

Congress Finally Passes FY 2004 Education Budget While the Administration Proposes the FY 2005 Budget

*A Technology Monitoring and Information Service (TechMIS)
SPECIAL REPORT*

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February 4, 2004

Shortly after Congress reconvened, it passed the FY 2004 education budget as part of the overall Omnibus Appropriations Act with the President submitting his FY 2005 education budget less than two weeks later. The would-be winners in both budgets are IDEA/Special Education and Title I.

For FY 2004 (or School Year 2004-05), IDEA would increase from \$8.87 billion to \$10.07 billion for state grants. Title I would increase from \$11.69 billion to \$12.34 billion or slightly over \$700 million. Another big winner was Math/Science Partnerships which increased almost 50 percent to slightly under \$150 million. 21st Century Community Learning Center Program received a major “morale” boost as Congress increased its funding slightly at about \$1 billion after the President had proposed last year a cut of \$400 million. The Title II D Enhancing Education Through Technology (E²T²) was level-funded at slightly under \$700 million, while the Preparing Tomorrow’s Teachers to use Technology program funded at \$62 million last year was zero-funded. As noted in the January TechMIS report, the 2004 education budget also included well over \$100 million of pork-barrel earmarks for technology projects. As with previous years, for virtually all line items, Congress appropriated more funds than the President had requested eleven months earlier. In prior years, the President has proposed to rescind a large number of programs such as Drug Free Schools and virtually all earmarks.

Not only are the levels of funding for programs such as Title I important, but also important are the specific which components of the formula that received increases or decreases and the amount of the funds that were advanced-funded. For Title I, the “basic grant” component received a slight decrease of approximately \$80 million, while the “concentration” grant component was level-funded. All of the total \$700 million + increase occurred with the new “targeted” grant and “education finance incentive grant” components. However, only \$5.1 billion of the basic grant was in the “actual annual appropriation” which will be allocated to districts beginning in July 2004. All of the “concentration” funding and all of the “targeted” and “incentive” grants -- which all together total \$7.1 million -- will not be made available to states and, in turn, to districts until after October 1 due to advanced-funding. Similar to last year, less than half the Title I funds will be allocated to districts in July with the remaining funds allocated to states and, in turn, districts during the late fall/early winter after SEAs make adjustments (e.g., the number of schools that are identified for improvement which receive a proportion of the four percent state set-aside earmarked for school improvement). While

there are likely to be at least two purchasing cycles which are influenced by the timing of Title I allocations, the initial purchasing cycle is likely to be in the Summer of 2004, slightly larger than last year as many districts carried over the maximum 15 percent from last year to this year. According to USED, by the Fall of 2003 states had almost \$2 billion of unspent Title I funds which were mostly FY 2002 funds carried over to this school year. The second cycle will be November 2004-February 2005. The President's proposed FY 2005 budget would collapse all of the funds under "education finance incentive" grants into the "targeted" grants formula which "more fairly distributes funds to high-poverty school districts than EFIG." Should Congress go along with the Administration's proposal, even more Title I funds would be allocated to districts with the highest percentage of children from low-income families, many of whom are members of the Council of Great City Schools.

For the FY 2005 budget, the Administration is proposing a billion dollar increase for each of Title I and IDEA/Special Education. Two other winners in the President's proposal budget could be the Advanced Placement program and Math/Science Partnerships, which would receive well over 50 percent increases in funding.

Perhaps just as important as the numbers, the proposed FY 2005 budget and the justification reflect some changes in the Administration's priorities, particularly in this election year. While the first three years of this Administration focused on grades K-3, the proposed FY 2005 budget clearly indicates a new priority placed upon high schools and related activities. For example, under Safe and Drug Free Schools, the so-called "Mentoring" program which helps at-risk students in middle school grades transition to secondary schools would see a 100 percent increase in budget to \$100 million. The proposed Jobs for the 21st Century initiative would fund \$120 million for new grants to accelerate math learning of secondary school students, especially those who are at-risk of dropping out of school because they lack basic skills in mathematics. Also tied into the Jobs for the 21st Century initiative would be the Advanced Placement Program whose budget will increase from \$23.5 to \$51.5 million in FY 2005. The focus here would be upon teacher training, particularly at the middle school level, to prepare students for pre-advanced placement classes at the high school level. The new Striving Readers initiative, funded at \$100 million, would involve the development, implementation, and evaluation of research-based interventions to improve reading skills of secondary students who are at-risk of failing or dropping out. As we noted in the January TechMIS Washington Update, pro-NCLB groups, such as the highly-respected Education Trust, released several recent reports that provided a clear justification and rationale for greater priority being placed on high school activities.

The Jobs for the 21st Century initiative would become one of the first steps prior to the 2005 reauthorizations of the Perkins Vocational and Technical Education current law. Under the proposed Secondary and Technical Education initiative (Sec. Tech.), states would be required to focus more intensely on improving student academic achievement and outcomes in career and technical education programs to help students graduate with the necessary skills to transition from high schools to other training and into the work force. Secondary-level vocational training would be transferred to community colleges and programs such as Tech Prep would no longer be funded under the proposed FY 2005 budget.

Throughout the proposed FY 2005 budget are new or increased pots of funding for assessing the effects of scientifically-based interventions in areas beyond Reading First. These include: (a) secondary-level math and reading interventions under the Striving Readers components of Jobs for the 21st Century and Math/Science Partnerships; (b) the \$9.5 million request for Title I Evaluations to develop evidence on the effectiveness of Title I programs and practices; and (c) 21st Century Community Learning Centers, among others. The budget also includes an increase of approximately \$10 million for states, primarily to develop “enhanced assessment instruments.”

Unlike the three previous proposed Administration budgets, this one does not propose to rescind portions of programs such as Safe and Drug Free Schools, among others. In fact, in an inconsistent manner, the FY 2005 proposed budget would increase Safe and Drug Free Programs for the first time by including the increased funding for Mentoring programs and the in-school “drug testing program” under Safe and Drug Free Schools. On the other hand, the FY 2005 budget proposes to eliminate programs (totaling \$1.4 billion) which of course would occur after the election. The programs to be eliminated would include Community Technology Centers, Comprehensive School Reform, Even Start, Literacy Programs for Prisoners (which is inconsistent with the President’s State of the Union Address in which he announced a \$300 million “compassionate conservative” initiative to return prisoners into society), Regional Technology and Education Consortia, Star Schools, and other programs.

While the Bush Administration’s proposed budget includes several “flip flops” from previous positions, as reflected by funding priorities, it is consistent in those areas related to “choice.” For example, it calls for increases in funding for charter schools and for creation of new parent choice programs. Moreover, it emphasizes that programs such as Innovative Program Strategies (which has been a block grant for almost three decades) could be used to cover the cost of supplemental education services. It also reiterates Congressional language which requires four percent of a state’s Title I allocation (about \$540 million nationwide) be distributed to districts based upon the number of schools which have been identified for improvement. The Education Leaders Council estimated in 2001-02 that only \$40 million was spent on SES services. However, based upon results of a recent Council of Great City Schools survey, one can anticipate that, during the 2003-04 school year, upwards of \$300 million will be allocated for supplemental education services.

The Bush Administration budget proposal also has shades of “smoke and mirrors” which attempt to overstate funding for areas which critics have argued are low USED priorities. For example, the budget summary highlights the new \$100 million math initiative to develop and implement proven interventions and train or retrain teachers and also highlights the increase in the Math/Science Partnership when in fact they are one and the same. In defense of the proposed level funding at \$2.9 billion for Title II A Teacher Quality, Deputy Education Secretary Hickock, as reported in Education Daily (February 3), indicated that there are increases for staff development and improving teacher quality in other areas amounting to a real increase of \$681 million. This includes \$406 million to expand from \$5,000 to \$17,500 loan forgiveness for math, science and special education teachers who serve in poor communities, and \$66 million to expand teacher tax deductions.

At this writing, a public copy of the omnibus bill which is several thousand pages long is not available. When we have an opportunity to analyze the specific language in the Act which could have

significant implications for how appropriated monies can actually be used for what products or services, etc., we will certainly provide TechMIS subscribers with an update, if appropriate.