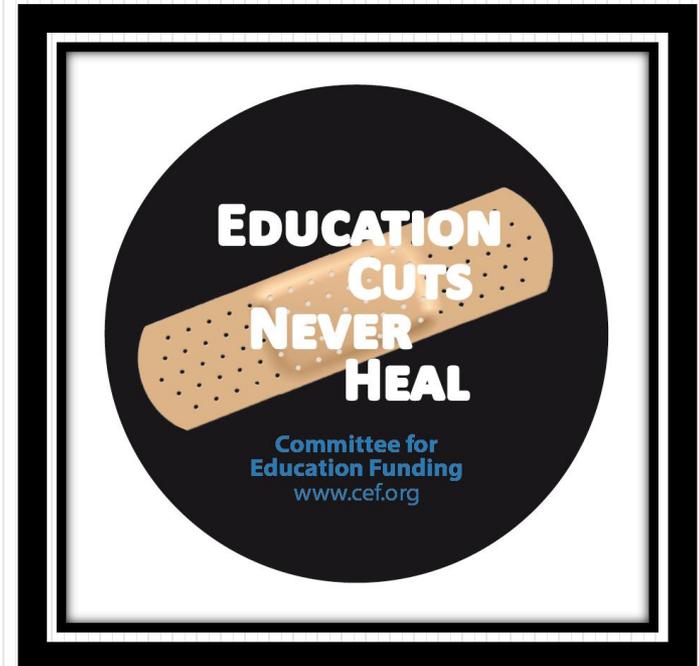


FEDERAL EDUCATION FUNDING

Caps, Cuts, Freezes and Sequesters

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CEF

- The Committee for Education Funding (CEF) is the oldest and largest education coalition.
- We represent over 100 national organizations and education institutions from PreK through graduate education including NASDCTEc.
- For more information: www.cef.org
- Follow us on Twitter: www.twitter.com/edfunding

Final FY 11 and 12 Appropriations

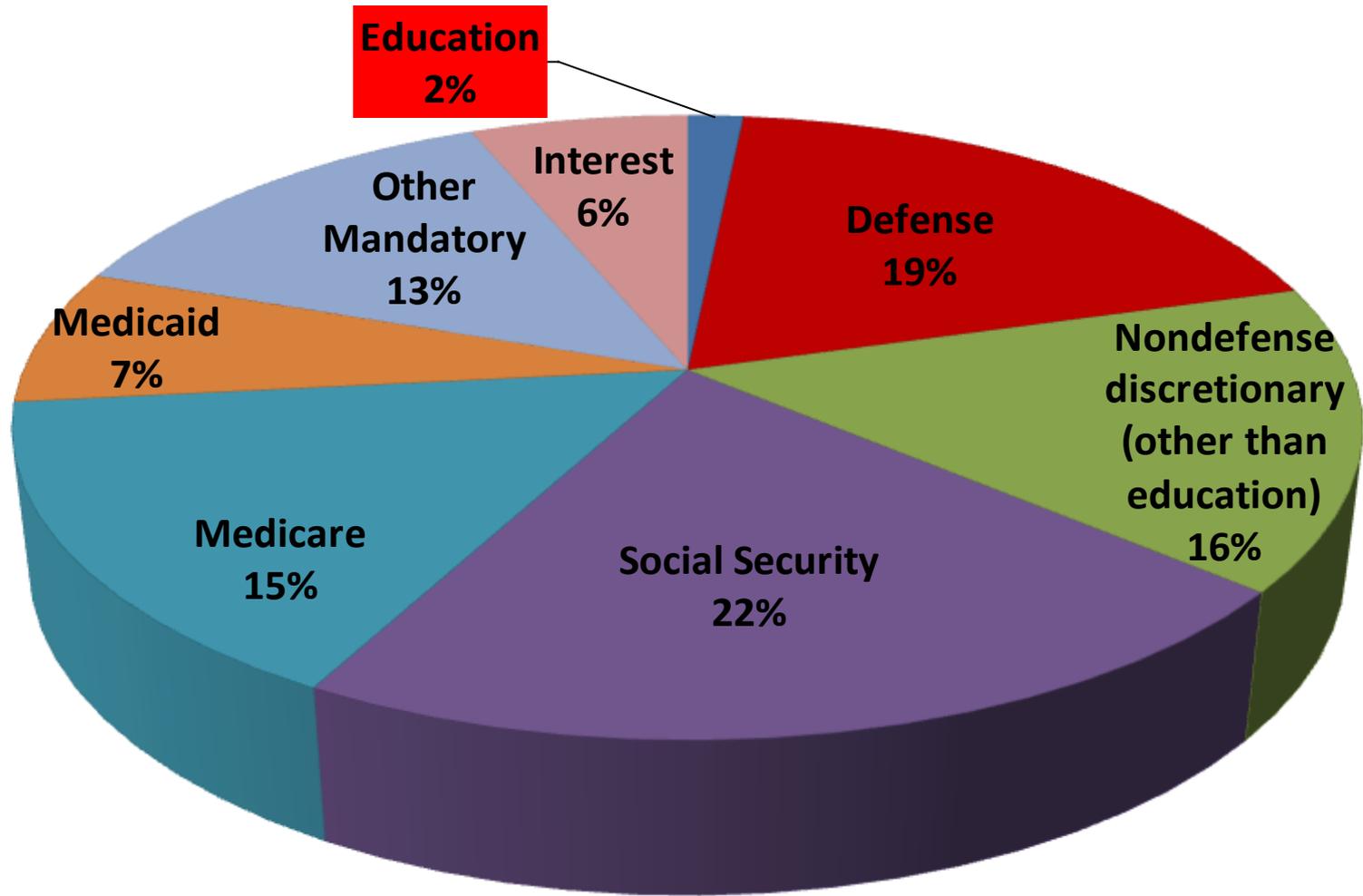
- **FY 11 cut ED (other than Pell) by \$1.2 billion.**
 - Teacher Quality grants cut 16%, **Career/Tech grants cut 11%**, ED tech eliminated
- **FY 12 total ED funding cut by \$233 million.**
 - All programs cut by 0.189% across-the-board cut.
- Both FY 11 and FY 12 maintained the Pell maximum award of \$5,550.



Pell/Student Aid Cuts Enacted

- Maintaining Pell maximum paid for with a variety of restrictions and limitations on student loans and Pell.
- College students have contributed \$4.6 billion out of their pockets to deficit reduction.
- 145,000 students have lost their Pell grant.

Fiscal Year 2012 Outlays



The Budget Control Act

How small will the box be?

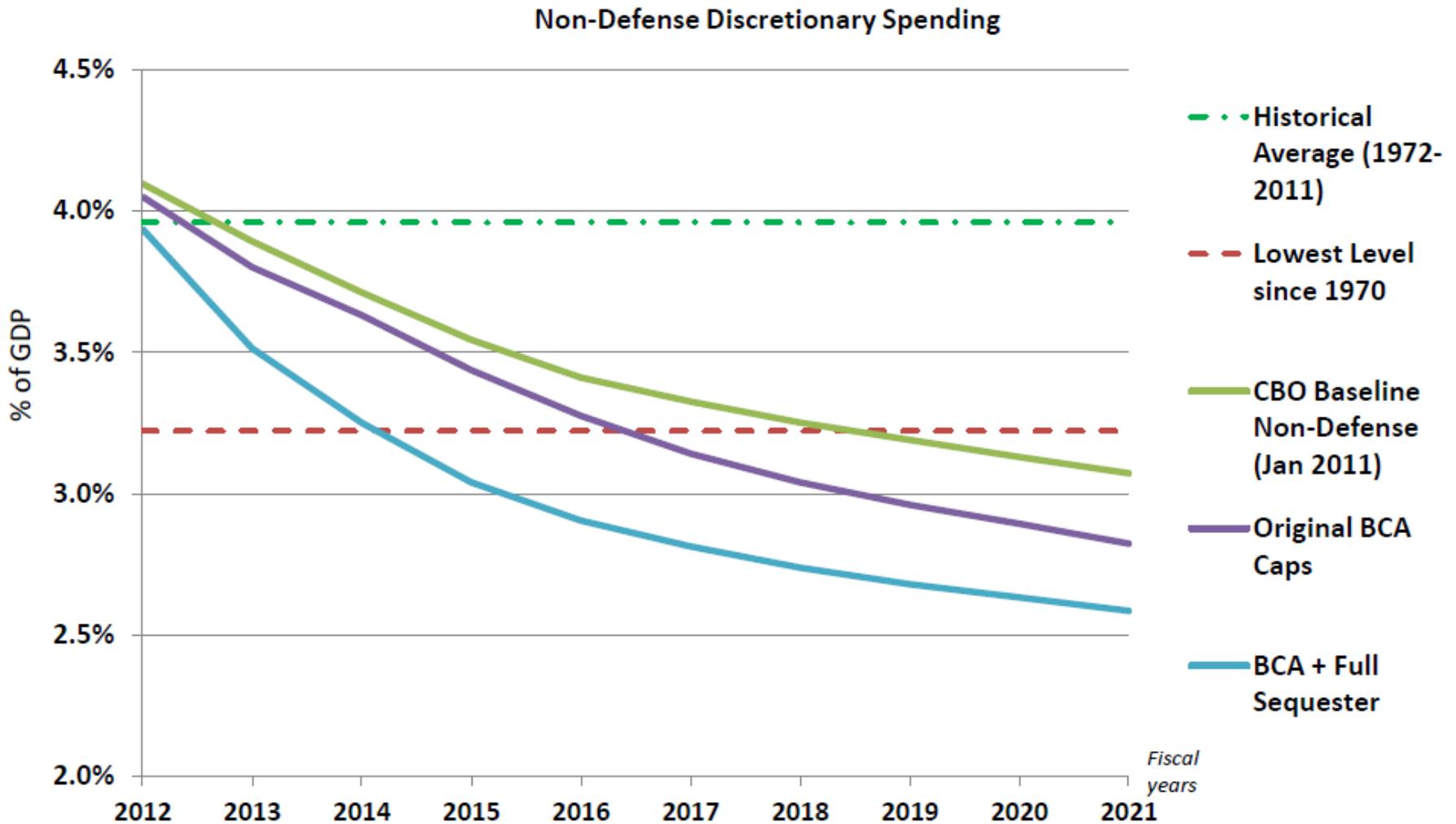




Caps and Cuts

- BCA set in law discretionary caps for ten years (FY 12-FY 21).
 - Reduced spending by \$900 billion over ten years.
- Supercommittee failure triggered sequestration.
 - \$1.2 trillion in automatic cuts between FY 13-21; 50% from defense, 50% from nondefense
- FY 13 cuts started on March 1.
 - However, other than Impact Aid, education cuts won't start until July.

DOMESTIC DISCRETIONARY SPENDING WOULD BE CUT TO THE BONE



Source: Congressional Budget Office



Sequestration =

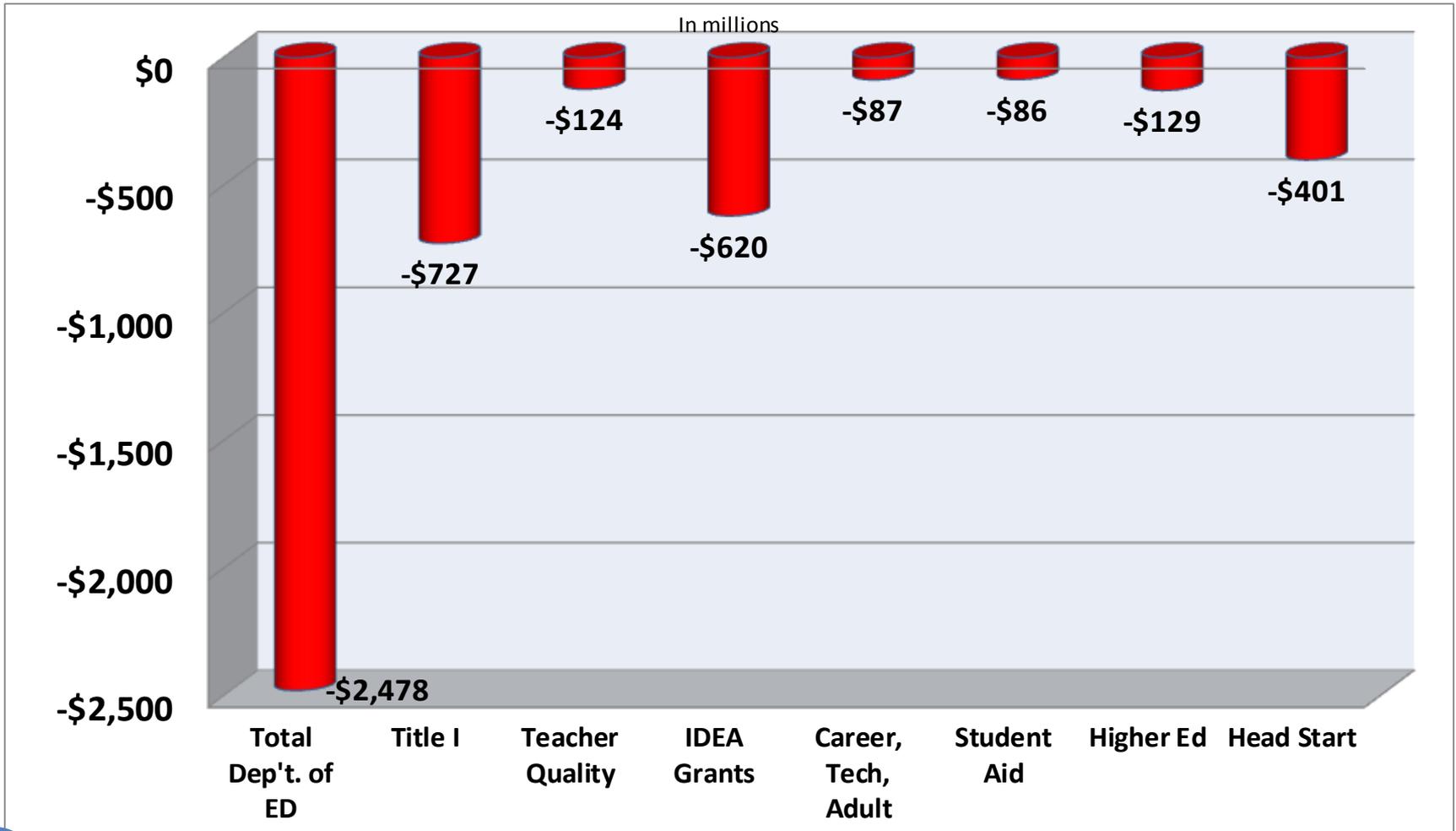
Largest Education Cuts Ever!



- FY 13 = fixed percentage across-the-board cuts.
 - **NDD cut is 5% = \$2.5 billion for ED.**
 - **Head Start cut \$401 million.**
 - Pell grants exempt in first year.
- FY 14-21 – will not be ATB cut; further lowers discretionary caps
 - Squeezes education \$; Pell no longer exempt.



Impact of Sequestration in FY 13





COMMITTEE FOR EDUCATION FUNDING

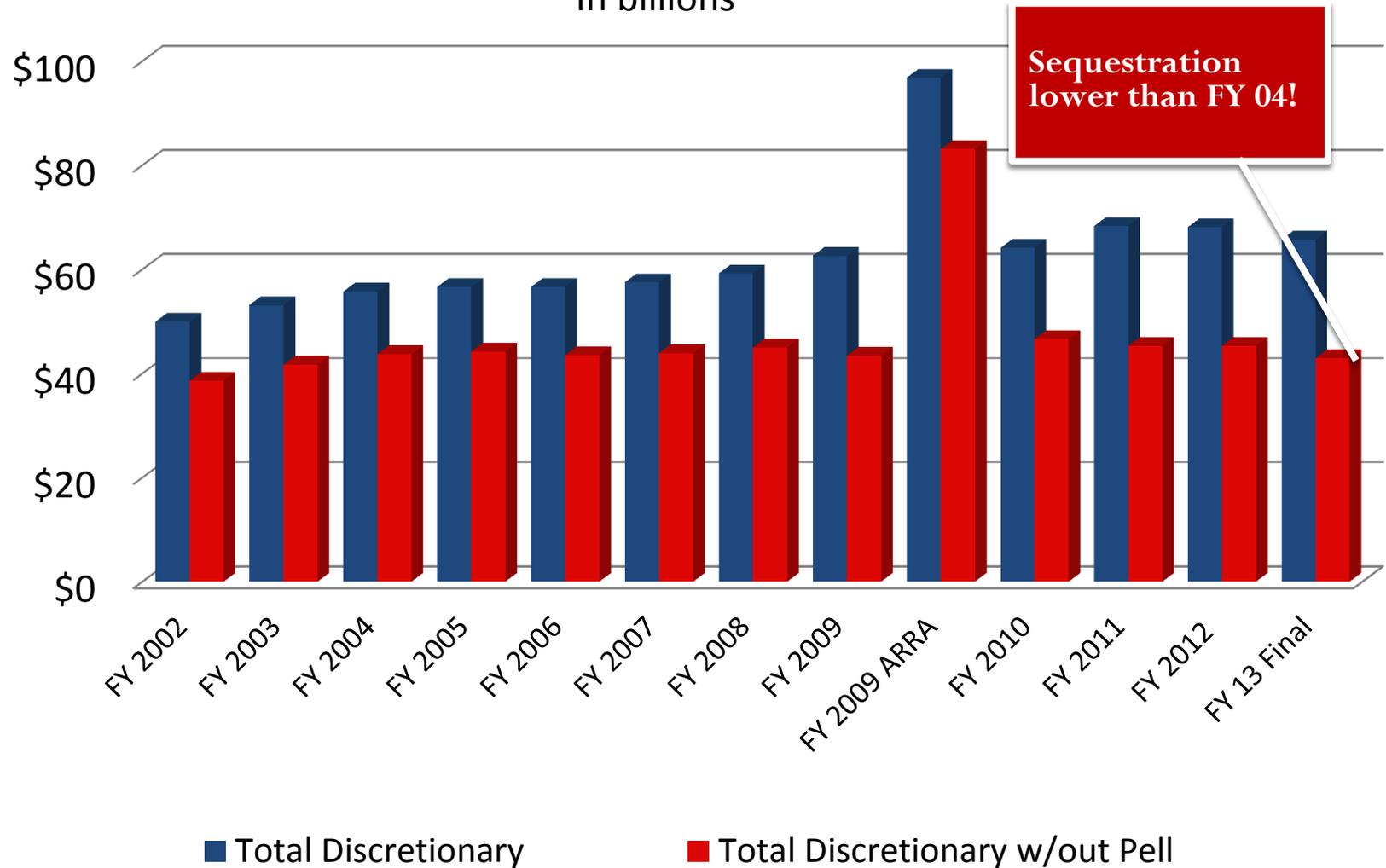
FY 13 CR

- Continuing Resolution extended for Labor-HHS-Education.
- New ATB cut of 0.2%.
- Then sequester cuts applied.
- **Final FY 13 = cut of 5.23%.**



Education Department Funding

In billions





FY 14 Budget: Dueling Visions

- FY 14 Budget - House Budget by Chairman Ryan (R-WI) passed on party line vote.
- **More than doubles the sequester cuts to nondefense discretionary (NDD) programs.**
 - Cuts NDD funding by \$1 trillion over ten years.
 - Cuts student aid and shifts mandatory Pell to discretionary side.
 - Consolidates ESEA and job training programs.



FY 14 Budget: Dueling Visions

- Senate Budget by Chairman Murray (D-WA) also passed on party line vote.
 - Repeals sequester
 - Includes strong support for Head Start, expansion of high-quality pre-K, strongly supports Title I and IDEA and continued investments in literacy, STEM, and career and technical education programs.
 - Eliminate student loan fee increases, retains subsidized loans and flexible repayment programs, and facilitates passage of legislation to prevent student loan interest rates from doubling.



FISCAL YEAR 2014 BUDGET REQUEST



The President's FY 2014 Budget

- Repeals the sequester.
- Raises \$600 billion in revenue.
- Some mandatory cuts
- **The discretionary budget for ED = \$71.2 billion, a \$3.1 billion increase over FY 12, or \$5.5 billion over FY 13.**



The President's FY 2014 Budget

- Most discretionary increases are for new programs; **most current programs are frozen** (Title I, IDEA, English Language Acquisition grants, **CTE state grants, Adult Ed state grants**, SEOG, TRIO, GEAR UP, aid to HBCUs and other MSIs.)
- The budget also includes mandatory funds for Preschool for All (\$75 billion over 10 years), RESPECT teacher quality (\$5 billion), educator jobs (\$12.5 billion) and \$8 billion for Community College to Career Fund.



High Quality Preschool

- **\$75 billion** over 10 years in mandatory funds **to states to provide high-quality preschool** to all children from low and moderate income families.
 - State match starts at 10% rises to 75%.
- **\$750 million in discretionary funds for Preschool Development Grants** to states to strengthen their capacity to provide high-quality preschool to all four-year-old children so that they will be prepared to leverage the mandatory funds.



College And Career Ready

- **\$300 million for High School Redesign Grants** to partnerships among districts, colleges, businesses and non-profits
 - Goal of ensuring that all participating students graduate from high school with college credit and career-related experience.
- **\$42 million to establish and expand dual-enrollment** programs for high school students and adult learners.
- **\$1.1 billion (FREEZE)** to support the reauthorization of the **Career and Technical Education Program** to “improve alignment with workforce demands, strengthen linkages to postsecondary education, and promote innovation and reform”.



STEM

- **\$150 million for competitive grants to STEM Innovation Networks.** Grants for consortia of districts, colleges and other regional partners to improve STEM education, such as by –
 - Increasing student engagement in the STEM subjects, or
 - Improving STEM teacher preparation and professional development
- **\$35 million to pilot a STEM Master Teacher Corps**
- **\$80 million for competitive grants to recruit and train effective STEM teachers for high-need schools and further the President’s “100K in 10” goal.**



Student AID

- \$5,785 maximum Pell grant to over nine million students (up from \$5,645).
- Market based student loan interest rates
 - Change from current fixed rates
 - Concerns about no rate cap
 - Expand Pay as You Earn loan repayment
- Increase of \$150 million for College Work Study
- Revise Campus-Based Aid to prevent the expiration of Perkins Loans and reward colleges for serving low-income students, keeping costs reasonable, and providing good value



College Affordability And Quality

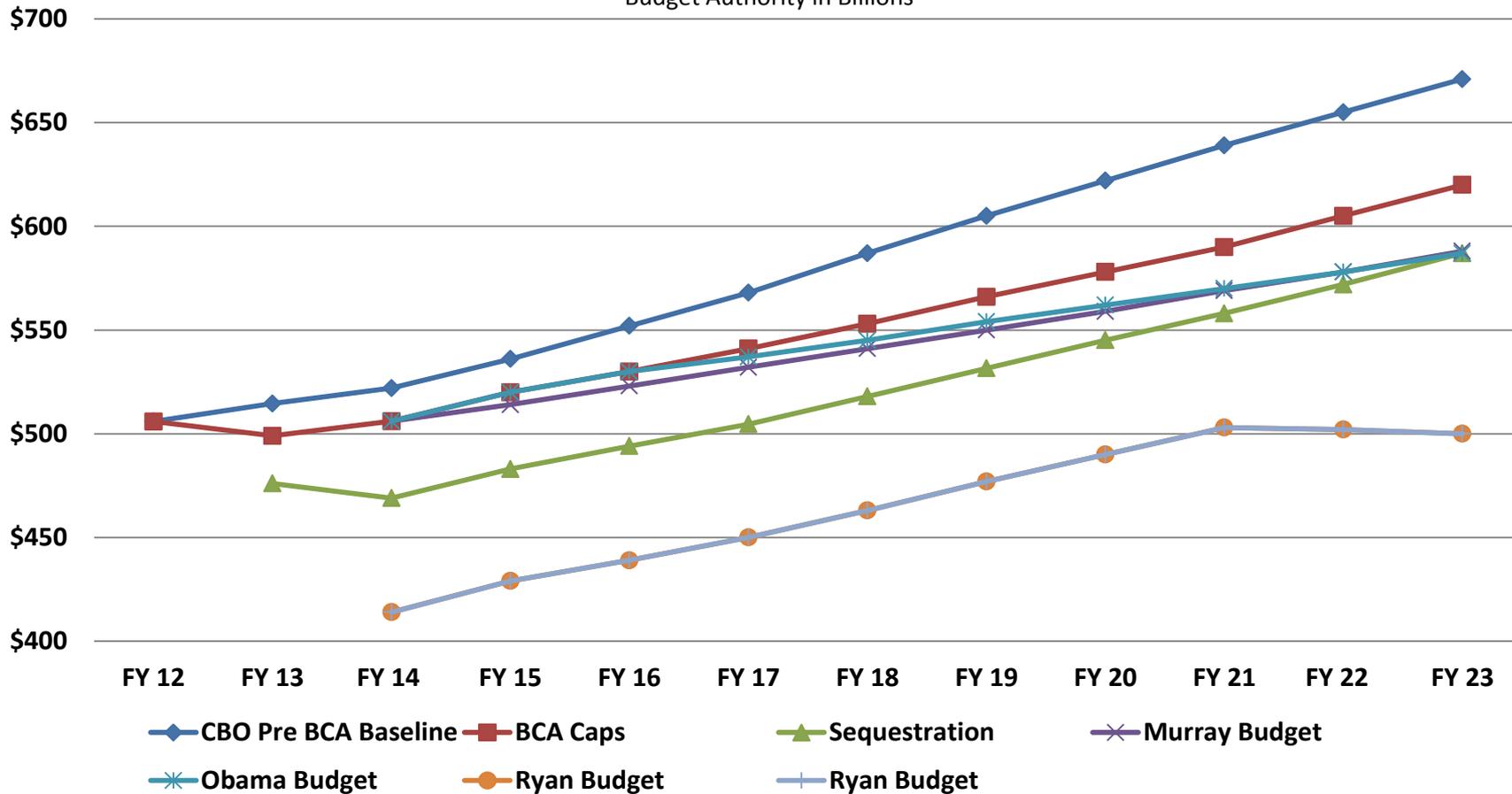
- **\$1 billion for Race to the Top: College Affordability and Completion** for states to modernize funding policies, make it easier for students to access and complete college, encourage innovation.
- **\$260 million for First in the World** for innovative practices to increase college access and success and validate new learning models.



COMMITTEE FOR EDUCATION FUNDING

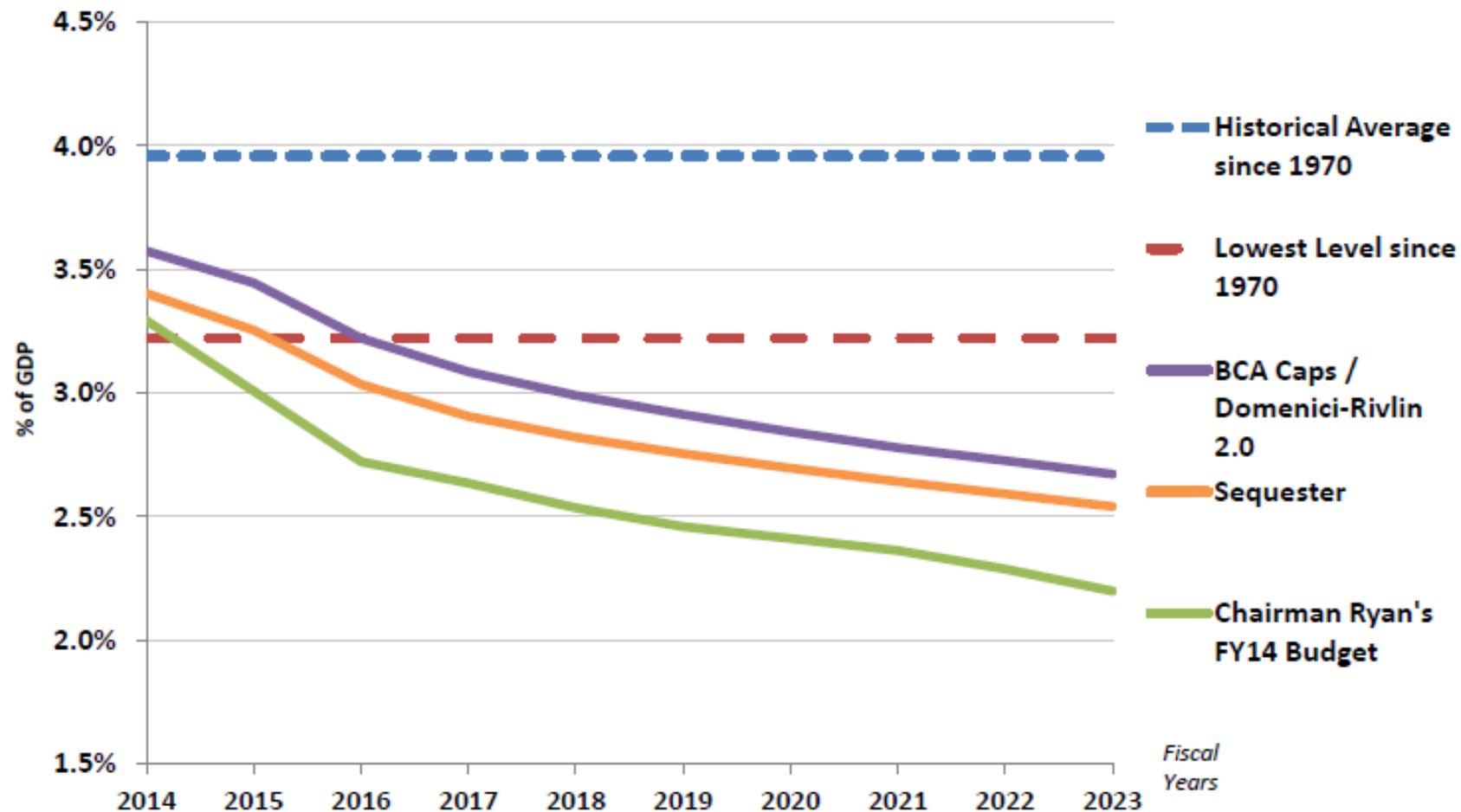
Ryan Budget Cuts Nondefense Discretionary Funding Below Sequestration

Budget Authority in Billions



Sources: CEF Calculations based on *An Update to the Economic and Budget Outlook: Fiscal Years 2013 to 2023*, CBO, February 2013; OMB Report Pursuant To The Sequestration Transparency Act Of 2012, September 2012; the American Taxpayer Relief Act of 2012, January 2013; House Budget Committee's Fiscal Year 2014 Budget Resolution Discretionary Spending table and Senate Budget Committee's FY 2014 Budget Resolution Discretionary Spending Summary

NON-DEFENSE SPENDING UNDER VARIOUS BUDGET PATHS

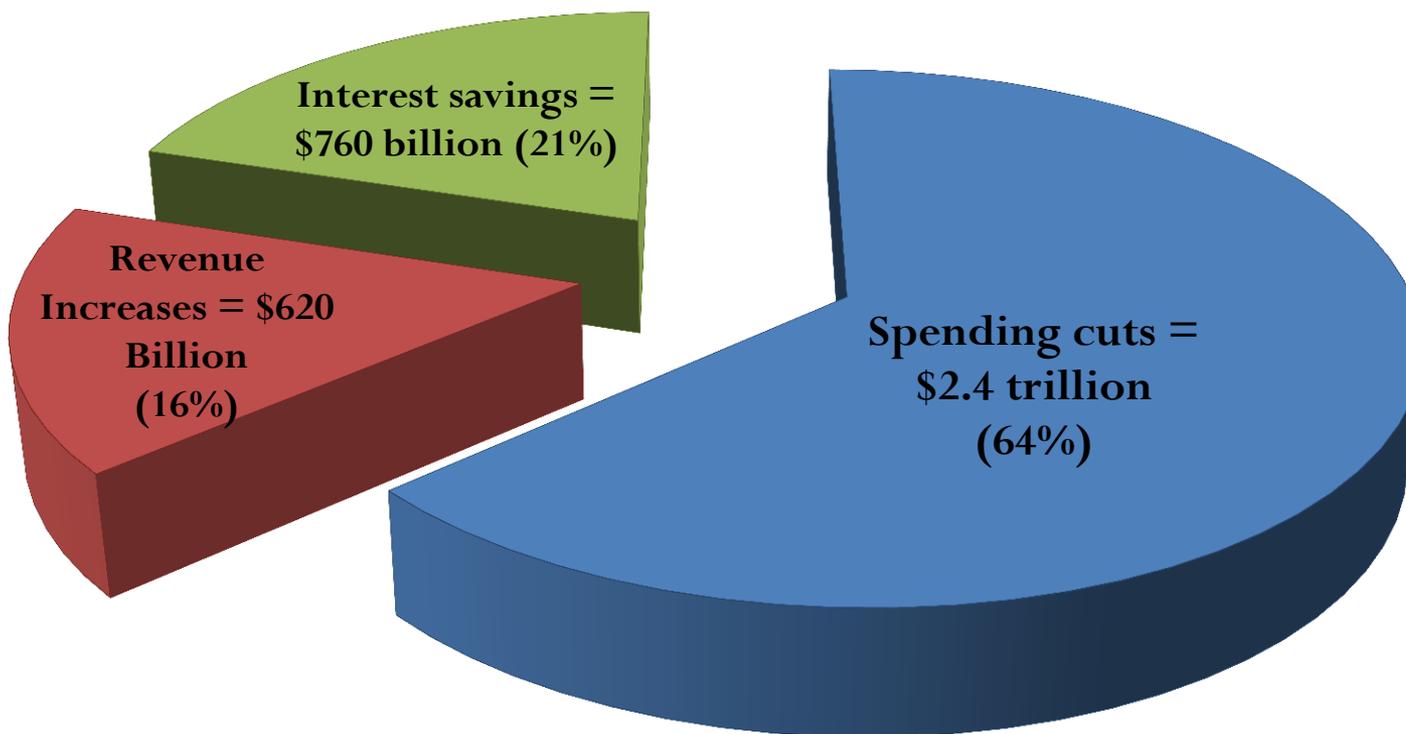


Sources: Congressional Budget Office, Chairman Ryan's Fiscal Year 2014 Budget Resolution, BPC Projections

Deficit Reduction

4:1 Spending Cuts v. Revenues

Ten-year Spending Cuts Including Sequestration Versus
Ten-year Revenue Increases Since 2011





Outlook: Appropriations

- House and Senate have to provide allocation to Appropriations committee.
- Senate plans to move ahead with \$1.058 trillion total; House at \$966 billion.
- For NDD, Senate wants \$506 billion (pre-sequester level); House wants \$414 billion = **\$55 billion below sequester level of \$469 billion!**



OUTLOOK – Debt Ceiling

- Debt Ceiling extended until May 19
 - In reality, debt ceiling won't need to be raised until late July.
- Republicans may demand more spending cuts as price of raising the debt ceiling and/or “prioritize” payments.