

**Bush FY 2002 Proposed Budget is Exercise
in Purposeful Ambiguity With Many
Below-the-Surface Consequences©**

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

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The proposed Bush FY 2002 budget is ambiguous, raises more questions than provides answers, and -- if passed by Congress -- would result in consequences which have both bad news and good news for most TechMIS subscribers. Released March 1, a day later than expected, the White House statement hails the education budget as having the largest increase in budget authority among all Federal agencies at about 11.5%, providing an additional \$4.6 billion. It later states that a corrected budget for "advanced funding" would result in an increase of \$2.5 billion or 5.9%. But, as several respected budget analysts have pointed out, the proposed FY 2002 budget includes over \$1 billion in funds appropriated for FY 2001 which have yet to be allocated to states; this would reduce the increase to 1.4% above FY 2001. The worse case scenario is that the Bush proposal could intend to count \$14.6 billion in "advanced funding" under the FY 2001 budget (funds under current FY 2001 which would be released after October 1, 2001) as part of the stated \$44.5 billion FY 2000 budget. Hence, Congress would have to appropriate for next year only \$29.9 billion for FY 2002. In the meantime, the Bush Administration is attempting to push through its proposed tax cut in this atmosphere of purposeful ambiguity about the FY 2001 budget and how much the tax cut could force education budget reductions. The ten-year total for tax cuts -- \$1.6 trillion -- is about forty times larger than the proposed ten-year increases in education funding.

While the Bush proposal does not indicate how much of an increase would be allocated for IDEA/Special Education for FY 2002, it does propose to allow districts to use \$1.2 billion under the FY 2001 Clinton School Renovation initiative for special education and/or technology. Currently, only \$300 million could be used for such purposes. These funds do not have to be allocated until July 1 and, even though Congressional Democrats have written letters to the Secretary of Education as to when such guidelines and applications would be available, thus far they have not received any satisfactory responses. In the meantime, numerous bills have been offered in both the House and the Senate by both Democrats and Republicans to increase IDEA funding for FY 2002 by \$2-\$3 billion a year until the 40% Federal contribution to total costs of special education is met. For FY 2001, IDEA funding increased 23% which, as noted in previous TechMIS reports, should increase technology purchases significantly, as 50% of all technology purchased for use in special education programs use IDEA funding.

A second consequence which could be beneficial to firms that provide technology related staff development is that the proposed budget would provide \$2.6 billion for states to improve teacher quality, professional development, recruitment, and innovative retention practices. The initial Bush “blueprint for education reform” stated that the Class Size Reduction and Eisenhower Title II funds would be folded into a block grant by increasing the total amount by about \$450 million. Groups such as the NEA have argued that this increase would not allow districts to maintain the almost 40,000 teachers paid for in School Year 2001-2002 with Class Size Reduction funding (i.e., FY 2001 \$1.6 billion), or provide opportunities for salary increases. When district officials learn they have greater flexibility in using the funds or that they can provide professional development because the proposed level of funding will not allow districts to cover the cost of recently-hired teachers, they are likely to devote such funds under the grant consolidation of Class Size Reduction to professional development because funding for re-occurring costs (e.g. salaries), might not be available next year.

In short, this proposed budget level and increased flexibility, in conjunction with the possibility of reducing funds for renovating classrooms, could result in greater district spending for special

education technology, and professional development.

The priority budget item appears to be the K-3 reading initiative which is budgeted at almost \$1 billion. The proposed Bush Reading First initiative would replace the Reading Excellence Act which is funded at \$286 million. Another early reading program to prepare children to read at the pre-K level would be funded at \$75 million. Over five years, \$5 billion would be allocated to districts to use “proven methods” as interventions for at-risk children in K-2. In addition, the Head Start Reform initiative would make school readiness, including pre-reading and numeracy a priority within Head Start which would be moved to the Department of Education from HHS. No additional funding is proposed in the current blueprint. Also, an After-School Certificate program in DHHS would be funded at \$400 million under the Childcare and Development Block Grant which would provide funds to parents in order to obtain “after-school childcare with a high quality education focus.” In a February 26 White House Press Release, First Lady Laura Bush cited several “proven methods” used to develop reading skills among pre-K students including Reach Out and Read (ROR) used in Boston City Hospital and the Reading to Read Pre-School Grant Program patterned after the Margaret Kohn Head Start Center in Dallas which has been funded by the Texas legislature over the last several years.

The proposed FY 2002 budget would also increase funding for Charter School Facility Modernization and Renovation by approximately \$125 million; increase Impact Aid by \$62 million; increase Character Education from \$8 to \$25 million; and increase the Troops to Teachers program by \$27 million. If these specific increases -- plus the reading initiatives -- were implemented, about \$150 million would be left over under ESEA to pay for any increases in Title I, after-school, and technology, as well as for the implementation of the massive testing initiative in grades 3-8 and for accountability incentives. The \$150 million would not likely cover the cost of requiring every state to participate in the annual NAEP test, much less the estimated \$800 million - \$1 billion for state development of assessment systems under the proposed accountability system.

Beyond the Elementary and Secondary Education Act, additional funding would be provided for:

- Historically Black and Hispanic Serving Colleges (\$20 million increase to \$318 million);
- a \$200 million NSF initiative to help states reform and upgrade math and science instruction, of which half would be paid for by reducing existing NSF program funds;
- the New Freedom Initiative announced on February 1, which would provide approximately \$50 million to develop, and subsidize individuals with disabilities to use, assistive technology, not only for instruction but also for employment.

The Administration has stated its intentions to make available a more detailed FY 2002 budget with specific line items in early April and is hoping that most of the tax cuts will be passed by both the House and Senate prior to the finalization of the proposed FY 2002 education budget; after tax cuts are passed some significant education line item budget cuts could be required. Or as an alternative, the Administration could propose to increase the amount of “advanced funding” for FY 2002, which could result in the amount of FY 2002 budget outlays to be even less than the \$29 million in the blueprint. In the worse case scenario, if the \$14 billion in FY 2001 advanced funding were to be included in the FY 2002 budget, the net result could be a perceived overall significant budget cut in midyear which would definitely delay purchases of technology and other products using Title I and special education IDEA funding until next October/November. The net result will be to do away with “forward funding” which began in 1982, to reduce uncertainties for districts who before that time had to start school without knowing how much Federal Title I and special education funding they were getting. If anyone has any questions, contact Charles Blaschke directly.