

HOUSE BUDGET COMMITTEE

Democratic Caucus

The Honorable John M. Spratt Jr. ■ Ranking Democratic Member

B-71 Cannon HOB ■ Washington, DC 20515 ■ 202-226-7200 ■ www.house.gov/budget_democrats

August 31, 2004

Will “Back to School” Be Harder Next Year? Bush Administration Plans Steep Cuts for 2006 Education Funding

Across the country, children and parents are getting ready for the first day of the school year with the usual mixture of excitement and trepidation. But there is also deep concern among parents who know that the Administration plans to cut federal education funding by \$1.5 billion the following school year. A White House memorandum of May 19 confirms that, despite previous denials, the President is planning a fiscal year 2006 budget that will impose deep cuts in key government services, with programs at the Department of Education (ED) suffering more than any other: a total cut of \$1.5 billion below the President’s proposed 2005 level of funding.

The May 19th memorandum from the Office of Management and Budget (OMB) clearly directs agencies to “[a]ssume accounts are funded at the 2006 level specified in the 2005 Budget database,” a database that shows the spending levels in the President’s budget for agencies and programs for 2005 through 2009. In that database, ED funding for 2006 is cut by \$1.5 billion from the President’s 2005 requested level, with every education account taking its share of the cut. Funding is then essentially frozen at that level for the remaining three years for which OMB submitted data.

Department of Education Funding 2004 - 2006 Request			
2004 Enacted	2005 Request	2006 Plan	<i>Change, 2005-2006</i>
\$55.7 billion	\$57.3 billion	\$55.9 billion	<i>-\$1.5 billion (-2.6%)</i>

Cutting \$1.5 billion from the requested 2005 level of education funding will eliminate vital services that help our children learn and succeed. These funding cuts are going to hurt all students: children, adults who lack a high school degree, and students seeking to attend college. For the Administration to meet its stated future deficit reduction targets without scaling back its tax cuts, it will have to cut spending, and the effect of these cuts on education programs will be painful.

How the Administration Cuts Education Programs by \$1.5 Billion in 2006

OMB's memorandum allows agencies to shift funding from one account to another as long as agencies abide by their overall 2006 funding limit. That means that as long as ED cuts its budget by \$1.5 billion from 2005 to 2006, we cannot yet know exactly which programs will take the hit.

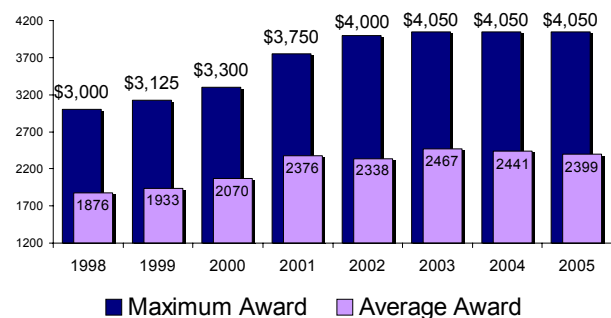
We can, however, see the path that ED followed to reach its 2006 target in the Administration's budget submitted this year: it cut every account by about 2.6 percent below the 2005 request, for a total cut of \$1.5 billion. The examples below are straight from the OMB database in the President's February budget.

- **Cut Title I by \$340 Million** — For 2006, the President's budget cuts \$340 million from the \$13.3 billion 2005 request for Title I state grants funding, assuming a proportional cut to all programs in the Education for the Disadvantaged account. The 2006 level is \$9.8 billion below the \$22.8 billion that the No Child Left Behind Act authorizes for Title I, and is less than half of what it would take to "fully fund" Title I — that is, to provide 40 percent of states' per pupil expenditure for children from low-income families.

Title I comprises more than half of the federal funding to help schools meet the challenging academic standards set by the No Child Left Behind Act. It provides funding specifically to help children at risk of educational failure and to help students in high-poverty schools. Under the President's plan for 2006, all school districts would likely receive a cut in Title I funding at a time when even more students must meet standards of academic achievement. This pending cut would compound funding problems for many Title I schools, because it follows cuts this year to half of all eligible school districts, which will receive smaller Title I grants than they did last year, in part because of new estimates of the number of low-income students in each district.

- **Shrink Maximum Pell Grant Award by \$75** — Funding for Pell Grants would fall by \$327 million for 2006, cutting the maximum award by at least \$75 — to a level below the 2002 maximum award — assuming that the cut to the account for student financial assistance is spread proportionally across programs. More than four million students rely on Pell Grants to help finance their college education, yet the maximum grant has been frozen at \$4,050 since 2003 while college costs are rising quickly. Cutting the maximum award by at least \$75, and thus cutting even deeper into the average award (which already drops to \$2,399 for

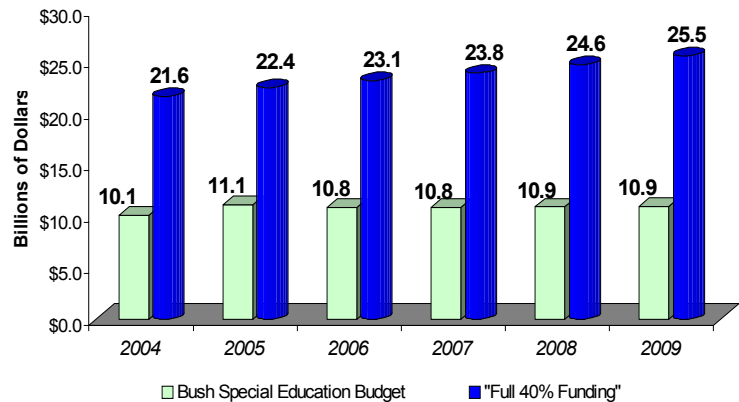
College Costs Keep Rising, But Pell Grants Remain Flat



2005), would make a post-secondary education even less attainable for millions of high school graduates in 2006.

- **Cut Federal Share of Special Education** — The 2005 funding puts the federal contribution for special education at only 19.7 percent of the national average per pupil expenditure, still less than half the 40 percent “full funding” federal contribution ceiling authorized for state grants by the Individuals with Disabilities Education Act (IDEA). But the funding is cut by \$309 million for 2006, assuming a proportional cut to the IDEA account, and stays near that level for the next three years. That means that for 2009, the federal contribution would be cut back to \$10.9 billion, which is below the 2005 proposed level and represents only a 17.0 percent share.

Bush Cuts IDEA Beginning in 2006, Falls Further Behind “Full Funding”



Taking the Congressional Research Service’s published preliminary estimates of possible 2004 and 2005 state allocations (see data at right), one can project the financial effect of the Administration’s planned cut of 2.5 percent on state education budgets in 2006. Seven states would see their federal special education funding cut by more than \$10 million from 2005 to 2006.

Preliminary IDEA Part B Grants to States dollars in millions

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>Cut: 2005-06</u>
CA	1,072.6	1,189.1	1,158.9	-30.2
FL	551.2	611.3	595.8	-15.5
IL	442.9	484.7	472.4	-12.3
MI	349.1	383.6	373.9	-9.7
NY	669.5	729.4	710.8	-18.5
OH	393.4	432.8	421.9	-11.0
PA	378.0	415.3	404.8	-10.5
TX	834.5	929.9	906.3	-23.6

2004 and 2005 preliminary estimates from CRS, based on ED data. 2006 estimate based on Administration’s planned 2.54% cut in IDEA account.

- **Reduce Vocational Training** — For 2006, the Administration plans to cut vocational education by an additional \$26 million, assuming an across-the-board cut to the vocational and adult education account. This follows the President’s request to slash 2005 vocational education funding by \$316 million (23.8 percent) below the 2004 enacted level. In fact, each year of this Administration, the President has tried to cut vocational education funding below the level that Congress provided for the previous year. This trend continues in the

Administration's plan for 2006, despite evidence that over the last four years, 1.1 million jobs have been lost, and thus today's graduates will need specific technical training to remain economically competitive.

President Bush Tries to Cut Vocational Funding Every Year		
<i>Fiscal Year</i>	<i>Request</i>	<i>+/- Previous Year \$</i>
2005	\$1.0 billion	-\$316 million (-23.8%)
2004	\$1.0 billion	-\$319 million (24.1%)
2003	\$1.3 billion	-\$14.5 million (-1.1%)
2002	\$1.2 billion	-\$19.5 million (-1.6%)

Other Ways the Administration Could Cut \$1.5 Billion in 2006

Instead of cutting programs by the same percentage, the Administration could simply eliminate whole programs. For 2005, the President's budget already eliminates 38 ED programs worth \$1.4 billion. (For more information on these program eliminations, see the *Summary and Analysis of the President's 2005 Budget*, available on the website: www.house.gov/budget_democrats.) For 2006, ED would have to eliminate additional programs that receive \$1.5 billion in 2005 if it were to meet its target using this method. For example, the 2006 ED budget could save \$1.5 billion by eliminating the following few programs and freezing others at the 2005 requested levels:

- ***Eliminate Impact Aid and Rural Education*** — ED could save \$1.4 billion by eliminating Impact Aid and Rural Education. For 2005, these programs received \$1.2 billion and \$168 million respectively. ED would still have to cut another \$78 million from other programs;
- ***Eliminate After-School and School Choice Programs*** — ED could eliminate the 21st Century Community Learning Centers after-school program (\$999 million for 2005) and all five programs that support school choice (\$506 million for 2005); or
- ***Eliminate Vocational and Adult Education*** — ED could eliminate all funding for vocational and technical education (\$1.0 billion for 2005) and adult education (\$590 million for 2005).

Regardless of how the Administration allocates its cut of \$1.5 billion, the one sure outcome is that America's students will suffer.