perkins Act funding is slashed to \$1 billion (\$264 million cut, -20.7%)
- ▶
- ▶ Tech Prep program consolidated into Basic State Grants

Career, Technical and Adult Education

- ▶ Adult Ed State grants increased by \$6.8 million (+1.1%)
- ▶ Library Services and Technology Act is cut by \$20.3 million (-10.4%), includes cuts to
 - Laura Bush 21st Century Librarian Program
 - Grants to State Library Agencies

The Gateway to Opportunity – Higher Education

Pell Grants

- Pell maximum award of \$5,550 maintained
- Total Pell funding = \$41.2 billion
- Pell Protection Act proposed, savings from the following applied to Pell to maintain maximum award:

Pell Grants

- Year-round Pell eliminated (\$7.6 billion in FY 11 and FY 12)
- Graduate student loan in-school interest subsidy eliminated (\$2.2 billion)
- Student Loan debt conversion from multiple lenders (\$2.1 billion)
- Verification of income data

Pell Grants

- HR 1 cuts maximum Pell grant by \$845 (-15%)
- Nine million students will have grants cut
 - 10,000 eliminated
- Also results in long-term cut in mandatory funding for maximum award of \$66.4 billion

Student Financial Aid

- Leveraging Educational Assistance Partnerships (LEAP) eliminated
- SEOG and Work–Study frozen
 - HR 1 eliminates SEOG
- Perkins loans expanded and restructured: no in–school interest subsidy and higher interest rate

Student Financial Aid

- College Completion Incentive Grants (new) = \$50 million (mandatory)
- Presidential Teaching Fellows (new) = \$185 million (mandatory)
 - Replaces TEACH grants

Higher Education– Aid to Students

- TRIO = +\$10 million (+1.1%)
- GEAR–UP is frozen
- Javits Fellowships and GAAN merged
- Byrd Scholarships eliminated

Higher Education– Aid to Institutions

- Aid to HBCUs, HSIs, other Minority–Serving Institutions frozen
- Hawkins Centers of Excellence (new)= \$40 million
- International Education frozen

Forging Success – Educational Research, Statistics, and Improvement

Institute for Education Sciences

- ▶ Research, development, and dissemination increased by \$60.2 million (+30.1%)
- ▶ Statistics increased by \$8.5 million (+7.8%)
- ▶ National assessment (NAEP) increased by \$5 million (+3.8%)
- ▶ Statewide data systems increased by \$41.75 million (+71.7%)

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

Children's Programs

- ▶ Head Start increased by \$866 million (+12.0%)
 - Continue to serve 968,000 children
- ▶ Child Care and Development Block Grant (CCDBG) increased by \$800 million (+37.6%)
 - Mandatory portion (Child Care Entitlement to States (CCE)) = \$3.4 billion (+\$483 million)
 - Serves 1.7 million children
- ▶ New Early Learning Challenge Fund = \$350 million

The Funding Cliff

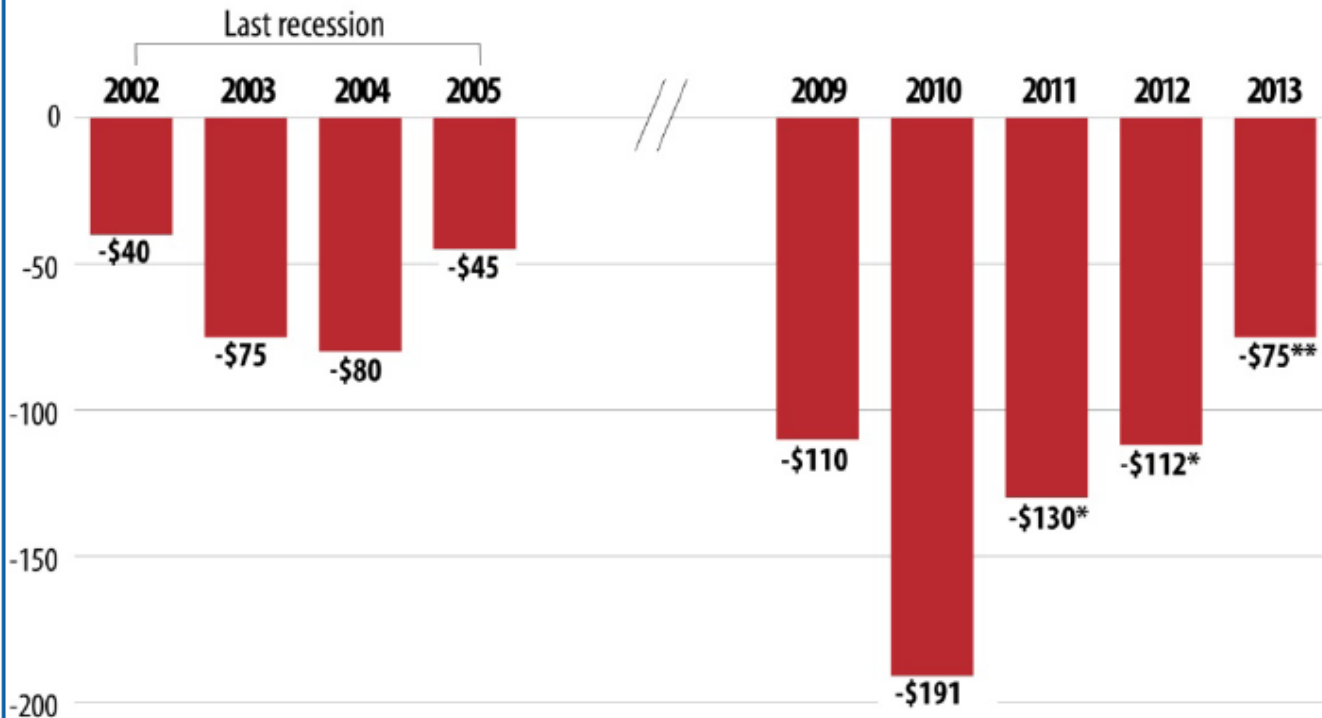


The Funding Cliff

Even though USED has a \$7.5 billion (10.7%) increase, that's \$82 billion below FY 09 level with ARRA(-51%)!

Largest State Budget Shortfalls On Record

Total state budget shortfall in each fiscal year, in billions



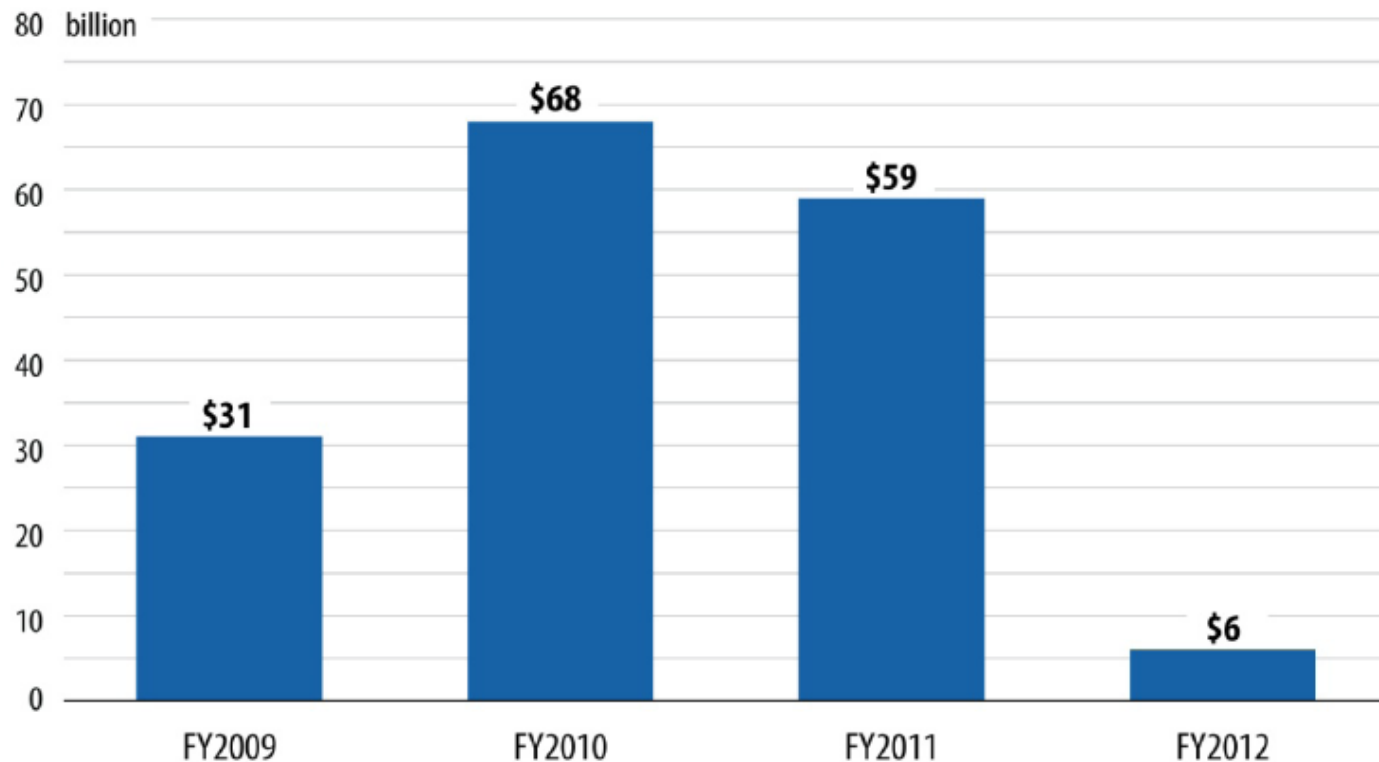
*Reported to date

**Preliminary

Source: CBPP survey, revised March 2011.



Few Recovery Act Funds (Including August Extension) Available After 2011



FY = Fiscal Year

Source: CBPP analysis using data from U.S. Department of Health and Human Services, U.S. Department of Education, and Congressional Budget Office.

Revised September 2010.



Next Steps

- ▶ **FY 11**
 - April 8th short-term CR; no additional education cuts
 - One or more CRs after that
- ▶ **ESEA proposed consolidations contingent on ESEA reauthorization.**
 - Senate HELP Committee May markup?
- ▶ **Pell Protection Act contingent on authorizing action.**
- ▶ **FY 12 appropriations dependent on FY 11 outcome, FY 12 302(a) and 302(b) caps.**

The Need to Invest

- ▶ National Commission on Fiscal Responsibility and Reform: “...**we must invest in education**, infrastructure, and high-value research and development to help our economy grow, keep us globally competitive, and make it easier for businesses to create jobs.”

The Need to Invest

- ▶ Federal Reserve Chairman Bernanke:
“Cost-effective K-12 and post-secondary schooling are crucial to building a better workforce... Research increasingly has shown the benefits of early childhood education and efforts to promote the lifelong acquisition of skills for both individuals and the economy as a whole. The payoffs of early childhood programs can be especially high.”

For More Information

- ▶ Joel Packer, CEF Executive Director:
JPacker@cef.org; 202-383-0083
- ▶ Abbie Evans, President: AEvans@nea.org;
202-822-7300
- ▶ Individual program contacts listed in the
Budget Response

Questions?

