

FEDERAL EDUCATION FUNDING

Caps, Cuts, Freezes and Sequesters

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CEF

- The Committee for Education Funding (CEF) is the oldest and largest education coalition.
- We represent over 100 national organizations and education institutions from PreK through graduate education, including CCSSO.
- For more information: www.cef.org
- Follow us on Twitter: www.twitter.com/edfunding



Final FY 11 and 12 Appropriations

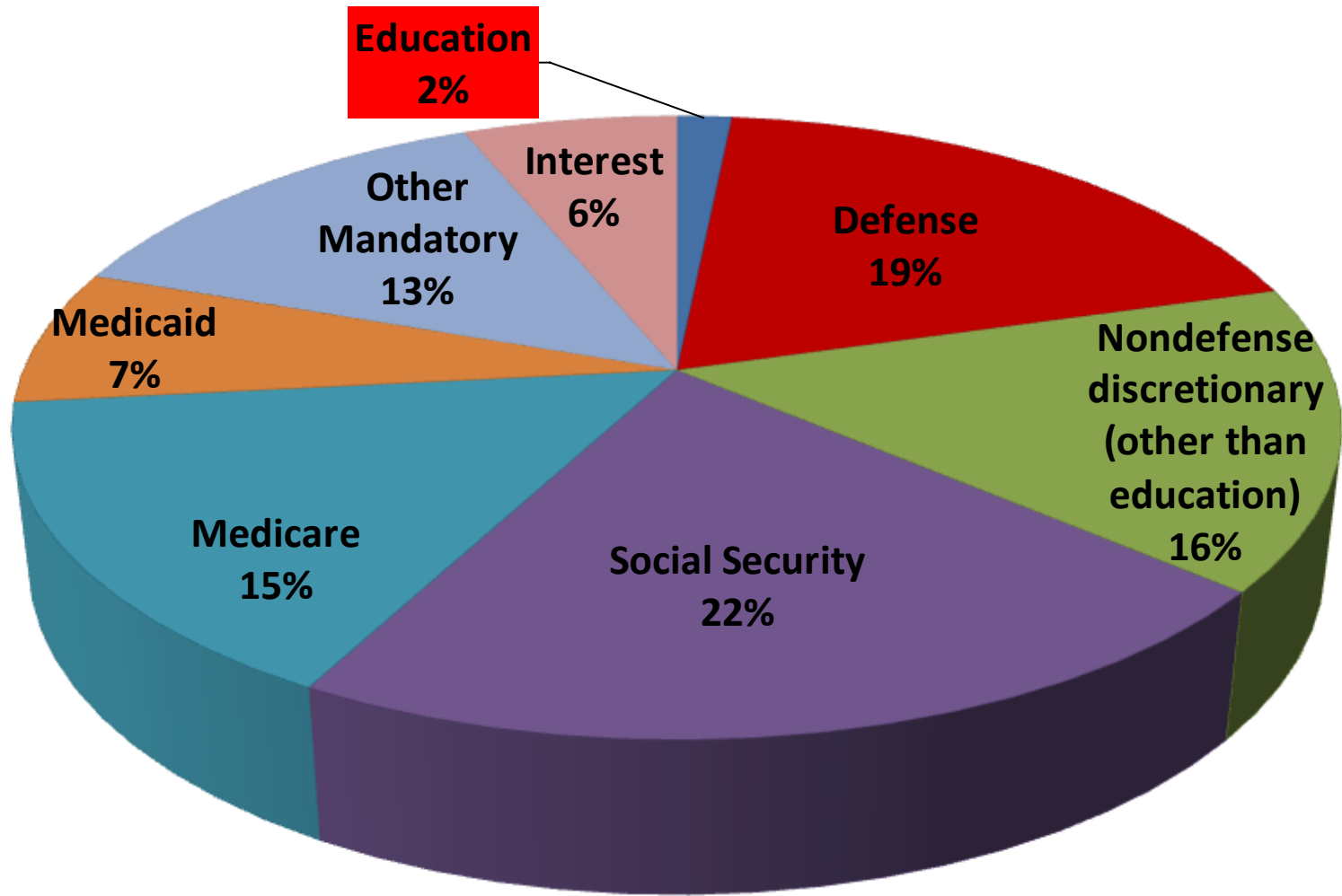
- **FY 11 cut ED (other than Pell) by \$1.2 billion.**
 - Teacher Quality grants cut 16%, Career/Tech grants cut 11%, ED tech eliminated
- **FY 12 total ED funding cut by \$233 million.**
 - All programs cut by 0.189% across-the-board cut.
- Both FY 11 and FY 12 maintained the Pell maximum award of \$5,550.



Pell/Student Aid Cuts Enacted

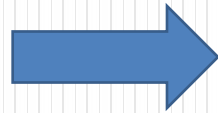
- Maintaining Pell maximum paid for these with a variety of restrictions and limitations on student loans and Pell.
- College students have contributed \$4.6 billion out of their pockets to deficit reduction.
- 145,000 students have lost their Pell grant.

Fiscal Year 2012 Outlays



The Budget Control Act

How small will the box be?

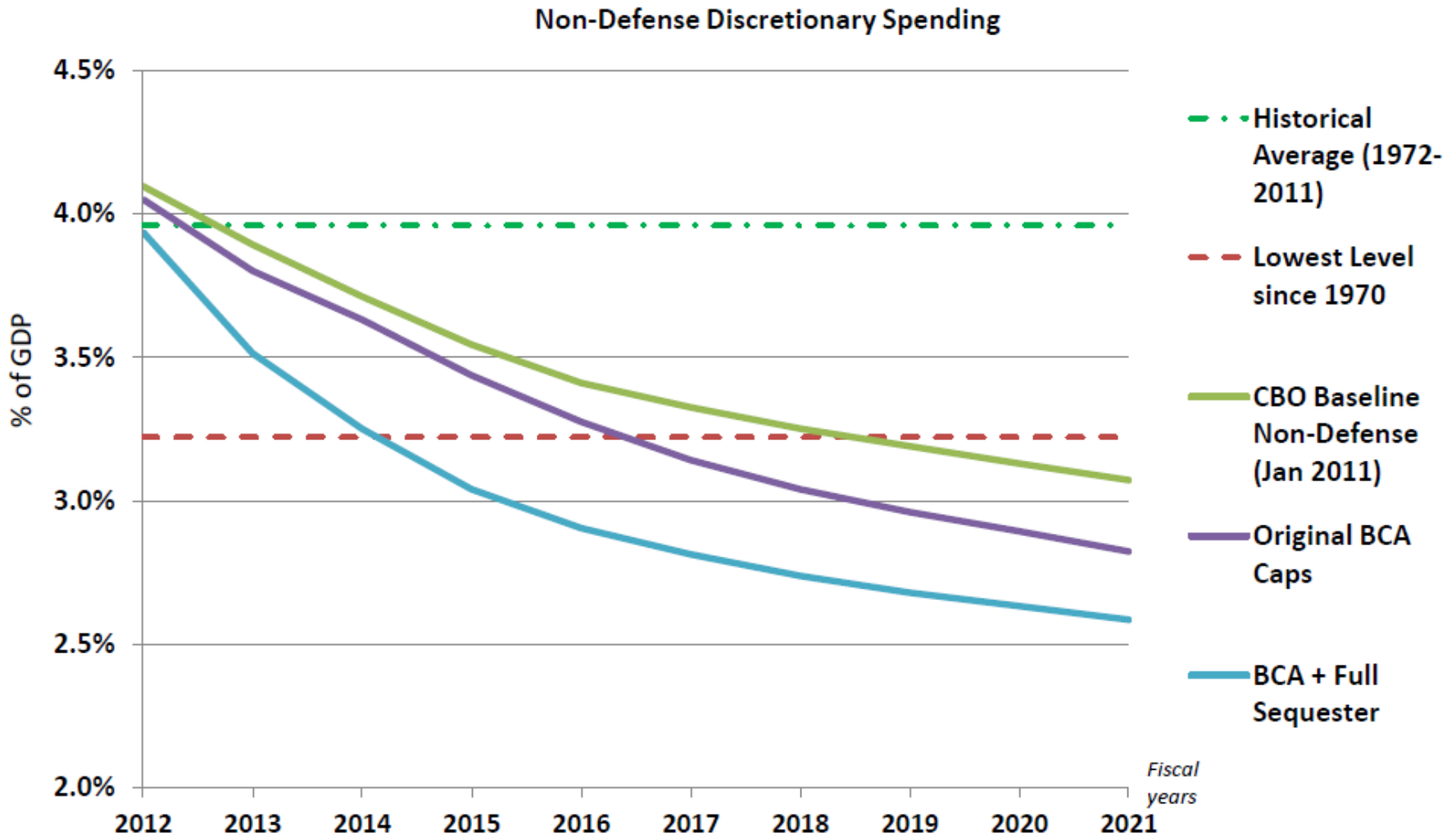




Caps and Cuts

- BCA set in law discretionary caps for ten years (FY 12-FY 21).
 - Reduced spending by \$900 billion over ten years.
- Supercommittee failure triggered sequestration.
 - \$1.2 trillion in automatic cuts between FY 13-21; 50% from defense, 50% from nondefense
- FY 13 cuts started on March 1.
 - However, other than Impact Aid, education cuts would not start until July 2013.

DOMESTIC DISCRETIONARY SPENDING WOULD BE CUT TO THE BONE



Source: Congressional Budget Office



Sequestration =

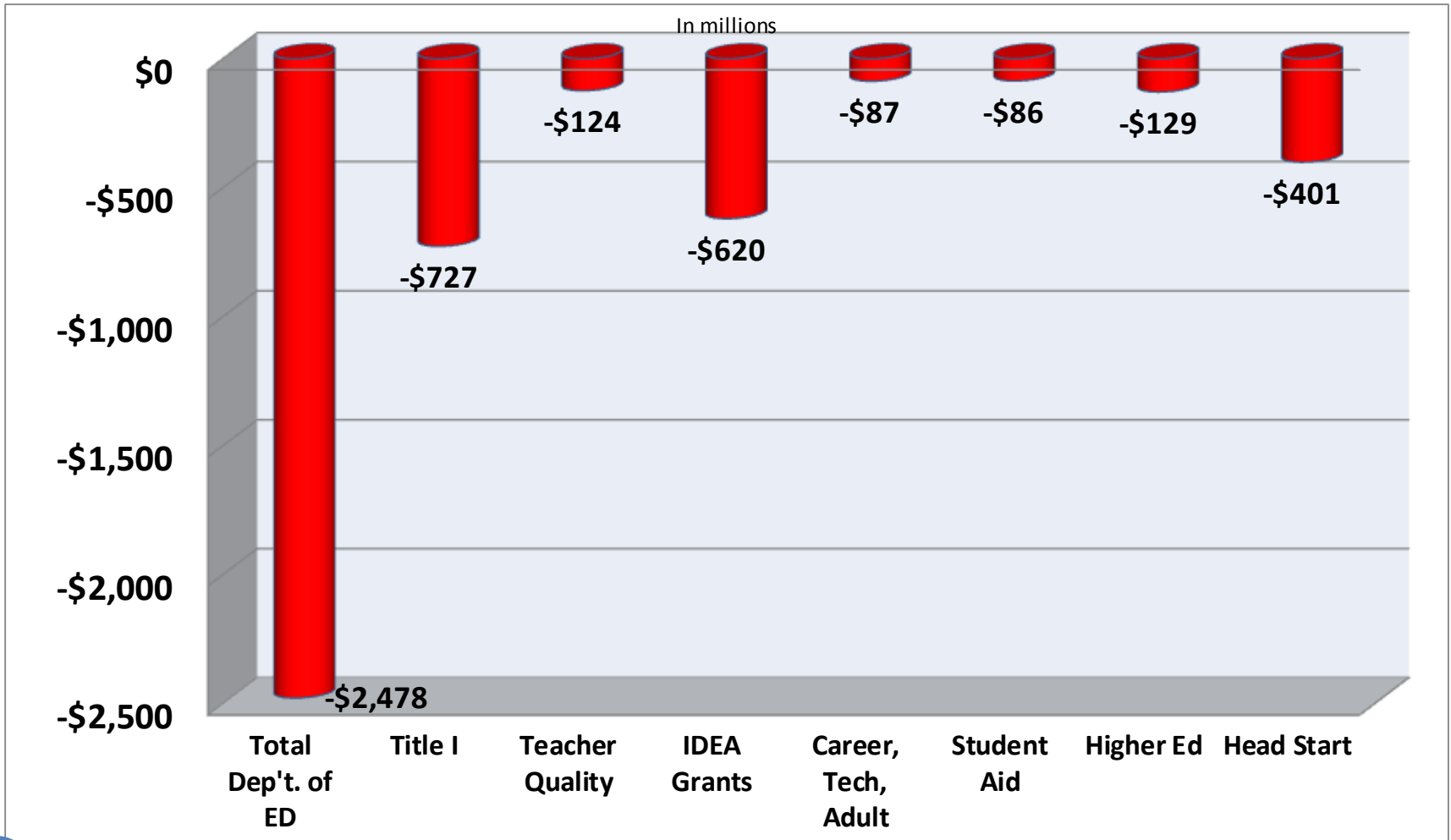
Largest Education Cuts Ever!



- FY 13 = fixed percentage across-the-board cuts.
 - OMB ordered a cut of 5% = \$2.5 billion for ED.
 - Head Start cut \$401 million.
 - Pell grants exempt in first year.
- FY 14-21 – will not be ACB cut; further lowers discretionary caps
 - Squeezes education \$; Pell no longer exempt.



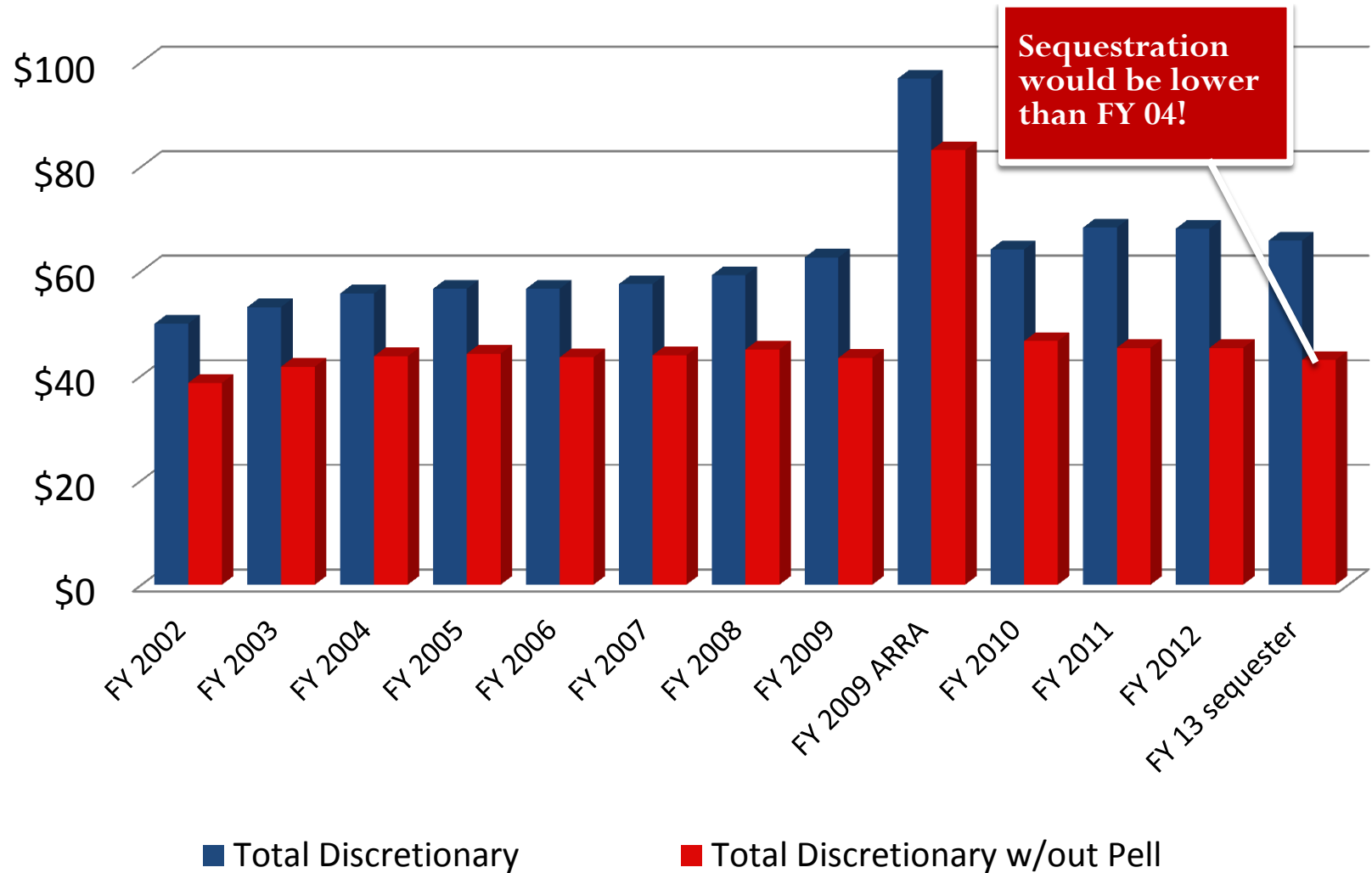
Impact of Sequestration in FY 13





Education Department Funding

In billions





FY 13 CR

- Six-month CR expires on March 27, 2013
- House passed new CR on March 6.
 - Full year bills for defense, but CR extended for everything else, including Labor-HHS-Education.
 - New ATB cut of 0.098%.
 - Then applies sequester cuts.



FY 13 CR

- Senate acted on CR last week.
 - Bipartisan substitute added full year bills for a few more agencies, but kept CR for education.
 - No new ATB cut.
 - Rejected Sen. Harkin (IA) amendment for including full-year education appropriations bill.
 - Would have increased Title I \$107 million, IDEA \$125 million.

FY 14 Budget: Dueling Visions

- FY 14 Budget - House Budget Committee reported on 3/13, FY 14 budget by Chairman Ryan (R-WI) on party line vote.
- More than doubles the sequester cuts to nondefense discretionary (NDD) programs
 - Cuts NDD funding by \$1 trillion over ten years.
 - Cuts student aid and shifts mandatory Pell to discretionary side.
 - Consolidates ESEA and job training programs.



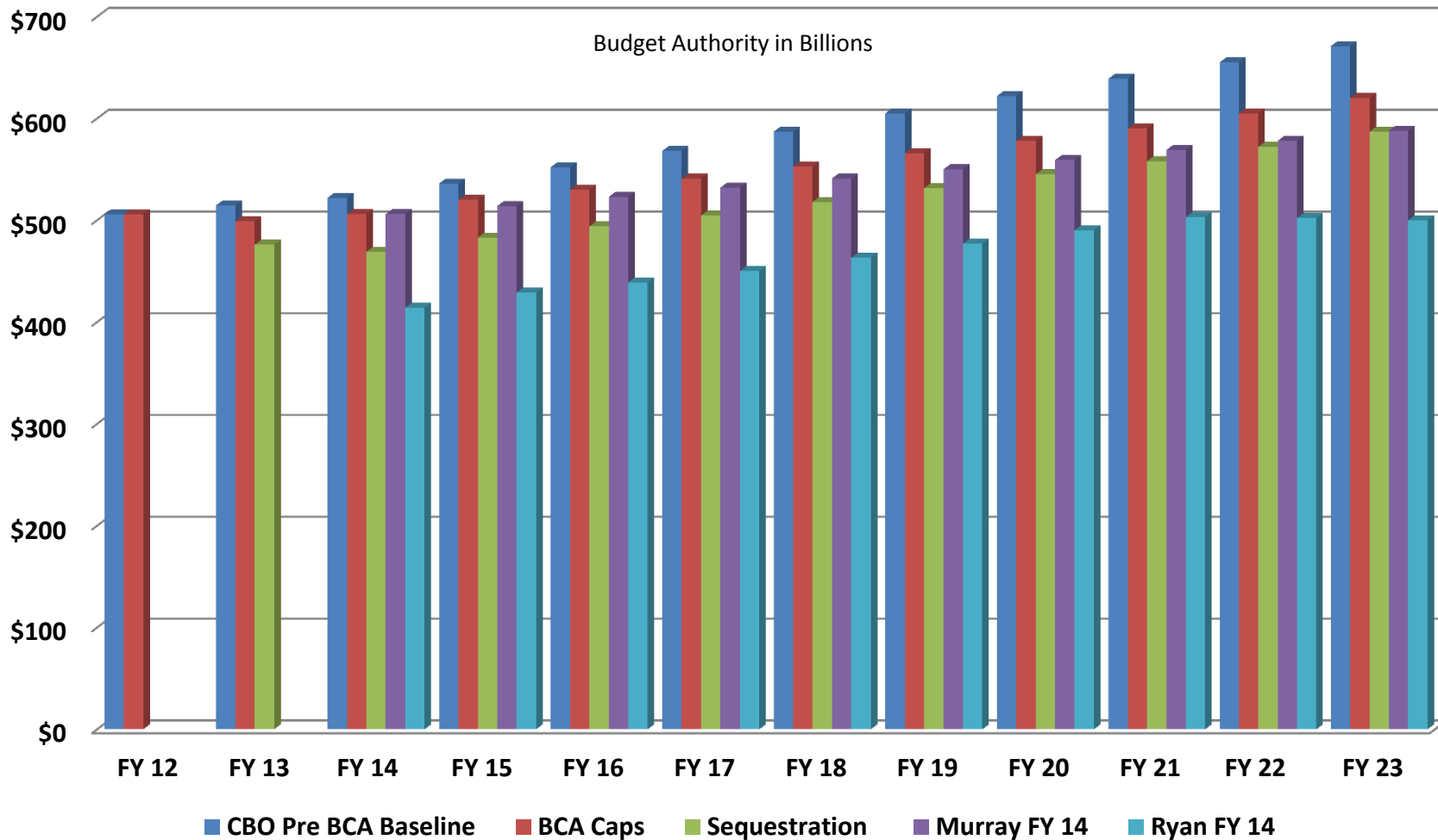
OUTLOOK – FY 14 Budget

- Senate Budget Committee acted on Budget proposed by Chairman Murray (D-WA).
 - Repeals sequester
 - Includes strong support for Head Start, expansion of high-quality pre-K, strongly supports Title I and IDEA and continued investments in literacy, STEM, and career and technical education programs ,
 - Eliminates student loan fee increases, retains subsidized loans and flexible repayment programs, and facilitates passage of legislation to prevent student loan interest rates from doubling.
- Both bills on the floor this week.
- President's FY 14 budget out April 8?



COMMITTEE FOR EDUCATION FUNDING

Nondefense Discretionary Funding Caps



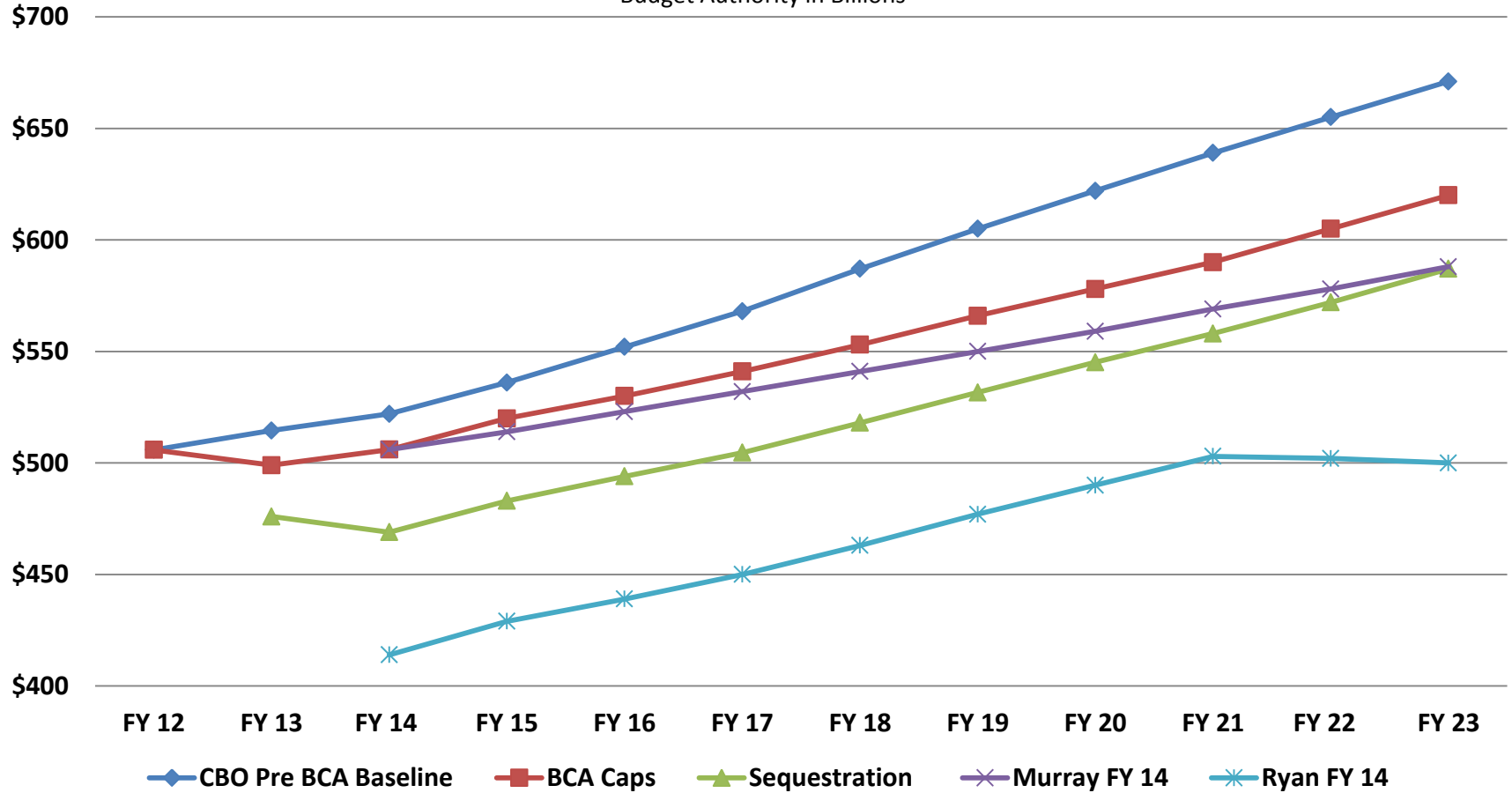
Sources: CEF Calculations based on *An Update to the Economic and Budget Outlook: Fiscal Years 2013 to 2023*, CBO, February 2013; OMB Report Pursuant To The Sequestration Transparency Act Of 2012, September 2012; the American Taxpayer Relief Act of 2012, January 2013; House Budget Committee's Fiscal Year 2014 Budget Resolution Discretionary Spending table and Senate Budget Committee's FY 2014 Budget Resolution Discretionary Spending Summary



COMMITTEE FOR EDUCATION FUNDING

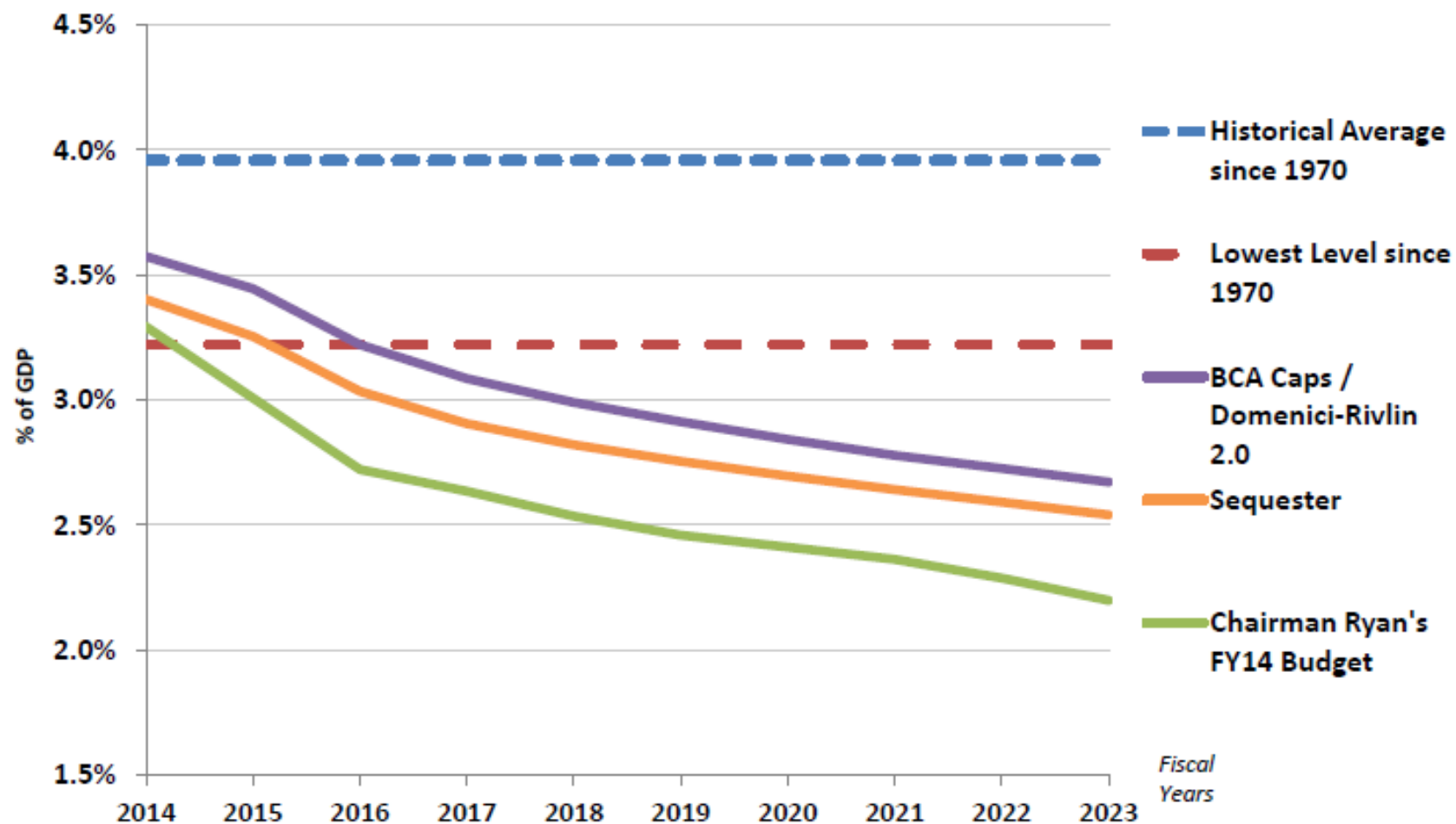
Ryan Budget Cuts Nondefense Discretionary Funding Below Sequestration

Budget Authority in Billions



Sources: CEF Calculations based on *An Update to the Economic and Budget Outlook: Fiscal Years 2013 to 2023*, CBO, February 2013; OMB Report Pursuant To The Sequestration Transparency Act Of 2012, September 2012; the American Taxpayer Relief Act of 2012, January 2013; House Budget Committee's Fiscal Year 2014 Budget Resolution Discretionary Spending table and Senate Budget Committee's FY 2014 Budget Resolution Discretionary Spending Summary

NON-DEFENSE SPENDING UNDER VARIOUS BUDGET PATHS

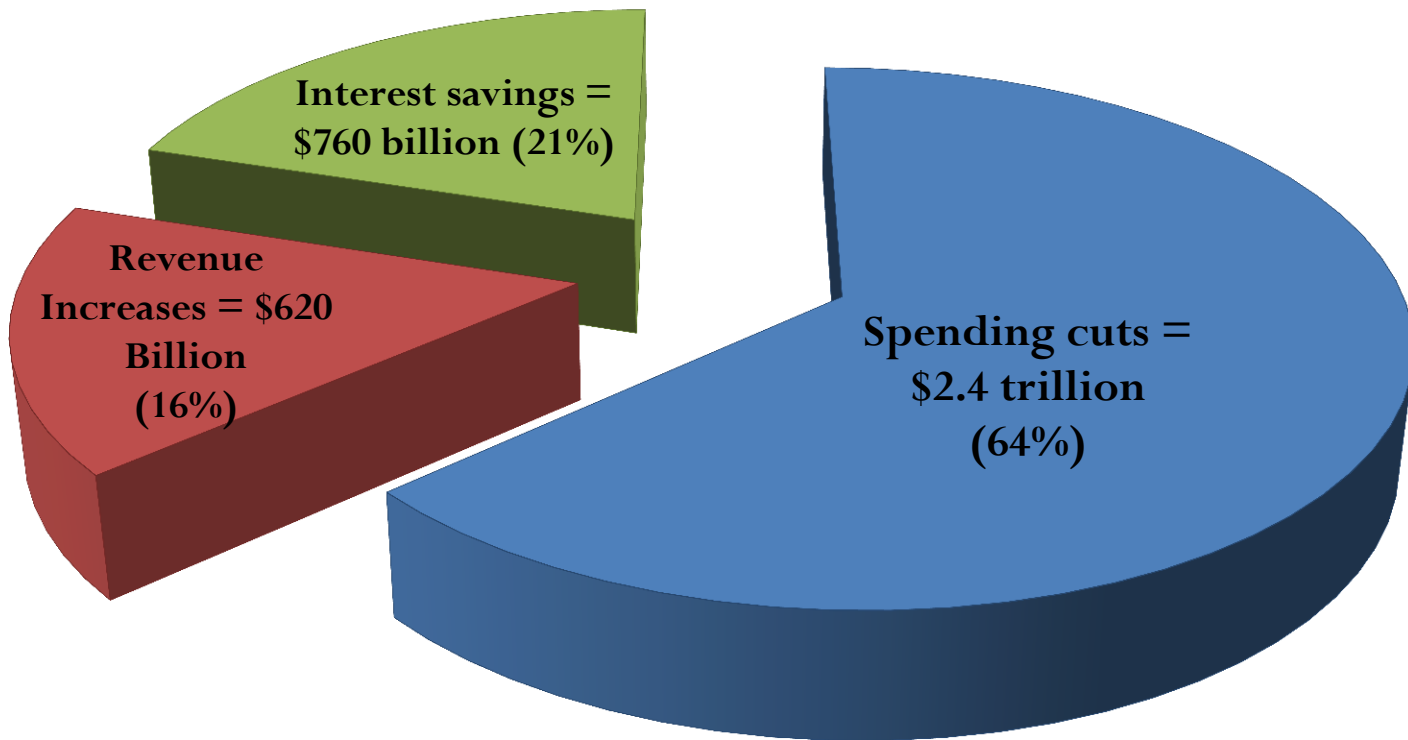


Sources: Congressional Budget Office, Chairman Ryan's Fiscal Year 2014 Budget Resolution, BPC Projections

Deficit Reduction

4:1 Spending Cuts v. Revenues

Ten-year Spending Cuts Including Sequestration Versus
Ten-year Revenue Increases Since 2011





OUTLOOK – Debt Ceiling

- Debt Ceiling extended until May 19
 - In reality, debt ceiling won't need to be raised until late July.
- Republicans may demand more spending cuts as price of raising the debt ceiling.



OUTLOOK – Higher Education \$

- **Higher Education Fiscal Cliffs:**
 - Subsidized undergraduate student loan interest rates set to double on July 1, 2013.
 - Good News! CBO recently projected a FY 13 Pell SURPLUS of \$9.4 billion.
 - If discretionary funding maintained in FY 14 = surplus of \$4.5 billion.
 - But starting in FY 15, more shortfalls – total of \$51.4 billion between FY 15-23