



Straight A's:

A Citizen's Update on Education

Volume 2 No. 2: January 21, 2002



BUSH BUDGET EXPECTED TO ADDRESS SPENDING CONCERNS, BOTH AT HOME AND ABROAD

Focusing largely on new priorities because of the terrorist attacks on Sept. 11, President Bush's budget for 2003 is expected to tighten domestic spending while increasing funds for defense, homeland security and bioterrorism. The budget, set to be released on Feb. 4, will, in all likelihood, mark a return to deficit spending.

At a breakfast with reporters on Jan. 16, Office of Management and Budget (OMB) Director Mitch Daniels indicated that homeland security would roughly double under the President's budget. Such an increase would translate into about a one percent overall increase for the rest of the discretionary budget, which includes education.

Discretionary vs. Mandatory Spending

Congress allocates approximately \$1.5 trillion dollars each fiscal year in the federal budget process. Approximately \$700 billion, or one-third of the budget is "discretionary." This designation allows Congress to determine the funding levels on a yearly basis depending on the amount of money available.

The rest of the budget is spent on entitlements such as Social Security and interest on the national debt and which are considered mandatory. It is automatically spent unless Congress changes eligibility requirements or benefit levels through legislation.

One early controversy in the Bush budget involves an increase of approximately 15 percent for National Institutes of Health, compared to a three to four percent increase for most other federal civilian agencies. This commitment serves as a follow-up to Bush's promise to double the federal medical research budget over the next five years.

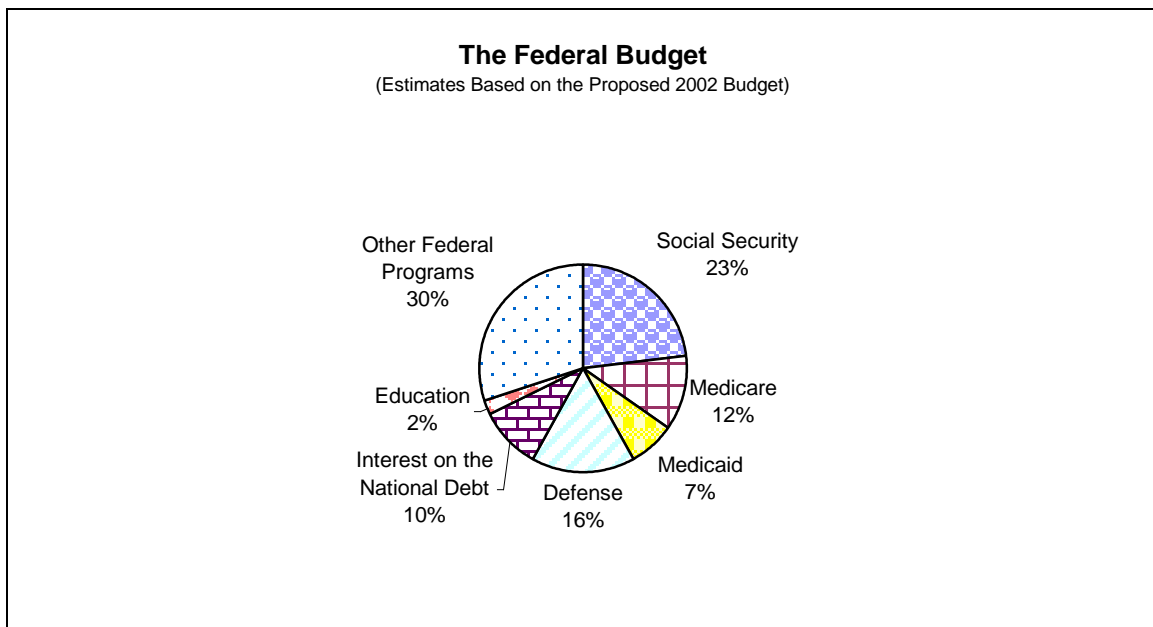
While most of Capitol Hill anxiously waits for the release of the President's budget, those in the know have circled Jan. 31 as the real starting point for this year's budget battle. On that day, the nonpartisan Congressional Budget Office (CBO) is set to revise its 10-year surplus/deficit estimates.

Earlier this year, Senate and House Budget Committee Democrats each released their own estimates that showed the CBO \$5.6 trillion, 10-year surplus from a year ago had shrunk to between \$1.4 billion to \$2.4 trillion. Both sets of figures project deficits until at least 2004.

Did You Know?

Congress created the Congressional Budget Office during a clash with President Nixon. During the 1972 election campaign, President Nixon asked Congress for authority to cut federal spending at his own discretion so as to stay under a proposed \$250 billion ceiling for FY 1973. After Congress refused to agree to such an open-ended grant of authority, Congress and Nixon clashed sharply over the President's aggressive impoundment of, or refusal to spend, appropriated monies.

Congress passed the Congressional Budget and Impoundment Control Act of 1974 to limit the President's power over the federal purse. The Act created the House and Senate Budget Committees to coordinate the congressional consideration of the budget, and established the Congressional Budget Office as a source of nonpartisan analysis and information relating to the budget and the economy.



Almost 70 percent of all federal tax dollars go to pay for five “big ticket” items: Social Security, Medicare, Medicaid, Defense, and interest on the accumulated national debt from past years. Only 2.5 percent of the federal budget is allocated to help educate 53 million students in schools and colleges across the country.

The rest of the expenditures (30 percent) are a combination of a long list of mandatory and discretionary programs. Examples from this list include: health care research, agricultural supports, drug enforcement efforts and energy subsidies.



TARGETING BUSH TAX CUT, DEMOCRATIC LEADERS SET 2002 AGENDA

In a speech January 4, **Senate Majority Leader Tom Daschle (D-SD)** praised President Bush's performance in the war against terrorism, but criticized both last year's tax cut and the Republican plans for economic stimulus. He concentrated on the several domestic issues such as education, issues which he says should be higher priorities than the tax cut.

Daschle said the Republican choice of ideology over fiscal responsibility has left us in a fiscal bind during a time of war and cost us money that could be better spent elsewhere:

“Supporters of the tax cut said the surplus was so massive and so certain that we could have a huge tax cut, increase spending on education and the military, and provide prescription drug coverage. We could protect the Social Security surplus, pay off the entire federal debt in a decade, and still have enough money left over to get us through any unforeseen disasters. What we got instead was the most dramatic fiscal deterioration in our nation's history.”

He called for continued support of the recently passed “No Child Left Behind Act” and the need to build on those initial bipartisan efforts. Daschle wants to create tax credits for businesses, hospitals, libraries and schools to make Internet access as “universal tomorrow as telephone access is today.” Providing that access will improve the education system and allow students to attend college and trade school prepared to work.

While Daschle came short of calling for a repeal of the tax cut, **Senator Ted Kennedy’s (D-MA)** remarks on January 16 were more direct. He called for a postponement of \$350 billion in scheduled tax cuts, saying the U.S. cannot now afford a \$1.35 trillion tax cut whose benefits will not kick in until after we need them.

Supporting Daschle’s proposal for the short-run economic recovery plan, Kennedy said we need to address the “urgent needs of our people in areas like education, health care and equal rights” and made a plea for continuing improvement in education:

“One essential priority is to continue our intense focus on education. For too long, public education has been highly unequal from kindergarten through 12th grade. The new school reform law can go a long way to close the gap – but only if we stay the course, and provide the increased resources and guidance essential for schools and students to meet and fulfill the high potential of this far-reaching and genuinely bipartisan achievement.

I was proud to stand with President Bush as he signed that reform into law. But this is no time for any of us to rest on any laurels. We have only just begun to renew our education system. We have much more to do to realize the ideal of ‘no child left behind.’”

Kennedy proposed to hold \$350 billion in future tax breaks for the wealthiest Americans and cited the need to be fiscally responsible in the “spirit of this new time” saying “the doubts of . . . the affordability of those tax cuts have become certainties in the wake of September 11th,” when we have urgent needs both home and abroad.

The Bush Administration maintains that canceling a scheduled tax cut is equivalent to a tax increase. Shortly after Kennedy spoke, President Bush remarked, “I think raising taxes in the midst of a recession is wrong economic policy -- it would be a huge mistake. I'm confident that the American people agree with me as well.”



SPENDING FREE-FOR-ALL OR FISCAL DISCIPLINE?

With all of the talk lately surrounding the war on terrorism and the economic downturn and the impact on President's budget, few seemed to have noticed that federal budget caps expired last year.

In 1990, Congress passed the Budget Enforcement Act (BEA) in an effort to control deficit spending. BEA controls spending through two separate, but related, mechanisms: limits on discretionary spending (caps), and the pay-as-you-go (PAYGO) process to require offsets for any legislation that would increase the deficit. Both PAYGO and the spending caps expired last year.

With huge surpluses as far into the future as the eye could see, PAYGO and the caps were not major players over the last few years. Now, with the economic downturn and tax cut package enacted last year, the country is once again set to return to deficit spending. Many fear the lack of caps combined with the war on terrorism and the need for domestic spending will turn into a potent concoction that will lead to out-of-control spending on Capitol Hill. The next few months should prove extremely interesting as Congress tries to walk the fine line between fiscal restraint and expensive requests both domestically and internationally.



TWO NEW PROJECTS LAUNCHED TO EVALUATE HIGH SCHOOL EXIT EXAMS

A new coalition of various states and non-profit organizations has joined to better align high school standards and exit exams with the skills students need for college and high-performance workplaces. The **American Diploma Project** consists of five states (Indiana, Kentucky, Massachusetts, Nevada, and Texas) and four organizations (Achieve, The Education Trust, The Thomas B. Fordham Foundation, and The National Alliance of Business).

Once the project's findings are analyzed, representatives from each state will come together to design common goals and expectations for high school students, which will then be reviewed by a panel of experts.

A second project, administered by the **Center on Education Policy**, aims to provide independent evaluations of high school exams in all states and determine how these tests affect students' lives. This initiative will seek to answer questions such as: Are teachers teaching differently? Are schools providing supplemental services for kids that aren't doing well? Are kids working less in terms of outside employment?

More information on both programs is available from Education Week:
<http://www.edweek.org/ew/newstory.cfm?slug=16diploma.h21>.



CAMBRIDGE PLAN TO INTEGRATE SCHOOLS BY INCOME, NOT RACE

School integration by income is an experiment being used by a small but growing number of school districts to close the education achievement gap. Cambridge, Massachusetts is the latest school district to implement this concept. Others include Wake County, North Carolina and LaCrosse, Wisconsin.

Comprised of 7,300, the Cambridge district is a highly diverse area with no ethnic group claiming a majority. This initiative is planned to take effect next fall, starting with kindergarteners. The objective is to erase existing family income disparities in student enrollments, which range from 21 percent to 72 percent of students qualifying for free and reduced-priced meals.

Integration by income is a rather new method, but is becoming a more common education reform tactic. Richard D. Kahlenberg, a senior fellow at the Century Foundation, advised Cambridge on the plan. His book, *All Together Now: Creating Middle-Class Schools Through Public School Choice*, discusses wealth-based school initiatives in depth and purports to lay out a course of action that will become the future of education integration.

Kahlenberg's plan combines Thomas Mann's nineteenth century concept of the common school—which calls for educating disadvantaged and advantaged children under one roof—with the current enthusiasm for choice among public schools. The idea suggests that the disadvantaged children will benefit from the social connections, better resources, and greater community support that middle-class schools draw versus the poor conditions at most poverty-level schools.

In Kahlenberg's school, disadvantaged children would greatly improve in their academic success while the scores of middle-class children are not affected. Opponents of this plan fear that Kahlenberg's plan will erode the idea of the neighborhood school.

Complete article: www.edweek.org/ew/ew_printstory.cfm?slug=16cambridge.h21.

Save The Date:

Jan. 29th: President Bush delivers his State of the Union Address to Congress

Feb. 4th: President Bush Submits his fiscal year 2003 Budget to Congress

Straight A's: A Citizen's Update on Education is a biweekly newsletter that focuses on education news and events both in Washington, D.C. and around the country. The format makes information on federal education policy accessible to everyone from elected officials and policymakers to parents and community leaders. The Alliance for Excellent Education is a non-profit organization working to help make it possible for every child in America to receive an excellent education.