

ELS Field Guide to Capitol Hill

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PRESIDENT OBAMA HAS RELEASED HIS OWN FY 2010 BUDGET OUTLINE. HOUSE AND SENATE PREPARE TO CRAFT THEIR OWN BUDGETS DURING THE COMING WEEK.

Presidential Campaigners Turn Volunteer Budget Advocates

During his campaign for the presidency, then Senator Barack Obama, collected from political supporters about 13 million personal e-mail addresses. Over the weekend of March 20-22, 2009, now President Obama, has exhorted this grassroots network to knock on doors of friends, family and colleagues, to gain support for an FY 2010 budget that does not become “watered down” due to Congressional consideration over the next couple of weeks.

With video instructions, this Obama army, Organizing for America, was asked to begin to fan out in their communities on Saturday, March 21, 2009, after pledging their own allegiance to the President’s full 2010 budget outline, to urge their neighbors to sign a petition in support, and to request that they contact their U.S. Senators and Representatives during the upcoming week asking them to vote for the President’s budget when the budget bills come up for consideration shortly. The Obama campaign network members are asked to report the results of their weekend budget advocacy to the Democratic National Committee.

President Provides FY 2010 Budget Challenges

When Congress returned to the nation’s capital after its President’s Day recess, in February 2009, President Obama released an outline of his federal fiscal year 2010 Budget, of \$3.6 trillion, entitled “A New Era of Responsibility: Renewing America’s Promise.” A more detailed President’s 2010 budget will be unveiled during April, 2009. The President, in his budget outline message text for 2010, begins this way:

“We start 2009 in the midst of a crisis unlike any we have seen in our lifetimes. Our economy is in a deep recession that threatens to be deeper and longer than any since the Great Depression.”

“More than three and a half million jobs were lost over the past 13 months, more jobs than at any time since World War II. In addition, another 8.8 million Americans who want and need full-time work have had to settle for part-time jobs. Manufacturing employment has hit a 60-year low.”

“Our capital markets are virtually frozen, making it difficult for businesses to grow and for families to borrow money to afford a home, car or college education for their kids. Many families cannot pay their bills or their mortgage payments. Trillions of dollars of wealth have been wiped out, leaving many workers with little or nothing as they approach retirement.”

“And millions of Americans are unsure about the future... if their grandchildren will be able to realize the full promise of America.”

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President Obama says that “We arrived at this point as a result of an era of profound irresponsibility that engulfed both private and public institutions from some of our largest companies’ executive suites to the seats of power in Washington, D.C.... for years, a lack of transparency created a situation in which serious economic dangers were visible to all too few.”

“Government has failed to fully confront the deep, systemic problems that year after year have only become a larger and larger drag on our economy... policymakers in Washington have chosen temporary fixes over lasting solutions.”

“The time has come to usher in a new era – a new era of responsibility in which we act not only to save and create new jobs, but also to lay a new foundation of growth upon which we can renew the promise of America. This Budget is a first step in that journey... to jumpstart our economy, to create new jobs, and to transition our economy for the 21st Century...make long overdue investments in priorities – like clean energy, education, health care, and a new infrastructure – that are necessary to keep us strong and competitive in the 21st Century.”

President Obama’s FY 2010 Budget Outline for Education

The President makes commitments of \$46.7 billion in discretionary funds to “a vision for a 21st Century education,” by including in his FY 2010 Budget outline, the following:

- A demand for more reform and accountability
- Resources to carry out the education reform
- Requests for parents to take responsibility for the success of their children
- Initiatives to recruit, retain and reward “an army of new teachers to teach at new, successful schools that prepare our children for success in college and the workforce.”
- “Investments in education” that work to help “children learn and pursue their dreams,” approaches “that have proven to deliver” for our children
- Reallocation of funds “away from,” and termination of programs, that do not work
- Help for America’s children, so that they can again “lead the world in achievement, creativity, and success.”

The Obama Administration’s FY 2010 Budget outlines the following PreK-12 education-related priorities.

1. Create New Investment in Early Childhood Education

- Help States strengthen early childhood education programs, “zero to five” systems, broaden their reach, and “boost their quality”
- Encourage seamless service delivery, and improve parental information about program quality and options
- Double the number of children in Early Head Start and expand Head Start (combining economic stimulus and FY 2010 funding)
- “Ramp up a new Nurse-Home Visitation program”

2. Support High Standards and Rigorous Assessments Aligned with Demands of the Global Economy

- Help States to strengthen standards so that they are rigorous and reflect college and career readiness for success
- Improve the quality of assessments, especially those for English Language Learners and students with disabilities

3. Prepare and Reward Effective Teachers and Principals

- Invest in efforts to upgrade education workforce skills and effectiveness
- Increase transparency for teacher and principal preparation programs results, including teacher and principal residency programs, alternative certification and schools of education programs
- Support State and local efforts, that involve consultation with teachers and other stakeholders, to reward strong teachers performance, assist less effective teachers to improve, “or if they do not, exit the classroom.”
- “Develop better systems and strategies” to recruit, evaluate, and support teachers and other educators
- Create a “better supply and distribution of (a) well-prepared and effective education workforce”

4. Build Effective Charter Schools Support

- Help create new high-quality charter schools
- Ensure proper monitoring and support of charter schools by States
- Close chronic under-performing charter schools
- Promote successful school reform models by moving toward doubling charter school funds

5. Put the Pell Grant Program on “Sure Footing” and Expand Its Funds

- Make college affordable
- Support a School Year 2010-11 Pell Grant maximum individual award of \$5,550
- Index Pell Grants to the Consumer Price Index plus 1% to account for inflation
- Shift the Pell Grant program to federal mandatory funding, thus eliminating “backfilling” Pell Grant shortfalls each year due to insufficient appropriations

6. Ensure Access to Student Loans

- Use competitive private providers to service loans
- Originate all new loans through the Direct Loan Program, saving over \$4 billion annually to reinvest in student aid
- Modernize the Perkins Loan Program

7. Help Low-Income Students To Complete College

- Establish a new, five-year Access and Completion, Incentive Fund of \$2.5 billion, to assist States’ innovative initiatives to help low-income students to complete college and succeed

8. Invest in What Works and in Innovation

- Begin the journey to double funding for education research through the Institute of Education Services, for rigorous evaluation and scaling up of “promising innovative practice”
- Use ARRA Innovation Fund dollars to invest in local school districts and nonprofit groups that have demonstrated success in improving student achievement “to expand the work or implement new innovative approaches such as the Harlem Children’s Zone, initiate funds for “Promising Neighborhoods,” to “test innovative strategies to improve academic achievement and life outcomes in high-poverty areas.”

9. Increase Children’s Health Care Coverage

- “Support options, and incentives for States to provide coverage for an additional four million children on average in (S)CHIP and Medicaid who are now uninsured
- Help families with children who may lose health care coverage due to the economic downturn

10. Cut or Terminate Low-Performing Federal Education Programs

- Terminate, cut or review federal education programs that do not help to improve positive educational results for students
- Shift programs without “strong evidence” of positive results for federal support, to competitive funding which would demand evidence of success
- Expect to end or reform “a series of small Education Department programs,” many of which have “narrowly focused curricula, staffing choices, or school types”

Congressional Budget Office Updates Nation’s Fiscal Estimates

Some of the items that President Obama has included in his FY 2010 Budget as high priorities for 2010 and beyond, have high costs attached: reforming health care access, quality, costs and health insurance coverage in the United States; reducing taxes for those of low and moderate incomes; increasing college access, affordability, and completion; and building systemic solutions for the many global climate change problems while reducing U.S. energy dependence on foreign supplies.

Add to this, the current unsettled economy, its downward trend, financial tumult and instability, and the nation’s attempts to stimulate job preservation, creation, economic recovery and innovation, translate into exploding national debt and federal deficits. The nonpartisan Congressional Budget Office (CBO) has just released its own analysis of the President’s FY 2010 Budget blueprint produced in February, 2009. CBO finds that some of the budgetary assumptions and fiscal estimates used in the February document no longer are an accurate representation of the nation’s financial circumstances, because the U.S. economy has worsened since then.

A **Washington Post** (March 21, 2009 p.A1) account states that, in summary, the CBO has concluded that:

- “... Obama’s policies would cause government spending to swell above historic levels even after costly programs to ease the recession and stabilize the nation’s financial system have ended.”
- “Tax collections... would lag well behind spending, **producing huge annual budget deficits that would force the nation to borrow nearly \$9.3 trillion over the next decade - \$2.3 trillion more than the President predicted when he unveiled his budget request just one month ago.**”
- “... the CBO predicts that deficits under his (President Obama’s) policies would exceed 4 percent of the overall economy over the next 10 years, a level which House budget director Peter R. Orszag... **acknowledged would ‘not be sustainable,’** even if the President managed to reduce the deficit by 50% by the end of his first four years,” his stated intention.
- According to the CBO, the burgeoning “**national debt... would exceed 82 percent of the overall economy by 2019 – double last year’s level - and threaten the nation’s financial stability.**”

Long-term budget estimates carry uncertainties, and as the House and Senate gear up to propose their own FY 2010 budgets, the President’s economic assumptions are under attack for being too rosy.

“Over the next decade, the administration projects that the economy will grow at an average annual rate of 2.8 percent.”

However, the CBO estimates growth over the same period at only 2.5 percent, with private sector economists converging at 2.3 percent.

The President, in his FY 2010 Budget request, forecast a 2010 deficit of nearly \$1.2 trillion while the CBO now estimates it at \$1.4 trillion. The FY 2009 current year deficit is already anticipated by some to exceed \$1.8 trillion or 13 percent of the U.S. economy, the highest levels since after World War II. The nation's bailout of financial institutions is expected to increase federal spending above present levels. This is due to the way additional proposed interventions are structured and the continuing decline in the underlying value of assets today compared to when the \$700 billion initial bailout of financial institutions was approved.

Congressional Challenges To Budget Come From GOP and Democrats

The worsening economic reality is making both Democrats and Republicans willing to consider potential changes to the Obama Administration's FY 2010 Budget Request. These actions may mean refreshing budget assumptions, decreasing proposed spending, translating into lower deficit levels. House Budget Committee Chairman John Spratt (D-SC) has pledged to stay true to the President's priorities in the areas of education, energy, and health care as the House FY 2010 Budget is considered this week and next. Senate Budget Committee Chairman Kent Conrad (D-ND) is likely to take a harder line in the name of fiscal responsibility.

For a number of years, there have been two coalitions of moderate Democrats in the U.S. House of Representatives. They are the Blue Dog Democrats, a group of more fiscally conservative Democrats, with Representative Alan Boyd (R-FL), one of their leaders. There also is a pro-business group of moderate Democrats led by Representative Ellen Tauscher (D-CA). These two coalitions have a history of working with Republicans and Democrats on key issues, and being more moderate to conservative on fiscal matters than some of their Democratic colleagues.

The Senate has periodically formed ad hoc groups of moderates or centrists, often including Democratic and GOP Senators, to work together to resolve stalemates on specific issues or bills. But after their limited, often bipartisan missions were accomplished, the groups disbanded. However, now a group nearing about 15 moderate Democratic Senators are forming a working group to collaborate on an ongoing basis, on various bills and issues. These centrists share views about the need for more fiscal responsibility and restraint in federal spending.

In the Senate, 60 votes are needed in order to avoid a filibuster, and Democrats lack that number. There are two Independent Senators and an unsettled Minnesota U.S. Senate race from last November's election (2008), now in the hands of a panel of judges for a final decision on who won, and who may be sworn in, as Minnesota's junior Senator. Building a solid base of support for the FY 2010 Budget will not be easy.

A group of Senate Democratic moderates, in tandem with a small group of Republican moderate Senators, worked together successfully to pare back funding for the economic stimulus package recently. Now various moderate Democratic Senators are meeting to form consensus in opposition to the President's version of an FY 2010 Budget, on opposing use of a Budget procedure known as **reconciliation**, to pass climate change legislation, on certain housing bill provisions, for example.

Thus far, it appears that members interested in joining the moderate Democratic Senators group may include: Senators Bayh (D-IN), Conrad (D-ND), Ben Nelson (D-NE), Bill Nelson (D-FL), Mark Warner (D-VA), Webb (D-VA), McCaskill (D-MO), Shaheen (D-NH), Hagan (D-NC), Tesler (D-MT), Baucus (D-MT), Lincoln (D-AR), Pryor (D-AR), Bennet (D-COLO), among others. No membership list is complete, or finalized yet. Members of this Democratic group and moderate Republican Senators may push to reduce spending across the board or in specific high priority areas, which could include education or health care.

Budget Resolutions never become federal law and do not require a Presidential signature like regular Congressional legislation does. Hence, the Obama Administration is negotiating and advocating for its budget policy priorities and its political and fiscal values, to influence the shape and content of the House and Senate FY 2010 Budget bills, even though a President never formally approves or disapproves them. Budget Resolutions are fiscal blueprints that set the parameters for later more detailed appropriations, financial and economic decisions.

If the House and Senate Budgets do not allow sufficient fiscal room for long-term and high price tag policies and programs, it limits their potential for realization. Battles over Congressional Budget Resolutions help the President, House and Senate, to shape an agenda of federal legislation for the year, and to develop the political will or not, to move it. The annual Budget process reveals how the legislative and executive branches of government are likely to work together or resist doing so. Political, policy, strategy, and fiscal differences burst out during the Budget development process.

Both chambers of Congress hope to complete action on their FY 2010 Budget blueprints before they leave town for a two-week Spring break in early April. In the meanwhile, some Budget Resolution tussles will focus on whether to include legislative policy directions, called “**reconciliation instructions**” in the Budget Resolution. If reconciliation instructions are included, the Senate may need only 51 votes instead of 60 votes to pass the Budget Resolution without a filibuster. Depending upon whether a given Senator favors a particular policy and the proposed reconciliation instructions related to it, and how strong their views are, they may oppose certain aspects or an entire Budget Resolution.

RECOMMENDED ADVOCACY ACTION

- Beginning during the early part of the week of March 23, 2009, ELS urges you to generate a high volume of contacts and communications with your own Representatives and Senators regarding passage of the FY 2010 House or Senate Budget.
- Now is the time to let Congress know what your fiscal priorities are for federal education and related programs in FY 2010. Talk about general interest areas (e.g. math/science, early childhood education, preparing underrepresented students for college and careers, more flexible use of federal funding with accountability, broadband, etc.). Request support for greater investments in specific federal programs (e.g. ESEA, Title I Part A Grants to Local School Districts, IDEA Special Education funding, English Language Acquisition Grants, ESEA Title II Teacher Quality funds) or whatever your federal education funding priorities are for School Year 2010-11.
- Your Senators and Representatives may ask what you think of President Obama’s Budget Request for 2010 for education, or healthcare, or energy and green jobs. You may be asked about how the economy is affecting our family and work, and what the effects of the economic stimulus are likely to be for you personally, and in your professional world.
- If your Senators or Representatives serve on either the Senate or House Budget Committees, contact them sooner rather than later as these Committees will be making decisions imminently. Go to the House or Senate Budget Committee websites to find lists of Committee members.

- If your Senators or Representatives are moderate Democrats or Republicans, or have more fiscally conservative views, contact them very soon to urge them to maintain significant support for School Year 2010-11 education priorities.
- Telephone contacts and/or letters sent by fax are encouraged. Sending e-mails are better than making no contact, but because of the high volume received, they may receive less attention than the other two methods of communicating with Senators and Representatives.

**TO CLARIFY:
THE FY 2009 OMNIBUS APPROPRIATIONS BILL IS NOW LAW**

The House and Senate have approved, and the President has signed into law, the FY 2009 Appropriations bill for Labor, Health and Human Services, and Education federal programs. This bill was folded into a large omnibus spending package along with funding for many other federal programs which Congress chose not to complete during the latter part of 2008.

Congress waited until President Obama was inaugurated in 2009, because it believed that more money would be included for Democratic funding priorities when a new Congress and a new President took office. By the time the White House changed hands in January, 2009, the U.S. economy had worsened to such a degree that the Congress and the President chose to focus first on emergency funding legislation, the economic stimulus, or the American Recovery and Reinvestment Act (ARRA).

So consideration of the FY 2009 Omnibus Appropriations bill was postponed until March, 2009, after the emergency ARRA was completed. Now, some of the economic stimulus dollars for education are expected to begin to flow to States and local school districts by the end of March, 2009 (e.g. ESEA Title I, Part A Grants to Local School Districts and IDEA Part B Grants to States for elementary and secondary students with disabilities).

However, though the FY 2009 Omnibus Appropriations bill funding, is now law, these funds will be distributed for federal education programs for School Year 2009-10 according to the regular U.S. Department of Education distribution cycle, for regular program purposes as authorized. These FY 2009 or SY 2009-10 federal funds will not be sent to States and local school districts on an emergency basis or on a special timetable. These are regular SY 2009-10 funds, for regular federal program purposes, to be distributed on a regular schedule.

Visit the U.S. Department of Education website at <http://www.ed.gov/about/overview/budget/news.html> for detailed information.

- Congress has provided a total increase of \$593.53 million for ESEA Title I, Part A Grants to Local School Districts in FY 2009 (School Year 2009-10), 4.27% above FY 2008 levels, for a total of \$14.492.40 billion in SY 2009-10.

- No funding is provided in FY 2009 for Reading First State Grants, while Early Reading First funding remains level in FY 2009 at \$112.54 million without an increase.
- **ESEA Title I School Improvement Grants** are up 11.07% from \$491.26 million in FY 2008, to \$545.63 million in FY 2009.
- **IDEA Special Education Grants to States** for distribution to local school districts, are up 5.09% in FY 2009 to \$11,505.21 billion for elementary and secondary students with disabilities.
- **Carl D. Perkins Career and Technical Education State Grants** funding remained level with FY 2008, in FY 2009, as did **Safe and Drug Free Schools and Communities State Grants**.
- **Education Technology State Grants** (Enhancing Education Through Technology) rose in FY 2009 from FY 2008, by 0.89% to \$269.87 million.
- **21st Century Community Learning Centers** (Afterschool Programs) grow by \$50 million or 4.62% in FY 2009, above FY 2008 levels.
- **Math and Science Partnerships** funding for FY 2009 remained the same as it was in FY 2008, at \$178.98 million, as did **Striving Readers** (adolescent literacy), remaining at \$35.37 million in FY 2009.
- **ESEA Title II Improving Teacher Quality State Grants** increased for FY 2009, from \$2.935.24 billion to \$2.947.75 billion, up 0.48%.
- **ESEA Title III English Language Acquisition State Grants** grow by 4.23% for FY 2009, to \$730 million, up \$29.61 million above FY 2008 funding levels.
- **Head Start** went up for FY 2009 to \$7.112.79 billion, a 3.41% or \$234.81 million increase over FY 2008 funding levels.