



No Child Left Behind Funding: *Pumping Gas into a Flooded Engine?*

**An Analysis by the Majority Staff of the U.S. House Committee on
Education & the Workforce;
U.S. Rep. John Boehner (R-OH), Chairman**

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INTRODUCTION

Federal education spending has increased dramatically since the bipartisan No Child Left Behind Act (NCLB) was signed into law two years ago – increasing so quickly that many states haven't been able to use the money quickly enough. While lobbyists for the education establishment claim falsely that more money was "promised," there are growing indications more funding has been provided than the system can effectively absorb during a limited period of time.

Two years after enactment of NCLB, states are sitting on billions of dollars in unspent federal education funds, some of which have been available to those states for more than three and a half years – longer than NCLB has even been law. And despite the growing balances of unspent funds being accumulated, states are about to receive yet another record increase in federal education dollars via the FY 2004 omnibus appropriations bill passed in December 2003 by the U.S. House of Representatives. And President Bush's FY 2005 Budget proposal will include billion-dollar increases for the same programs, on top of the funds states are still trying to spend down now.

Fortunately, the money is no longer being spent without accountability for results. States are required to demonstrate that the funds are being used to improve student achievement and close achievement gaps between disadvantaged students and their peers. Such gaps, hidden from public view for years even as states accepted larger and larger amounts of federal education aid, now must be publicly disclosed to parents, teachers, and taxpayers.

Still, the growing state balances of unspent funds, coupled with the increases projected for FY 2004 and 2005, beg an obvious question: are we pumping gas into a flooded engine? This analysis provides an overview of the current funding situation for the No Child Left Behind Act's Title I aid program, which provides billions of dollars annually in aid to disadvantaged students and schools.

SPENDING MORE THAN EVER, EXPECTING MORE THAN EVER

Since Republicans took control of the U.S. House nine years ago, federal education funding has increased dramatically. Funding for the U.S. Department of Education has increased by 132 percent during that time, from \$23 billion in fiscal year 1996 to more than \$53 billion in fiscal year 2003. In addition, the fiscal year 2004 omnibus spending measure passed in the U.S. House of Representatives provides another boost for education funding, to nearly \$56 billion. President Bush has announced he will ask for an additional \$2 billion combined increase for two major education programs (Title I and IDEA), likely pushing total federal education spending even higher.

Funding for major elementary and secondary education programs has increased by an estimated 34 percent since No Child Left Behind was signed into law two years ago, a committee analysis of U.S. Department of Education data indicates. The fiscal

year 2004 omnibus appropriations bill – passed by the House on December 8, 2003, and expected to be passed soon by the Senate – provides yet another boost on top of that, and will mark the third consecutive major increase in federal education spending since No Child Left Behind was signed into law.

Among the highlights for elementary and secondary education in the FY 2004 omnibus appropriations bill:

- **Title I aid to needy and disadvantaged students is increased to \$12.41 billion.** The \$720 million increase in fiscal year 2004 would be the third significant increase in Title I funding, as a result of No Child Left Behind. In fiscal year 2003, Title I funding was increased by \$1.3 billion, which was on top of the \$1.6 billion increase provided in fiscal year 2002.

***** To put these increases into perspective, Title I spending was increased more during the first two years of President George W. Bush's administration than during the previous eight years combined under President Clinton. The total Title I increase from FY 1993 to FY 2001 under President Clinton was \$2.7 billion. The total Title I increase from FY 2001 to FY 2003, the first two years under President George W. Bush, was \$2.9 billion.*

- **Teacher Quality Grants to help states recruit, train, and retain highly-qualified teachers are funded at the historically-high level of \$2.95 billion.**
- **Reading First and Early Reading First grants to states are increased to \$1.98 billion to help states ensure every child reads by the third grade.** Under No Child Left Behind, federal funding has more than tripled for reading programs rooted in scientifically-based research.
- **Federal funding to help states develop and implement state assessments is increased to \$391.6 million.** With the fiscal year 2003 increase, states have already received more than \$1.16 billion to develop and implement state assessments in reading and math, accounting for 72% of the total collective funding needed by fiscal year 2008 to develop and implement the basic tests (General Accounting Office Report).
- **After-school centers are funded at more than \$1 billion.** This represents a \$6.5 million increase over last year.
- **Impact Aid to local school districts to subsidize the education of military dependents is increased by \$49 million over last year.**

HISTORIC INCREASES FOR TITLE I AID FOR DISADVANTAGED STUDENTS

The enactment of the No Child Left Behind education reform legislation has resulted in an unprecedented flood of new federal education funds for states. As a result of the historic levels of federal education spending, individual states are receiving more federal education funding than ever as well as new flexibility in the use of those

funds, in exchange for implementing accountability measures, high standards, and parental choice in schools.

States are receiving sharp increases in Title I aid for disadvantaged students, the cornerstone of the No Child Left Behind Act and the principal federal funding stream for elementary and secondary education. In fiscal year 2004, states would receive more than \$12.4 billion in Title I aid from the House-passed omnibus spending bill, representing a 40 percent increase (\$3.6 billion) since No Child Left Behind was signed into law.

Notably, when the FY 2004 omnibus appropriations bill is signed into law this year, federal Title I aid will have increased by an average of 42% for each state since No Child Left Behind became law. This figure is based on an analysis of FY 2004 data provided by the nonpartisan Congressional Research Service. State by state projections are included in a chart attached to this report.

UNSPENT TITLE I AID FOR DISADVANTAGED STUDENTS

According to a recent *Associated Press* article (Ben Feller, "Spend what you have first, Bush administration tell state school leaders," *The Associated Press*, January 8, 2004), federal officials estimate states collectively are sitting on more than \$5.75 billion in unspent federal education money from fiscal years 2000 through 2002. This figure includes nearly \$2 billion in Title I funding aimed at helping the most disadvantaged students. Some of these Title I funds have been sitting untouched for more than three and a half years, even as state officials have complained of "unfunded mandates" in elementary and secondary education.

Notably, these estimates do not include any education funds appropriated for states for FY 2003; they concern money that has been available for states to draw down for at least a year and a half. Title I funds for FY 2003 became available to states in July 2003.

A closer analysis of data provided by the Budget Services office at the U.S. Department of Education shows an average of more than \$36 million in unspent Title I funds among the fifty states and the District of Columbia. These funds do not include other major funding programs, such as Individuals with Disabilities Education Act (IDEA) money and No Child Left Behind "school improvement" funds appropriated to help states bring extra help to struggling schools.

State by state "unspent funding" estimates for Title I, as provided recently by the U.S. Department of Education, are included in a chart attached to this report.

THE DEMOCRATS' "UNDERFUNDING" MYTH

The Democrat Party leadership's claims that NCLB is "underfunded" are bogus and based on a false and hypocritical assumption that "authorized" spending levels are equivalent to "promises."

When Democrats were in charge of both Congress and the White House, "authorized" spending levels for education programs routinely exceeded appropriated levels, yet not a single Democrat ever accused President Clinton of "underfunding" education.

Case in point: prior to NCLB, the last reauthorization of the federal Elementary & Secondary Education Act (ESEA) was in 1994 – under a Democrat Congress and White House. Democrats "authorized" \$13 billion for ESEA, but appropriated \$10.3 billion.

As a recent *Slate* story noted: *"Congressional Democrats, having originally helped write and pass the law, have now decided to oppose it. Somewhat disingenuously, they claim that President Bush reneged on a promise to fund the law at its highest possible levels. Democrats' claims are based on what are called 'authorization' levels, nonbinding funding targets written into nearly every law that are frequently ignored during the annual appropriations process. In truth, funding for NCLB has increased substantially over the past two years, just not as much as it could have."* (Alexander Russo, "Flunking Out," *Slate Magazine*, 8/28/03)

It's also important to note the No Child Left Behind law contains no overall authorization levels for the "out years" beyond FY 2002. A handful of individual programs authorized through NCLB – most notably Title I – do have specific authorization levels beyond FY 2002. But other key programs such as teacher quality do not have specific authorization levels beyond FY 2002 in the law.

Lastly, it's important to note authorization levels are not spending "promises," but rather spending caps. Republicans viewed the authorization levels as what they are, by definition – spending limits Congress cannot exceed. Subsequent Democrat attempts to equate spending caps with spending "promises" amount to little more than political spin and have no basis in actual law.

CONCLUSION

Federal education spending has soared in recent years. States are poised to receive not one, but two more large increases in federal Title I funds over the next two years despite the fact that many are sitting on unspent Title I funds that have been available to them for as long as three and half years.

The growing balances of unspent state funds suggest federal education spending is increasing so rapidly that most states cannot spend the money rapidly enough. At the very least, they debunk claims being made by lobbyists, education reform opponents, and Democrat Party leaders describing the No Child Left Behind reforms as "unfunded" or "underfunded." In truth, states are increasingly awash in federal education cash, to the point where some have been unable to effectively spend funds they have had access to for more than a year and a half.

At its core, No Child Left Behind is not about changing spending habits, but changing attitudes.

No Child Left Behind Title I Aid for Disadvantaged Students

	<i>FY2001 Actual</i>	<i>FY2004 Estimate</i>	<i>Increase in Dollars</i>	<i>Increase as a Percentage</i>
Alabama	\$137,362,747	\$188,732,000	\$51,369,253	37%
Alaska	\$23,678,445	\$31,898,000	\$8,219,555	35%
Arizona	\$141,106,004	\$194,585,000	\$53,478,996	38%
Arkansas	\$85,474,705	\$110,268,000	\$24,793,295	29%
California	\$1,185,906,438	\$1,753,286,000	\$567,379,562	48%
Colorado	\$80,654,322	\$108,988,000	\$28,333,678	35%
Connecticut	\$86,043,713	\$107,961,000	\$21,917,287	25%
Delaware	\$22,823,695	\$32,490,000	\$9,666,305	42%
District of Columbia	\$27,311,313	\$48,837,000	\$21,525,687	79%
Florida	\$411,516,369	\$562,391,000	\$150,874,631	37%
Georgia	\$257,548,311	\$362,980,000	\$105,431,689	41%
Hawaii	\$26,459,563	\$38,895,000	\$12,435,437	47%
Idaho	\$27,264,543	\$42,524,000	\$15,259,457	56%
Illinois	\$366,758,858	\$506,632,000	\$139,873,142	38%
Indiana	\$132,224,535	\$159,342,000	\$27,117,465	21%
Iowa	\$56,568,655	\$81,029,000	\$24,460,345	43%
Kansas	\$62,890,292	\$92,354,000	\$29,463,708	47%
Kentucky	\$134,102,960	\$170,777,000	\$36,674,040	27%
Louisiana	\$196,676,713	\$273,833,000	\$77,156,287	39%
Maine	\$33,353,347	\$50,753,000	\$17,399,653	52%
Maryland	\$127,402,013	\$157,478,000	\$30,075,987	24%
Massachusetts	\$185,806,221	\$273,406,000	\$87,599,779	47%
Michigan	\$358,607,664	\$418,983,000	\$60,375,336	17%
Minnesota	\$97,849,251	\$121,202,000	\$23,352,749	24%
Mississippi	\$128,122,836	\$164,891,000	\$36,768,164	29%
Missouri	\$144,321,583	\$205,792,000	\$61,470,417	43%
Montana	\$28,994,848	\$42,694,000	\$13,699,152	47%
Nebraska	\$33,811,476	\$49,759,000	\$15,947,524	47%
Nevada	\$33,244,062	\$57,667,000	\$24,422,938	73%
New Hampshire	\$21,967,666	\$31,510,000	\$9,542,334	43%
New Jersey	\$214,945,797	\$278,863,000	\$63,917,203	30%
New Mexico	\$70,328,325	\$111,010,000	\$40,681,675	58%
New York	\$844,562,951	\$1,260,082,000	\$415,519,049	49%
North Carolina	\$176,895,046	\$281,598,000	\$104,702,954	59%
North Dakota	\$21,644,987	\$32,247,000	\$10,602,013	49%
Ohio	\$312,082,800	\$424,672,000	\$112,589,200	36%
Oklahoma	\$104,042,162	\$135,153,000	\$31,110,838	30%
Oregon	\$78,756,011	\$121,984,000	\$43,227,989	55%
Pennsylvania	\$355,513,288	\$460,182,000	\$104,668,712	29%
Rhode Island	\$27,777,184	\$46,462,000	\$18,684,816	67%
South Carolina	\$115,017,162	\$167,209,000	\$52,191,838	45%
South Dakota	\$21,817,001	\$34,190,000	\$12,372,999	57%
Tennessee	\$141,008,400	\$198,465,000	\$57,456,600	41%
Texas	\$711,350,526	\$1,079,975,000	\$368,624,474	52%
Utah	\$38,414,963	\$47,382,000	\$8,967,037	23%
Vermont	\$18,495,475	\$28,756,000	\$10,260,525	55%
Virginia	\$142,093,625	\$192,238,000	\$50,144,375	35%
Washington	\$121,223,965	\$163,430,000	\$42,206,035	35%
West Virginia	\$75,714,969	\$100,191,000	\$24,476,031	32%
Wisconsin	\$132,502,385	\$153,375,000	\$20,872,615	16%
Wyoming	\$19,569,782	\$30,812,000	\$11,242,218	57%
Total	\$8,399,609,952	\$11,790,213,000	\$3,390,603,048	40%

***FY2004 Title I state funding projections are estimates from the Congressional Research Service (CRS), based on the FY04 Omnibus Appropriations Bill passed in the U.S. House of Representatives in December 2003.

Unspent No Child Left Behind Title I Aid for Disadvantaged Students

<i>Total Unspent Title I Aid</i>	
Alabama	\$33,915,784
Alaska	\$7,760,717
Arizona	\$40,194,934
Arkansas	\$4,916,309
California	\$204,185,817
Colorado	\$21,545,085
Connecticut	\$12,997,016
Delaware	\$3,326,448
Florida	\$57,104,809
Georgia	\$69,130,348
Hawaii	\$12,026,079
Idaho	\$3,922,519
Illinois	\$10,421,588
Indiana	\$12,108,745
Iowa	\$11,170,491
Kansas	\$8,763,662
Kentucky	\$23,410,782
Louisiana	\$47,584,709
Maine	\$5,973,282
Maryland	\$29,029,197
Massachusetts	\$15,793,929
Michigan	\$106,947,281
Minnesota	\$40,423,401
Mississippi	\$11,350,889
Missouri	\$22,631,391
Montana	\$3,806,945
Nebraska	\$12,779,608
Nevada	\$9,948,612
New Hampshire	\$8,148,583
New Jersey	\$29,721,381
New Mexico	\$13,387,817
New York	\$311,727,116
North Carolina	\$29,288,539
North Dakota	\$4,794,602
Ohio	\$102,854,425
Oklahoma	\$36,959,771
Oregon	\$19,582,736
Pennsylvania	\$43,966,781
Puerto Rico	\$115,349,788
Rhode Island	\$6,633,284
South Carolina	\$52,860,329
South Dakota	\$8,462,032
Tennessee	\$41,578,782
Texas	\$109,542,265
Utah	\$9,311,159
Vermont	\$2,731,332
Virginia	\$53,107,065
Washington	\$26,172,125
Washington, DC	\$7,947,713
West Virginia	\$10,351,408
Wisconsin	\$27,362,491
Wyoming	\$4,896,289
Total	\$1,919,908,189

***Unspent Federal Title I Funding for Fiscal Years 2000 - 2002, as of January 6, 2004. Source: The U.S. Department of Education Budget Services Office