



# APPROPRIATIONS COMMITTEE DEMOCRATS

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## SUMMARY OF SECOND CONFERENCE AGREEMENT FY 2006 LABOR-HHS-EDUCATION APPROPRIATIONS

### Overview

The new conference report on the FY 2006 Labor-HHS-Education Appropriations Act for FY 2006 reflects only a few modest changes from the earlier version that was defeated by the House on November 17.

It provides a total of \$142.9 billion in discretionary appropriations on a program basis--*\$1.6 billion or 1.1 percent less than the comparable figure for last year.\** On this basis, the new conference report is \$90 million *less* than the defeated conference report, \$59 million *less* than the House-passed bill, and \$2.6 billion *less* than the Senate version.

The Republican leadership has indicated that it intends to enact an across-the-board cut of about one percent in FY 2006 discretionary appropriations. While the precise percentage reduction has not yet been determined, a one percent government-wide cut would further reduce funding for the programs in the new conference report by \$1.4 billion.

Thus, FY 2006 discretionary appropriations for labor, health and human service, and education programs could be cut a total of \$3.0 billion or 2.1 percent below last year: \$1.6 billion in the new conference report and \$1.4 billion through a government-wide one percent cut.

While this summary primarily provides the details of the second conference report for FY 2006 Labor-HHS-Education Appropriations, it also gives selected impacts of a one percent across-the-board cut in these appropriations.

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\* This "program level" figure refers to total funding for non-entitlement programs covered by the bill, before taking account of rescissions, legislative provisions, emergency designations and other scorekeeping adjustments. On a budget scoring basis (i.e., after rescissions and other adjustments), the conference report is \$1.2 billion or 0.8 percent below the last year. In both cases, the comparable FY 2005 levels include amounts for administration of the new Medicare drug benefit that were funded through direct appropriations in the drug benefits authorizing law during fiscal years 2004 and 2005 but must be covered from regular discretionary appropriations starting in FY 2006.

### *Changes Made to the Defeated Conference Report*

The new conference report provides exactly the same total funding on a budget-scoring basis as the defeated report. Although the Senate voted 66 to 28 to instruct its conferees to insist that \$2.183 billion in on-going LIHEAP funding be designated as an emergency matter in order to free-up a comparable amount for other programs within the budget allocation, the conference did not accept this recommendation.

Rather, the new conference report simply re-arranges \$180 million in spending within the old total. The re-arrangements affect only the Department of HHS. For the Department of Education and the Department of Labor, the new conference report is essentially the same as the defeated version.

Specifically, the new conference report incorporates two changes that together reduce spending by \$180 million relative to the earlier version:

- Elimination of a \$120 million appropriation for pandemic flu preparedness, on the theory that these needs will be addressed in a supplemental appropriation that hopefully will be enacted soon (although the supplemental proposed by the President is an addition to—not a replacement for—this \$120 million in his original FY 2006 budget); and
- A \$60 million reduction for Medicare administrative expenses, bringing the operating budget of the HHS Centers for Medicare and Medicaid Services to a level \$147 million (4.5 percent) below the President's request.

This \$180 million is used for the following:

- Dropping a limitation that would have prohibited use of Medicare funds to pay for Viagra and other drugs to treat erectile dysfunction during FY 2006 (dropping this provision eliminates \$90 million in associated savings);
- Restoring two rural health programs to last year's level, by adding \$8.8 million to Rural Health Research and \$28.5 million to Rural Health Outreach (the defeated conference report would have eliminated the first and cut the second 73 percent); and
- Adding funds to four health professions training programs—an additional \$12.0 million for Scholarships for Disadvantaged Students, \$0.6 million for minority faculty assistance, \$27.0 million for Area Health Education Centers, and \$13.1 million for Training in Primary Care Medicine and Dentistry—thereby restoring the first three programs to last year's level and reducing the cut in the primary care program to 54 percent (instead of the 68 percent cut made by the first conference report).

## *The New Conference Report*

The second conference agreement on Labor-HHS-Education appropriations provides *less* funding than in the prior year for *each* of the three cabinet agencies involved. For two of these agencies, the Departments of Labor and Education, it provides *less* than *either* the House- or the Senate-passed version of the bill. The bill's funding levels for the three agencies are as follows:

- \$11.6 billion for the **Department of Labor**: \$37 million below the House bill, \$193 million below the Senate bill, and \$430 million (3.6 percent) below FY 2005. With a one percent across-the-board cut, labor programs would be cut \$546 million (4.5 percent) below FY 2005.
- \$63.3 billion for the **Department of HHS**: \$161 million over the House bill, \$2.0 billion below the Senate bill, and \$1.1 billion (1.7 percent) below FY 2005. With a one percent across-the-board cut, health and human services programs would be cut \$1.7 billion (2.6 percent) below FY 2005.
- \$56.5 billion for the **Department of Education**: \$169 million below the House bill, \$212 below the Senate bill, and \$59.1 million (0.1 percent) below FY 2005. With a one percent across-the-board cut, education programs would be cut \$624 million (1.1 percent) below FY 2005.

Like the earlier version, the new conference agreement provides no increase above last year for the Low-Income Home Energy Assistance Program (LIHEAP), despite rapidly rising prices for natural gas, heating oil, and other home heating fuels. It also includes none of the supplemental funds requested by the Administration to deal with a potential flu pandemic, although the Senate-passed version provided \$8.095 billion for that purpose.

Under the second conference report, most programs are either frozen at last year's level or cut below that level. Key cuts below FY 2005 include the following:

- International assistance grants to eradicate child labor and protect worker rights through the Bureau of International Labor Affairs are cut \$20 million (21.4 percent).
- Community college training grants are cut by \$125 million (50 percent) in each of FY 2005 and FY 2006.
- Unemployment insurance and employment service offices to help the unemployed are cut \$229 million (6.5 percent).
- Health professions training grants are cut \$153 million (51 percent).
- The Healthy Communities Access Program (\$83 million in FY 2005) is eliminated.
- The Centers for Disease Control are cut \$249 million (3.9 percent).

- Head Start is cut \$11.2 million (0.2 percent).
- Comprehensive school reform state grants (\$198 million in FY 2005) are eliminated.
- Even Start family literacy services are cut \$125 million (55.6 percent)
- Education technology state grants are cut \$221 million (44.6 percent).
- The education block grant for local initiatives is cut \$98 million (49.6 percent).
- Safe and drug free schools state grants are cut \$87.4 million (20 percent).

Under either version of the conference report, only a few programs receive even modest increases over FY 2005. In most cases these increases are below the amounts sought by the Administration. Both versions restore many of the 50 programs proposed for termination in the House bill, but these restorations are made at the expense of funding for other priority programs such as community health centers, Title 1 grants for low-income children, special education grants, and Pell Grants. Principal increases in the new conference report include the following (all of which are unchanged from the earlier version):

- NIH receives a \$206 million (0.7 percent) increase—the smallest increase in 36 years and probably not enough to keep the number of research grants from continuing to decline.
- Community health centers receive a \$66 million (3.8 percent) increase, which is \$238 million below the request.
- HHS health information technology programs receive a \$45 million increase, which is \$16 million below the request.
- Title 1 grants for low-income children receive a \$100 million (0.8 percent) increase, which is \$502.7 million below the request and the smallest increase in 8 years.
- Special education grants receive a \$100 million (0.9 percent) increase, which is \$408 million below the request and the smallest increase in a decade.
- A new Teacher Incentive Fund to pilot performance-based teacher compensation systems receives \$100 million, which is \$400 million below the request.

Some programs that are frozen at their FY 2005 levels in the conference agreement are nevertheless better off than under the House-passed version. Examples include LIHEAP and the Community Services Block Grant, both of which were cut by the House bill but frozen under either conference version.

On the other hand, Pell Grants fare worse in the conference agreement than in the House bill. The new conference report, like the old one, freezes the maximum Pell Grant at \$4,050 for the 4<sup>th</sup> consecutive year, while the House bill would have increased the maximum grant to \$4,100.

## DEPARTMENT OF LABOR

The second conference agreement provides \$11.6 billion for Department of Labor (DOL) discretionary programs. The agreement provides the same amount as the defeated conference report, \$37 million less than the House LHHS bill, and \$193 million less than the Senate LHHS bill.

Labor Department programs are cut \$430 million (3.6 percent) below FY 2005 in the agreement. However, a one percent across-the-board reduction would reduce labor funding by another \$116 million, resulting in a total cut of \$546 million (4.5 percent) below last year.

Within the net reduction for the Labor Department, job training grants and assistance for the unemployed through State unemployment and employment services offices are the biggest losers in the new conference agreement. They are cut \$437 million (4.6 percent) in total below FY 2005. After a one percent across-the-board reduction, they would lose \$529 million (5.5 percent) compared to last year. In addition, international assistance grants to protect worker rights receive a deep cut. The worker protection agencies receive small increases over the FY 2005 level.

**Cuts Critical Training and Employment Services below FY 2005.** Although 7.6 million Americans remain out of work, the second conference agreement cuts critical services for unemployed and displaced adults and at-risk youth. Specific program cuts include the following:

- **Adult Training Grants** are cut \$31 million (3.4 percent) below FY 2005 to \$866 million – the same as the House bill and the President's request. The second conference agreement provides the lowest funding level for adult training grants in a decade.
- **Youth Training Grants** are cut \$36 million (3.7 percent) below FY 2005 to \$950 million, the same as the House bill and the Administration's request. Under the second conference agreement, 12,000 fewer at-risk youth would find assistance to earn a high school diploma and find a good job.
- The President's signature **Community College Initiative** is cut in half to \$125 million in FY 2006, and \$125 million is *rescinded* from the \$249 million provided in FY 2005, eliminating skills training for 100,000 people in growth industries such as health care. Both cuts were included in the House bill.
- The **U.S. Employment Service Office**, which matches job seekers with job openings, is cut \$89 million (10.5 percent) below the FY 2005

level. This is a smaller cut than in the House bill. Nevertheless, the second conference level combined with a one percent government-wide cut would eliminate job search assistance to nearly 2.0 million people.

- **Unemployment Insurance Offices**, which help unemployed workers obtain unemployment benefits, are cut \$141 million (5.3 percent) below the 2005 level. This cut is greater than in the House bill and would grow to \$166 million (6.2 percent) with enactment of a one percent government-wide cut.

**Cuts International Labor Affairs (ILAB) by 21 percent.** The second conference agreement cuts ILAB by \$20 million (21.4 percent), from \$93.2 million in FY 2005 to \$73.2 million in FY 2006, restoring much of the 87 percent cut in the House bill. A one percent across-the-board cut would further reduce ILAB funding by \$1 million, bringing the cuts to 22.2 percent below last year. ILAB helps eradicate abusive child labor, and protect worker rights and wages around the world.

**Rescinds \$125 million from New York State Workers Compensation Funds.** The second conference agreement rescinds \$125 million from unobligated funds promised by the Administration to compensate injured New York State rescue and recovery workers after the September 11<sup>th</sup> attack, as proposed in both the House and Senate bills. The agreement also drops provisions in the Senate bill providing \$50 million New York worker compensation and \$75 million for health monitoring of persons involved in the New York State recovery effort.

**Freezes funding for dislocated workers.** The second conference agreement provides \$1.4 billion for dislocated worker state formula grants and national emergency grants (excluding funds earmarked for the Community College Initiative). The agreement provides the same funding as in FY 2005 and \$54 million *less* than the House bill.

**Freezes funding for older workers.** The second conference agreement includes \$437 million for the Community Service Employment for Older Americans Program, the same as the House bill and the Administration's request. The older workers program provides seniors with part-time jobs that enable them to serve their local communities. Of nearly 10 million eligible seniors, only 92,000 would be served in FY 2006, a 17 percent decrease from FY 2001.

**Provides a small increase for Job Corps.** The second conference agreement includes \$1.6 billion for Job Corps, a \$21 million (1.4 percent) increase over FY 2005 and a \$31 million increase over the House bill. Job Corps operations receive a 2 percent increase over last year, although half of this increase would be wiped out with a one percent across-the-board cut. Despite a \$350 million facility repair backlog, funding for Job Corps facilities is cut 7.0 percent below last

year in the agreement. Job Corps has an effective track record, but its funding is sufficient to serve only about 2 percent of 2.9 million out-of-school youth, ages 16-24, who live in poverty.

**Provides a small increase for migrant and seasonal farmworkers.** The second conference agreement provides \$80 million for the migrant and seasonal farmworkers program, a \$4.3 million (5.7 percent) increase over FY 2005 and the House bill. The Administration sought to terminate the program.

**Provides a modest increase for worker protection agencies.** The second conference agreement provides \$1.3 billion for activities to protect worker safety, health, pay and benefits. This provides a \$33 million (2.5 percent) increase over FY 2005 and about the same level as the House bill. However, much of this increase would be wiped out with a one percent across-the-board cut.

- The **Employee Benefits Security Administration** receives a 2.8 percent increase and the **Pension Benefits Guaranty Corporation** (limitation on administrative expenses) receives an 11.5 percent increase over the 2005 level for pension protection activities.
- The **Employment Standards Administration** receives a 3.6 percent increase to administer labor standards, union financial reporting requirements, federal contractor compliance with non-discrimination requirements, and worker compensation programs.
- The **Occupational Safety and Health Administration** receives a 2.8 percent increase for activities to protect workers from occupational hazards. The agreement rejects the Administration's request to terminate OSHA's Susan Harwood training grants, which are restored to the FY 2005 level of \$10.2 million.
- The **Mine Safety and Health Administration** receives less than a 1 percent increase for mine safety enforcement, standards setting, and technical assistance activities.

**Cuts the Office of Disability Policy.** The second conference agreement adopts the Administration's proposal to eliminate grants that support the delivery of employment services to persons with disabilities. As a result, the Office of Disability Policy is cut \$19 million (40.8 percent) below FY 2005, the same as the House bill.

## DEPARTMENT OF HEALTH AND HUMAN SERVICES

The second conference agreement provides a total of \$63.3 billion in FY 2006 for appropriated programs of the Department of HHS—\$1.1 billion or 1.7 percent less than in FY 2005. A one percent across-the-board cut would bring the total reduction to \$1.7 billion or 2.6 percent.

For most programs at the Department of HHS, both the old and new conference products are quite similar to the House-passed bill. The main differences from the House bill are that the new conference agreement—

- maintains the Community Services Block Grant at last year's level (rather than cutting it in half as proposed by the House);
- maintains the Low-Income Home Energy Assistance Program at last year's level (rather than cutting it 8 percent as proposed by the House);
- continues the \$100 million HHS contribution to the Global AIDS Fund (rather than eliminating it as proposed by the House);
- alleviates a portion of the cuts made by the House in the Health Professions program (cutting that group of programs 51 percent below FY 2005 in place of the 84 percent cut made by the House bill);
- avoids cutting the Rural Health Outreach and Rural Health Research programs; and
- provides \$160 million for construction at the Centers for Disease Control (instead of the \$30 million proposed by the House).

These and other appropriations, however, would be subject to further reductions through the planned across-the-board cut, with the likely result most HHS programs—including programs like LIHEAP, Head Start and the National Institutes of Health—would end up with less funding in FY 2006 than in the previous year.

### Health Care

Within HHS, some of the largest cuts are directed at programs that help shore up the health care safety net for people lacking other access to care, as well as at programs that try to alleviate shortages of health care providers in underserved urban and rural areas.

For grants to **Health Centers** for services to the uninsured, the new conference agreement provides \$34 million *less* than the House-passed bill, \$89 million *less* than the Senate bill, and \$238 million *less* than requested by the Bush Administration. The conference agreement's level is a \$66 million (4 percent) increase over last year, but about \$53 million of that increase has already been committed by the Department of HHS to fund applications for new health center sites or expanded services that were approved in FY 2005 but for which funds were not available that year. Under the conference agreement, health centers will see very little, if any, increases to cover rising health care costs or rising



numbers of uninsured patients, and the Administration's initiative to expand the number and capacity of health centers will essentially be ended.

A subsequent one percent across-the-board cut would reduce the Health Centers increase to \$48 million—not even enough to cover the grant commitments made last year.

Further, the conference agreement terminates entirely the **Healthy Communities Access Program** (HCAP), which received \$83 million in FY 2005. This program makes grants to local consortia of hospitals, health centers, and other providers to help build better integrated systems of care for uninsured and underinsured Americans, including better access to specialists and prescription drugs. HCAP grants normally last three years, but under the conference report about 70 existing grantees will have their funding terminated.

The conference agreement cuts the **Maternal and Child Health Block Grant** by \$24 million or 3 percent, bringing the program's real per-capita purchasing power about 20 percent below its FY 2002 level. These grants help states provide prenatal care for mothers and preventive health services and medical treatment for children lacking other sources of health care, including children with disabilities and other special needs.

The second conference report maintains both **Rural Health Outreach Grants** and **Rural Health Research** at last year's level. In contrast, the earlier conference report would have cut outreach grants 73 percent and eliminated the research program entirely.

As for **other rural health programs**, the conference agreement terminates a small grant program to improve training for emergency services personnel in rural areas. It also cuts from \$8.9 million to \$1.5 million two programs that help communities, especially in rural areas, gain access to automatic external defibrillators which can save the lives of heart attack patients. Further, several programs in other categories cut or eliminated by the new conference agreement—such as various health professions training programs or HCAP—are of special importance to rural areas.

The conference agreement also terminates **health care access planning grants**, which are used by state governments to research the needs and characteristics of the uninsured and to plan ways of expanding health coverage, including design of demonstration projects. The program, which received \$11 million last year, has helped develop health care coverage initiatives in a number of states.

Turning to the **health professions** area, the new conference agreement devastates many of these programs other than those related to nursing, cutting overall funding for the "title VII" professions programs from \$300 million in FY

2005 to \$147 million in FY 2006. Nevertheless, this is somewhat more than the \$94 million that would have been provided under the defeated conference report.

Four of these programs are aimed specifically at increasing the numbers of minority and disadvantaged students attending medical, dental and other health professions schools, in the expectation that these students are particularly likely to practice in underserved communities after graduation. The new conference agreement cuts this group of programs 45 percent (compared to a 56 percent cut under the earlier version). In particular, the **Health Careers Opportunity Program** (which encourages high school students to consider health careers and works with college students to help them prepare for training in the health professions) has its funding reduced from \$36 million in FY 2005 to \$4 million in FY 2006 under the revised conference report. Also, grants to health professions diversity **Centers of Excellence** are cut from \$34 million to \$12 million.

Another group of health professions programs support medical school and graduate training in **primary care** specialties like family medicine and general internal medicine, to help maintain and increase the supply of practitioners to meet the needs of rural and other underserved communities. Among other things, these grants support training opportunities for students and medical residents in rural or inner-city clinics, to encourage participants to consider practicing in those areas. Under the second conference agreement, funding for primary care medicine and dentistry training is cut by more than half, from \$89 million in FY 2005 to \$41 million in FY 2006.

The new conference report also terminates outright a \$32 million program to improve training in **geriatric medicine**, as well as the \$6 million **Rural Interdisciplinary Training** program named after former Senator Quentin Burdick.

### **Infectious Disease Control and Other Public Health**

The new conference agreement (like the earlier version) sets overall appropriations for the Centers for Disease Control and Prevention at \$6.150 billion—\$249 million (or 4 percent) below last year. A subsequent one percent across-the-board cut would bring the reduction in the CDC budget to \$307 million (5 percent).

Within this total, the agreement provides increases of \$37 million (7 percent) for **immunization programs** and \$12 million (56 percent) for **Global Disease Detection** initiatives. The immunization increase is almost entirely intended for flu vaccine, with no additional funds provided to keep up with the rising cost of child vaccines (or to catch up with past increases in those costs). Beyond these amounts, some small increases are scattered throughout various CDC program areas, such as infectious diseases, chronic diseases, birth defects and developmental disabilities, and occupational safety and health.

At the same time, the conference agreement calls for significant *reductions* in support for state and local public health departments. This includes a \$31 million (24 percent) cut in the **Preventive Health Block Grant**, which supports a wide range of basic public health functions such as responding to disease outbreaks, immunizing children, improving care for people with chronic diseases like diabetes and asthma, and promoting dental health. The measure also makes a \$96 million (11 percent) cut in **grants to health departments for preparedness against bio-terrorism and other public health emergencies**. (Both of these cuts are measured against the FY 2005 enacted level, which in both cases was subsequently reduced by transfers and reprogrammings.)

### **Biomedical Research (NIH)**

For the National Institutes of Health, both the new and old versions of the conference report are virtually identical to the President's budget request, setting funding for almost all of the individual NIH Institutes at exactly the amount requested and providing an overall increase above the request of just \$11 million or 0.04 percent.

While it may appear that the conference agreement adds about \$108 million to the amount sought by the Administration, that increase virtually disappears when the numbers are put on a comparable basis. Like the House and Senate bills, the conference report funds research on countermeasures against radiological and chemical weapons in the regular NIH budget, whereas in previous years and in the Administration's FY 2006 proposal these activities were funded *outside* the NIH budget in the Public Health Emergency Fund.

Leaving aside the shift in funding source for the radiological/chemical countermeasures program, the conference agreement provides an increase for NIH of \$155 million, or 0.5 percent, above FY 2005. This is the smallest percentage increase in 36 years, and 2.6 percent short of what NIH estimates would be needed just to keep up with inflation in research costs.

Since it is virtually identical to the Administration's budget, the conference agreement will presumably have very similar effects on the number of NIH research grants. According to Administration estimates, its proposed funding level would cause the total number of research project grants to decrease for the second year in a row – producing a reduction of 505 grants relative to FY 2004. The projected “success rate”-- the percentage of competing grant applications that receive funding – is 21 percent in FY 2006, compared to a peak of 32 percent in FY 2001.

The intended further cut of one percent would turn the small NIH increase into a 0.5 percent (\$129 million) *decrease*, almost certainly leading to further reductions in the number of research grants and other research activities.

## Human Services

The second conference agreement (like the first) freezes most HHS human services programs at the FY 2005 level, including LIHEAP, the Community Services Block Grant, the Child Care and Development Block Grant, and numerous smaller programs. A subsequent across-the-board cut would turn those freezes into decreases.

In the case of Head Start, the agreement produces a slight (0.2 percent) reduction below last year, in contrast to the small increases provided by both the House and Senate versions of the bill. Further, a one percent across-the-board cut would bring Head Start funding \$80 million or 1.2 percent below last year.

The measure does include a \$91 million (19 percent) increase for **Refugee Assistance**. However, most of this increase is needed just to maintain the current policy of providing 8 months of transitional cash and medical assistance for newly arrived refugees. The number of refugee arrivals has been rising (following a sharp fall-off after 9/11) and is now close to pre-9/11 levels. The substantial carry-over balances that had accumulated over the past few years have now been drawn down, and a significant increase in appropriations is therefore needed to maintain the program.

The conference agreement sets funding for abstinence education at the House-passed level of \$114.5 million—a 10.8 million or 10 percent increase above last year. It also increases appropriations for the Compassion Capital Fund from \$55 million in FY 2005 to \$65 million in FY 2006 (compared to \$100 million requested by the President), and includes a \$4 million (2.4 percent) increase for Developmental Disabilities.

Within the Administration on Aging, the conference agreement provides a 0.5 percent increases for seniors' nutrition programs, including Meals on Wheels—far less than what would be needed just to keep up with rising costs. The likely across-the-board reduction would turn that small increase into a 0.5 percent cut. The conference agreement also includes a small \$2 million (1.3 percent) increase for the National Family Caregiver Support Program. For most other Administration on Aging programs, the agreement freezes funding at last year's level.

## Health Care Information Technology

The conference agreement includes \$61.7 million for the Administration's health information technology initiative in the Office of the Secretary. While a very substantial increase above the \$16.9 million provided for this initiative last year, this is less than the \$77.8 million sought by the Administration. In addition, the measure includes \$50 million for health-IT-related activities at the Agency for Healthcare Research and Quality.

## DEPARTMENT OF EDUCATION

The second conference agreement provides \$56.5 billion for Department of Education discretionary programs, the same amount as the defeated conference report. The agreement provides \$169 million *less* than the House bill and \$212 million *less* than the Senate bill for education.

Education Department programs are cut \$59 million (0.1 percent) *below* FY 2005 in the conference report – the first cut in the Federal education investment in a decade. The cut to education programs would grow significantly larger – to \$624 million (1.1 percent) below last year’s level – with a one percent across-the-board reduction.

<b>DEPARTMENT OF EDUCATION DISCRETIONARY APPROPRIATIONS</b>			
<i>(Program level, \$ in millions)</i>			
Fiscal Year	Appropriation	Change To Prior Year	
		Dollars	Percent
1997	26,645	3,609	16 percent
1998	29,903	3,258	12 percent
1999	33,521	3,618	12 percent
2000	35,606	2,085	6.2 percent
2001	42,231	6,625	18.6 percent
<b><i>Enactment of No Child Left Behind</i></b>			
2002	49,936	7,705	18.2 percent
2003	53,114	3,178	6.4 percent
2004	55,662	2,548	4.8 percent
2005	56,577	916	1.6 percent
<b>2006 LHHS Conference</b>	<b>56,518</b>	<b>-\$59</b>	<b>-0.1 percent</b>

**Cuts No Child Left Behind (NCLB) by \$779 million below FY 2005.** The second conference agreement *cuts* NCLB funding by \$779 million (3.2 percent) below the FY 2005 level. After a one percent across-the-board cut, NCLB would be cut \$1 billion below last year. Under the agreement, NCLB funding is \$13.1 billion below the FY 2006 authorization and the cumulative shortfall since enactment of NCLB is \$40.1 billion. Thus, in 2006, school districts must achieve increasingly rigorous NCLB academic standards, administer annual reading and math tests to 3<sup>rd</sup> through 8<sup>th</sup> graders, and fulfill requirements for highly-qualified teachers with fewer Federal resources.

**Restores most programs eliminated in the House bill and President's budget, but pays for this restoration out of Title 1, IDEA and Pell Grants.**

The second conference agreement restores 18 of the 24 education programs eliminated in the House bill. However, the two most important K-12 education programs – Title I and IDEA – bear the brunt of financing this restoration. The agreement provides only a \$100 million increase for each of these programs, instead of the \$603 million increase for Title I and \$508 million increase for IDEA recommended in the Administration's budget. The increase in the maximum Pell grant award in the House bill is also sacrificed to pay for these restorations.

**Denies Title 1 academic services promised by NCLB to 3.1 million children.**

The second conference agreement includes \$12.8 billion for Title 1 reading and math assistance for low-income children, less than a one percent (\$100 million) increase over FY 2005 and the smallest increase in 8 years. A one percent across-the-board cut, however, would turn this small increase into a \$28 million cut, eliminating tutoring for nearly 200,000 low-income children. In contrast, NCLB promised an additional \$10 billion for Title 1 in FY 2006 to provide academic help and hope to an additional 3.1 million low-income children. The agreement provides the same level as the House bill, but \$503 million *less* than the request.

**Falls off glidepath to fully funding IDEA.** The second conference agreement includes \$10.7 billion for IDEA Part B state grants for 6.9 million disabled children, less than a one percent (\$100 million) over FY 2005 and the smallest increase in a decade. Under the agreement, the federal contribution toward special education costs will *drop* from 18.6 percent in FY 2005 to 18.0 percent in FY 2006. It would decline further to 17.8 percent with a subsequent one percent across-the-board reduction, cutting IDEA part B funding below last year. The agreement provides \$50 million *less* than the House bill, \$408 million *less* than the Administration's request, and \$4.0 billion *less* than the Republican promise to put special education on a glidepath to full funding.

**Eliminates comprehensive school reform (CSR) grants to 1,000 schools.**

The second conference agreement eliminates CSR state grants totaling \$198 million in FY 2005, terminating ongoing school reform grants to approximately 1,000 schools. (The agreement retains a small amount, \$8 million, for national and dissemination activities.) According to the Education Department, CSR grants are well targeted to high-need schools with disproportionate enrollments of low-income, minority and limited English proficient students.

**Slashes Even Start by 56 percent.** The second conference agreement slashes the William F. Goodling Even Start Program by \$125 million, from \$225 million in FY 2005 to \$100 million in FY 2006. The House bill did not include this deep cut. Even Start supports family-centered education services for low-literate, low-income parents and their young children. GAO reported in 2002 that most Even Start families had annual incomes less than \$15,000, almost 75 percent of Even

Start parents were unemployed, and 86 percent of Even Start parents had not completed high school.

**Slashes education technology by 45 percent.** Federal support for up-to-date technology in the nation's schools is slashed by \$221 million, from \$496 million in FY 2005 to \$275 million in FY 2006 in the agreement – on top of a 28 percent cut last year. This deep cut is greater than the reduction in the House bill. One in four states have no other dedicated technology funds to track NCLB student achievement data, improve teachers' use of technology, and close the achievement gap through online learning.

**Slashes education block grant for local initiatives in half.** The second conference agreement slashes the innovative education block grant by \$98 million, from \$198 million in FY 2005 to \$100 million in FY 2006. The House bill did not include this deep cut. Schools use these funds for strategic education investments determined at the local level.

**Cuts safe and drug free (SDF) schools grants by 20 percent.** The second conference agreement cuts SDF schools grants by \$87 million, from \$437 million in FY 2005 to \$350 million in FY 2006. This deep cut is greater than the reduction in the House bill, and would grow to \$91 million (20.8 percent) with a one percent across-the-board cut. Nearly 14,000 school districts rely on SDF schools funding for school safety, emergency preparedness, drug prevention, and anti-violence activities.

**Freezes after school centers again.** The second conference agreement freezes after school center funds at just below \$1 billion for essentially the 4<sup>th</sup> consecutive year. After a one percent across-the-board cut, 13,000 fewer children would receive after school services compared to last year. In contrast, NCLB promised an additional \$1.3 billion, which would have provided after school enrichment for an additional 1.7 million children. About 14 million kids are unsupervised in the hours after school each day, yet only 38 percent of all applications for federal after school aid could be funded in 2004.

**Freezes other key NCLB programs.** The second conference agreement freezes:

- **Teacher Quality State Grants** at \$2.9 billion for the 3rd consecutive year, despite the need to ensure every classroom has a highly qualified teacher. After a one percent across-the-board cut, 16,500 fewer teachers would receive quality training compared to last year. In contrast, the bill provides \$100 million to begin a new **Teacher Incentive Fund** to support pilots of performance-based teacher and principal compensation systems.
- **Impact Aid** payments at \$1.2 billion for 1,300 school districts enrolling over 1 million military and other Federally-connected children.

- **English language training** at \$676 million – the 3rd consecutive year the program has been frozen or cut. More than 4.4 million students need to improve their ability to read and speak English.

Other key NCLB programs frozen at their FY 2005 levels include **Reading First, Early Reading First, State Assessments, Rural Education,** and **Smaller Learning Communities**. However, funding for each of these programs would fall below last year's level with a one percent across-the-board cut.

**Shortchanges investments in math and science.** The second conference agreement provides \$184 million for math and science partnerships, a 3 percent (\$5 million) increase over FY 2005 compared to the 6.4 percent (\$11 million) increase in the House bill. The agreement provides well below the 51 percent (\$90 million) increase requested by the Administration. It also fails to offset a 20 percent (\$16 million) cut in the National Science Foundation's portion of the program. As a result, the total Department of Education/National Science Foundation investment in math and science partnerships in FY 2006 will fall 4.1 percent (\$11 million) *below* the FY 2005 level. An additional one percent government-wide cut would exacerbate the shortfall. Math and science partnerships strengthen math and science instruction, thereby making American students more competitive in the global economy.

**Terminates six education programs.** The second conference agreement terminates six education programs in FY 2006, as proposed in the House bill:

- ***Comprehensive school reform state grants*** (\$198 million in FY 2005)
- ***Occupational & employment information*** (\$9.3 million in FY 2005)
- ***Literacy for prisoners*** (\$5.0 million in FY 2005)
- ***Tech-prep demonstration*** (\$4.9 million in FY 2005)
- ***Community technology centers*** (\$5.0 million in FY 2005)
- ***Interest subsidy grants*** (\$1.5 million in FY 2005)

**Freezes vocational education state grants.** The second conference agreement provides \$1.1 billion for vocational education state grants, rejecting the Administration's proposal to end the program. While the agreement provides freezes vocational education funding, a subsequent one percent across-the-board cut would mean in a \$11.9 million cut below FY 2005. Nearly half of all high school students and about one-third of college students take vocational courses as a major part of their studies.

**Freezes adult education state grants.** The second conference agreement provides \$570 million for adult education services to help functionally illiterate adults acquire basic literacy skills – a prerequisite for success in the workplace. While the agreement freezes adult education funding at last year's level, a



subsequent one percent across-the-board cut would mean in a \$5.7 million cut below FY 2005. Adult education grants will be frozen or cut for the 5<sup>th</sup> consecutive year, even though more than 90 million Americans have not finished high school or have basic skills deficiencies.

**Fails to raise maximum Pell Grant by \$100 as Republicans promised.** The President and House Republicans promised low-income students a \$100 increase in the maximum Pell Grant; however, the House bill cut the promised increase in half to \$50. Both the old and the new conference agreements fail to provide even this small increase, freezing the maximum grant at \$4,050 for the 4<sup>th</sup> consecutive year even while the cost of a 4-year public college education has soared \$3,095 (34 percent) since 2001. Moreover, the agreement freezes all other student financial aid and support programs: **Supplemental Education Opportunity Grants, College Work Study, Perkins Loans, LEAP, TRIO and GEAR UP.** These programs would receive a \$31 million cut, however, after a one percent government-wide reduction is applied. The agreement does include \$4.3 billion in mandatory funds to pay off the Pell Grant program budget shortfall, as proposed in both House and Senate bills.

**Backslides on developing advanced expertise in critical foreign languages.** Although the nation continues to face shortages of language experts after September 11<sup>th</sup>, the second conference agreement fails to make additional investments to boost the number of students with advanced proficiency in languages spoken in the critical regions of Central and South Asia, Middle East, Indonesia, and Africa. The agreement freezes funding for the Title VI international programs at \$107 million - less than the 2003 appropriation. A \$4 million (23.2 percent) increase is provided for K-12 foreign language training.

## RELATED AGENCIES

### Corporation for Public Broadcasting

The second conference agreement includes a \$400 million FY 2008 advance appropriation for the Corporation for Public Broadcasting (CPB), as provided in both House and Senate bills. This level is the same as CPB's FY 2007 and FY 2006 appropriations. The agreement rejects the Administration's request to end the practice of providing advance appropriations for public broadcasting and to rescind \$10 million from CPB's FY 2006 appropriation.

For digital conversion grants, the agreement provides \$30 million, a \$9.4 million (23.8 percent) cut from FY 2005. For the Public Broadcasting Service (PBS) satellite replacement project, the agreement provides \$35 million, a \$4.7 million (11.8 percent) cut from FY 2005. The House bill did not provide separate funding for these activities.

In total, the agreement provides \$465 million for CPB in FY 2006, about the same level as in FY 2005. Public broadcasting would lose nearly \$5 million of these funds if a one percent government-wide cut is enacted.

### **Social Security Administration**

The second conference agreement includes \$9.199 billion for the operating expenses of the Social Security Administration (including its role in implementing the Medicare drug benefit). This is \$189 million less than the President's budget request, \$80 million less than the House-passed bill, and \$130 million less than the Senate bill. The probable across-the-board cut would increase these reductions by an additional \$92 million.

### **Institute for Museum and Library Services**

The second conference agreement includes \$250 million for the Institute for Museum and Library Services (IMLS), a \$31 million (11 percent) cut below FY 2005 and the same as the House bill. The cut to IMLS funding would grow to \$33 million (12 percent) if a one percent government-wide reduction is enacted. The agreement includes \$850,000 for a new program of museum grants authorized by the African American History and Culture Act, a \$150,000 reduction below the House bill and \$1.15 million below the request.

### **Corporation for National and Community Service**

The second conference agreement provides \$909 million for the Corporation for National and Community Service, an \$18 million (1.9 percent) cut below the FY 2005 and the same as the House bill. The cut to CNCS programs would grow to \$27 million (2.9 percent) with enactment of a one percent government-wide reduction. Within the agreement, AmeriCorps receives \$268 million, a \$20 million cut (7.0 percent) below FY 2005 and the same as the House level. The agreement increases funding for the National Senior Volunteer Corps and other domestic volunteer programs by 2.0 percent.

## **SIGNIFICANT GENERAL PROVISIONS**

**Redesignation of Areas under the Workforce Investment Act.** The second conference agreement includes a Senate provision directing the Secretary of Labor to take no action to re-designate local areas under the Workforce Investment Act until legislation reauthorizing the Act is enacted into law. The House bill included a similar provision.

**Job Corps.** The second conference agreement includes a provision to transfer the Job Corps program out of the Employment and Training Administration and into the Office of the Secretary in the Department of Labor. Neither the House nor Senate bills included this provision.

**Annual Fit Testing of Respirators for Occupational Exposure to Respirators.** The second conference agreement retains House bill language that restricts OSHA from requiring annual fit testing of respirators for workers exposed to tuberculosis.

**BLS Data on Women Workers.** The second conference agreement includes a Senate provision that requires BLS to continue to collect data on women workers in the Current Employment Statistics (CES) Survey. The House bill did not include this provision.

**“Abortion Non-Discrimination” Provisions.** The second conference agreement includes House language (often referred to as the Weldon Amendment) requiring cutoff of all funds in the bill to any federal agency or program or state or local government that discriminates against any health professional, hospital, health insurer or other health care institution on the basis that the health care provider or institution does not provide, cover, or make referrals for, abortion.

**Health Information Privacy.** The conference agreement does not include legislative language that had been included in both the House and Senate bills requiring that any Health Information Technology strategic plan developed by the Department of HHS provide for notification to patients if their information maintained by the Department is lost, stolen or misused. Instead, the agreement includes report language instructing HHS to continue to study the problem and to report to Congress within 90 days describing the Department’s plans for addressing privacy issues in its Health IT program.

**Use of Social Security Numbers on Medicare Cards.** The conference agreement does not include a House-passed provision prohibiting use of funds to place Social Security numbers on Medicare cards (because of identify theft concerns) or a Senate provision directing HHS to report to Congress by next June describing plans to shift to use of different numbers for Medicare purposes. Instead, it includes report language stating that the conferees consider this problem to be of utmost urgency and expect HHS to accelerate plans to convert to different numerical identifiers for Medicare.

**Termination of Specific NIH Grants.** The second conference agreement does not include House-passed language requiring termination of two specific grants made by the National Institute of Mental Health.

**Scientific Advisory Committee Appointments.** The agreement includes the Senate version of language designed to address the problem of improper political considerations in making appointments to scientific advisory committees. This language bars use of funds to request that a candidate for appointment disclose his or her political affiliation or voting history or the position that the candidate holds with respect to political issues not directly related to the advisory

committee's work. The conference report also includes related Senate language prohibiting use of funds to disseminate scientific information that is deliberately false or misleading.

**Erectile Dysfunction (ED) Drugs.** The second conference agreement deletes a provision included in the defeated conference report that prohibited use of funds in the bill for reimbursement for ED drugs. Similar prohibitions were contained in the House- and Senate-passed bills.

**Power Wheelchairs.** The second conference agreement includes a Senate provision that would delay implementation or enforcement of a regulation on powered mobility devices such as motorized scooters and wheelchairs. The House bill did not include this provision.

**Choctaw Indian Education Authorization.** The second conference agreement includes a Senate provision that authorizes funding for the Mississippi Band of Choctaw Indians under the Alaska Native and Native Hawaiian Education Through Cultural and Historical Organizations (ECHO) program. The Senate bill included a similar proposal while the House bill did not include this provision.

**Aliens of Extraordinary Ability.** The second conference agreement includes a Senate provision that amends the Immigration and Nationality Act to permit an Olympic-eligible ice dancer to represent the United States in the 2006 Olympics. The House bill did not include this provision.

**Designation of MidAmerica St. Louis Airport.** The second conference agreement does not include a Senate provision designating the MidAmerica St. Louis Airport in southern Illinois as an international point of entry. The House bill did not include a similar provision.