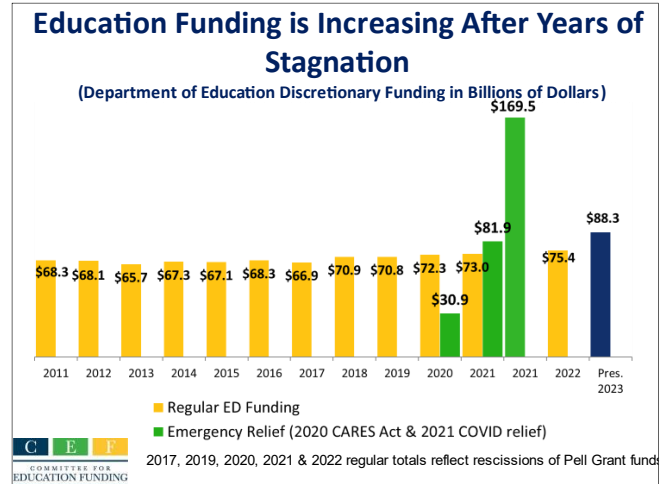




The Federal Investment in Education

April 2022

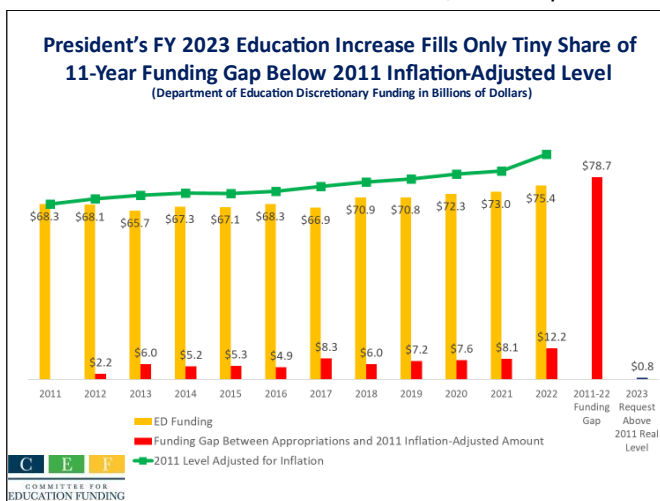
The pandemic highlighted the important role of education in society – to students, families, and the economy – while underscoring the many needs and inequities that remain. In 2020 and 2021, Congress provided emergency funding to address new pandemic-related costs. However, that funding does not cover long-standing and ongoing needs or longer-term costs as students face learning gaps, new social and emotional needs, and a changed landscape in classrooms, child care centers, and other education programs. The increased funding provided for 2022 and the President’s request for a sizeable increase for Department of Education programs for 2023, along with increases for education-related programs in other agencies, will start addressing the shortfall.



The federal investment in education is important to all yet the United States invests only about 2 percent of the regular federal budget on education. A larger investment would support a better educated workforce, leading to more research and innovation, economic growth, and better national security in many ways, not the least of which is a military prepared for today’s challenges. A bigger federal education investment would help ensure access to high quality education from pre-school to higher education, fill gaps where local and state funding is insufficient or where new 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, federal student loans are available to students at all income levels.

Federal education investment is low – Federal education funding was stagnant or cut for many years. Despite recent welcome but modest increases, Department of Education funding is more than \$12 billion below what it was in 2011 in inflation-adjusted dollars, as shown in the chart to the left.



Federal funding plays a key 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 significant percentage of poor students or students living on military bases or Native American lands. For example, 25 million students at nearly 60 percent of all public elementary schools receive extra academic support under Title I (Education for the Disadvantaged), the largest K-12 program at \$17.5 billion. More than 9 million students benefit from Impact Aid, which can comprise up to half of the income for school districts where the federal government – which pays no property taxes – owns much of the land. Both this type of formula funding as well as competitive grant funding for specific purposes can benefit teaching and learning.

Federal investments can address unmet needs – Despite its intent, the US education system is not succeeding for all students, and well targeted investments can make a difference. For example, in [the latest international math assessment](#), American 15-year-olds continue to score below the average of the industrialized nations in the Organisation for Economic Co-operation and Development. Nationally, 5.3 percent of high-school aged students have dropped out, but the rates are much higher for students with disabilities and who are Hispanic. Federal investments can address these and other specific issues to expand proven strategies to areas of need.

Federal education investments benefit all students – Federal investments in education benefit even those students who do not directly receive services provided by 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 state and local education budgets cover most of the costs. When the federal contribution rises, more of the state and local budgets is available to meet other education needs.

CEF information resources:

- [CEF's education "budget book"](#) describes the national education programs, shows their funding history, outlines existing needs, offers downloadable education charts, and provides contact information for a CEF-member expert to answer any questions.
- [CEF's education funding table](#) shows current and past funding for federal education and related programs.