

ISSUE BRIEF

2009 EDUCATION APPROPRIATIONS GUIDE

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Congress completed the fiscal year 2009 appropriations process on March 10th, 2009, finalizing annual funding for nearly all federal education programs through September 2009 at \$62.6 billion, up \$3.4 billion from the prior year. Making sense of the federal education budget and the appropriations process can be a frustrating task for education advocates, state and local policymakers, the media, and the public. The now concluded fiscal year 2009 appropriations process is no exception due to numerous stopgap funding measures and emergency economic stimulus legislation.

This issue brief is intended to be a helpful guide to the appropriations process and recently enacted fiscal year 2009 education funding, including economic stimulus funding signed into law earlier this year through the American Recovery and Reinvestment Act.

Appropriations Process Overview

Nearly all federal education programs are funded through the annual appropriations process. This means that Congress must pass a new funding level for most education programs by the start of each new fiscal year, which begins October 1st of the preceding calendar year. (Fiscal year 2009 began on October 1st, 2008.) Congress usually begins work on appropriations legislation for the upcoming fiscal

year in the spring and summer months. During this time, each of the 12 subcommittees of the House and Senate Appropriations Committees adopt a bill that covers funding for programs within their jurisdictions and report them to the full House and or Senate for consideration. The Labor, Health and Human Services, Education, and Related Agencies (Labor-HHS-Education) subcommittee has jurisdiction over education programs. After the House and Senate adopt their respective versions of the appropriations bills, they must work out any differences in conference committee before sending the final bill to the president for his signature.

Timeline: The 2009 Appropriations Process

For the fiscal year 2009 Labor-HHS-Education appropriations, the House and Senate Appropriations Committees originally drafted bills in June 2008, but did not vote on the legislation in the full House and Senate.^[1] Instead, when fiscal year 2009 began on October 1st, 2008, Congress and the president agreed to fund education programs (and most other federal programs) through March 2009 with a continuing resolution (CR).^[2] A CR is a stopgap funding measure to provide temporary funding for federal programs at existing levels until appropriations legislation is completed. Media reports suggested that the

Democratic majorities in Congress preferred to wait until after the November election and January presidential inauguration to complete the 2009 appropriations process. This would give them a chance to work with a Democratic president rather than the Republican incumbent, president Bush.[3]

When the new Congress began its session in January 2009, it pushed off consideration of the 2009 appropriations bills to begin work on an economic stimulus bill - the American Recovery and Reinvestment Act - that will provide \$98.2 billion in supplemental education appropriations for fiscal years 2009 and 2010.[4] Congress eventually turned to the 11 unfinished 2009 bills in late February, wrapping them into one bill (called an omnibus appropriations bill), and passing the measure in early March. The bill was signed into law by the president on March 10th, 2009. The final bill funds education programs at \$62.6 billion.[5]

Fiscal Year 2009 Appropriations Timeline

- June 26th, 2008: The Senate Appropriations Committee passes and reports to the full Senate its version of the fiscal year 2009 Labor-HHS-Education appropriations bill. The House Appropriations Committee has yet to adopt its version.
- September 30th, 2008: The president signs into law a “continuing resolution” that funds education programs at 2008 appropriation levels into fiscal year 2009 (through March 6th, 2009). The continuing resolution is a stopgap measure that temporarily takes the place of the regular fiscal year 2009 Labor-HHS-Education appropriations bill, which the Congress has not yet passed.
- October 1st, 2008: Fiscal year 2009 begins. Education programs subject to annual appropriations will receive funding for the first half of fiscal year 2009 through a continuing resolution that provides the same level of funding that was provided in fiscal year 2008. Congress

is not expected to complete fiscal year 2009 education appropriations until February 2009 at the earliest.

- February 17th, 2009: The president signs into law an emergency economic stimulus appropriations bill that includes \$128.1 billion in supplemental fiscal year 2009 funding under the Labor-HHS-Education appropriations jurisdiction. Federal education programs will receive \$96.8 billion over fiscal years 2009 and 2010.
- February 23rd, 2009: House and Senate appropriations committees release proposed fiscal year 2009 omnibus appropriations legislation, which includes the fiscal year 2009 Labor-HHS-Education appropriations bill.
- March 6th, 2009: Congress has not yet adopted the fiscal year 2009 omnibus appropriations bill. The continuing resolution (CR) expires. Congress passes and the president signs into law another CR through March 11th while Congress continues to debate the omnibus appropriations bill.
- March 10th, 2009: The House and Senate pass fiscal year 2009 omnibus appropriations legislation. The president signs the omnibus bill into law.

Education Funding Highlights for 2009

Fiscal year 2009 education funding is most easily discussed in two parts: the omnibus appropriations bill that provides regular annual funding, and the American Recovery and Reinvestment Act (ARRA), the economic stimulus law which provides emergency supplemental funds for several existing education programs and establishes a new temporary fund for states.

K-12 Education Programs

The two largest K-12 programs, No Child Left Behind Title I grants and IDEA Special Education state grants, received increases from 2008 levels in the 2009 omnibus bill for

regular appropriations. The bill provides a \$594 million increase (4 percent) over the 2008 level for Title I, and a \$558 million increase (5 percent) for IDEA state grants.[6] Title I provides formula based grants to states and school districts based on the population of students from low-income families. IDEA state grants provide formula based grants to states and school districts based on the population of disabled students.

The ARRA provides significant supplemental 2009 funding for both programs. An additional \$10 billion is made available for Title I, and IDEA state grants will receive an \$11.3 billion boost, effectively doubling the regular 2009 appropriation.[7]

Title I School Improvement Grants will receive \$546 million through the regular 2009 appropriation, an increase of \$54 million, or 11 percent over 2008. The ARRA provides a large supplemental increase of \$3.0 billion for the program. Title I School Improvement Grants support reforms that will improve student achievement at low performing schools.[8]

The 2009 omnibus does not provide any funding for the Reading First program, which provides grant aid to states and school districts to support reading instruction methods for children in kindergarten through third grade that are grounded in scientifically based research. The program received \$393 million in 2008. According the Democratic majority of the House Appropriations Committee, the program has been mismanaged and has not produced results.[9] The Bush administration, however, argued in its 2009 budget request that the program has been successful and that management problems have been resolved.[10]

Higher Education Programs

Large increases are provided for the Pell Grant program in the omnibus appropriation (\$3.1 billion, or 22 percent more than fiscal year 2008) to accommodate growth in student eligibility and a higher maximum grant award for the

2009-10 school year.[11] The ARRA provides an additional \$15.6 billion to increase Pell Grants over the next two school years. The ARRA also provides a boost to a separate mandatory funding stream for Pell Grants established in 2007.[12] Taken together, the funds will support a \$5,350 maximum grant award in the 2009-10 school year, an increase of \$619 over the prior year. The Pell Grant program provides higher education grant aid to students from low-income families.

Pell Grant Maximum

Fiscal year	2008	2009
Pell appropriation	\$4,241	\$4,360
Mandatory funding add-on	\$490	\$490
Economic stimulus increase	\$0	\$500
TOTAL	\$4,731	\$5,350

Source: U.S. Department of Education; New America Foundation

The 2009 omnibus funds both the Supplemental Educational Opportunities Grant (SEOG) and Work-study programs at the 2008 level, \$757 million and \$980 million, respectively. The ARRA includes an additional \$200 million for the Work-study program.[13] Both programs provide funds to institutions of higher education which distribute the funds to students from low-income families.

State Fiscal Stabilization Fund

The ARRA establishes a new State Fiscal Stabilization Fund that makes \$53.6 billion available to states starting in fiscal year 2009 to support education programs.[14] The fund consists of three parts: State Incentive Grants (\$4.4 billion), Innovation Fund (\$650 million), and a general fund to help states maintain spending levels on education and other government services (\$48.6 billion).

The general fund will be distributed to states based on a combination of their share of the national age 5-24 population and their share of the total population. Within

the general fund, states must use 81.8 percent (\$39.8 billion) of their allocation for PreK-16 education purposes not including school renovation or modernization. The remaining 18.2 percent (\$8.9 billion) can be used for education purposes including school renovation, public safety, or other government services.

To receive a State Incentive Grant under the State Fiscal Stabilization fund, each state must submit to the U.S. Department of Education a plan that outlines how the funding will be used to further school reform goals in a variety of areas. Under the Innovation Fund, the U.S. Secretary of Education distributes grants to school districts, or partnerships between non-profit organizations and

school districts, or partnerships between non-profit organizations and consortia of schools. To receive funds, school districts or partnerships must show that their ongoing initiatives have demonstrated results on various measures of student achievement. Funds can be used to expand current work, encourage partnerships with private and philanthropic organizations, and/or identify and document best educational practices.

Federal Education Appropriations by Fiscal Year (budget authority \$ in billions)

Program	2008	2009	2009 Stimulus*
Title I	13.90	14.49	10.00
Title I school improvement grants	0.49	0.55	3.00
Reading first state grants	0.39	0.00	0.00
IDEA special education state grants	10.95	11.51	11.30
Improving teacher quality state grants	2.94	2.95	0.00
Education technology state grants	0.27	0.27	0.65
Career and technical education state grants	1.16	1.16	0.00
Pell Grants**	14.22	17.29	15.64
Academic Competitiveness/SMART grants**	0.40	0.07	0.00
Supplemental educational opportunity grants	0.76	0.76	0.00
Work-study grants	0.98	0.98	0.20
TRIO programs	0.83	0.85	0.00
GEAR UP program	0.30	0.31	0.00
State fiscal stabilization fund	0.00	0.00	53.60
Other education programs	11.64	11.46	3.81
TOTAL EDUCATION APPROPRIATIONS	59.21	62.65	98.2

* Funds become available in fiscal year 2009 but are available for later years for many programs.

** Excludes mandatory funding of \$2.03 billion in 2008, \$2.09 billion in 2009, and \$1.47 billion in the stimulus.

*** Funding is mandatory and not provided through appropriations; however, the 2009 bill defers \$877 million of \$960 million available to achieve savings.

Source: U.S. Department of Education; New America Foundation

Notes

- [1] Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2009. SB 3230 110th Cong., 2nd sess. http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=110_cong_bills&docid=f:s3230pcs.txt.pdf; U.S. House of Representatives Committee on Appropriations, "Chairman Obey's Statement: Labor, Health, Education Subcommittee Markup." Press release. (June 19, 2008). <http://appropriations.house.gov/pdf/ObeySubMarkupo6-19-08.pdf>.
- [2] Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, 2009. Pub. L. no.110-329 110th Cong., 2nd sess. http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=110_cong_public_laws&docid=f:publ329.110.pdf.
- [3] Humberto Sanchez and Christian Bourge, "Lewis, Cochran Blast Democrats On Appropriations Stall." CongressDaily. (July 25, 2008). http://www.nationaljournal.com/congressdaily/cdp_20080725_4781.php?
- [4] American Recovery and Reinvestment Act of 2009. Pub. L. no. 111-5 111th Cong., 1st sess. http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills&docid=f:hienr.txt.pdf. The \$96.8 billion excludes \$1.5 billion in Pell Grant funding provided to increase mandatory funds for the program.
- [5] Omnibus Appropriations Act, 2009. Pub. L. no. 111-8. 111th Cong., 1st sess. http://frwebgate.access.gpo.gov/cgi-bin/getdoc.cgi?dbname=111_cong_bills.
- [6] U.S. Department of Education, "FY 2009 Congressional Action." (March 12, 2009). <http://www.ed.gov/about/overview/budget/budget09/09action.pdf>.
- [7] American Recovery and Reinvestment Act of 2009. Title VIII.
- [8] U.S. Department of Education, "FY 2009 Congressional Action."
- [9] U.S. House of Representatives Committee on Appropriations. "Summary: 2009 Labor, Health & Education Appropriations." Press release. (February 23, 2009). <http://appropriations.house.gov/pdf/LHEFY0902-23-09.pdf>.
- [10] U.S. Department of Education, "Education for the Disadvantaged: Fiscal Year 2009 Budget Request." (February 4, 2008). <http://www.ed.gov/about/overview/budget/budget09/justifications/a-edfordis.pdf A 44-47>.
- [11] U.S. Department of Education, "FY 2009 Congressional Action;" Jason Delisle, "Pell Grant Budget Mess." New America Foundation. (February 19, 2009). <http://www.newamerica.net/blog/ed-money-watch/2009/pell-grant-budget-mess-10194>.
- [12] Mandatory funding is funding that is provided through legislation other than an appropriations bill. A 2007 law provides mandatory funding for Pell Grants each year from 2008 through 2017. The funding supports an add-on to each student's grant. Due to greater student eligibility than first estimated, 2009 funding would support less than a \$400 add-on for the 2009-10 school year rather than \$490 recommended in law. The economic stimulus bill includes funding to restore the add-on to \$490.
- [13] U.S. Department of Education, "FY 2009 Congressional Action."
- [14] American Recovery and Reinvestment Act of 2009. Title XIV.



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