

# Congressional Brief: Federal Involvement in Education

*Through the U.S. Department of Education, created in 1979, the federal government has incrementally increased its role in education over the last 30 years.*

## Key Facts about Federal Involvement in Education

Federal spending on public elementary and secondary education in fiscal year 2012 totaled \$76 billion, according to the National Center for Education Statistics, accounting for 12.7 percent of current state education expenditures. Including state and local funds, expenditures for public education totaled \$521.5 billion that year. From 1995 to 2010, total spending per pupil increased 33 percent, after adjusting for inflation.

The U.S. education system is divided into pre-K, primary and secondary education, (representing grades K-12) and post-secondary education (comprised of vocational and higher education). Though state boards of education are responsible for administration, federal funding often requires states to adopt federal requirements and initiatives. Despite increased federal spending, in 2012 the Organization for Economic Cooperation and Development ranked the United States 27th among the world's most economically advanced countries in 15-year-old reading, math and science performance.

**Pre-K Education – Head Start.** Head Start is a federal program initiated in 1965 that aims to promote the cognitive, social and emotional development of 3-to-5-year-old children from low-income families, with the goal of school readiness. Head Start provides services at dedicated centers, family child care homes or the children's own homes.

According to two U.S. Department of Health and Human Services studies, the immediate benefits of Head Start participation mostly fade by the first grade, except for an across-the-board improvement in social-emotional functioning.

Though often treated as an education program, Head Start is administered by Health and Human Services, rather than the U.S. Department of Education. Head Start has expanded in recent years:

- The American Recovery and Reinvestment Act of 2009 expanded Early Head Start and Head Start by 75 percent.
- In 2014, Head Start received \$8.59 billion in federal funding and served 916,312 children.

In his 2013 State of the Union address, President Obama proposed to make public school pre-K universal for all children at an estimated cost of \$9.84 billion per year. However, Head Start enrollment has fallen in nearly every state that implemented universal kindergarten funding initiatives after 1960. Further, studies have shown that universal kindergarten only improves school performance for white children. Similarly, universal pre-K would provide free day care for children whose parents are currently paying for day care, and children cared for by parents or relatives.

### **K-12 Education – “No Child Left Behind.”**

The No Child Left Behind Act of 2001 (NCLB), which reauthorized the Elementary and Secondary Education Act of 1965, requires states receiving federal funds to comply with a system of accountability emphasizing standardized testing in reading, writing and mathematics.

The Center for Education policy estimates that roughly 50 percent or more of all U.S. public schools may be designated as “failing” due to their lack of Adequate Yearly Progress (AYP) toward proficiency for all students.

NCLB mandated that *100 percent of all students* must reach proficiency by 2014, but this goal was not met.

- NCLB measures a school’s annual performance through the use of standardized tests, but each state sets its own standards and tests.
- Poor test scores may lead to sanctions; a “failing” designation results in mandatory funding cuts or other penalties.
- The emphasis on standardized tests has led many states to set low achievement standards and to adopt curricula that emphasize “teaching to the test.”

Most states have received waivers from the NCLB accountability measures and many are renewing their waiver requests through the 2017-18 school year. According to the Education Department, in exchange for the increased flexibility waivers allow, states promise to develop rigorous plans to “improve educational outcomes for all students, close achievement gaps, increase equity, and improve the quality of instruction.”

**Individuals with Disabilities Education Act (IDEA).** Signed into law by President George Bush in 1990, IDEA requires that states and public agencies provide early intervention, special education and related services to more than 6.5 million eligible infants, toddlers, children and youth with disabilities.

Funding increased substantially under the American Recovery and Reinvestment Act (ARRA) of 2009:

- As part of the 2009 recovery act surge in federal education spending, IDEA funds were targeted to be spent quickly to save jobs, prevent layoffs, improve student achievement and close the achievement gap.
- ARRA made \$12.2 billion in funds available for IDEA programs.
- In 2013, the administration requested \$12.46 billion in IDEA funding.

An analysis by the New America Foundation notes that about 25 percent of all public education funds are now spent to educate students with disabilities.

**College Education Spending.** College enrollment is projected to rise from 19.4 million in 2013 to an estimated 24 million in 2022. In 2014, the Education Department dispersed \$32 billion in grants to college students and \$100 billion in loans. Of the total aid to college students:

- In 2014, the Federal Direct Student Loan Program awarded an estimated \$99 billion in loans.
- In 2014, an estimated 9 million students with limited financial resources received Pell Grants averaging \$3,768, with a maximum of \$5,645 per year, which they will not have to repay.
- In addition to the Pell Grant, more than 1.6 million students received a Supplemental Education Opportunity Grant (SEOG) averaging \$694 per student.

Additional federal aid to college students includes:

- Hope Lifetime Learning Credits against personal income tax liability of up to \$2,500 per year, and a \$4,000 income tax deduction for student loan interest per year.
- Jobs for low-income students through the Federal Work-Study program, which provided \$979 million in 2011 to fund 712,000 part-time university jobs.
- Earned benefits for ex-service members distributed

by the U.S. Department of Veteran Affairs totaling \$9.9 billion in 2011.

Yet, despite increased federal aid, the Consumer Financial Protection Bureau reports that student loan debt now exceeds \$1 trillion. The reason is that colleges have responded to an influx of federal money by increasing prices. Furthermore, the Bureau of Labor Statistics expects a mismatch between college graduates produced and employment demand.

**Reform of No Child Left Behind.** The miniscule rise in K-12 academic performance following No Child Left Behind has not been commensurate with the substantial increase in federal funding. Most federal education programs are administered by state education agencies who must repay federal money if districts misuse federal funds. This stipulation encourages state education agencies to create overly restrictive rules. School administrators must grapple with multiple levels of bureaucracy guiding the use of federal funds. The federal government could remove the strings attached to federal funding. Education block grants would allow local and state governments to use their portion of funds to provide the greatest benefits to their students.

If No Child Left Behind is to govern K-12 education, Congress should consider making reasonable alterations:

- Alter the goal of 100 percent proficiency to reflect an objective that can actually be attained.

- Add high school graduation rates, retention rates and college graduation rates to the Adequate Yearly Progress (AYP) measure; alternatively, students should be tracked over time to obtain more accurate assessments of progress.
- Modify sanctions for low performing schools; schools with the worst AYP, which need the most aid, are those most likely to be sanctioned under NCLB.

**School Choice.** Another approach, first proposed by economist Milton Friedman in the 1950s, is school choice. School choice would create competition between public and nonpublic schools. A few states now offer tuition vouchers, or corporate and individual tax credits for education, and many states have expanded magnet and charter schools. A number of other states are considering similar programs.

Among other proposals for education reform, former Secretary of Education and Dallas school Superintendent Linus Wright has proposed eliminating the 12th grade, moving vocational courses to community colleges, transitioning to digital learning, reducing the influence of special interests and unions in education, and changing how teachers are educated, recruited and retained.

*Prepared by NCPA Research Associate Evan Baldwin Carr.*

# National Center for Policy Analysis - America's Think Tank

It will be policy, not politics that secures a sound economic future for Americans.

## Solutions for Americans from America's Think Tank

The National Center for Policy Analysis (NCPA) works with the best scholars from around the world on the nation's most difficult policy problems. Our mission is to find private-sector, free-market alternatives to government programs that aren't working.

## What We Have Done

Our policy achievements have already benefited millions of Americans:

- Because of the NCPA's idea of Health Savings Accounts (HSAs), implemented in 2003, 30 million families are managing some of their own health care dollars.
- Because of the NCPA idea of Roth IRAs, established in 1997, \$310 billion in personal savings has been taxed once and will never be taxed again.
- Because of another NCPA idea signed into law in 2000, 78 million Baby Boomers will be able to reach their retirement age and keep working without losing their Social Security benefits.
- Because of a joint effort between the NCPA and the Brookings Institution, since 2006, employers can automatically enroll their employees in a diversified portfolio in 401(k) plans — thereby providing higher and safer returns.

Our research guides policymakers, educates the public and informs the media about solutions that limit government involvement and rely on free enterprise.

## What You Can Do

- Sign up to get invitations to NCPA's events (past speakers have included Clarence Thomas, Jeb Bush, Bill O'Reilly, Queen Noor and Benjamin Netanyahu).
- Sign up to get email alerts on coming publications in policy areas of special interest to you.
- Sign up to get This Week@NCPA videos reporting on NCPA activities.
- Sign up to be an NCPA volunteer – <http://www.ncpa.org/volunteer>.
- Support us so we can continue this important work – <https://secure.ncpa.org/support/>.

## Learn More

Please visit our website at [www.ncpa.org](http://www.ncpa.org) or call us at 972.386.6272.