



COMMITTEE FOR EDUCATION FUNDING

2/13/12

INITIAL SUMMARY OF EDUCATION PROVISIONS IN THE PRESIDENT'S FY 2013 BUDGET

For additional information on the President's Education Budget see:

- [Fiscal Year 2013 Budget Summary and Background Information](#)
- [Detailed Budget Table by Program](#)
- [Summary of Discretionary Funds, Fiscal Years 2008-2013 President's Budget](#)
- [Summary of Mandatory Funds, Fiscal Years 2011-2013 President's Budget](#)
- [Mandatory Funding in the Department of Education](#)
- [Advance Appropriations for Department of Education](#)
- [FY 2013 Department of Education Justifications of Appropriation Estimates to the Congress](#)

I. MANDATORY PROGRAMS

1. New Programs:

The Budget includes several proposed mandatory funding programs for the Department of Education. The following are included in a proposed revised American Jobs Act:

- **School modernization**—\$30 billion in FY 12: “Funds would provide formula grants to States and school districts for the modernization, renovation, and repair of elementary and secondary school buildings. A portion (\$5 billion) of the funds would be provided to States to modernize community colleges (including tribal colleges)”.
- **Teacher stabilization**—\$25 billion in FY 12: “Funds would support formula grants to States to retain, rehire, and hire early childhood, elementary, and secondary educators, including teachers, guidance counselors, classroom assistants, after-school personnel, tutors, and literacy and math coaches” (it actually includes all school employees).

- **Strengthening the teaching profession**—\$5 billion in FY 12: Funds would support reforms at each stage of the teaching profession.
- **Career academies**—\$200 million per year for each of five years starting in FY 13: Funds would support grants to increase the number of students served by career academies.
- **Community College Initiative**—Provides \$8 billion total over three years (FY 12-14) to the Departments of Education and Labor to support State and community college partnerships with businesses to build the skills of American workers. ED would receive \$1.333 billion per year for each of FY 12-FY 14.

2. Other Mandatory Spending:

- **Presidential Teaching Fellows.** “The Administration proposes to overhaul and replace TEACH with the Presidential Teaching Fellows (PTF) program. The replacement program provides formula aid to States that hold teacher preparation programs accountable, expand the field of effective providers, and make career milestones like certification and licensure rigorous and meaningful. Fellows will have to be prepared to teach a high-need subject, such as mathematics or science, and commit to teach in a high-need school at least 3 out of 6 years after their fellowship begins”. = \$190 million
- **Maintain the Stafford loan interest rate** at the current low rate of 3.4 percent. The subsidized Stafford loan interest rate is set to rise to 6.8 percent beginning July 1, 2012. The Budget proposes to keep the interest rate at the current 3.4 percent for new loans issued through June 30, 2013. FY 12 cost = \$1.82 billion Eleven-year (FY 12 - FY 22) cost = \$5.77 billion.

3. Mandatory Savings:

- **Eliminate in-school interest subsidies for undergraduates after 150 percent of program length.** For a two-year degree program, a students would receive a subsidized loan for the first three years (150% of the length of the program), but if he/she attended beyond that period, interest on any additional loans would accrue. Students in a four-year degree program would receive subsidized loans for a maximum of six years. Savings: \$82 million in FY 13; ten-year savings = \$1.779 billion. The Budget proposes to apply these savings to the Pell grant program.
- **Adjust guaranty agency loan rehabilitation compensation:** The Budget proposes “two technical changes to guaranty agencies’ compensation for rehabilitating defaulted loans: (1) eliminating their current retention share of the original defaulted student loan amount, and (2) reducing to 16 percent the fee they can charge a borrower on a borrower’s outstanding balance. In addition, if a guaranty agency is unable to locate a private sector lender willing to purchase a rehabilitated loan, the guaranty agency will send the loan to the Department of Education instead. In such an event, the guaranty

agency would continue to earn a 16 percent collection fee.” This proposal saves \$3.4 billion over 10 years, which will be invested into maintaining the Pell Grant program maximum award. All of these savings would occur in FY 13.

- **Revise Perkins loans:** “The Budget proposes to expand and improve the Perkins Loan program to provide \$8.5 billion in loans annually, allocating lending authority among institutions on the basis of the financial need of students attending an institution, the extent to which institutions produce Pell-eligible graduates, and the extent to which institutions offer lower tuition prices or high amounts of non-Federal grant aid. This reform would replace the current program that is scheduled to terminate in 2014”. Would raise \$1.38 billion in FY 13.

Funding Summary
(In millions of dollars)

| | 2013 | 2014 | 2015 | 2016 | 2017 | 2013-2017 | 2013-2022 |
|-----------------------------------------------|--------|------|------|------|------|-----------|-----------|
| Proposed Changes from Current Law, Total..... | -3,472 | -164 | -187 | -187 | -187 | -4,197 | -5,168 |
| Limit In-School Interest Subsidy to 150%..... | -82 | -164 | -187 | -187 | -187 | -807 | -1,779 |
| Payments to Guarantee Agencies - FFEL..... | -3,390 | --- | --- | --- | --- | -3,390 | -3,390 |

II. DISCRETIONARY PROGRAMS

Overall discretionary spending at ED would increase by \$1.72 billion (+2.5%). Excluding Pell grants, total discretionary spending will increase by the same \$1.72 billion (+3.8%).

For ESEA, the Budget once again proposes to restructure programs based on the Administration’s ESEA blueprint. It would consolidate 38 programs into nine new funding streams. However, only 16 of those programs are currently funded in FY 12.

- *New programs (not including new programs based on consolidations):*
 - \$80 million for STEM teacher and leader training and professional development, funded through a set aside from the Effective Teachers and Leaders program.
 - Race to the Top: College Affordability and Completion fund = \$1 billion
 - Hawkins Centers of Excellence = \$30 million
- *Programs Increased:*
 - Promise Neighborhoods = +\$40.1 million (+67%)
 - Race to the Top = +301 million (+54.8%)
 - IDEA grants for infants and families = +\$20 million (+4.5%)
 - IDEA State personnel development = +\$1.1 million (+2.5%)
 - PROMISE = +\$28 million (+1,403%)
 - Federal work-study = +\$150 million (+15.4%)
 - International Education Domestic programs = +\$1.7 million (+2.5%)

- FIPSE = +\$67.6 million (+2,859%)
This includes the new \$55.5 million request for the “First in the World” (FITW) competition
- Research, development and dissemination = +\$12.5 million (+6.6%)
- Statistics = +\$6 million (+5.5%)
- Statewide Data Systems = +\$15 million (+39.4%)
- Head Start (in HHS) = +85 million (+1.1%)
- Child Care & Development Block Grant (in HHS) = +325 million (+14.3%)
- *Programs eliminated* (not including those proposed for consolidation):
 - Title I evaluation = -\$3.2 million
 - Impact Aid payments for federal property = -\$66.9 million
 - Training for real-time writers = -\$1.1 million
- *Programs cut:*
 - FIE programs for National Significance: = -\$4.5 million (-11.1%)
 - IDEA personnel preparation = -\$2.5 million (-2.8%)

- *Pell grants:*

The Budget proposes to maintain the current discretionary level of spending (\$22.824 billion). Coupled with mandatory funding, the Pell maximum award will increase by \$85 to \$5,635. The increase in the maximum is funded by mandatory funds and is based on the provisions of the Student Aid and Fiscal Responsibility Act (SAFRA). In FY 13 SAFRA provides for an increase in the maximum award based on the increase in the CPI.

The Budget projects a Pell grant surplus of \$2.033 billion in FY 12 which is carried over into FY 13. The FY 13 level includes a surplus of \$1.522 billion which would be carried over into FY 14. The Budget includes proposed legislative language to carry over these funds.

- *Programs frozen:*

All other discretionary programs are frozen at their FY 12 appropriated level. This includes Title I, School Improvement Grants, HEP/CAMP, migrant education, neglected/delinquent, homeless education, grants for state assessments, rural education, comprehensive centers, Native Hawaiian and Alaska Native education, 21st Century Community Learning Centers, Indian Education, Investing in Innovation, magnet schools, English Language Acquisition grants, IDEA state grants (though the federal share of special education funding would decline to 16%), IDEA preschool grants, IDEA parent education centers, IDEA technical assistance, IDEA technology and media services, career and technical education, adult education, SEOG, aid for HBCUs and other minority-serving institutions, TRIO, GEAR UP, higher education child care access, graduate assistance, regional education labs, research in special education and special education studies and evaluations.

- *Programs proposed for consolidation:*

- **ESEA:**

DEPARTMENT OF EDUCATION K–12 PROGRAM CONSOLIDATIONS

(In millions of dollars)

| | 2012 Enacted | 2013 Request | 2013 Change from 2012 |
|------------------------------------------------------------------------------------------|-----------------|-----------------|-----------------------------|
| Excellent Instructional Teams | | | |
| Effective Teachers and Leaders State Grants | | 2,467 | 2,467 |
| Teacher Quality State Grants | 2,467 | | -2,467 |
| Ready to Teach | | | |
| Teacher and Leader Innovation Fund | | 400 | 400 |
| Teacher Incentive Fund | 299 | | -299 |
| Advanced Credentialing | | | |
| Teacher and Leader Pathways | | 75 | 75 |
| Transition to Teaching | 26 | | -26 |
| Teacher Quality Enhancement | 43 | | -43 |
| Teachers for a Competitive Tomorrow | | | |
| Teach for America | | | |
| School Leadership | 29 | | -29 |
| Effective Teaching and Learning for a Complete Education | | | |
| Effective Teaching and Learning: Literacy | | 187 | 187 |
| Striving Readers | 160 | | -160 |
| Even Start | | | |
| Literacy through School Libraries | | | |
| National Writing Project | | | |
| Reading is Fundamental | | | |
| Ready-to-Learn Television | 27 | | -27 |
| Effective Teaching and Learning: Science, Technology, Engineering, and Mathematics | | 150 | 150 |
| Mathematics and Science Partnerships | 150 | | -150 |
| Effective Teaching and Learning for a Well-Rounded Education | | 90 | 90 |
| Excellence in Economic Education | | | |
| Teaching American History | | | |
| Arts in Education | 25 | | -25 |
| Foreign Language Assistance | | | |
| Academies for American History and Civics | | | |
| Close-Up Fellowships | | | |
| Civic Education | | | |
| Educational Technology State Grants | | | |
| Expanding Educational Options | | | |
| Expanding Educational Options | | 255 | 255 |
| Charter Schools Grants | 232 | | -232 |
| Credit Enhancement for Charter School Facilities ¹ | 23 | | -23 |
| Voluntary Public School Choice | | | |
| Parental Assistance Information Centers | | | |
| Smaller Learning Communities | | | |
| College Pathways and Accelerated Learning | | | |
| College Pathways and Accelerated Learning | | 81 | 81 |
| High School Graduation Initiative | 49 | | -49 |
| Advanced Placement | 27 | | -27 |
| Javits Gifted and Talented | | | |
| Supporting Student Success | | | |
| Successful, Safe and Healthy Students | | 196 | 196 |
| SDFS National Program Activities | 65 | | -65 |
| Elementary and Secondary School Counseling | 52 | | -52 |
| Physical Education | 79 | | -79 |
| Foundations for Learning | | | |
| Mental Health Integration in Schools | | | |
| Alcohol Abuse Reduction | | | |
| Race to the Top | 549 | 850 | 301 |
| Investing in Innovation | 149 | 150 | 1 |

¹ Appropriations language in 2012 requires the Secretary to use, from the amount appropriated in 2012 for Charter Schools Grants, not less than \$23 million for State Facilities Incentive Grants and Credit Enhancement for Charter School Facilities.

○ **Higher Education:**

“The Administration proposes to use the Fund for the Improvement of Postsecondary Education (FIPSE) authority to launch a new First in the World (FITW) competition and also proposes a consolidation that would improve efficiency and lower administrative costs, while establishing a more effective program. The new FITW competition program includes a tiered-evidence framework, modeled on the Department of Education's successful Investing in Innovation program at the K-12 level, which identifies, validates, and scales-up promising and effective practice. The initiative would also consolidate the Transition Programs for Students with Intellectual Disabilities into Higher Education and the new competition could include support for projects that enhance access and completion for students with disabilities. The small disability demonstration program would be replaced with a robust innovation program containing a tiered evidence framework.”

Funding Summary
(In millions of dollars)

| | 2012 Enacted | 2013 Request | 2013 Change from 2012 |
|--------------------------------------------------------------------------------------------|--------------|--------------|-----------------------|
| FIPSE (competitive grants)..... | 2 | 70 | 68 |
| Transition Programs for Students with Intellectual Disabilities into Higher Education..... | 11 | 0 | -11 |

○ **Vocational Rehabilitation**

“As part of broader Workforce Investment Act reforms, the Budget proposes to consolidate three Rehabilitation Act programs into the Vocational Rehabilitation (VR) State Grants Program.”

Funding Summary
(In millions of dollars)

| | 2012 Enacted | 2013 Request | 2013 Change from 2012 |
|--------------------------------------------|--------------|--------------|-----------------------|
| VR State Grants ¹ | 3,122 | 3,167 | 45 |
| Supported Employment State Grants..... | 29 | 0 | -29 |
| Migrant and Seasonal Farmworkers..... | 1 | 0 | -1 |
| VR Training (in-service portion only)..... | 5 | 0 | -5 |

¹Inclusive of discretionary changes to the mandatory baseline, set-asides, and consolidated programs.