March 2014

New America | Education Policy Program

Federal Education Budget Project

Budget: Key Questions

Education Policy in the President's Fiscal Year 2015 Budget

About New America
New America is a nonprofit, nonpartisan public policy institute that invests in new thinkers and new ideas to address the next generation of challenges facing the United States.

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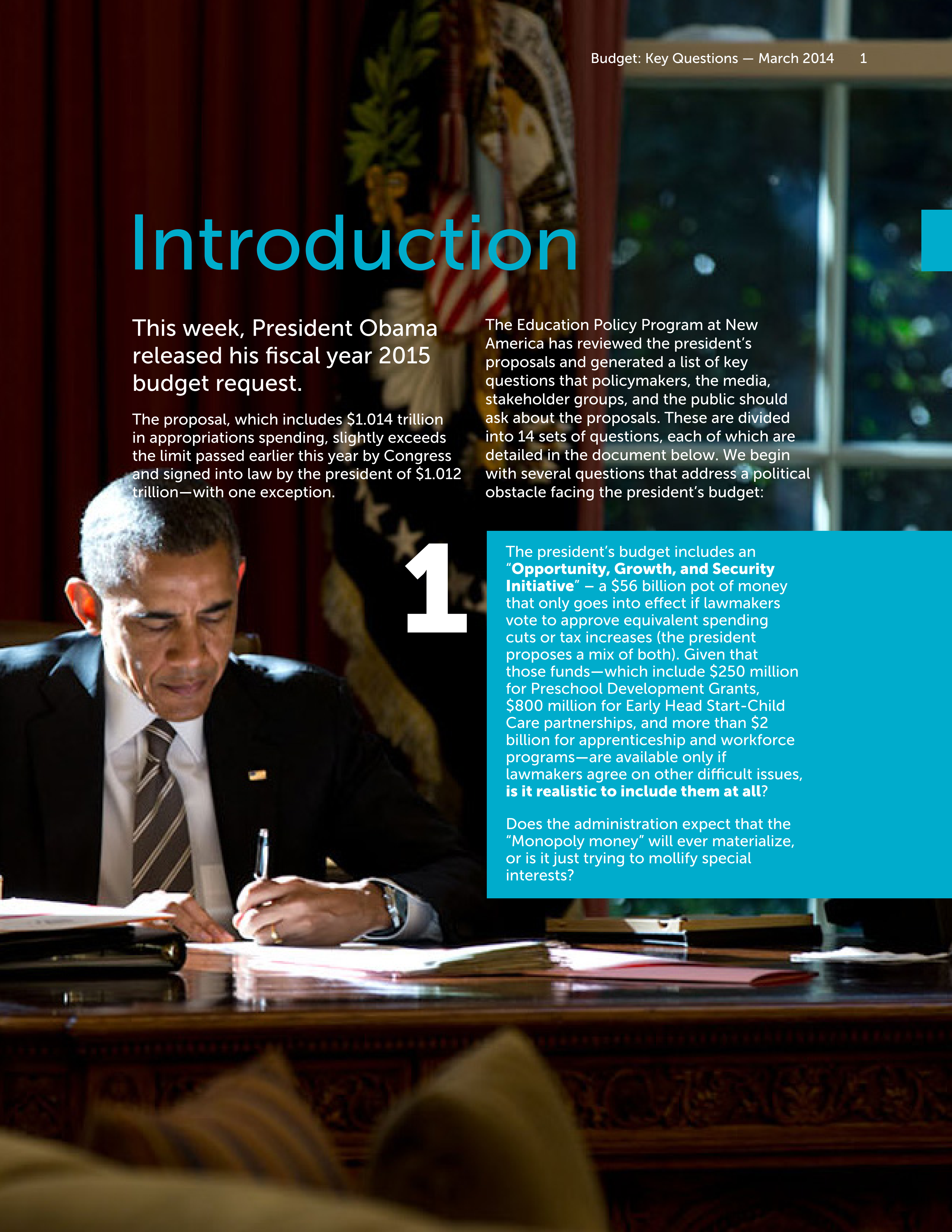
The New America Education Policy Program's work is made possible through generous grants from the Alliance for Early Success; the Annie E. Casey Foundation; the Bill and Melinda Gates Foundation; the Evelyn and Walter Haas, Jr. Fund; the Grable Foundation; the Foundation for Child Development; the Joyce Foundation; the Kresge Foundation; the Lumina Foundation; the Pritzker Children's Initiative; the William and Flora Hewlett Foundation; and the W. Clement and Jessie V. Stone Foundation.



Introduction

This week, President Obama released his fiscal year 2015 budget request.

The proposal, which includes $1.014 trillion in appropriations spending, slightly exceeds the limit passed earlier this year by Congress and signed into law by the president of $1.012 trillion—with one exception.

The Education Policy Program at New America has reviewed the president's proposals and generated a list of key questions that policymakers, the media, stakeholder groups, and the public should ask about the proposals. These are divided into 14 sets of questions, each of which are detailed in the document below. We begin with several questions that address a political obstacle facing the president's budget:

1

The president's budget includes an "**Opportunity, Growth, and Security Initiative**" – a $56 billion pot of money that only goes into effect if lawmakers vote to approve equivalent spending cuts or tax increases (the president proposes a mix of both). Given that those funds—which include $250 million for Preschool Development Grants, $800 million for Early Head Start-Child Care partnerships, and more than $2 billion for apprenticeship and workforce programs—are available only if lawmakers agree on other difficult issues, **is it realistic to include them at all**?

Does the administration expect that the "Monopoly money" will ever materialize, or is it just trying to mollify special interests?

PreK-12

The White House's budget request largely reiterates past proposals, including new investments for early education the president first proposed last year.

The pre-K proposal contains the full set of programs President Obama proposed, including $1.3 billion for Preschool for All grants to expand access; $500 million for Preschool Development Grants to states; $650 million for the Early Head Start-Child Care partnerships funded at $500 million in the 2014 appropriations bill; and $15 billion over 10 years to extend home visiting programs after they expire at the end of the current fiscal year. Title I grants for disadvantaged PreK-12 students would be held flat at this year's $14.4 billion level, while special education grants would increase slightly from $11.5 billion this year to $11.6 billion next year. It also includes $300 million for a Race to the Top-Equity competition; $150 million for a high school redesign competition; and more. But many of the details of these programs remain unclear.

2

The president's budget repeats his call for a "Preschool for All" program that would extend pre-K to all four-year-olds from low- and moderate-income families. As in the past, the administration calls for the program to be financed by an increase in tobacco taxes. There are a lot of benefits to keeping it as a proposal for mandatory funding, such as maintaining a certain level of funding. The Home Visiting expansion, also part of the 2014 Preschool for All proposal and this year's budget proposal, includes $15 billion in mandatory funds over the next 10 years. But while legislation was crafted last fall to help make the president's pre-K proposal a reality, funding it via a tobacco tax increase has proven to be a non-starter. Is the president's goal to keep these programs packaged together or would he be open to an appropriations-based funding stream for the federal-state preschool partnership component of the plan?

The president's proposal also restates last year's goal of providing states with incentives to expand high-quality, full-day kindergarten offerings, in addition to expanding pre-K access—not a priority in the House and Senate Strong Start legislation modeled on the president's proposal. Is this a signal that full-day kindergarten is a stronger priority for the administration than for Congress?

3

The new Race to the Top Equity and Opportunity competition promises "intensive interventions to schools that most need the extra help" in improving student achievement and closing the achievement gap. The budget suggests that the competition will support better data collaboration between states, districts, and schools. More transparent data collection and sharing is imperative, but better data is powerless without corresponding actions from educators and policymakers. What will these "intensive interventions" look like? And how will they complement other initiatives to close achievement gaps and turnaround low-performing schools, including the original Race to the Top and the School Improvement Grants (SIG) programs?

In a bigger sense, is it troubling that this round of Race to the Top has schools racing to equity? Equity should be the expectation for all public education, not just the chosen few. While every state may not have the current capacity to tackle equity and opportunity gaps, how will they ever get there without collecting data on resource, access, and achievement disparities within their schools and districts? Will the Department use the State Longitudinal Data Systems (SLDS) program to improve data collection in non-winning states?

4

The president proposes to fund the Assessing Achievement program at $378 million, the same level as last year. The majority of this funding is allocated by formula and has supported standardized testing programs under NCLB. But as states transition to new college- and career-ready standards, some of this funding would begin to support Common Core implementation. Specifically, last year's budget request (and prior budgets before it) would have significantly changed the formula for FY 2015 so that funding would be available "only to States that have adopted college- and career-ready standards that are common to a significant number of States" (emphasis added). But now that FY 2015 is here, the requirement has been changed to align with the less-strict requirements in No Child Left Behind waivers. To receive formula funds, states must either have common college- and career-ready standards or standards "approved by a State network of institutions of higher education, which must certify that students who meet the standards will not need remedial course work at the postsecondary level." Is this evidence that the Obama administration overestimated state support for common standards and is now heeding concerns (from Common Core allies and foes alike) to take a more hands-off approach to the Common Core state standards?

5

With the Federal Communications Commission's recent $2 billion commitment to expand high-speed broadband connectivity in schools and libraries through its E-rate program, the president's budget moves toward fulfilling the ConnectED Initiative's second goal: ensuring educators have the skills to use technology to increase student learning. The budget proposes $200 million to support the newly coined ConnectEDucators program, which—along with an additional $300 million through the Opportunity fund (see Question 1)—would provide funds to states to improve and increase availability of educational technology resources, and use a district grant competition to provide educators with high-quality digital instructional resources and professional development.

Given that the administration intends to award competitive grants to districts that have already implemented new technologies like broadband access and high device-to-student ratios, how will the Department of Education ensure that these grants do not just serve to widen the digital divide? Further, given research suggesting that the design of most professional development opportunities has little impact on the quality of teaching and learning, how will the ConnectEDucators program ensure high-quality professional development for digital learning? How will the ConnectEDucators program determine what constitutes a high-quality digital instructional resource, given the challenges educators face in finding high-quality resources in the proliferation of instructional materials? Lastly, given that the administration's budget suggests six varied allowable uses of district competitive funds, how would the administration prioritize applicants' proposals—would there be an emphasis on prioritizing high-need districts?

6

Many of the White House proposals echo past budget requests and policy announcements. The Preschool for All proposal, the RESPECT fund for teachers, and the proposed STEM program reorganization, among others, have all been proposed before—and soundly rejected by Congress, for the most part. And while the Obama administration has proposed significant reform or funding increases to some areas, others have been ignored entirely. For example, the President's budget requests less Title III money for 2015 than Congress appropriated in 2009 (and 2010, and 2011)—despite the fact that the number of English language learners is growing rapidly.

So what makes the White House think this year will be different on its old ideas? Does the repetition in education policy proposals show a declining enthusiasm for new projects, or a continued commitment to programs and policy ideas, even where lawmakers have expressed disinterest? Will the White House be more willing to submit ambitious, but potentially bipartisan, policy ideas to Congress after the midterm elections as it heads into the waning years of the administration?

Higher Education

The higher education side of the budget proposal includes some funding for already-established policy proposals—most notably, the college ratings system the president announced last summer—as well as dollars for a few new or rebranded initiatives.

On the familiar side, the budget again proposes rewriting the campus-based aid formula for Federal Work-Study, Supplemental Educational Opportunity Grants, and Perkins loans to remove some of the biases in the current formula and expand Perkins availability. A mandatory request of $4 billion over four years for the State Higher Education Performance Fund looks a lot like a rebranded Race to the Top for higher education. The biggest new proposals are a set of reforms to the Income-Based Repayment program, matching several of New America's own proposals, to alter some of its poorly targeted benefits. There's also a new, $647 million request for College Opportunity and Graduation Bonuses to reward institutions that succeed in enrolling and graduating Pell grant recipients. And though it's not as big or flashy, the $52 million request for Higher Education Act Program Evaluation would provide $10 million for the ratings system, as well as fund an evaluation of student loan counseling and some pilot programs. As usual, the Department only articulated the top-level details for these new reforms.

7

Between the proposals for changing the Perkins Loan Program, the Postsecondary Education Ratings System, and the College Opportunity and Graduation Bonuses, the Department of Education's budget has three major ideas for rewarding or highlighting colleges that enroll and graduate higher numbers of Pell eligible students and offer an affordable and quality education, provide the best value, and work to improve educational outcomes for low- and moderate-income students, respectively. Given that all these goals sound very similar and that value, cost, and outcomes are all interrelated, how does the Department see the three formulas for these initiatives interacting? Will each prioritize different goals? And is the Department concerned about the implications of highlighting an institution in one of the three areas, while criticizing it in another?

8

The budget reiterates a commitment to competency-based higher education. Unlike many other of the aspirational parts of the document, which rely on further congressional action, there is much the Department of Education is doing—and more it can do—to support competency-based education. How will the Department structure the First in the World competition, first funded in last year's appropriations bill, to help develop an evidence base for competency-based education? Will the Department release the more than 100 suggestions it received for experimental sites so that Congress can see which statutes and rules the field believes stifle innovation as it works to reauthorize the Higher Education Act? Will the Department release its proposed experimental sites in time for schools to begin in the next academic year? And will the Department work more openly with the field to clear up confusion about what is, and is not, allowed under the Direct Assessment provisions of HEA?

9

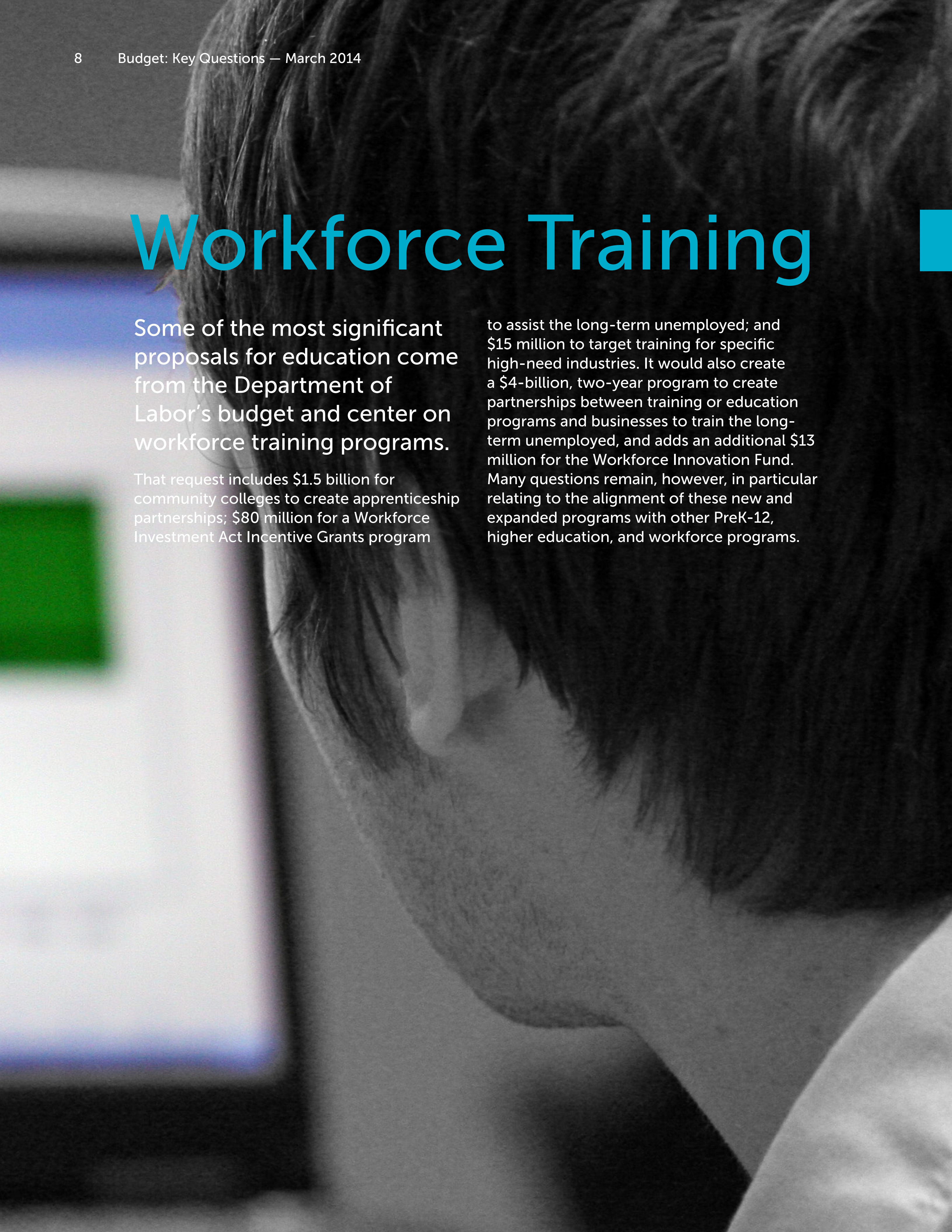
Last year, President Obama said in a speech that, "[o]ur national mission is not to profit off student loans." Yet his fiscal year 2015 budget would increase the profits the government appears to earn on its student loan portfolio by $6.3 billion over 10 years. Under the proposal, the president would replace the Perkins loan program (through which colleges use federal money to make subsidized loans to students from low-income families) with a program that would allow students to borrow more in Unsubsidized Stafford loans. (Currently, students may borrow between $5,500 and $12,500 per year in Unsubsidized Stafford loans.)

Government accounting rules make it appear as if Unsubsidized Stafford loans are profitable, so any proposal to increase lending, like the president's Perkins proposal, generates more profits—at least on paper. The Congressional Budget Office and financial economists argue that the accounting rules understate costs, but the Obama administration defends the rules as accurate. If the government earns profits on its student loans by the White House's preferred accounting measure, but "our national mission is not to profit off of student loans," why propose a program that makes more loans to students at terms that 'generate a profit'?

10 The administration proposes a permanent extension of the American Opportunity Tax Credit (AOTC). However, the program as it currently exists is poorly targeted, with nearly a quarter of benefits going to households with annual incomes of $100,000 or more. Would the administration consider instead converting the program to a grant for low-income students, which research suggests is a more effective way to deliver aid to those families? If not, would the administration at least consider lowering income eligibility for the AOTC so that it provides a greater share of benefits to low- and moderate-income families who struggle the most with college costs?

11 The budget proposes a new, additional benefit to the Income-Based Repayment (IBR) program for federal student loans. Unpaid, accrued interest would be capped at 50 percent. Those provisions are somewhat vague, leaving us to wonder—is the president proposing that interest be capped at 50 percent of the original amount borrowed, or that it be capped at 50 percent of the unpaid interest as it accrues each month? Those would provide very different benefits to borrowers, with the latter extremely generous and poorly targeted and the former a reasonable safety-net benefit. For example, a borrower whose loan accrues, say, $100 in one month, but who pays only $50 under IBR (leaving $50 unpaid), would immediately have half of that unpaid amount forgiven under the second interpretation. That is a much larger benefit than the alternative, wherein a borrower with a $10,000 loan balance upon entering repayment could never owe more than $15,000 under Income-Based Repayment.

12 The budget includes a proposal for a new program that would establish College Opportunity and Graduation Bonuses, including rewards for schools that enroll and graduate low-income students on time and improve their overall performances. Does the administration plan to include any safeguards to prevent higher education institutions, particularly in the for-profit college sector, from lowering their academic standards to make it easier for Pell students to graduate so they can capture these bonuses?



Workforce Training

Some of the most significant proposals for education come from the Department of Labor's budget and center on workforce training programs.

That request includes $1.5 billion for community colleges to create apprenticeship partnerships; $80 million for a Workforce Investment Act Incentive Grants program to assist the long-term unemployed; and $15 million to target training for specific high-need industries. It would also create a $4-billion, two-year program to create partnerships between training or education programs and businesses to train the long-term unemployed, and adds an additional $13 million for the Workforce Innovation Fund. Many questions remain, however, in particular relating to the alignment of these new and expanded programs with other PreK-12, higher education, and workforce programs.

13 The administration's budget focuses on creating pathways for students and workers, with numerous investments in Department of Labor side toward apprenticeships, on-the-job training, and work-based learning for youth and adults. How will the administration ensure that the education and training individuals receive from Department of Labor-funded programs are coordinated with, and portable to, programs funded through the Higher Education Act and the Elementary and Secondary Education Act, including building connections with the proposed high school redesign program? That is, how does the administration make sure that its goals are coordinated, not overlapping, and that it is not contributing to the creation of two separate systems—one oriented toward work and the other toward academic achievement?

14 The White House's budget includes a $1.5 billion fund for community colleges to develop training and education programs aligned with the labor market. How is this program different/similar from the Trade Adjustment Assistance Community College and Career Training (TAACCCT)? What role, if any, will the Department of Education play in the design and delivery of the program? Under TAACCCT, the Department did not have funds to provide direct technical assistance to grantees, limiting its ability to know what was happening on the ground, draw connections among different grantees and scale promising practices. Will there be funds in this program for technical assistance?

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