

Education and Human Resources in the FY 2003 Budget

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INTRODUCTION

Federal government outlays accounted for only 9.6 percent of the total expenditures for education from all sources in the United States in FY 2002. At the elementary and secondary school levels the total amount of federal dollars spent was \$35 billion or 7.9 percent, with the bulk of funding came from state and local sources (82.7 percent). At the post-secondary level, over 62.4 percent of funding came from student tuition outlays (including student federal financial aid used to pay tuition) and private donations. Federal financing of higher education accounted for about 12.1 percent of total expenditures, while state and local governments provided the remaining 25 percent. Although the federal portion of educational funding is relatively low, it is the federal government that sets the standards with which states and localities must comply. Moreover, federal priorities in education and training, as reflected in the President's budget, set the benchmarks for the production of future scientists and engineers.

Although much of new discretionary spending in the federal budget proposed for FY 2003 is focused on wartime expenditures and homeland security, President Bush's campaign promises to reform education and "leave no child behind" continue to be priorities. In the Department of Education (ED) budget, Title I programs for disadvantaged schools and programs for the Individuals with Disabilities Education Act (IDEA) both receive funding increases. Growth in the budgets of the National Institutes of Health (NIH) and the National Science Foundation (NSF) continue an upward trend in funding for science, technology, engineering and mathematics (STEM) education and research, including considerable increases in graduate student stipends. In other cabinet

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departments, however, some important cuts and the elimination of key programs offer mixed messages on the Administration's priorities in STEM education and research.

K-12 EDUCATION AND THE "NO CHILD LEFT BEHIND" ACT OF 2001

At the end of 2001, Congress reached bipartisan agreement on an education spending bill dubbed the "No Child Left Behind" (NCLB) Act. This act provided for yearly testing of students in grades 3 through 8 as accountability measures to identify failing schools, increased federal resources to poor and inner-city school districts, gave states increased flexibility in their use of federal funds, and focused federal spending on research-based innovations in reading and mathematics instruction. The President's FY 2003 budget proposal for ED continues these foci and adds provisions for expanded parental school choice. Discretionary spending in the Bush ED budget request would increase 2.1 percent in FY 2003, with most of the growth going to Title I education programs and state grants for special education. (See Table II-18 for details of the Department of Education budget and ED R&D. The table includes both discretionary and mandatory spending.)

Title I Grants to Local Educational Agencies would experience a budget increase of 9.7 percent under the President's proposal. Most of this funding is targeted at poor and inner-city school districts to improve instruction and teacher training and provide before- and after-school instructional programs. Reading First state grants would receive \$100 million more over the 2002 allocation, or an 11.1 percent increase. Reading First programs focus on children in grades K-3 and grantees must demonstrate the use of scientifically researched reading improvement programs. Budget requests for the Early Reading First programs targeted at preschool children remain unchanged at \$75 million for FY 2003. The NCLB Act also consolidated the Eisenhower Professional Development State Grants program into a new Improving Teacher Quality State Grants program designed to allow states to develop performance-based strategies to improve teacher qualifications. This new grants program would be funded at the same level as 2002, \$2.85 billion.

Federal funds for state assessments, now required for all school districts in order to comply with adequate yearly progress (AYP) objectives, would remain unchanged at \$387 million. This allocation does not cover

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the full cost of state assessments, thus representing a partially funded federal mandate for school districts. Under the President's proposed budget, \$375 million would be earmarked for expanded school choice programs, including increased funding for charter schools and \$50 million for a new Choice Demonstration Fund that would allow grantees to use federal funds for both private and public school choice initiatives. In addition, \$385 million would be earmarked for state grants for innovative programs, which could include school choice components.

Consistent with the Administration's push to eliminate small categorical programs and consolidate funding in larger, more flexible block grants, the Fund for the Improvement of Education (FIE) would have its budget cut 91 percent in FY 2003. Under the current budget proposal, FIE activities would focus on two new initiatives—Programs of National Significance and Character Education—and continue funding for the Reading is Fundamental program. Twelve other programs would be eliminated, including the Javits Gifted and Talented Education, Smaller Learning Communities, Star Schools, and Women's Educational Equity programs. Other programs slated for elimination under the current budget proposal include: Civic Education Programs, Close Up Fellowships, Dropout Prevention Program, the National Writing Project, and Rural Education programs. In addition, Education Technology programs would experience an 8 percent funding decrease and special programs for Alaskan and Hawaiian natives would undergo major funding cutbacks.

Similar to FY 2002, the Administration is asking for a \$1 billion increase in funding for Special Education Grants to States as part of the Individuals with Disabilities Education Act (IDEA). The \$8.5 billion requested would serve approximately 6.6 million children and young adults with disabilities, ages 3 through 21. Proposed funding would provide approximately \$1,300 per student in addition to providing \$16 million for program assessment and evaluation. Most other educational programs in special education remain funded at current levels.

In other departments, the Math and Science Partnership program funded through the National Science Foundation (NSF) is in its second year. Designed to link higher education institutions with preK-12 teachers, the program was appropriated \$160 million last fiscal year. In FY 2003, the Bush Administration is proposing to increase the budget to \$200 million. Some Math and Science Partnerships would also be funded through ED.

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Also in NSF, the Centers for Learning and Teaching (CLT) program would receive \$6.86 million more support in FY2003, for a total of \$28 million. These Centers focus on strengthening instructional development in the sciences and ensuring that teachers have adequate access to cutting-edge science knowledge. Funding for environmental education, previously housed in the Environmental Protection Agency, would be transferred to NSF in FY 2003, with funding remaining the same, \$9 million. Finally, K-12 private-public partnerships, directed by NSF and funded through the H-1B visa program, are expected to receive \$37.5 million in the next fiscal year. (For more information on NSF, please see Chapter 7).

The National Aeronautics and Space Administration's (NASA) education programs at the preK-12 level would be cut 57 percent in the President's FY 2003 budget. Student support programs at the elementary and secondary school level would face decreases of 9.3 percent and funds for educational technology would be slashed by 87 percent. Overall, NASA's academic programs would receive \$143.7 million, \$83.6 million less than in FY 2002 (see Table II-12).

POST-SECONDARY EDUCATION IN THE BUSH EDUCATION BUDGET

Bush Administration priorities in ED for higher education are threefold. Continued funding for student aid programs tops the list, with Pell Grants getting a boost to cover shortfalls, but funds for all other student aid programs would remain the same. Second, the Administration is proposing to continue programs that help prepare traditionally underrepresented students for post-secondary educational opportunities. Finally, institutional development programs for colleges that serve low-income and minority students would receive some extra funding.

The Pell Grant program is the largest federal program serving low- and middle-income undergraduate students with grants in aid. Tied to family and/or individual income, the maximum Pell Grant award was increased last year from \$3,750 to \$4,000. The Bush education budget maintains that award level while overall funding for the Pell Grant program would increase \$549 million to \$10.9 billion. This increase would cover an expected budget shortfall of \$1.3 billion from the last fiscal year due to high student demand and would attempt to cover future shortfalls. Most other student financial aid programs, including Work-Study and Perkins Loans, would not receive any new resources under the current budget

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proposal. In addition, funding would be terminated for the Leveraging Educational Assistance Partnerships program, which encouraged states to set up student need-based aid programs. The Administration claims that the program has already accomplished its goals and so further funding is unnecessary.

As it did in the last fiscal year, the Bush Administration is again proposing to increase funding for a loan forgiveness program for math and science teachers. Currently, teachers who work in low-income schools can have up to \$5,000 of federally guaranteed student loans forgiven. The President's budget proposes that new science and mathematics teachers be forgiven up to \$17,500 in federally guaranteed student loans if they teach for five consecutive years in high-need schools. In addition, tax benefits for post-secondary students and their families through the HOPE tax credit and the Lifetime Learning tax credit continue to allow credits of \$1,500 and \$2,000 respectively for college tuition and fees expenses.

The Federal TRIO Programs and the Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP) aim to assist low-income students, regardless of race or ethnicity, to successfully transition into post-secondary education. Both programs continue at current funding levels, although the Bush Administration has made continued funding for GEAR UP contingent on the program showing measurable success over the next year.

The Title III Higher Education Act programs for Minority Serving Institutions would receive 3.5 percent more funding in FY 2003 under the Bush proposal. Funding for Historically Black Colleges and Universities (HBCUs) would increase 3.4 percent to \$213.4 million and for Historically Black Graduate Institutions 3.7 percent to \$50.8 million (not including the \$237.5 million allocated to Howard University). Funding for Hispanic-Serving Institutions (HSIs) would grow 3.6 percent to \$89.1 million. Tribally Controlled Colleges and Universities and Alaska Native and Native Hawaiian-serving Institutions would also receive modest increases. The Minority Science and Engineering Improvement program would be funded at the same level as FY 2002.

International Education and Foreign Language Studies would receive a 3.6 percent boost in funds, reflecting new government priorities in this area given the current global situation. But, similar to last year's budget

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proposal, the Administration is attempting to drastically cut budget outlays for the Fund for the Improvement of Post-secondary Education (FIPSE), refusing to include funds for projects earmarked in FY 2002 appropriations. This would, in effect, reduce FIPSE's funding by 78.4 percent. Allocations for Demonstration Projects to Ensure Quality Higher Education for Students with Disabilities would be subsumed under FIPSE. In addition, the National Technical Institute for the Deaf and Gallaudet University would experience funding decreases of 6.1 percent and 2.6 percent, respectively.

In other departments, funding for STEM activities in higher education and research is a mixed bag of increases and program cuts. NSF's budget includes some cutbacks in undergraduate programs, including decreases for Advanced Technological Education programs, undergraduate programs for Curriculum, Laboratory and Instructional Development, and Workforce Development programs. NSF graduate and professional programs would receive funding boosts of 15.9 percent. Some of this increase would allow for an increase in graduate student stipends from \$21,500 to \$25,000 per year and an increase in the number of graduate students supported. The Experimental Program to Stimulate Competitive Research (EPSCoR), a program designed to assist colleges and universities in states that have traditionally received less research and development support, would receive 17.6 percent less funding in FY 2003, including the elimination of Innovation Partnership Activities. Finally, under Human Resource Development, NSF is slated to cut funding for undergraduate and graduate student support, research and educational infrastructure, and Opportunities for Women and Persons with Disabilities programs, for a total cut of 7.4 percent.

Eliminated from the President's FY 2003 budget for the Environmental Protection Agency is the STAR Fellowship Program. STAR provided research funding to doctoral candidates completing their dissertations in environmental subjects.

The Office of Science at the Department of Energy (DOE) houses most of the DOE's educational outreach activities. Support for education involves the integration of education resources into established research programs, including preK-12 education outreach, graduate fellowships and postdoctoral support. The President's budget proposal would allow for a slight overall increase of 0.1 percent in the Office of Science's budget, although many of the programs would actually receive

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significant budget increases. Within the Office of Science, staff cuts (from 969 to 766 during the last fiscal year) and a 12 percent cut in Biological and Environmental Research would allow for budget increases in all other programs and a 15 percent increase in funding for science laboratory infrastructure at DOE facilities.

The National Institutes of Health (NIH) are slated to receive a 16.7 percent increase in funding for FY 2003 under the President's budget proposal, thus completing the commitment to double the agency's budget in five years. Most of the new funding is targeted at bioterrorism research and preparedness. However, NIH also provides considerable support for research and training in health-related disciplines, including assistance for pre- and post-doctoral candidates. Stipends for graduate and post-doctoral researchers would increase by 4 percent under the current budget proposal. Support for minority biomedical research would increase 9.4 percent to \$124.1 million. Overall investments in training would increase 5.2 percent to \$688.8 million. Moreover, one of the agency's priorities is to increase the number of new research project grants going to new and young investigators. NIH will be funding 477 more awards in FY 2003 than in FY 2002 for a total of 9,854, bringing the total number of research project grants funded to 38,038. (For more on the NIH budget, please see Chapter 8).

The U.S. Department of Agriculture's Cooperative State Research, Education and Extension Service (CREES), while facing some budget cutbacks, would get a significant budget boost for its National Research Initiative (NRI). NRI's resources would double from \$120 million to \$240 million under the President's budget, allowing for significant increases in competitive peer-reviewed research grants. These grants will focus on issues such as food safety, global change, and genetic resources, among other emerging agricultural issues. One of the foci of NRI will also be increased graduate-level training in interdisciplinary research areas and the diversification of graduate student participation in agricultural research. Higher education programs will also get a boost of \$2.4 million for a total of \$29 million to support Institution Challenge Grants and Graduate Fellowship Grants.

Finally, NASA's higher education programs would undergo significant funding cuts in FY 2003. Student support programs in higher education would receive 55 percent fewer funds, and the agency's EPSCoR program would be cut by 54 percent. Allocations to HBCU programs

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would remain basically even with FY 2002 funding levels at \$49.7 million, although funding for other minority universities would decrease by 9.2 percent to \$32.4 million.

VOCATIONAL TRAINING AND ADULT EDUCATION

The Administration is proposing a major overhaul of vocational and adult education programs in its FY 2003 budget. The number of federal job training programs is slated to be cut from 48 to 28, most currently funded under Department of Labor allocations. The remaining programs would face cutbacks in funding.

Reductions having the most impact on STEM education include the elimination of funding for the Technology Opportunities Program in the U.S. Commerce Department and the Community Technology Centers program in ED. Both programs assisted low income, rural, and disadvantaged groups to access computer and digital technology. The Bush Administration cites a U.S. Department of Commerce report showing a closing of the digital divide as justification for the elimination of these programs, although other groups have used the same government data to indicate a growing, rather than shrinking divide.

In the Department of Labor, youth employment and training programs would be cut 10 percent, including the elimination of the Youth Opportunity Grants program. Adult programs would be reduced only slightly, but other employment and training programs would receive 10 percent less over FY 2002. These other programs include the One Stop Career Centers, which would receive \$113 million, 5.8 percent less than last year.

Vocational rehabilitation state grants to aid states in transitioning people with disabilities into gainful employment would increase 5.4 percent in ED's FY 2003 budget, and an additional \$30 million would be available to reward states that are especially successful in finding jobs for people with disabilities. Several smaller vocational programs for people with disabilities are slated for elimination under the current budget proposal.

Also in ED, Tech-Prep Education State Grants would be funded at the same level as FY 2002, \$108 million. This program provides grants to states to develop programs that would prepare individuals for high-tech careers. Tech-Prep Demonstration projects and the Occupational and

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Employment Information program would no longer receive separate funding, but would be subsumed under Tech-Prep State Grants, which reduces by \$14.5 million available grant funds.

EDUCATION AND STEM WORKFORCE STATISTICS

Vitally important for assessing the current state and future trends in STEM workforce and education needs is the provision of quality statistics and assessment tools. In FY 2003 ED's budget request would increase funds for statistics from \$85 million to \$95 million, or a 12 percent increase. These funds would support the collection, analysis and dissemination of education statistics across a broad spectrum of policy makers and researchers. Under NSF's budget proposal, funding requests for Science Resources Statistics (SRS) would include \$8.5 million more to assist in the redesign and data collection of statistics on the education and employment of scientists and engineers. This would be a 58.8 percent increase in SRS resources, boosting available funds from \$16.2 million to \$25.7 million. In the Department of Labor's Bureau of Labor Statistics (BLS), funds for collecting and analyzing labor force statistics would rise from \$216 million to \$233 million, or by 7 percent. (For detailed coverage of statistics programs, including those in ED, NSF, and BLS, please see Chapter 21).

CONCLUSION

The President's FY 2003 budget request provides a clear framework of Administration policy priorities for education. General themes include increased accountability, consolidation of funding, and more local control in a variety of settings. Despite the heavy emphasis in this year's budget proposal on war-related concerns, the Administration continues to be supportive of selected programs for minority students and people with disabilities and teacher training activities. Proposals to cut or move programs within and between agencies clearly indicate Administration priorities regarding education and training activities.