

Federal Funding for Key Education Programs

Federal dollars continue to flow into the U.S. education system. No major actions will be taken on the U.S. Department of Education's FY 2011 budget or reauthorization of the Elementary and Secondary Education Act (ESEA), also known as No Child Left Behind (NCLB), until Congress reconvenes in fall 2010.

The passage of the FY 2011 education budget and reauthorization of ESEA are independent of each other. If reauthorization of the ESEA does not occur in 2010, we expect to see the passage of a FY 2011 budget to fund the programs of the U.S. Department of Education. The budget is likely to include initiatives outlined in the budget proposal submitted to Congress in February 2010. The President's proposed budget incorporates funding for several programs first introduced in the American Recovery and Reinvestment Act of 2009 (ARRA). Congress has shown some bipartisan interest in funding these programs, which include Race to the Top and Investing in Innovation. If Congress does not finalize the budget before the beginning of the new fiscal year, starting on October 1, 2010, Congress can maintain funding through a series of continuing resolutions, which has happened in the past.

Title I grants and IDEA grants are the largest sources of federal funding to states

"Blueprint" for Reauthorizing ESEA

On March 13, 2010, the U.S. Department of Education released the Administration's "blueprint" for reauthorizing ESEA. The proposed reforms include:

Standards

In order to receive Title I funds, states will be required to align their mathematics and English/language arts (ELA) standards with college- and career-ready expectations, either through adoption of the Common Core Standards or through individual state action, with incentives for Common Core.

Assessments

States will be required to continue assessments in English/language arts (ELA), math, and science as provided under NCLB. In addition to funding support for these existing state testing programs, the reauthorization blueprint proposes new formula grants for improved assessments and competitive grants for Common Core assessments.

Accountability

States will be required to make annual accountability determinations for all schools and districts, with transparent, disaggregated reporting. The Annual Yearly Progress (AYP) measurements currently prescribed by NCLB will be eliminated; accountability will be based on growth and progress, with the goal of ensuring college- and career-readiness for all students by 2020.

Race to the Top and Investing in Innovation

The proposed budget would continue federal funding for state comprehensive reforms and local innovation.

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	American Recovery and Reinvestment Act of 2009 ⁽¹⁾	FY 2010 Budget Appropriation	President's Proposed FY 2011 Budget Request
Title I (Disadvantaged Students)	\$10 billion	\$14.5 billion	\$14.5 billion
Title I (School Improvement Grants)	\$3 billion	\$546 million	\$900 million
IDEA—Part B (Special Education)	\$11.3 billion	\$11.5 billion	\$11.8 billion
IDEA—Other (Preschool Grants and Grants for Infants and Families)	\$900 million	\$1.1 billion	\$1.1 billion
State Fiscal Stabilization Fund (SFSF)	\$48.6 billion ⁽²⁾	n/a	n/a
Competitive Grants			
Race to the Top \$4 billion for education reform \$350 million to create new college- and career-ready assessments	\$4.35 billion	n/a	\$1.35 billion
Investing in Innovation (i3)	\$650 million	n/a	\$500 million
Total Competitive Grants	\$5 billion	n/a	\$1.85 billion

Source: U.S. Department of Education

(1) Title I and IDEA are long established categorically funded programs. The ARRA 2009 economic stimulus bill included incremental appropriations that were distributed to the states in 2009 for Title I (\$13 billion) and IDEA (\$12.2 billion)

(2) ARRA established a \$48.6 billion State Fiscal Stabilization Fund (SFSF) to help states fill gaps in their education budgets. \$37.1 billion was distributed in 2009 and \$11.5 billion is being released in 2010

The proposed budget for FY 2011 would continue federal funding for Race to the Top and Investing in Innovation

ARRA Competitive Grants

The ARRA economic stimulus bill gave the U.S. Secretary of Education authority to establish two competitive grant programs designed to help states and local schools drive educational results. All winners will be announced and all awards will be distributed by September 30, 2010, the end of fiscal year 2010.

Race to the Top

Race to the Top (RTTT) is a U.S. Department of Education program designed to promote comprehensive school reform. Of the \$4.35 billion in RTTT funds, the Department is awarding \$4 billion directly to states that develop the most promising plans to advance education reform. RTTT will also provide \$350 million in competitive funding to multi-state consortia to create new college- and career-ready assessments. The Administration has proposed to continue the education reform program by requesting \$1.35 billion in the FY 2011 budget.

Investing in Innovation (i3)

Investing in Innovation will make competitive investments in cutting-edge ideas aimed at producing the next generation of school reforms. Applicants could receive funding for scale-up grants, validation grants, and development grants. Grant recipients would be required to match their federal awards with other private dollars, and to demonstrate how they would sustain their activities after the end of the federal award period. ARRA provided \$650 million in funding. The Administration has proposed to continue the program by requesting \$500 million in the FY 2011 budget.

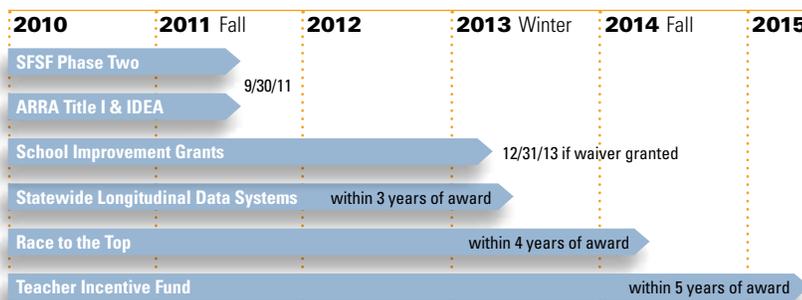
Update on Competition

Phase 1: The Department of Education received 41 state applications. In April 2010, Delaware and Tennessee were chosen as the winners.

Phase 2: 19 applicants have been announced as finalists. The winners will be announced in September 2010.

On August 4, 2010 the Department of Education announced that 49 school districts, nonprofit education organizations, and institutions of higher education were selected from 1,698 applicants for the i3 program. To receive a share of the \$650 million in i3 grants, the winning applicants must secure a commitment for a 20% private sector match by September 8, 2010.

ARRA Spending Timelines



Source: *Is the Stimulus Meeting its K-12 Goals?* www.edweek.org/go/webinar

More than 40 states are expected to adopt Common Core Standards for K–12 math and for reading and language arts by the end of 2010

Common Core State Standards & Assessments

In June 2010, the National Governors Association Center for Best Practices and the Council of Chief State School Officers released a set of state-led education standards, known as the Common Core State Standards. Designed to establish clear and consistent goals for learning that will help prepare America’s children for success in college and work, the standards are:

Aligned with college and work expectations

Include rigorous content and application of knowledge through high-order skills

Build upon strengths and lessons of current state standards

Informed by other top performing countries, so that all students are prepared to succeed in the global economy and society

Evidence- and research-based

Timeline:

Each state will follow its own procedures and processes for adoption of the Common Core State Standards. Applicants that declared their intention to adopt the standards by August 2010 earned extra points in the Race to the Top grant competition.

Later in 2010 the Department of Education will award \$350 million to multi-state consortia with winning proposals for developing new assessments based on the Common Core Standards. Present indications are that testing development work will begin in late 2010 or perhaps early 2011, and that the Common Assessments will be implemented from 2012 through 2014.

How McGraw-Hill May Benefit

New assessment and instructional materials: The Common Core movement has favorable implications for new assessment and instructional materials. There is an expectation that there will be more new purchasing as states adopt materials that incorporate the new standards

Less need for customization: As states adopt the new Common Core Standards, the demand for customized material may also be reduced, which could translate into cost savings in content development