

FISCAL YEAR 2012 PRESIDENTIAL BUDGET REQUEST: INITIAL SUMMARY & ANALYSIS OF U.S. DEPARTMENT OF EDUCATION PROGRAMS

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INTRODUCTION

On Monday, February 14, 2011, President Obama presented to Congress his proposed Fiscal Year 2012 (FY12) budget (even as debate over the pending FY11 budget continues). Despite an extremely difficult budgetary environment and the President's commitment in the State of the Union to reduce overall government spending, the President proposes a modest *increase* in federal education funding. The President's proposed education budget is expressly tied to his goal of increasing college- and career-readiness and positioning the United States to lead the world in having the highest proportion of college graduates by 2020. This includes a thematic focus on supporting state and local efforts to strengthen early learning opportunities, implement college- and career-ready standards and aligned assessment and accountability systems; strategically improving teacher and leader effectiveness, including the use of evidence-based evaluation systems linked to student achievement; building longitudinal and instructional data systems; promoting innovation through competitive programs; and significantly improving college access and completion.

The budget request for the Department of Education picks up right where the President left off in FY11 – tying his proposed FY12 budget to reauthorization of the Elementary and Secondary Education Act (ESEA) and proposing flat or increased funding across education priorities consistent with the Administration's 2010 “Blueprint” for ESEA Reauthorization. For early learning, the President renewed his commitment to support state efforts to improve program quality and increased support in the Health and Human Services budget for Head Start and the Child Care and Development Block Grant. In terms of higher education, the President's FY12 budget proposes changes to the Pell Grant program to both maintain significant per-pupil spending and reduce costs through a variety of reforms. The proposal also includes a significant new focus on research and dissemination, including the creation of a new (DARPA-esque) “Advanced Research Projects Agency-Education.”

Overall, the President proposes to increase spending on Department of Education discretionary programs by approximately \$2 billion to \$48.8 billion (not counting discretionary spending on Pell Grants, which the President would also increase by more than \$5 billion to \$28.6 billion). This commitment to Pell in a tough budget climate and given the program's growing shortfalls

may present challenges in funding other elements of the education budget. Notably, the President seeks to fund several new initiatives through mandatory spending, which seems unlikely in the present budget environment but might signal an Administration strategy to reallocate existing mandatory resources.

The President's proposal will confront severe fiscal and political realities on Capitol Hill, particularly including House Republicans, who last week released a plan for completing the FY11 budget that proposes \$58 billion in cuts across domestic discretionary programs, including a nearly \$5 billion reduction in the Department of Education's budget. Ongoing federal revenue shortfalls and the House's FY11 proposal suggest that the President's FY12 request will face serious opposition on Capitol Hill. Congress's ability or inability to take action on the FY11 budget before the current Continuing Resolution expires on March 4 will be a key indicator of whether Republicans and Democrats will be able to collaborate to manage the federal budget or whether the country will face budgetary gridlock (and possibly a temporary government shutdown) until after the 2012 presidential election.

The purpose of this memorandum is to provide an initial analysis of the FY12 education budget request and to highlight key accounts. A more detailed funding chart is attached.

KEY THEMES IN THE PRESIDENT'S FY12 BUDGET REQUEST

COLLEGE- AND CAREER-READY STANDARDS, ASSESSMENTS AND ACCOUNTABILITY

The FY12 request maintains a strong thematic focus on revamping Title I to promote implementation of college and career ready standards, including investments to help states develop aligned assessments and effective accountability systems, and prepare all students for success. This includes:

- **\$14.8 billion for Title I** grants with a focus on statewide accountability systems linked to college and career ready standards and assessment (renaming the Title I program "College and Career Ready Students");
- **\$600 million for the School Turn-Around Grants program** (\$55M increase) to support rigorous interventions in lowest performing schools (consistent with the Administration's four school improvement models);
- **\$420 million for the Assessing Achievement program** (\$9M increase) to help states improve the quality of their assessments aligned to college- and career-ready standards (with a focus on accurately measuring student growth, more reliably measuring student

achievement and teacher and school effectiveness, and helping teachers tailor instruction).

The budget request also seeks **\$750 million for English Learning Education** and **\$11.7 billion for Special Education Grants** (\$200 million increase).

TEACHER AND LEADER EFFECTIVENESS

The Administration's budget request maintains a strong focus on the President's goal of ensuring that every student has a great teacher by investing in recruiting, preparing, supporting, rewarding and retaining effective teachers and school leaders. This includes a move away from NCLB's focus on inputs (Highly Qualified Teacher requirements) to a structure for promoting and supporting teacher effectiveness, including new teacher evaluations systems using student achievement as a primary, but not sole, factor. The Administration is seeking:

- **\$3.25 billion for the Excellent Instructional Teams initiative**, which proposes to consolidate nine existing teacher/leader programs and providing **\$2.5 billion for Effective Teachers and Leaders State Grants** (revamping the existing state formula program for professional development to focus on teacher and leader evaluations), **\$500 million for the Teacher and Leader Innovation Fund** (a new name for the existing competitive Teacher Incentive Fund to focus on use of evaluations), and **\$250 million for Teacher and Leader Pathways** (recruiting, preparing and placing promising teachers in high need schools);
- **\$185 million (mandatory spending) for a new Presidential Teaching Fellows** program, which would make formula grants to states to provide scholarships of up to \$10K to talented individuals who attend high-performing teacher preparation programs and who commit to teaching at least three years in a high need school. (The program would replace the present TEACH Grants initiative, which provides smaller (\$4k), but similar grants.);
- **\$835 million for the Effective Teaching and Learning for a Complete Education initiative** (\$15M increase for the aggregated programs), which consolidates 15 existing programs (including teaching programs focused on STEM and Literacy aligned with college and career ready standards).

DATA SYSTEMS, RESEARCH AND EVIDENCE BASED DECISION MAKING

The budget request includes a substantial increase for data and research initiatives. The Administration requested:

- **\$100 million for the Statewide Data Systems** (\$42M increase) program to help States improve the availability and use of data on student learning, teacher performance and college- and career-readiness (the Department proposes to use \$15 million to support public/private organizations to support data coordination, quality and use at the local, State and national levels);
- **\$260 million was requested for Institute of Education Sciences activities related to Research, Development, and Dissemination** (\$60M increase), including evaluations of interventions to increase college access and completion and the Promise Neighborhoods program. **\$117 million is requested for Statistics**, including creating a new National Center for Education Statistics study for sub-baccalaureate education and training for adults. See also proposed new **Advanced Research Projects Agency-Education**, discussed below.

INNOVATION AGENDA

Building on the President's State of the Union message, the Administration's proposed FY12 budget for the Department of Education places a heavy emphasis on promoting innovation through continuing and new competitive grant programs and research investments.

- The request seeks **\$900 million to continue Race to the Top** (proposing a *district-only* program for FY12, but seeking authorization for an ongoing state and district program) and **\$300 million for the Investing in Innovation** program (largely maintaining the initiative's existing structure and priorities);
- The President's request also proposes to provide **\$90 million for a new "Advanced Research Projects Agency - Education,"** modeled after the Defense Department's noted research arm. Funding for the initiative would be provided through a combination of discretionary and mandatory spending;
- The Administration also proposes to launch a **"Pay for Success"** initiative to promote innovative strategies for delivering public services at lower cost to taxpayers and payable in exchange only for successful outcomes (which may have important implications for the federal-foundation partnership);
- Under the President's proposal, **charter and voluntary public school choice programs would share \$372 million and magnet schools would receive \$110 million. \$150 million is sought for the Promise Neighborhoods** program to help students most at risk for academic failure.

EARLY LEARNING

The President's budget seeks **\$350 million for the Early Learning Challenge Fund, \$489 million for IDEA Part C, \$374 million for IDEA Part B -Section 619, and \$150 million for Promise Neighborhoods**. Note above that additional research funding is sought to evaluate the Promise Neighborhoods program and the Department's state data systems request continues to focus on building early learning to higher education data systems.

The Department notes that "[s]ignificant evidence from research and evaluation demonstrates that high-quality early learning programs and services are among the most cost effective investments in improving health, social-emotional, and cognitive outcomes, increasing school readiness across a range of domains; and closing and even preventing achievement gaps."

The budget request connects early learning to the President's college and career ready agenda, but on first review does not appear to make a direct appeal for better integrating early learning into the ESEA.

For purposes of this section, it is important to also note that the funding increases have been proposed for Head Start and the Child Care Development Block Grant (CCDBG) within the Department of Health and Human Services. Head Start is proposed to receive an \$866 million increase to \$8.1 billion and an increase of \$1.3 billion to CCDBG for a total of \$3.4 billion.

COLLEGE ACCESS AND COMPLETION

The Administration describes college and career readiness as the "new standard for K-12 education" because students will need some post-secondary education to compete for jobs. The President's request continues a big focus on Pell and advances several new, modest investments geared toward college completion. The requests include:

- **\$41 billion for Pell Grants** (\$28.6 discretionary and \$12.6 mandatory, maintaining a maximum award of \$5,550). This increase demonstrates that helping families pay for higher education remains a major (even primary) priority for the Administration. The President's budget request seeks several reforms to control program costs, including eliminating students' ability to get a second Pell grant in an award year, eliminating the payment of interest subsidies for graduate and professional student loans, and a new option for loan conversion. The Pell Grant's significant cost relative to the overall Department of Education budget (including shortfalls expected for the program in FY11) will be central to the FY11 and FY12 budget debate on Capitol Hill given that its growth may begin to crowd out other education priorities.

- **\$2.3 billion for Higher Education Programs**, including **\$150 million to support the proposed "First in the World"** competition, modeled after i3, to promote post-secondary innovation and **\$40 million for the Hawkins Centers of Excellence** program to reform teacher education programs at minority serving institutions;
- **\$50 million in mandatory funding for a new College Completion Incentive Grants** program to encourage colleges to help students enroll and complete school and reward institutions that produce successful outcomes;
- **\$920 million for TRIO** programs to help disadvantage students enroll in and complete college and **\$323 million for GEAR UP**; and **\$86 million for College Pathways and Accelerated Learning** to increase graduation rates and prepare students for college matriculation by providing college-level and other accelerated courses (e.g. AP/IB, dual enrollment, and "early college high schools."

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Education Department Budget by Major Program	2006 Appropriation	2007 Appropriation	2008 Appropriation	2009 Appropriation and Recovery Act	2010 Appropriation	2011 Continuing Resolution	2012 President's Request	Proposed Increase/Decrease Compared to 2011 CR
Elementary and Secondary (Core Formula)								
ESEA Title I Grants to Local Educational Agencies	\$12.7B	\$12.8B	\$13.8B	\$24.9B	\$14.5B	\$14.5B	\$14.8B	\$300M
IDEA State Grants	\$10.6B	\$10.7B	\$10.9B	\$22.8B	\$11.5B	\$11.5B	\$11.7B	\$200M
Improving Teacher Quality State Grants	\$2.9B	\$2.9B	\$2.9B	\$2.9B	\$2.9B	\$2.9B	\$2.5B	(\$4B)
Career and Technical Education	\$1.3B	\$1.3B	\$1.3B	\$1.3B	\$1.3B	\$1.3B	\$1B	(\$300M)
State Assessments	\$408M	\$408M	\$408M	\$408M	\$410M	\$410M	\$420M	\$10M
Impact Aid	\$1.2B	\$1.2B	\$1.2B	\$1.4B	\$1.3B	\$1.3B	\$1.3B	No Change
School Improvement Grants (1003 (g))	0	\$125M	\$491M	\$3.5B	\$546M	\$546M	\$600M	\$54M
Elementary and Secondary (Select Competitive and Proposed)								
Race to the Top	0	0	0	\$4.35B	0	0	\$900M	\$900M
Investing In Innovation Fund	0	0	0	\$650M	0	0	\$300M	\$300M
Teacher and Leader Pathways (Proposed Legislation)	0	0	0	\$0	0	0	\$250M	\$250M
Teacher and Leader Innovation Fund (TIF) (Proposed Legislation)	\$99M	\$200M	\$97M	\$297M	\$400M	\$400M	\$500M	\$100M
Advance Research Projects Agency - Education (Proposed Legislation)	0	0	0	0	0	0	\$90M	\$90M
College Pathways and Accelerated Learning (Proposed Legislation)	0	0	0	0	0	0	\$86M	\$86M
Promise Neighborhoods	0	0	0	0	\$10M	\$10M	\$150M	\$140M
Longitudinal Data Systems (IES)	\$25M	\$25M	\$48M	\$315M	\$58M	\$58M	\$100M	\$42M
21st Century Community Learning Centers	\$981M	\$981M	\$1B	\$1.1B	\$1.2B	\$1.2B	\$1.3B	\$100M
Magnet Schools	\$107M	\$107M	\$105M	\$105M	\$100M	\$100M	\$110M	\$10M
Postsecondary								
Federal Pell Grants (Discretionary and Mandatory)	\$17.3B	\$13.6B	\$16.2B	\$36B	\$22.8B	\$41.9M	\$41.2B	(\$700M)
Federal TRIO Programs and Mandatory Upward Bound	\$828M	\$828M	\$828M	\$905M	\$910M	\$910M	\$920M	\$10M
Other								
Early Learning Challenge Fund	0	0	0	0	0	0	\$350M	\$350M
English Language Acquisition	\$669M	\$669M	\$700M	\$730M	\$750M	\$750M	\$750M	No Change
Research, Development, Dissemination	\$228M	\$228M	\$225M	\$167M	\$200M	\$200M	\$260M	\$60M
Statistics	\$90M	\$90M	\$88M	\$99M	\$109M	\$109M	\$117M	\$8M
NAEP and NAGB	\$93M	\$93M	\$104M	\$139M	\$139M	\$139M	\$143M	\$4M