

FY 2013 Budget Request

Program	FY 2012	Administration FY 2013 Request	Difference
DEPARTMENT OF EDUCATION			
Education for the Disadvantaged			
Title I, Part A (ESEA)	\$14,516,457,000	\$14,516,457,000	\$0
School Improvement Grants (SIG)	\$533,522,000	\$533,522,000	\$0
Striving Readers *	\$159,698,000	\$0	(\$159,698,000)
Migrant Education (ESEA I-C)	\$393,236,000	\$393,236,000	\$0
Neglected and Delinquent (ESEA I-D)	\$50,231,000	\$50,231,000	\$0
Title I Evaluation	\$3,194,000	\$0	(\$3,194,000)
High School Graduation Initiative *	\$48,809,000	\$0	(\$48,809,000)
School Improvement Programs			
Title II, Part A (ESEA Teachers) **	\$2,466,567,000	\$2,466,567,000	\$0
Math and Science Partnerships (ESEA II, Part B) **	\$149,716,000	\$149,716,000	\$0
21 st Century Community Learning Centers	\$1,151,673,000	\$1,151,673,000	\$0
State Assessments/Enhanced Assessment Instruments	\$389,214,000	\$389,214,000	\$0
Homeless Education (McKinney-Vento)	\$65,173,000	\$65,173,000	\$0
Education for Native Hawaiians	\$34,181,000	\$34,181,000	\$0
Alaska Native Education Equity	\$33,185,000	\$33,185,000	\$0
Rural Education	\$179,193,000	\$179,193,000	\$0
Innovation and Improvement			
Race to the Top (RTTT)	\$548,960,000	\$850,000,000	\$301,040,000
Investing in Innovation (i3)	\$149,417,000	\$150,000,000	\$583,000
Teacher Incentive Fund **	\$299,433,000	\$400,000,000	\$100,567,000
Transition to Teaching *	\$26,054,000	\$0	(\$26,054,000)
Teaching American History	\$0	\$0	\$0
School Leadership *	\$29,107,000	\$0	(\$29,107,000)
Charter School Grants **	\$255,036,000	\$255,036,000	\$0
Voluntary Public School Choice *	\$0	\$0	\$0
Magnet Schools Assistance	\$99,611,000	\$99,611,000	\$0
Advanced Placement *	\$26,949,000	\$0	(\$26,949,000)
Ready to Learn TV *	\$27,194,000	\$0	(\$27,194,000)
FIE National Significance	\$40,823,000	\$36,276,000	(\$4,547,000)
Arts in Education *	\$24,953,000	\$0	(\$24,953,000)
Special Education			
IDEA, Part B	\$11,577,855,000	\$11,577,855,000	\$0
IDEA, 619 (Preschool Grants)	\$372,646,000	\$372,646,000	\$0
IDEA, Part C (Infants and Toddlers)	\$442,710,000	\$462,710,000	\$20,000,000
State Personnel	\$43,917,000	\$45,011,000	\$1,094,000
Technical Assistance	\$46,781,000	\$46,781,000	\$0
Personnel Preparation	\$88,299,000	\$85,799,000	(\$2,500,000)
Parent Information Centers	\$28,917,000	\$28,917,000	\$0
Technology in Media Services	\$29,588,000	\$29,588,000	\$0
Special Olympics	\$8,000,000	\$8,000,000	\$0

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Other Education Programs			
Pell Grants (Discretionary)	\$22,824,000,000	\$22,824,000,000	\$0
Maximum Pell (including mandatory add-on)	\$5,550	\$5,635	\$85
Promise Neighborhoods	\$59,887,000	\$100,000,000	\$40,113,000
Career and Technical Education State Grants	\$1,123,030,000	\$1,123,030,000	\$0
Supplemental Educational Opportunity Grants (SEOG)	\$734,599,000	\$734,599,000	\$0
Teacher Quality Partnership (HEA, Title II) *	\$42,833,000	\$0	(\$42,833,000)
TRIO	\$839,932,000	\$839,932,000	\$0
GEAR-UP	\$302,244,000	\$302,244,000	\$0
Research, Development and Dissemination (IES)	\$189,787,000	\$202,273,000	\$12,486,000
NCES (IES)	\$108,748,000	\$114,748,000	\$6,000,000
NAEP	\$129,616,000	\$124,616,000	(\$5,000,000)
Statewide Data Systems	\$38,077,000	\$53,077,000	\$15,000,000
Comprehensive Centers	\$51,113,000	\$51,113,000	\$0
Regional Labs	\$57,426,000	\$57,426,000	\$0
English Language Acquisition (ESEA III, Part A)	\$732,144,000	\$732,144,000	\$0
Elementary and Secondary Counseling *	\$52,296,000	\$0	(\$52,296,000)
Full Service Community Schools	\$0	\$0	\$0
First in the World	\$0	\$55,500,000	\$55,500,000
Race to the Top College Affordability and Completion	\$0	\$1,000,000,000	\$1,000,000,000
Unfunded Education Programs (at least 2 consecutive years)			
Close Up Fellowships (ESEA Section 1504)	\$0	\$0	\$0
Even Start (ESEA I-B-3)	\$0	\$0	\$0
Literacy Through School Libraries (ESEA I-B-4)	\$0	\$0	\$0
Advanced Credentialing (ESEA Section 2151(b)) *	\$0	\$0	\$0
Troops-to-Teachers (ESEA II-C-1-B)	\$0	\$0	\$0
National Writing Project (ESEA II-C-2)	\$0	\$0	\$0
Civic Education (ESEA II-C-3)	\$0	\$0	\$0
Education Technology State Grants (ESEA II-D)	\$0	\$0	\$0
Academies for American History and Civics (ESEA V-D)	\$0	\$0	\$0
Reading is Fundamental (ESEA V-D, Subpart 5)	\$0	\$0	\$0
Javits Gifted and Talented (ESEA V-D, Subpart 6)	\$0	\$0	\$0
Foreign Language Assistance (ESEA V-D, Subpart 9)	\$0	\$0	\$0
Exchanges with Historic Whaling and Trading Partners (ESEA V-D, Subpart 12)	\$0	\$0	\$0
Excellence in Economic Education (ESEA V-D, Subpart 13)	\$0	\$0	\$0
Mental Health Integration (ESEA V-D, Subpart 14, Section 5541)	\$0	\$0	\$0
Foundations for Learning (ESEA V-D, Subpart 14, Section 5542)	\$0	\$0	\$0
Parental Information and Resources Centers (ESEA V-D, Subpart 16)	\$0	\$0	\$0
Women's Educational Equity (ESEA V-D, Subpart 21)	\$0	\$0	\$0
Leveraging Education Assistance Partnerships (LEAP) (HEA IV-A-4)	\$0	\$0	\$0
Teach for America (HEA VIII-F)	\$0	\$0	\$0

* Program is consolidated into a larger Administration initiative in the 2013 Budget Request

** Program is replaced with a new initiative in the 2013 Budget Request



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Analysis of the President's FY 2013 Budget Request for the U.S. Department of Education

The FY 2013 budget request was submitted to Congress by the Obama Administration on February 13, 2012. Below is a summary and analysis of the portion of this budget request pertaining to the U.S. Department of Education (ED).

Top Line Funding and Major Issues

The budget request proposes \$69.8 billion in discretionary spending for ED (compared to \$77.4 billion in the FY 2012 Request). Of this amount, \$22.8 billion alone is designed to fund the Pell grant program and its maximum grant of \$5,635 (compared to \$28.6 billion under the FY 2012 budget request). Despite changes to Pell and other student loan eligibility in the FY 2012 Appropriations, demand, the financial need of recipients, and the impact of recent legislative changes have caused this program to become a sizeable portion of the ED budget in the last few years. Apart from a few key initiatives described below, most programs (which are not proposed for consolidation or elimination) are level funded at the FY 2012 enacted level.

Department of Education Discretionary Appropriations (in billions of dollars)

	FY 2012 Enacted Level	FY 2013 Request	Difference
Total	\$68.1	\$69.8	+ \$1.7
Discretionary (without Pell)	\$45.3	\$47.0	+ \$1.7
Pell	\$22.8	\$22.8	\$0.0

Additional funding through the American Jobs Act – In addition, the request calls for \$30 billion to modernize schools and \$25 billion to help states and localities retain and hire teachers and first responders through the American Jobs Act.

Elementary and Secondary Education – The budget request continues to recognize Race to the Top (RTTT) and Investing in Innovation (i3) as signature priorities of the Obama Administration, requesting \$850 million and \$150 million respectively for these programs. As in the FY 2012 budget request, the Administration proposes to open the RTTT competition to school districts. The request also calls for a significant portion of the \$850 million for RTTT to be used for early childhood. In addition, the request outlines a one-time, \$5 billion mandatory spending allocation through the American Jobs Act that would provide funds to states and districts to undertake various teacher related reforms, including reforming colleges of education, ensuring teacher earnings are more tied to performance, creating evaluation systems based on multiple measures, and reforming teacher tenure.

Higher Education – The Department calls for the creation of a new \$1 billion College Affordability and Completion RTTT program and a \$55.5 million First in the World program that is essentially a higher education version of i3 focused on completion, lowering costs and increasing quality and capacity. The budget request also calls for a new \$8 billion (over 3 years)

mandatory spending community college initiative that would be jointly administered by ED and the Department of Labor. This program is designed to support community college partnerships with businesses. Also included in the budget request is a \$1 billion initiative (over 3 years) to expand career academies.

Program Elimination and Consolidation – As with the FY 2012 request, the FY 2013 budget request calls for major consolidation and/or elimination of programs across several areas of ED, but mostly under the Elementary and Secondary Education Act (ESEA). Specifically, the budget request consolidates 38 ESEA programs into 11 individual programs (in FY 2012 Congress did not provide funding for 22 of the 38 programs).

Major Funding Increases and Decreases and Discussion of Policy initiatives

Elementary and Secondary Education

Race to the Top and Investing in Innovation

As stated above, the request calls for \$850 million and \$150 million for the RTTT and i3 programs respectively. The request calls for a portion of the RTTT funding to be used for RTTT-Early Learning Challenge Grants that were implemented with FY 2011 funding. Under i3, priority could be given to early learning and science, technology, engineering, and mathematics (STEM). A portion of i3 funding would also be used to support the Advanced Research Projects Agency-Education (ARPA-ED) initiative that was proposed in the FY 2012 budget request.

ESEA Reauthorization

As stated above, the budget request calls for the reauthorization of ESEA consistent with the Administration's blueprint issued in March 2010. The budget request states that adequate yearly progress (AYP) under ESEA would be replaced with a new metric that takes into account student achievement, growth and progress. ESEA's 2014 deadline for all students to reach proficient levels of academic achievement would be replaced with a goal of having all students be on track for graduating from high school ready for college or a career by 2020.

As part of the reauthorized ESEA, states and school districts would be required to implement one of four rigorous school turnaround models in the bottom 5 percent of schools in each state. These four models likely mirror the requirements of the current School Improvement Grant (SIG) program (renamed School Turnaround Grants under the budget request). Additionally, "research-based locally determined strategies" would have to be implemented in schools in the bottom 5 to 10 percent of schools in each state. Lastly, schools that are not closing achievement gaps and are not in the two categories described above would have to implement other interventions such as expanded learning time, supplemental educational services, etc.

Teacher and Principal Quality

As with the 2012 request, the FY 2013 budget request proposes to consolidate the School Leadership, Teacher Quality Partnership and Transition to Teaching programs in a Teacher and Leader Pathways authority. The request also includes \$400 million for a Teacher and Leader Innovation Fund – essentially the Administration's new version of the Teacher Incentive Fund.

The request maintains level funding for the main ESEA Title II Teacher and Principal formula grant program, but calls for 25 percent of this funding to be reserved for competitive grants for

the purpose of improving teacher pathways and enhancing the teaching and leadership professions.

Charter Schools

As with past years, the 2013 budget request consolidates the Charter School program into a new Expanding Educational Options program. This new initiative would fund both charter schools and public school choice activities. Unlike past years however, the only program funding remaining for consolidation into this new initiative is the \$255 million appropriated for the charter school program in FY 2012. This new consolidated authority would use resources that are now reserved for charter schools that could potentially be used for public school choice that were previously authored under the Voluntary public school choice program. This could have the effect of diluting the program's impact on charter schools.

21st Century Community Learning Centers

The request level funds the 21st Century Community Learning Centers program at \$1.151 billion and maintains the focus of the Administration's reauthorization proposal by allowing before- and after-school programs, summer enrichment programs, summer school programs, expanded learning time programs, and full-service community schools.

STEM

The budget request proposes \$30 million to support the development and implementation of a K-12 STEM initiative. This funding would be combined with \$30 million from the National Science Foundation. In addition, the request proposes to replace the existing ED Mathematics and Science Partnership program with a new STEM initiative focused on effective teaching and learning. Lastly, the request proposes a priority for STEM projects under the i3 program.

Other Programs

Funding Impact Aid (except for the Payments for Federal Property Program which is eliminated), the Comprehensive Centers, the English Language Learners formula program, Rural Education, Migrant Education, and Neglected and Delinquent are all level funded at FY 2012 enacted levels.

Higher Education (including Pell and Student Loan Programs)

RTTT – College Affordability and Completion and First in the World

The budget request proposes a new RTTT program focused on college affordability and completion funded at \$1 billion and a "First in the World" program funded at \$55.5 million (essentially an i3 program at the postsecondary level) that would provide incentives and rewards for innovation around reducing costs and improving outcomes in postsecondary education.

Interest Rates on Subsidized Student Loans

Interest rates on subsidized student loans are scheduled to rise from 3.4 percent to 6.8 percent in July of this year. The budget request proposes to delay this increase for one year, maintaining the 3.4 percent interest rate until July 2013.

Community College Initiative

The request includes a new initiative jointly administered by ED and the Department of Labor to improve access to job training and increase community college partnerships with businesses. This initiative would be funded at \$8 billion over 3 years.

Campus-Based Aid Changes

The request level funds the Supplemental Educational Opportunity Grant (SEOG) program and increases Work-Study funding by \$150 million compared to the FY 2012 enacted level. The Administration proposes to change the formula which allocates SEOG and Work-Study funding to institutions of higher education (IHEs) to provide larger amounts to IHEs which hold down tuition and costs.

The Administration also proposes a new Perkins Loan program similar to their proposal in the FY 2011 and FY 2012 requests. ED estimates that this program will provide \$8.5 billion in new loan volume annually. Loans would be serviced by ED and not colleges. The loans would carry a 6.8 percent interest rate and maintain the same allowed loan amounts as the current Perkins program. Interest on loans would accrue while students are in school.

Pell

Mandatory funding provided in the Budget Control Act has temporarily stabilized funding for the Pell Grant program. The budget request maintains a \$22.8 billion discretionary level of funding, the same as the FY 2012 enacted level. The maximum Pell grant is scheduled to increase to \$5,635 for the 2013-2014 award year. The Department projects that the request will provide 9.7 million students with Pell grants. The budget request proposes two sets of changes to student loan programs and their operation to make a pay for additional Pell costs in subsequent years. These changes include:

- Eliminating in-school interest subsidies for students at more than 150 percent of the normal time to completion of a program. Under the request, students who have gone beyond credit accumulation totaling more than 150 percent of the amount needed to complete an educational program would have their subsidized student loans begin to accrue interest while they were in school. This would save \$1.8 billion over 10 years.
- Changes to Guarantee Agencies (GAs) compensation for loan rehabilitation services. Under the request, if a GA is unable to find a private buyer for a rehabilitated loan, it would be required to assign it to ED, earning a 16 percent collection fee. In addition, the request calls for a reduction in the fee which GAs can charge borrowers who have rehabilitated their loans to 16 percent. This would save \$3.4 billion over 10 years.

Presidential Teaching Fellows Program

The TEACH Grant program is proposed to be replaced in the budget request by a Presidential Teaching Fellows program (PTF). This proposal was first made in the 2012 budget request. PTF, funded with mandatory spending, would provide grants to states to award scholarships of up to \$10,000 to individuals who attend high performing teacher preparation programs and commit to teaching in a high need school.



Special Education and Rehabilitative Services

IDEA Part B State Grants

The Administration's request level funds the Part B, Grants to States program, placing the federal share of funding for special education at approximately 16 percent. The budget request estimates that this would provide \$1,762 per child for an estimated 6.6 million students with disabilities.

PROMISE

The budget requests \$30 million for the Promoting the Readiness of Minors in SSI program to fund state pilots to improve the educational health and employment outcomes of children with disabilities who receive Supplemental Security Income (SSI). This program received \$2 million in FY 2012.

Vocational Rehabilitation

Vocational Rehabilitation state grants receive a \$45.4 million increase under the budget request. In addition, Supported Employment State Grants and Migrant and Seasonal Farmworkers programs are eliminated as they were in the FY 2012 request. Demonstration and training programs receive a \$425,000 increase compared to the FY 2012 enacted level, with this increase marked for technical assistance to VR state agencies.

Assistive Technology

These programs are funded at \$30.8 million, a decrease of \$2 million, with \$25.6 million for state grants, \$4.3 million for protection and advocacy, and \$1 million for technical assistance.

Government wide Disability Program Review

The budget request also specifically states that ED will be participating in a government-wide review to improve the effectiveness of disability programs through coordination and better alignment.

Career, Technical and Adult Education

Career and Technical Education

The budget request calls for level funding for Career and Technical Education State Grants (reversing last year's request to reduce the program by \$160 million) and signals the Administration's intent to put forth a reauthorization proposal.

Adult Education

Adult Education state grants are level funded at \$595 million – the FY 2012 enacted level. \$15 million of this is to support a Workforce Innovation Fund along with the Department of Labor. This Fund would support competitive grants that propose innovative means of improving services and outcomes under the Workforce Investment Act (WIA).

Research

IES

The budget request increases overall funding for IES by \$27.5 million. This is intended to permit IES to award up to \$30 million in new research and development grants. NCES would receive \$6 million in additional funding to support state participation in the Program for International Student Assessment (PISA).

Statewide Data Systems would receive an additional \$15 million. Regional Educational Labs would be level funded at the FY 2012 enacted level, as well as special education research.

NAEP/NAGB

The budget request cuts NAEP funding by \$5 million compared to the FY 2012 enacted level and cuts NAGB by \$1 million. Under the request, the Administration intends to conduct the 2013 national and state reading and math assessments at grades 4, 8, and 12, as well as continue the trial Urban NAEP. In the budget request, the Administration makes an affirmative statement that this reduced level of funding for NAEP is sufficient.