



The Federal Investment in Education

COMMITTEE FOR EDUCATION FUNDING

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Society reaps many benefits from a well-educated population beyond just thoughtful adults well prepared to compete in a rapidly changing and interconnected world. A better educated workforce leads to more research and innovation, economic growth, and national security in many ways, not the least of which is a military ready for today's challenges. However, the United States currently invests only 2 percent of the federal budget on education.

The federal investment in education is important to all of us. It is crucial to ensure access to high quality education from pre-school to higher education, fill gaps where local and state funding is insufficient or where new priorities and needs arise, and help with the costs of federally mandated services, such as special education. Federal funding is targeted to where it is most needed - almost two thirds of appropriations for the Department of Education support teaching in low-income communities or aid for low-income college students. In addition, the student loan program is available to students at all income levels.

“The education of my child contributes to other people’s welfare by promoting a stable and democratic society” – Nobel Economist Milton Friedman

Education Funding Still Below 2010 Level Excluding Pell Grants

(Department of Education discretionary funds in billions)



*Senate Appropriations Committee bill rescinds \$1.1 billion of previously appropriated Pell Grant funding, which lowers the amount available but does not show in the 2017 total. CEF: 10/24/16

Federal education investment is low – The federal budget should reflect our country’s values, yet only about 2 percent of the federal budget is for education. Education programs have already been the target of deep cuts; Congress has eliminated 50 education programs since 2010. Funding for the Department of Education is still below what it was 7 years ago, excluding the Pell Grant program. In inflation-adjusted dollars, the cuts are even steeper than the nominal dollar cuts shown in the chart to the left. Funding for this year is still in limbo, even though we are more than one third of the way

through the fiscal year. Although Congress just enacted the Every Student Succeeds Act – updating the main K-12 education law – it cuts support for those programs in the proposed funding bills.

Federal funding plays an important role – Federal funding accounts for about 8 percent of all elementary and secondary education spending in the United States, but that small portion plays an outsized role. In some school districts, federal funding accounts for a far greater share of the total education budget, especially schools with a large percentage of poor students or students living on military bases or Native

American lands. For example, 24 million students at more than two thirds of all public elementary schools receive extra academic support under Title I (Education for the Disadvantaged), the largest K-12 program at \$15 billion. And Impact Aid supports 10 million students where funding can comprise up to half of a school district's income because the federal government – which pays no property taxes – owns much of the land in these communities. This federal funding can make a huge difference.

Federal investments can address unmet needs – The US education system is not succeeding for all students, and well targeted investments could make a difference. For example, in the latest international math assessment, American 15-year-olds did worse than students in 27 of the 33 industrialized nations in the Organisation for Economic Co-operation and Development. Nationally, 4.7 percent of high school students drop out each year but the rate is much higher – 7.2 percent – for students from low-income families, and students in the south had a higher dropout rate than students elsewhere. Federal investments can address particular issues to expand proven strategies to areas of need.

Federal education investments benefit all students – The federal investments in education benefit even those students who do not directly receive services paid for with federal dollars by targeting funding to meet specific needs and fill mandates. This frees up state and local dollars to cover other education costs, such as school construction and repair, specialized teacher training, transportation, etc. For example, federal law mandates that all students with disabilities have access to a free appropriate education and in return pledges to cover up to 40 percent of the additional cost associated with educating children with disabilities. However, the federal share of special education funding has never approached that level, so the vast majority is paid for by state and local education budgets. If the federal contribution rose, more of the state and local budgets could be used instead to meet other education needs.