

# FUNCTION 500: EDUCATION, TRAINING, EMPLOYMENT, AND SOCIAL SERVICES SENATE BUDGET RESOLUTION FOR 2001

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Under current law, spending for Function 500, Education, Training, Employment, and Social Services, will total \$57.7 billion in BA and \$61.4 billion in outlays for 2000. This function includes funding for elementary and secondary, vocation, and higher education; job training; children and family services programs; adoption and foster care assistance; statistical analysis and research related to these areas; and funding for the arts and humanities.

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## CHAIRMAN'S MARK (\$ Billions)

	2000	2001	2002	2003	2004	2005
Budget Authority	57.7	75.0	75.7	76.6	77.8	79.1
Outlays	61.9	68.6	72.6	75.4	76.8	78.0

### **Discretionary**

The Chairman's mark assumes discretionary spending in this function would total \$56.8 billion in BA and \$52.2 billion in outlays for 2001. This represents an increase of \$12.3 billion in BA and \$3.1 billion in outlays from the 2000 level. The increase is due to advance appropriations made last year and increases for the Department of Education and Head Start for 2001.

The Chairman's mark assumes net discretionary spending increases for elementary and secondary education of \$2.6 billion in 2001 and \$25 billion over five years (Subfunction 501, table follows). The Chairman's mark assumes total budget authority, discretionary and mandatory, for the Department of Education of \$47.9 billion, \$0.6 billion more than the President's request. This represents an increase of \$12.9 billion in BA and \$5.1 billion in outlays from the 2000 level.

The Chairman's mark assumes a net increase of \$19.6 billion over the next 5 years for programs that will be reauthorized by the Elementary and Secondary Education Act this year. This bill will give states greater flexibility in delivering hundreds of elementary and secondary education programs and will place more decision-making in the hands of states, localities, and families. Such legislation should help states and localities emphasize academic achievement and accountability.

The Chairman's mark assumes that over the next five years an additional \$11.3 billion will be dedicated to funding our federal commitment to special education under IDEA, \$9.3 billion more than the President's request. The Chairman's mark also assumes a \$1.3 billion increase in student financial assistance over 2001-2005, allowing the maximum Pell Grant award to increase by about \$30 (from \$3,300 to \$3,330) in 2001, with the increase rising by \$150 (maximum of \$3,450) by 2005. Finally, the Chairman's mark rejects the President's 15 percent cut in Impact Aid.

### **Mandatory used for Discretionary offsets**

The Chairman's mark assumes a repeal of the provision delaying obligations for the Social Services Block Grant (SSBG) in 2000. The mark also assumes mandatory savings of \$35 million in BA and \$21 million in outlays in 2001 and \$0.3 billion in BA and \$0.2 billion in outlays over the 2001-2005 period from limiting the high rate of growth in administrative expenses of the Department of Education's bureaucracy for the student loan program, thereby freeing up more resources that can go to students through Pell Grants.

In addition, the Chairman's mark rejects all student loan program cuts proposed in the President's Budget. While the Department of Education's budget claims that "the Administration is committed to supporting two strong student loan delivery systems, allowing individual institutions to choose which best meets their needs and the needs of their students," the budget sets about making guaranteed student loans (GSLs) more expensive or less available for students.

For example, the President proposes to require guaranty agencies to pay accelerated and increased funds from their federal reserves, which will require them to pass the cost on to students, thereby reducing the amount of actual loan assistance received by students. Further, the President seeks already to reduce the amount paid to lenders (both in interest rates and the retention allowance for default collections) who supply GSLs even though the current rate was just set little more than a year ago after tough negotiations in the reauthorization of the Higher Education Act (and the lender yield was even more recently marginally reduced in the switch to the commercial paper index in a law just signed by the President four months ago). This proposal by the President would make GSLs harder to obtain because many lenders would not be able to participate in the program.

## **Mandatory PAYGO**

The Chairman's mark assumes a new one-time grant to the Department of Education of \$2.3 billion in 2001 to establish a Performance Bonus Fund. The Fund will reward states which improve student achievement. In addition, the Chairman's mark assumes a \$100 million increase in the SSBG in 2001, \$25 million more than the President's request. The mark further assumes an increase for SSBG of \$3.4 billion over the next 5 years and \$8.9 billion over the next ten years.

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## COMPARISON OF CHAIRMAN'S MARK WITH PRESIDENT'S BUDGET AND SBC BASELINE (\$ Billions)

	2000	2001	2002	2003	2004	2005
<u>Chairman's Mark</u>						
Budget Authority	57.7	75.0	75.7	76.6	77.8	79.1
Outlays	61.9	68.6	72.6	75.4	76.8	78.0
<u>President's Budget</u>						
Budget Authority	57.2	76.8	77.3	78.2	79.6	81.5
Outlays	61.4	69.1	74.6	76.8	78.3	80.0
<u>SBC Baseline</u>						
Budget Authority	57.7	70.4	70.9	71.0	71.0	71.8
Outlays	61.4	69.0	70.6	71.0	70.9	71.4
<u>Mark compared to:</u>						
<u>President's Budget</u>						
Budget Authority	0.5	-1.8	-1.5	-1.6	-1.9	-2.4
Outlays	0.5	-0.5	-2.0	-1.3	-1.5	-1.9
<u>SBC Baseline</u>						
Budget Authority	-0.0	4.6	4.8	5.7	6.7	7.4
Outlays	0.5	-0.4	2.0	4.4	5.8	6.6

## SUBFUNCTION 501: ELEMENTARY AND SECONDARY EDUCATION SENATE BUDGET RESOLUTION FOR 2001

### COMPARISON OF CHAIRMAN'S MARK WITH PRESIDENT'S BUDGET AND SBC BASELINE (\$ Billions)

	2000	2001	2002	2003	2004	2005
<u>Chairman's Mark</u>						
Budget Authority	16.6	25.5	27.7	28.1	28.7	29.2
Outlays	19.5	21.2	24.4	27.0	27.9	28.5
<u>President's Budget</u>						
Budget Authority	16.6	26.2	26.2	26.4	26.7	27.0
Outlays	19.5	21.1	24.3	25.8	26.2	26.6
<u>SBC Baseline</u>						
Budget Authority	16.6	22.9	22.9	22.9	22.9	22.9
Outlays	19.5	21.1	22.4	23.0	22.8	22.8
<u>Mark compared to: President's Budget</u>						
Budget Authority	--	-0.7	1.5	1.8	2.0	2.2
Outlays	--	0.1	0.1	1.2	1.7	1.8
<u>SBC Baseline</u>						
Budget Authority	--	2.6	4.8	5.3	5.8	6.4
Outlays	--	0.1	2.0	4.0	5.1	5.6

