



STATEMENT OF BOB CHASE,

PRESIDENT

NATIONAL EDUCATION ASSOCIATION

**BEFORE THE
BUDGET COMMITTEE**

UNITED STATES SENATE

ON

EDUCATION FUNDING PRIORITIES

FEBRUARY 26, 2002

Chairman Conrad and Members of the Committee:

On behalf of the National Education Association's (NEA) 2.7 million members, thank you for the opportunity to testify today about the importance of an increased federal commitment of resources in building the world-class educational system our children deserve.

NEA members represent the full, diverse spectrum of public education. We are elementary and secondary school teachers, paraprofessionals, vocational educators, and Postsecondary education faculty. We are deeply committed to strengthening our educational system to guarantee a quality public education for every student.

NEA's vision for quality public education focuses on improving student achievement and elevating teacher quality. NEA believes that an effective, successful public education system must include: a highly qualified teacher in every classroom; rigorous academic standards for all students; strong accountability measures; small class sizes; and modern, safe school facilities with access to new technologies for all students. We also believe that all qualified students should have access to Postsecondary education, and to the financial resources and academic supports they need to succeed.

However, ensuring the highest quality education for all students is not possible without a significant federal investment. Simply put – reform without resources will not work. My testimony today will focus on those federal investments necessary to ensure successful, meaningful education reform.

The Context: State Budget Pressures

The need for a strong federal commitment to education funding is made even more critical by current state budget pressures and new federal mandates. A new report prepared for the National Governors Association – *The Outlook for State Tax Revenues* – found that “At least forty states are now experiencing budget shortfalls during the current 2002 fiscal year, which ends in June for most states. The miss between actual budget results and that expected when budgets were drafted a year ago is approaching a stunning \$40 billion.” The report goes on to note, “Longer term, state governments have the daunting task of meeting the rising funding needs of such

things as education, public welfare and homeland safety in the face of an increasingly inflexible tax system.” In addition, according to a January 2002 survey conducted by the National Conference of State Legislatures (NCSL), "Forty-five states and the District of Columbia report that revenues have failed to meet budgeted levels... At least 30 states have implemented budget cuts or holdbacks to address fiscal problems in FY 2002. Another nine report that cuts are possible before the fiscal year ends. Most state programs have been affected by budget cuts... The magnitude of budget gaps has been significant enough that even programs that often are spared from cuts, such as K-12 education, have been reduced in some states. "

These crises, coupled with rising school enrollments and increased numbers of students with special needs, have already led many states to cut critical education programs.

At the same time, states face new testing and accountability mandates under the newly-enacted No Child Left Behind Act, most of which will become more challenging each year. Without a substantial increase in resources from the federal level, many of the important goals of the new law – including yearly improvements in student achievement and teacher quality – will be simply impossible to reach.

The Public's Views

The general public strongly supports increased federal investments in education. A recent poll commissioned by the Committee for Education Funding – of which NEA is an active member – found that two-thirds of the American public would accept a larger deficit in order to provide improved education for students from kindergarten through college. Similarly, a recent Zogby poll found the public favoring by a 69 to 29 percent margin “rolling back the tax cut if it means the federal government has more money available for education.”

NEA's Education Funding Recommendations

NEA believes that significant, targeted federal investments are necessary to help all students reach the highest standards. To this end, we applaud the bipartisan commitment to education investments over the last six years – increases that have averaged 13 percent a year. Now, we urge Congress to continue on this path by providing needed investments for key programs such as Title I and IDEA, but not at the expense of other important education programs.

While the Administration's proposed FY 2003 budget includes some important programmatic increases, overall it offers the smallest percentage and dollar increase in education funding since 1996. In addition, even with the yearly increases in federal funding for education over the last six years, the federal share of total education spending is still less than it was in 1980, when the federal government provided almost 12 percent of all funds for elementary and secondary education. Last year, the federal share was down to 8.5 percent. Similarly, the federal share of higher education funding declined from 15.4 percent in FY 80 to 10.9 percent in FY 01.

At the Administration's proposed FY 2003 level, many important programs will be unable to serve eligible students, and successful implementation of new reforms and mandates will be very difficult.¹ Therefore, we urge Congress to use the Administration's budget proposal as a base on which to build toward needed investments.

In addition, we urge Congress to reject proposals to freeze funding or eliminate important federal programs. And, we strongly oppose proposals to divert limited funds away from public schools through voucher-like tuition tax credits.

I would now like to focus my testimony on NEA's general reactions to the Administration's proposal, and our overall recommendations for FY 2003 funding priorities. More detailed proposals for FY 2003 education funding are included in an appendix to this testimony.

Opposition to Fiscal Year 2002 Rescissions

NEA opposes the Administration's proposal to pay for a needed FY 2002 \$1.3 billion Pell Grant supplemental appropriation by eliminating 29 elementary and secondary education programs. We completely agree that a supplemental Pell Grant appropriation is necessary and important in order to maintain the \$4000 maximum award set by Congress. However, NEA strongly opposes pitting higher education against elementary and secondary education, or pitting any one education program against another.

¹ To illustrate the unmet needs across the country, NEA has compiled a set of state-specific charts contrasting current funding levels for Title I, IDEA, Head Start, and school modernization with the President's proposal and remaining unmet state needs. These state-specific charts are available on the NEA website at [http://www.nea.org/lac/fy03ed\\$/](http://www.nea.org/lac/fy03ed$/). The charts are intended to highlight the need for increased resources, and to set the stage for work over the next few years to address these unmet needs.

Last year, Congress carefully considered and approved funding on a bipartisan basis for each of the programs marked for elimination. First, Congress explicitly decided to retain authorization for each of these programs as part of the No Child Left Behind Act. Later, Congress again decided to maintain and fund these programs as part of the FY 2002 Labor-HHS-Education Appropriations bill. In fact, many, if not all of these programs enjoyed broad bipartisan support, with Republican Senators acting as the programs' main champions in many cases.

Therefore, NEA recommends that Congress enact the Pell supplemental but reject proposed rescissions of FY 2002 funding for elementary and secondary education programs.

Fiscal Year 2003 Priorities

The Administration has proposed a \$1.37 billion increase for education funding for FY 2003. While, as noted in more detail below, this proposal includes increases for Title I and IDEA, and also provides an important \$1 billion for Reading First, the Administration would essentially pay for most of these increases by eliminating 40 programs, freezing funding for 66 programs, and cutting funds for an additional 16 programs.

Overall, the Administration would cut funding for ESEA programs reauthorized less than two months ago by \$90 million. These cuts will undermine efforts to implement the six years of new reforms and requirements in the No Child Left Behind Act, thereby setting children, schools, and states up for failure.

Instead of cutting funds, Congress should commit to yearly increases to help states and schools successfully implement reforms.

For Fiscal Year 2003, NEA recommends that Congress provide at least a \$12 billion increase above the Administration's budget for education programs. Specifically, NEA priorities include:

- ***Title I:*** The Administration has proposed a \$1 billion (+9.7%) increase in Title I funding for Fiscal Year 2003. This 9.7 percent increase would bring Title I to its highest funding level ever. NEA believes the Administration proposal offers a good starting point, but still falls short of what is needed. We are pleased that the Department of Education has recognized the value of Title I in its *FY 03 Justifications of Appropriations Estimates*, which states "...there

is evidence that Title I, as reauthorized in 1994, helped put in place the infrastructure needed to improve student achievement. This, coupled with the reforms in the NCLB Act, is expected to have a positive impact on the Nation's schools that warrants further investment in the program.”

The current Title I authorization levels were adopted last year on a bipartisan basis through the efforts of Senators Dodd and Collins. The Dodd-Collins amendment to the No Child Left Behind Act was intended to put Title I on a ten-year path toward full funding. Unfortunately, the Administration's proposal falls \$4.65 billion below the FY 03 level authorized in the new law.

Keeping Title I on track toward full funding is particularly important given the new accountability and Adequate Yearly Progress provisions in the new law. As these new requirements tighten each year, the number of schools deemed “in need of improvement” will likely increase. Estimates indicate that as many as 10,000 schools will start the 2002-03 school year categorized as “low-performing,” based on standards under prior law. All of these schools need assistance; simply placing them on a list and labeling them will not magically produce results. Tragically, approximately one-half of schools identified as needing improvement a year ago received no additional resources or assistance. If our goal is to turn these schools into successful, high-performing institutions, we must provide the necessary funding.

Unfortunately, less money will be available for school improvement in FY 02 than in the previous year. In FY 01, Congress earmarked \$225 million for school improvement, in addition to a 0.5 percent state set-aside. Thus, a total of \$268 million is available this school year. However, while Congress increased the FY 02 state set-aside to 2 percent, it failed to earmark additional funds for school improvement. Therefore, only \$207 million will be available for the 2002-03 school year. In addition, while the new ESEA law authorizes \$500 million for school improvement activities in low-performing schools, Congress did not fund this program for FY 02 and the Administration did not include it in the FY 03 budget request.

A significant increase in Title I is also necessary as, under current law, as much as 40 percent of Title I funds will not be available for classroom instruction. Under the No Child Left Behind Act, portions of Title I funding are earmarked for other purposes including transportation for public school choice, supplemental services, and professional development. While important, these earmarks reduce the funds available for direct instruction.

Therefore, NEA urges Congress to both fully fund the authorized level of \$16 billion for Title I in Fiscal Year 2003 and provide \$500 million for the School Improvement Fund.

- **IDEA:** The Administration has also proposed a \$1 billion increase (+13.3%) for IDEA special education. Again, while NEA applauds this proposal as a good starting point, we believe it falls short of what is needed. In fact, the proposed budget would provide only 18 percent of the Average Per Pupil Expenditure, less than half of the 40 percent full funding share.

Providing a quality education for all students, including those with disabilities, requires a federal-state-local partnership. Today, however, federal IDEA appropriations fall far short of the federal government's commitment. As a result, states and localities simply cannot provide students with disabilities the quality of service they need, and often must cut other critical programs or raise taxes in order to provide mandated services. The Department of Education in its *FY 03 Justifications of Appropriations Estimates* notes, "Historically, local educational agencies have struggled with meeting the minimal education needs of children with disabilities." In the Fiscal Year 2002 alone, the unpaid federal contribution shortchanged local schools by \$10.5 billion – funds that could have made a real difference in modernizing school facilities, training teachers, upgrading technology, or improving curricula.

At the rate of increase under the Administration's proposal, it will take 33 years to reach full funding of IDEA. In contrast, the bipartisan Harkin-Hagel proposal included in the Senate version of the ESEA reauthorization bill last year would phase in full IDEA funding over six years. The Harkin-Hagel plan would also move IDEA to the mandatory spending side, thereby removing it from the arbitrary and unpredictable annual appropriations process, and freeing up discretionary funds for other priorities.

Students with disabilities and their families deserve more than an empty promise. Therefore, NEA urges Congress to provide a Fiscal Year 2003 increase of \$2.45 billion for IDEA, and to guarantee similar increases for each of the next six years.

- ***Teacher Quality:*** Research clearly demonstrates that the presence of a highly qualified teacher in a classroom is the most critical element in raising student achievement. The new ESEA law creates new requirements mandating that all teachers be highly qualified within four years. At the same time, states are facing teacher shortages caused by record enrollments and the projected retirements of thousands of veteran teachers. According to the Department of Education, 22 percent of all new teachers leave teaching in their first three years of service, 12 percent of teachers in high-poverty secondary schools hold emergency certification, and 18 percent of teachers are teaching out of their field of expertise. In addition, estimates for the number of new teachers needed range from 2.2 to 2.7 million by 2009. The combination of new teacher quality requirements and teacher shortages necessitates an increased investment in teacher recruitment and professional development programs.

Although the President in his State of the Union speech recognized the need to recruit more highly qualified teachers in the coming years, the Administration's FY 2003 budget freezes funding for Teacher Quality and eliminates funding for the National Board for Professional Teaching Standards and Teacher Technology Training. Clearly, this proposal is at odds with the goal of improving teacher quality and ensuring every student a highly qualified teacher.

NEA recommends an increase of \$1 billion for Title II Teacher Quality – for a total of \$4 billion. The Math-Science Partnership program should be funded at its authorized level of \$450 million. We also strongly recommend retaining funding for the National Board. In addition, we recommend restoring funding for Preparing Tomorrow's Teachers For Technology to the FY 2001 level of \$125 million and providing \$300 million for Higher Education Act Teacher Quality Enhancement Grants to improve teacher preparation programs.

- ***School Modernization:*** Another critical component in raising student achievement is ensuring every student a safe, modern learning environment. America would not expect corporate executives and employees to work in overcrowded buildings with leaky roofs,

crumbling ceilings, and faulty heating systems. Yet, these unacceptable conditions exist in far too many of the schools educating tomorrow's workforce.

The research on this issue is clear – overcrowded classrooms and structurally unfit school buildings impair student achievement, diminish student discipline, and compromise student safety. In contrast, safe, modern, well-equipped schools send a message to our children that we as a nation are willing to invest in their future.

The need for federal school modernization assistance is also well documented. The National Center for Education Statistics has projected an unmet need of \$127 billion just for repairs to existing facilities. NEA's own recent study estimated a \$268 billion cost for school repair and modernization. In addition, the Treasury Department's own *General Explanations of the Administration's Fiscal Year 2003 Revenue Proposals* stated, "Aging school buildings and new educational technologies create a need to renovate older school buildings...Many school systems have insufficient fiscal capacity to finance needed renovation..."

Yet, despite this documented need, the FY 2002 education appropriations bill eliminated the \$1.2 billion urgent school repair program, and the Administration's FY 2003 budget provides no funding for school repair and renovation. The budget does include a two-year extension of Qualified Zone Academy Bonds (QZAB), which have been used successfully by schools across the country. While expansion of QZABs is a good first step, we support the proposal by Senators Harkin and Kerry to create \$25 billion of zero-interest bonds, at a five-year cost of only \$1.75 billion. A similar proposal offered by Representatives Rangel and Johnson in the House currently has 225 cosponsors – a bipartisan majority.

We urge Congress to provide \$1.75 billion over five years to subsidize the interest on school modernization bonds, and to provide a \$1 billion appropriation for urgent school repairs.

- ***Educator Tax Benefits:*** NEA supports the Administration's proposal to provide an above-the-line tax deduction to offset educators' out-of-pocket classroom supply and professional development expenses. Senators Collins, Warner, and Landrieu have also proposed such a tax deduction, and a similar proposal passed the Senate last year by a 98-2 vote. A 1996 NEA study found that the average K-12 educator spent over \$400 a year on classroom supplies. For educators earning modest salaries, such purchases represent

considerable expense. Therefore, NEA urges Congress to include the Administration's educator tax deduction in the FY 2003 Budget Resolution. However, we urge making it effective with the 2002 tax year, as opposed to delaying it to 2004 as in the budget request.

NEA also supports increased investments for rural education, higher education, early childhood education, and other critical programs. Our recommendations are detailed in the attached appendix.

Opposition to Tuition Tax Credits

NEA strongly opposes the Administration's proposed taxpayer-subsidized tuition tax breaks for private and religious school expenses. The proposal is essentially a voucher – providing direct federal funds to parents for private and religious school tuition. Similar proposals were resoundingly rejected by strong bipartisan margins during consideration of ESEA reauthorization.

The tuition tax credit proposal will siphon off \$3.7 billion over five years from public schools. In fact, the plan would provide more than 2.5 times as much money per child to attend private and religious schools than is currently provided per child to improve achievement of low-income public school students. This funding could be better spent to help the 90 percent of students attending public schools. For example, \$3.7 billion could pay for:

- Math and reading help for an additional 3.7 million low-income children;
- Interest to subsidize \$25 billion of zero-interest school construction bonds, plus an additional \$2 billion in grants for urgent school repairs for high-poverty schools, or
- Salaries of 20,000 highly qualified teachers to reduce class size for the next five years.

The Administration's proposal would also undermine important accountability measures put in place under the new ESEA law. Funds could subsidize private, religious, and home schools that are not held to the same teacher quality and student achievement standards as public schools. Federal funds could also be used to subsidize discrimination, as private, religious, and home schools are not all fully covered by civil rights laws.

Therefore, NEA urges Congress to reject these dangerous voucher proposals and instead to focus on real reform that helps all students succeed.

Thank you.

Appendix A:

National Education Association Recommendations For the Fiscal Year 2003 Budget Resolution

NEA recommends that the FY 2003 Budget Resolution provide at least \$12 billion above the Administration's budget request in order to accommodate the following:

- **Title I: Provide \$16 billion**, the level authorized for FY 2003 on a bipartisan basis as part of the No Child Left Behind Act. Also provide **\$500 million for the School Improvement Fund**.

Rationale: Current Title I funding allows the program to fully serve only one-third of eligible students. Title I funding is even more critical as states face new testing and accountability mandates at a time of significant budget shortfalls. Failure to provide sufficient federal resources will simply set schools and students up for failure. A \$16 billion FY 2003 funding level will put Title I on a path to fully serve the needs of all children. An increase to this level will both raise the amount provided per low-income child, as well as increase the number of students served.

- **IDEA: Guarantee \$2.45 billion increases for each of the next six years.**

Rationale: Despite a federal commitment to fund 40 percent of the cost of educating students with disabilities, federal funding still falls far short of the promised level. As a result, states and local districts must often cut other programs or raise taxes to fund quality IDEA services. Students with disabilities deserve more than an empty promise. It is time for the federal government to live up to its commitment.

Guaranteeing full IDEA funding has broad bipartisan support, as evidenced by the inclusion last year of the Harkin-Hagel amendment in the Senate version of the ESEA reauthorization bill. Moving IDEA to the mandatory side will both remove it from the unpredictable appropriations process and will free up discretionary funds for other priorities.

- **Teacher Quality: Fund Title II Teacher Quality at \$4 billion**, an increase of \$1 billion.

Also:

- ✓ **Fund Math-Science partnerships at the FY 02 authorized level of \$450 million,**
- ✓ **Maintain funding for the National Board for Professional Teaching Standards,**
- ✓ **Restore funding for Preparing Tomorrow's Teacher to Use Technology back to the FY 01 level of \$125 million, and**
- ✓ **Provide \$300 million for HEA Teacher Quality Enhancement Grants.**

Rationale: No single factor will make more of a difference in raising student achievement than ensuring a highly qualified teacher in every classroom. The No Child Left Behind Act creates new teacher quality standards requiring every teacher to be highly qualified within four years. Reaching this important goal requires a significant investment in teacher preparation, recruitment, mentoring, and professional development.

- ***School Modernization:* Provide \$1.75 billion over five years to subsidize the interest on \$25 billion of school modernization bonds. Also provide \$1 billion for urgent school repairs.**

Rationale: Raising student achievement requires providing every student a safe, modern, technologically-equipped learning environment. Yet, research documents significant unmet school repair and renovation needs – needs that states simply cannot address without help from the federal government. Providing school modernization assistance has broad bipartisan support. A bipartisan majority of the House has cosponsored the Johnson-Rangel America’s Better Classrooms Act.

Despite this support and the recognized need for federal assistance, the FY 2002 education appropriations bill eliminated the urgent school repair program and the Administration’s budget request includes no school modernization funding.

- ***Rural Education:* Fund the Rural Education Initiative at its authorized level of \$300 million.**

Rationale: Like their urban counterparts, many rural schools are high poverty and lack up-to-date facilities and equipment. They also face additional challenges because of their small size. Last year, Congress recognized the special needs of rural schools by enacting the Rural Education Initiative. The REI targets additional flexibility and resources to small high-poverty rural schools. The FY 02 education appropriations bill funded the program at \$163 million. Unfortunately the Administration’s budget proposes not only to eliminate funding in FY 03, but also to rescind the \$163 million already appropriated.

- ***Higher Education:* Provide a \$500 increase in the Pell Grant maximum award. Also, reject funding freezes for College Work Study, TRIO, and GEAR-UP.**

Rationale: All qualified students should have access to Postsecondary education, and to the financial resources and academic supports they need to succeed. Increasing the maximum Pell Grant award will help the lowest income families, and will also provide increased assistance to moderate-income families. Such an increase will also raise the total number of students eligible to receive a Pell Grant. Programs such as TRIO and GEAR-UP help encourage low-income middle and high school students to continue on to postsecondary education.

- ***Educator Tax Credits:* Include an expanded version of the Administration’s proposal to provide an above-the-line deduction offsetting educators’ out-of-pocket classroom supply and professional development expenses.**

Rationale: A 1996 NEA study found that the average K-12 educator spent over \$400 a year for classroom materials. For educators earning modest salaries, such purchases represent considerable expense. Senators Collins, Warner, and Landrieu have proposed such a tax deduction, and a similar proposal passed the Senate last year by a 98-2 vote.

- ***Other Department of Education funding priorities:***

NEA recommends:

- ✓ **An increase of \$500 million for the 21st Century Community Learning Centers**, for a total of \$1.5 billion – the FY 03 authorized level
- ✓ **A total of \$1.2 billion total for Bilingual Education/English Language Acquisition**
- ✓ **\$1 billion for the State Education Technology Grant program** – the FY 02 authorized level.
- ✓ **\$1 billion for TRIO** (an increase of \$198 million above the Administration’s budget proposal), and **\$485 million for GEAR-UP** (a \$200 million increase).

- ***Priorities for Department of Health and Human Services funding:***

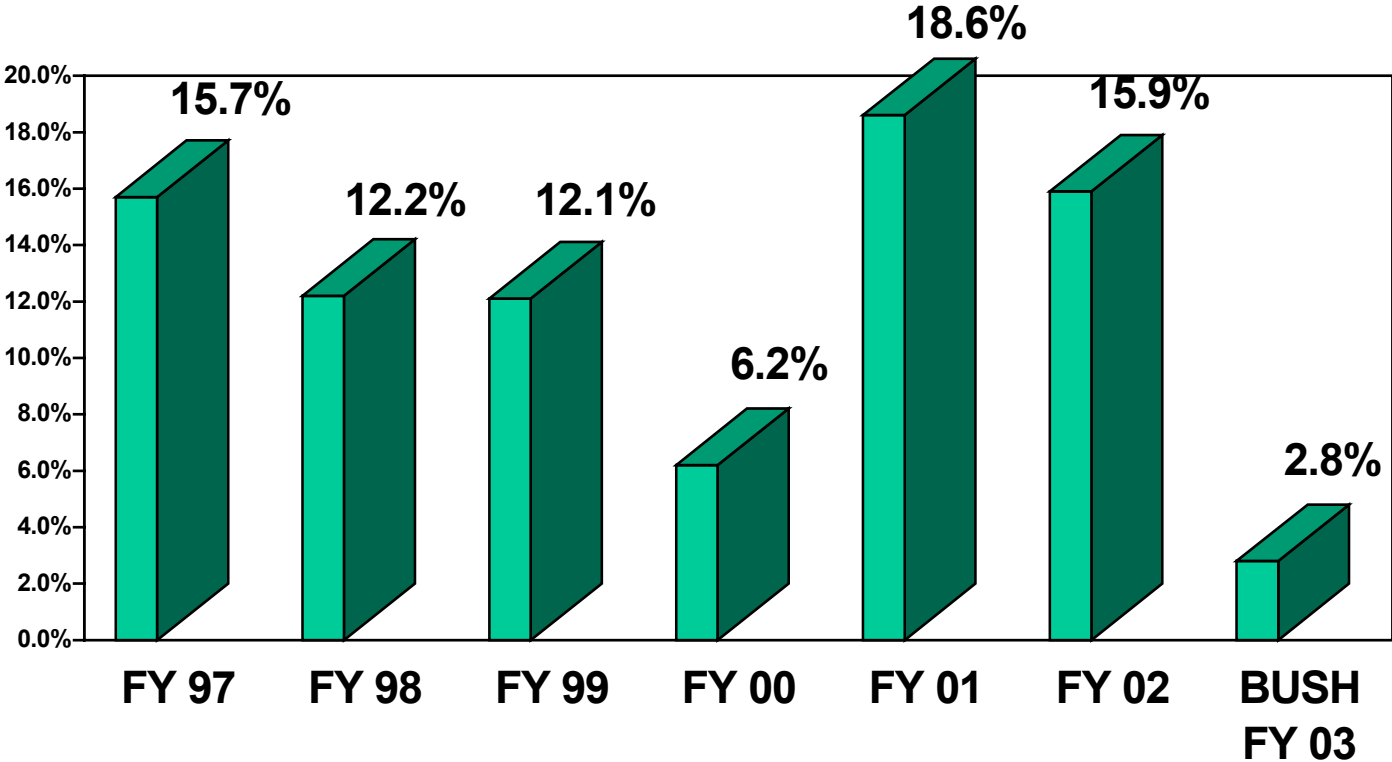
NEA recommends:

- ✓ **A \$1 billion discretionary increase for the Child Care and Development Block Grant.**
- ✓ **An increase of \$1 billion for Head Start** – to serve an additional 92,600 children (86,460 more preschoolers and 6,160 more infants and toddlers in Early Head Start)
- ✓ **A total of \$150 million for the Early Learning Opportunities Act** to help states and communities improve the quality of early childhood education programs.

Appendix B:

Budget Charts

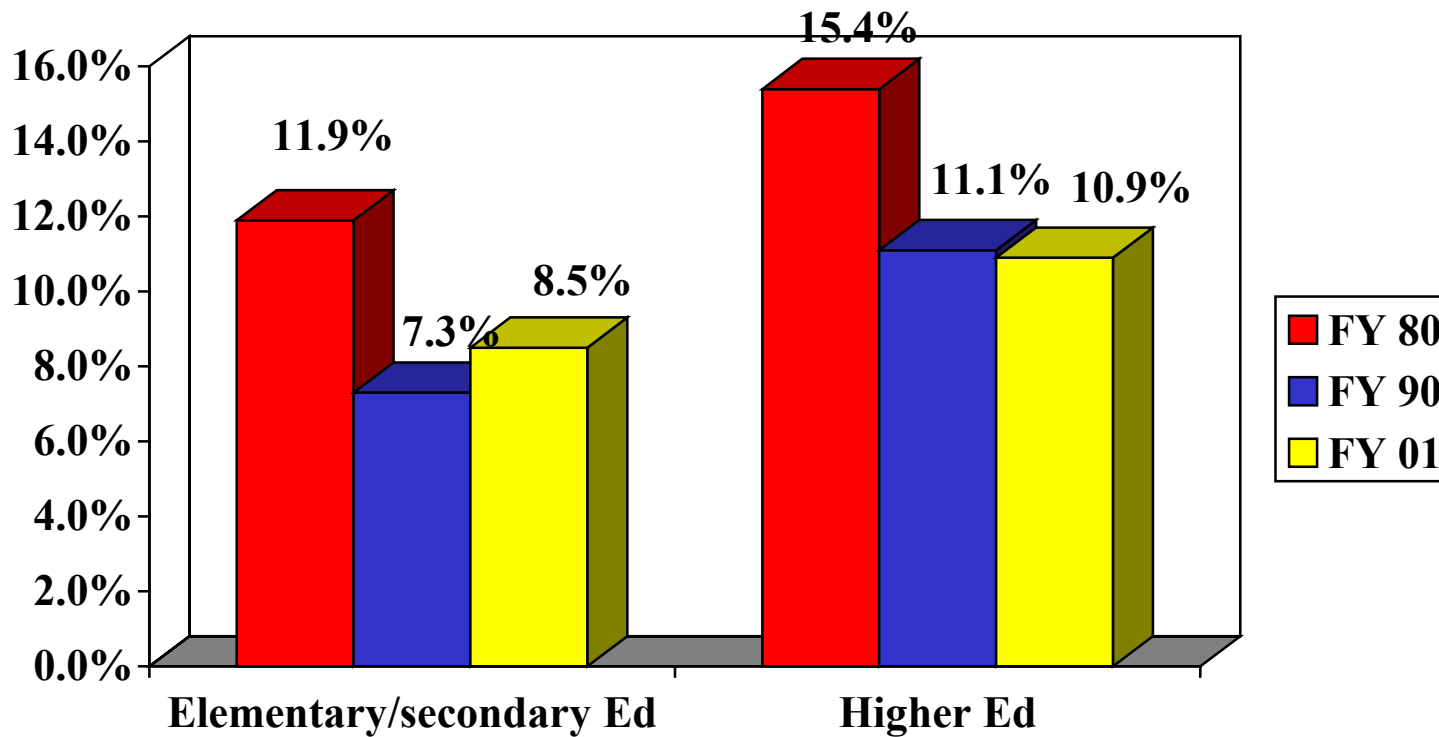
YEARLY PERCENTAGE INCREASE IN DISCRETIONARY EDUCATION FUNDING



Source: NEA based on Education Department data

FEDERAL SHARE OF EDUCATION FUNDING HAS DECLINED

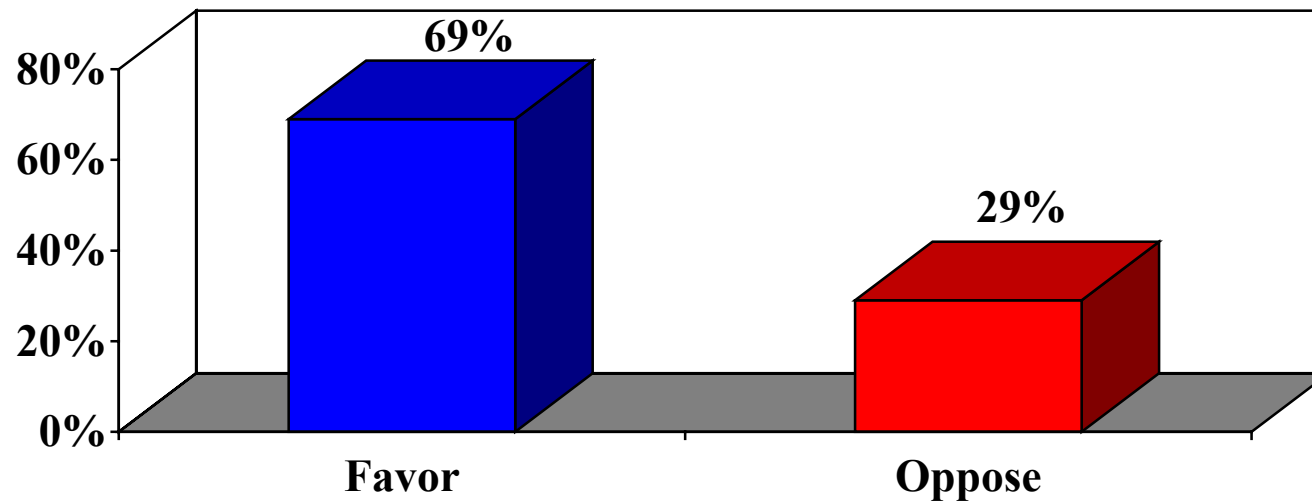
On-budget federal support as % of total education expenditures



Source: U.S. Department of Education, *Federal Support for Education, Fiscal Years 1980 to 2001*

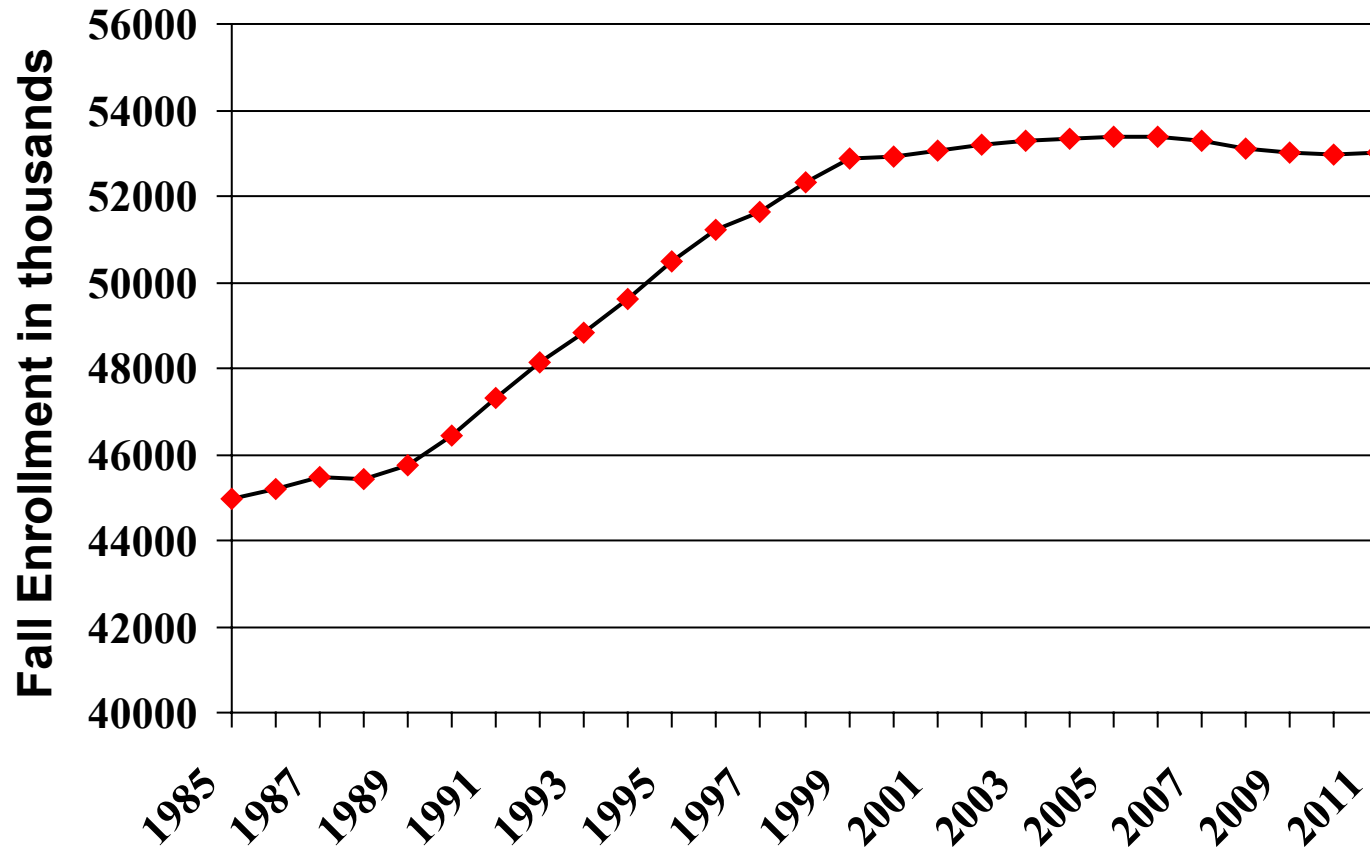
THE PUBLIC SUPPORTS EDUCATION FUNDING OVER TAX CUTS

Do you favor or oppose rolling back the tax cut if it means the federal government has more money available for education?



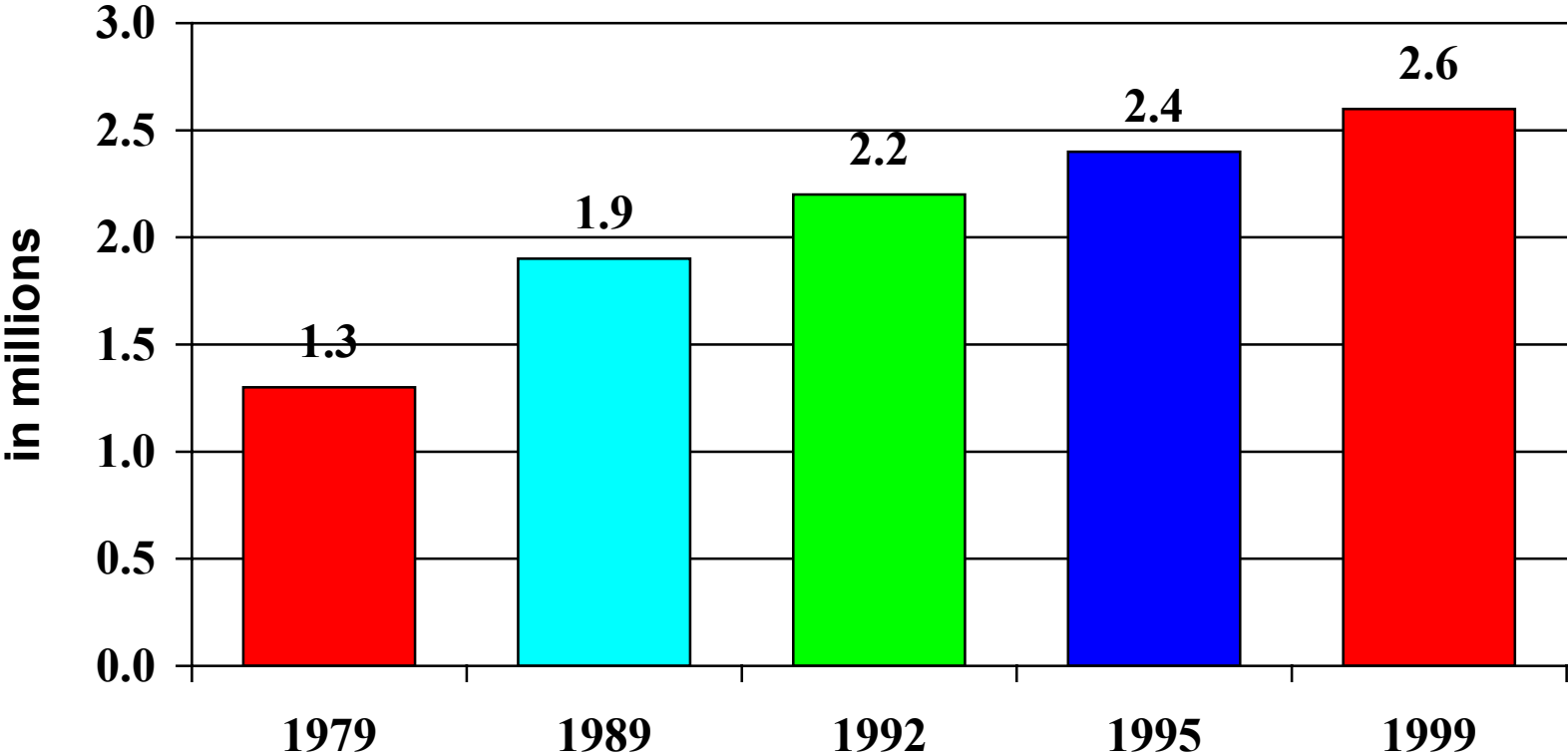
Source: Zogby poll, released 2/14

K-12 ENROLLMENTS AT RECORD LEVELS



Source: U.S. Department of Education; *Projections of Education Statistics to 2011*
(2010 and 2011 are projections)

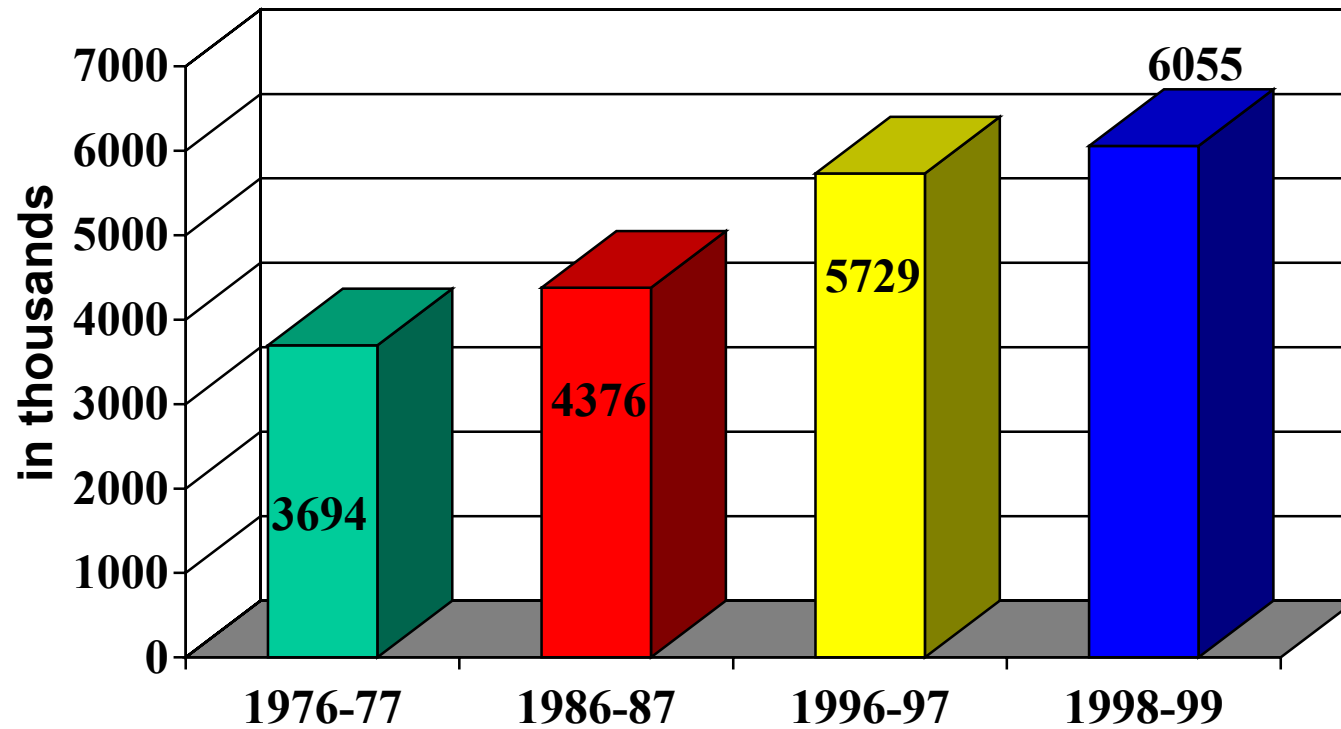
MORE CHILDREN HAVE DIFFICULTY SPEAKING ENGLISH



Source: *America's Children: Key National Indicators of Well-Being, 2001*

MORE STUDENTS WITH DISABILITIES

Number of children served in federal programs for the disabled



Source: U.S. Department of Education; *Digest of Education Statistics, 2000*