



Issue Brief

Key Questions on the Obama Administration's 2010 Education Budget

Education Policy Program

New America Foundation | May 2009

President Barack Obama submitted his first budget request to Congress on Thursday, May 7, 2009. This request follows the initial summary budget request he submitted in February that included only proposed funding levels for federal programs and agencies in aggregate. The detailed budget request includes proposed funding levels for federal programs and agencies in aggregate for the upcoming five to ten fiscal years, and specific fiscal year 2010 funding levels for programs subject to appropriations. The president's 2010 budget request marks the first time the Obama administration has submitted funding recommendations for every federal education program and a comprehensive list of new education policy initiatives.



In an effort to heighten the quality of debate on federal education policy, the New America Foundation's Federal Education Budget Project has reviewed the president's proposals and generated a list of key questions policymakers, the media, stakeholder groups, and the public should ask about the proposals.

Early Education

- The 2010 budget request includes a new \$300 million Early Learning Challenge Grant program to help states build their early childhood infrastructure and coordinate early childhood care and education services for children from birth through age five. How will this program—one of the four new early education programs included in the president's 2010 budget proposal—fit into the administration's overall vision for improving access to quality early education and its broader K-12 school reform agenda? What will the administration do to ensure that these grants support alignment and coordination not just within the early childhood sector, but also between early childhood programs and K-12 public schools?

K-12 Education

- The president's request includes \$1.5 billion for the No Child Left Behind Title I school improvement program, a \$1 billion increase over the fiscal year 2009 level. Included in the proposal is a new requirement that states use 40 percent of program funds for middle schools and high schools. Will the administration provide guidance and recommendations for how the funds should be used at the middle school and high school level? In general, is this new set-aside an indication that the administration supports a new and separate funding stream for high schools in the upcoming reauthorization of the No Child Left Behind Act?
- The president's 2010 budget proposal would increase funding for the Striving Readers program to \$370 million from \$35 million in 2009. Does the president intend to use Striving Readers as a replacement for the Reading First program, which received \$448 million in fiscal year 2008 but did not receive funding in fiscal year 2009 and is not included in the president's 2010 request? Both programs promote scientifically-based reading instruction. If so, how will the administration ensure that Striving Readers overcomes the criticisms that have been targeted at the Reading First program—mainly that it did not significantly improve student reading and comprehension skills? In addition, how will the administration ensure that Striving Readers is not vulnerable to the same management problems encountered with Reading First?

- The president's budget request proposes an increase in the Institute for Education Sciences allocation for research, development, and dissemination from \$167 million in 2009 to \$224 million in 2010 specifically for a new federal initiative called Reading for Understanding and other efforts to improve student achievement. Does the administration have details on this new initiative? To what extent will it overlap with other reading programs, such as Striving Readers? Besides the new Reading for Understanding program, has the administration identified certain innovations it is particularly interested in studying and expanding?
- The president requests an increase in funding for the Teacher Incentive Fund from \$97 million in 2009 to \$517 million for 2010. These funds support the creation of teacher compensation systems that include performance-based incentives for hard-to-staff schools and subject areas. The proposal requires that local education agencies (LEAs), states, and other organizations that receive grants under the program establish compensation systems that include consideration of student academic achievement gains and teacher evaluations. However, many states and LEAs have passed legislation or signed teacher union contracts that prevent teacher compensation systems from taking student performance into account. Will these states and LEAs be ineligible for Teacher Incentive Fund grants? If so, how does the administration plan to encourage these states and LEAs to develop and use innovative teacher compensation systems? To what extent will these activities overlap with other federal programs that focus on teacher compensation and distribution, including funds from the American Recovery and Reinvestment Act?
- In general, to what extent has the administration considered the interaction between American Recovery and Reinvestment Act funds and fiscal year 2010 funds included in the president's budget request in the identified reform areas concerning data collection, standards and assessments, school improvement, and improving teacher quality?

Higher Education

- The president's budget request proposes an increase in funding for the Perkins Loan program from \$1.1 billion in available loan assistance in 2009 to \$5.8 billion in 2010. Yet the 2010 funding allocated for this change is negative \$498 million. Furthermore, the administration shows that the proposal saves \$3.2 billion over five years. How does the \$4.7 billion increase in available loan funds achieve savings? Is this accomplished by recalling the federal share of the revolving fund that colleges use to make Perkins Loans?
- The campus-based aid programs—Federal Work Study, Perkins Loans, and Supplemental Educational Opportunity Grants (SEOG)—are intended to assist low-income students. The federal government provides campus-based aid funds to postsecondary institutions, which then award them to their students. However, the formula the government uses to distribute the aid overwhelmingly benefits elite public and private colleges and universities, even though these institutions serve a relatively small proportion of low-income students. The administration has criticized this formula and proposes changing it for the Perkins Loan program. However, the president's 2010 budget request would leave the formula unchanged for the SEOG and work study programs. Does the administration plan to address this discrepancy in the future?
- The 2010 budget request proposes to cancel \$511 million in surplus funds for the Academic Competitiveness/SMART Grant (ACG/SMART) programs. The programs provide grant aid to Pell Grant-eligible students who meet additional requirements. We already know that many first-year ACG recipients are unable to meet the 3.0 grade point average required to receive a second-year grant worth \$1,300. Has the administration considered, instead of cancelling the unused funds, that the second-year ACG award be increased to provide a greater financial reward for strong academic achievement? Furthermore, the president's budget proposal seems to suggest that the administration will allow the ACG/SMART grant programs to expire after fiscal year 2010 under current law. Does the administration support an extension or reforms for the programs?
- The budget request includes \$500 million in 2010 and \$2.5 billion over five years to fund national and state efforts to improve degree attainment rates in higher education and identify and promote what works in helping needy students get a degree. It also discusses granting states considerable flexibility in the types of programs that can be funded, and allowing states to set aside a portion of their funding to continue college outreach and information activities now undertaken by the guaranty agencies in the FFEL program. Given this last allowance,

will these dollars will be distributed to the states by formula or will states be required to compete for funds? If it is a formula program, can one assume that dollars could be sub-granted out to institutions? If the program is competitive, will allowances be made to allow institutions of higher education, perhaps in partnerships with local educational agencies, to apply directly for these funds?

- The president's 2010 budget proposal would end the Federal Family Education Loan (FFEL) program and use the savings to finance the Pell Grant program as an entitlement. This proposal has been controversial in Congress, as some lawmakers oppose creating a new entitlement program. Would the administration support using any FFEL program savings to fund the Pell Grant program without making it an entitlement? Would the administration support using FFEL savings to fund other student aid programs that support its higher education agenda?

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