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ALLIANCE FOR EXCELLENT EDUCATION

Straight A's

Public Education Policy And Progress

CONGRESS PASSES FY 2009 OMNIBUS BILL: Bill Will Provide $4.45 Billion Increase for U.S. Department of Education

Throughout 2008, Democrats clashed with President Bush over funding levels for domestic priorities. Whereas President Bush's budget proposed to freeze spending for domestic programs not related to defense or homeland security, Democrats favored a plan that would increase spending by about $20 billion. In September 2008, with both sides holding firm in their demands, Congress approved a temporary continuing resolution that funded nearly all domestic spending at the previous year's levels.

House Appropriations Committee Chairman David Obey (D-WI) explained Democrats' rationale for enacting the temporary funding bill, which came with an expiration date of March 6. "We felt that rather than capitulate and make those cuts, we would simply say, 'All right, Mr. President, for the four remaining months that you're in office, we'll be living at your budget level,'" Obey said in September, "but we will kick the can down the road so if we have a president who will negotiate like an adult at the end of the road next year, then we will try to cut some compromises that will preserve some of these high-priority areas."

Now, with a new president in the White House and an increased majority in the House of Representatives, House Democrats combined the nine Fiscal Year (FY) 2009 appropriations bills that Congress failed to pass at the end of 2008 into a single omnibus spending package. With a price tag of $410 billion, the omnibus bill funds most domestic discretionary programs through the end of the federal fiscal year (September 30). It provides $19 billion more than President Bush requested for FY 2009, including a $4.45 billion increase for the U.S. Department of Education.

Although the omnibus bill received quick approval in the House of Representatives, passing by a vote of 245–178 on February 25, it faced stiff opposition in the Senate, where Democrats control fifty-eight votes, two short of the sixty required for passage. The fact that two Democrats, **Senators Russ Feingold (D-WI)** and **Evan Bayh (D-IN),** declared their opposition to the bill meant that Democrats needed the support of at least four Republicans to pass it.

"The solution going forward is to stop wasteful spending before it starts," Bayh wrote in a commentary for the *Wall Street Journal*. "Families and businesses are tightening their belts to make ends meet—and Washington should too. … Congress should vote 'no' on this omnibus and show working families across the country that we are as committed to living within our means as they are."

On the evening of March 5, it appeared that **Senate Majority Leader Harry Reid (D-NV)** would have the sixty votes necessary to invoke cloture and end debate on the bill. However, with the time for the vote drawing near, several Republican senators expressed their intent to vote "no" in order to allow the Senate to consider more amendments to the bill. When it became apparent that the Senate would not be able to approve the bill before the March 6 deadline, Congress passed a second continuing resolution that extended the deadline until March 11.

On March 9, the Senate resumed consideration of the bill and had to defeat an additional ten amendments before the cloture vote. Had the Senate approved any amendments to the bill, the entire package could have been doomed because **House Speaker Nancy Pelosi (D-CA)** had previously said that she would not allow the House to approve any changes that the Senate made to the House-passed measure. "We put our members through a lot over here," Pelosi told Senator Reid. "I'm not going to put them through anymore. If there are any amendments to the [omnibus bill], we're going to do a [continuing resolution] for the rest of the year."

A continuing resolution for the rest of the year would have frozen funding for all programs covered under the stimulus at the previous year's levels, meaning that all of the increases for education programs that were included in the stimulus bill would have disappeared.

However, on March 10, when eight Republicans joined fifty-four Democrats in voting for cloture, Senator Reid had enough votes to end the debate on the measure. The bill passed shortly thereafter on a voice vote.

With the bill's passage, several education programs will see an increase. Title I, which received $13.9 billion in FY 2008 will receive a $593.5 million increase. Funding for special education will increase by $586 million to $11.99 billion. The omnibus bill will also provide increases for afterschool programs, the Elementary and Secondary School Counseling program, Smaller Learning Communities, TRIO, and GEAR UP. The Striving Readers program, which targets middle and high school students who read below grade level, will receive $35.4 million, the same amount it received in FY 2008. (Funding levels for these and other education programs that benefit middle and high schools are available at http://www.all4ed.org/files/Fiscal09ProgramChart.pdf).

One program that did not fare as well is the Reading First program, which has taken heat from Congress for mismanagement and conflicts of interest. The omnibus bill eliminated funding for that program, which received $393 million in FY 2008.

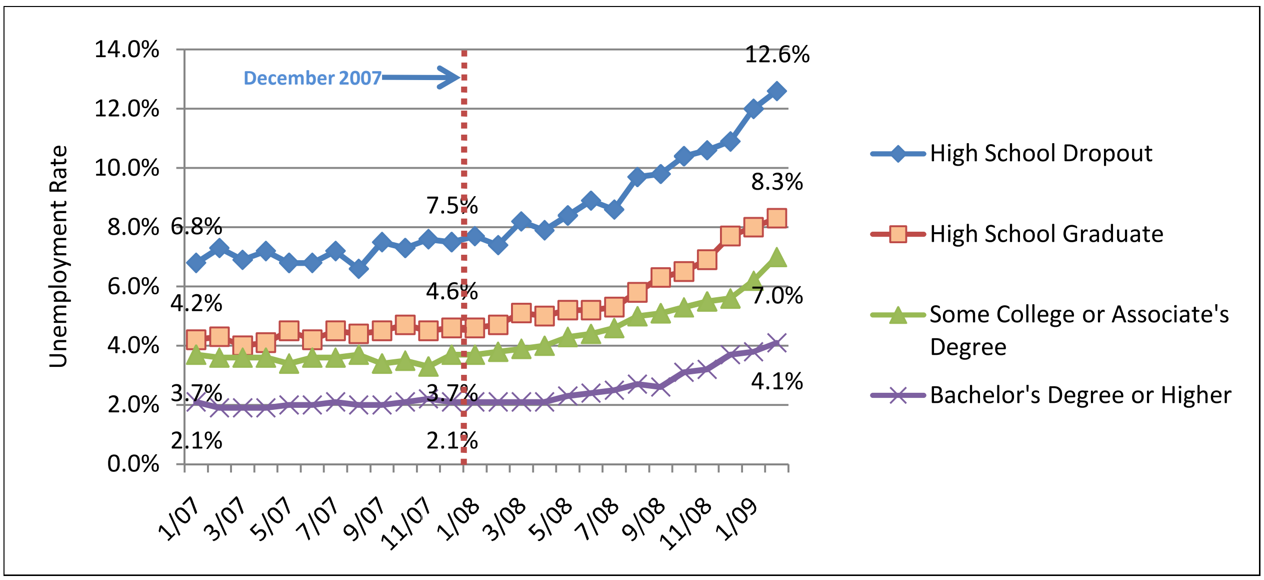
In addition to the funding increases, many in the education world are keeping a close eye on a provision in the omnibus that could effectively put an end to a private school voucher program in Washington, DC. As written in the omnibus bill, the provision requires congressional renewal of the program for it to continue beyond the 2009–10 school year. **Senator Richard Durbin (D-IL)** said the requirement would help determine whether the voucher program works. "Congress will take a look at the program and decide if the money is well spent," he said. **U.S. Secretary of Education Arne Duncan** said that he supports continuing the program, which provides over 1,700 students in the District of Columbia with scholarships of up to $7,500 per student to attend private or parochial schools in the District.

INDIVIDUALS WITH LESS EDUCATION BEAR BRUNT OF JOB LOSSES: As Unemployment Rate Hits 8.1 Percent, Individuals Seek to Upgrade Their Education

Last month, the number of unemployed individuals increased by 851,000 to 12.5 million and the unemployment rate rose to 8.1 percent, according to the latest data from the Bureau of Labor Statistics.[1] Since the recession began in December 2007, about 4.4 million jobs have been lost, with more than half (2.6 million) coming in the last four months. Today, the unemployment rate is the highest it has been since December 1983.

However, according to **David Leonhardt, an economy and business writer at the *New York Times***, this recession, unlike the last two, is causing more job loss among the less educated than among college graduates. "Those earlier recessions introduced the country to the concept of mass white-collar layoffs," he writes in a March 3 article. "The brunt of the layoffs in this recession is falling on construction workers, hotel workers, retail workers and others without a four-year degree."

Indeed, as shown in the graph below, the unemployment rate for individuals of all education levels has skyrocketed since December 2007, but high school dropouts, with an unemployment rate of 12.6 percent, have faced the most difficulty finding a job.



Source: Bureau of Labor Statistics

Under the recently enacted American Recovery and Reinvestment Plan, unemployment benefits were increased by $25 a week and extended by thirty-three weeks in states with high unemployment rates and twenty weeks everywhere else (Prior to the change, laid-off workers could collect unemployment benefits for 26 weeks). However, many of the newly unemployed are finding that they lack the necessary education for the available jobs in their area. A recent Associated Press article spotlights Donna Sharp of Elkhart, Indiana, the town where President Obama held a town hall meeting on February 9 to discuss the economic recovery plan.

[1] The unemployment rate reflects the percent of individuals who are available to work and currently seeking work. It does not include people who say they would like to work full-time, but can only find part-time jobs. Nor does it include individuals who would like to work but are not actively seeking a job.

"Donna Sharp made a good living even without a high school diploma, earning about $19 an hour putting stripes on recreational vehicles," the article reads. "Then Monaco Coach Corp. announced in July that it was closing the Wakarusa plant where Sharp worked, as well as plants in Elkhart and Nappanee in September. Other RV companies were doing the same, contributing to an estimated 8,000 job cuts that have caused Elkhart County's unemployment rate to triple in a year to 15.3 percent."

Like many high school dropouts who found themselves without a job, Sharp decided to earn her GED, but unlike many others, she was actually able to enroll in class. In Elkhart and nationwide, GED programs are filling up rapidly and many communities have had to implement waiting lists. "We've never had waiting lists like this, ever," said **Deborah Weaver, director of community education for Elkhart Community Schools**. In New York City, the Fifth Avenue Committee, which runs a GED class for twenty-two students, has a waiting list of 178. In California, the number of people taking the GED has increased from 46,184 in 2005 to 59,416 in December 2008—and that was before the crush of job losses over the last three months.

In a statement on the February jobs report, **U.S. Secretary of Labor Hilda Solis** said that the Labor Department was making more than $3.5 billion available to states for education, training, and reemployment services. "We will continue to do whatever is necessary to break the destructive cycle of job loss in this country and put Americans back to work," she said. "That includes our plans to re-start lending for consumers and small businesses, help responsible homeowners pay their mortgages and re-finance their homes, and address the long-term economic challenges we face—including the high cost of health care, our dependence on oil, and the state of our schools."

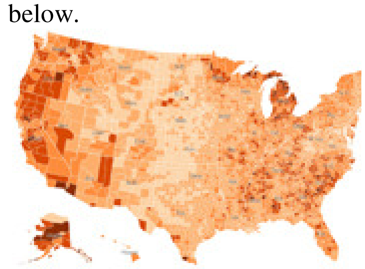
One person who is taking advantage of a Department of Labor retraining program is Chad Smith, who is profiled in an article in the *Wall Street Journal*. Smith, a high school graduate who was laid off from his night-shift job at a Chrysler assembly plan in May 2008, considered going to college after high school, but that was before he landed a series of well-paying construction and auto-industry jobs. "When you're making $55,000 at 18 years old, it's hard to tell yourself to go to school," he says. "You've got the world by the tail." Today, he is studying software development and computer networking at Rock Valley College in Rockford, Illinois.

"Mr. Smith's career journey shows how both the recession and longer-term structural changes in the economy are hemming the choices of U.S. workers today—particularly in old-line manufacturing towns in the Midwest," the article reads. "When the auto and machine-tool industries prospered here, workers had little incentive to get college diplomas. But as manufacturing eroded, blue-collar towns like Rockford were hit harder than more diversified local economies."

Smith is among the first men in his family of primarily blue-collar workers to go to college, but he hopes that he will blaze a new trail that his children will follow. "I have to set that example," he says. "I love school, because I've seen the other side. This is the most important way to make a better life for my family."

Geography of a Recession

Access an interactive graphic on the *New York Times* website that shows the unemployment rates for every county in the United States by clicking on the map below.



In Address to Congress, President Obama Says Dropping Out of High School is "No Longer an Option"

In an address to a joint session of Congress on February 24, President Barack said that every American will need to get more than a high school diploma, adding that dropping out of high school is "no longer an option."

"Right now, three-quarters of the fastest-growing occupations require more than a high school diploma," Obama said. "And yet, just over half of our citizens have that level of education. We have one of the highest high school dropout rates of any industrialized nation. And half of the students who begin college never finish."

The president said that lawmakers and educators were responsible for making America's education system work, but noted that it was the responsibility of every citizen to participate in it. He called on every American to commit to at least one year or more of higher education or career training after high school, whether in community college, a four-year school, vocational training, or an apprenticeship. "Whatever the training may be, every American will need to get more than a high school diploma," he said. "In a global economy where the most valuable skill you can sell is your knowledge, a good education is no longer just a pathway to opportunity – it is a pre-requisite."

The president added that dropping out was "not just quitting on yourself, it's quitting on your country—and this country needs and values the talents of every American." Obama said that the nation would provide the support necessary for Americans to complete college, adding, "By 2020, America will once again have the highest proportion of college graduates in the world."

In response to the president's address, **Bob Wise, president of the Alliance for Excellent Education and former governor of West Virginia**, stressed that "just as America needs its high school students not to quit on it, the nation's high school students need America not to give up on them," he said. "And as Congress wrestles with failing banks and a falling stock market, it needs to remember that five years worth of high school dropouts will cost the nation over $1.5 trillion."

THE ATLANTIC CENTURY: New Report Ranks the United States Sixth in Global Competitiveness

The United States ranks sixth out of forty countries and regions in innovation-based, global competitiveness according to a recent report from the Information Technology and Innovation Foundation (ITIF). More disturbing, the report *The Atlantic Century: Benchmarking EU and U.S. Innovation and Competitiveness* ranks the United States last in the improvement it has made in international competition and innovation capacity over the last decade.

"It has become almost a cliché to point out that the rise of advanced transportation and communication technologies have provided firms much more locational freedom and that the market for an increased share of goods and services in now international," the report reads. "But these and other factors have dramatically increased the pressures on nations to be globally competitive—and the global economic recession will only heighten such pressures."
In its analysis, ITIF uses sixteen indicators to determine a global competitiveness score. The sixteen indicators are grouped into six broad categories: human capital, innovation capacity, entrepreneurship, IT infrastructure, economic policy, and economic performance.[2]

[2] The sixteen indicators are: higher education attainment in the population ages 25–34; the number of science and technology researchers per 1,000 employed; corporate investment in research and development (R&D); government investment in R&D; share of the world's scientific and technical publications; venture capital investment; new firms; e-government; broadband telecommunications; corporate investment in information technology; effective marginal corporate tax rates; ease of doing business; trade balance; foreign direct investment inflows; real GDP per working-age adult; and productivity.

As shown in the table to the right, Singapore has the highest global competitiveness score, while Sweden is close behind." The report also points out that nations such as Brazil, Russia, India, and China—which get much of the attention as competitors in the innovation economy—actually score at the bottom of the rankings. "This does not mean that these and other low-ranking nations do not have some innovation strengths—they do—but as a share of their overall economies, these strengths are still quite minimal," the report reads. "The main attraction of these nations remains their low costs, not their innovative infrastructures, and this situation will likely remain for many years, at least until they raise productivity in a wide range of sectors."

Rank	**Country**	**Overall Global Competitiveness Score**
1	Singapore	73.4
2	Sweden	71.0
3	Luxembourg	66.2
4	Denmark	64.5
5	South Korea	64.2
6	**United States**	**63.9**
	Average	**36.5**

By ranking the United States sixth in global competitiveness, the ITIF report is out-of-line with reports from the World Economic Forum (WEF) and the International Institute for Management Development (IMD), both of which rank the United States as number one. However, as the ITIF notes, both the WEF and IMD rely on opinion surveys for many of their indicators. In contrast, the ITIF report exclusively uses hard data. "The advantage of opinion surveys is that they can gauge factors where hard data are not available," the ITIF report reads. "But because of limited knowledge, combined with likely respondent biases, the risk of using opinion surveys is that they can be a better reflection of a nation's reputation, than its actual position."

As evidence, the ITIF report points to the United States ranking for corporate investment in research and development (R&D), for which the WEF relies on an executive opinion survey while the ITIF uses actual R&D investments as reported to governments. The United States ranks third as judged by the WEF and fifth according to the ITIF. "One likely reason for this discrepancy is that the United States has long been a leader in corporate R&D," the report reads. "But in the last decade, that position has declined, but the perception of that decline among executives appears to have lagged."

Another key difference between the ITIF report and similar reports done by the WEF and IMD is that the ITIF report also examines the progress that countries have made over the last decade. Remarkably, ITIF finds that all of the thirty-five other countries included in the report have made faster progress toward the new knowledge-based innovation economy in recent years than the United States.[3] As shown in the table to the right, China ranks first with a "change score" of 19.5.[4] Meanwhile, the United States, with a change score of 2.7, ranks last, performing worse than Greece (5.1) and Brazil (3.7).

Rank	**Country**	**Change Score (1999–2009)**
1	China	19.5
2	Singapore	19.0
3	Estonia	18.1
4	Denmark	17.4
5	Luxembourg	16.9
	Average	**11.2**

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[3] The countries included in the report are Australia, Austria, Belgium, Brazil, Canada, China, Cyprus, the Czech Republic, Denmark, Estonia, Finland, France, Germany, Greece, Hungary, India, Ireland, Italy, Japan, Latvia, Lithuania, Luxembourg, Malta, Mexico, the Netherlands, Poland, Portugal, Russia, Singapore, Slovakia, Slovenia, South Korea, Spain, Sweden, the United Kingdom, and the United States.

[4] The change score represents the change a country made between the base year (generally 1999 or 2000) and current year (the latest year for which data are available).

"Many in the United States still persist in believing that the United States is number 1 and that it is its destiny to remain so…[regardless] of what it does," the report reads. "But both the fact that the United States is no longer number 1 and is progressing more slowly than every other nation examined here suggests that riding on past laurels is a risky strategy for the United States, or for that matter any nation."

The United States' performance in the "higher education attainment" indicator is a good example of the nation "riding on past laurels." According to the report, the United States led the world for many years in higher education attainment. But today, Russia—where 56 percent of adults aged twenty-five to thirty-four own a tertiary degree—claims the top spot. Canada (54 percent) and Japan (53 percent) are second and third, respectively. At 39 percent, the United States has fallen into a tie for ninth with France. And when the report measures how much nations have improved the percentage of adults who own a college degree, the United States ranks last among the twelve countries with available data, with only a 3 percent change from 1999 to 2005. Poland, with a 117 percent change, ranked first, followed by South Korea (46 percent), and Ireland (41 percent).

Moving forward, the United States should think of itself more like a "big state" rather than fifty individual states, the report argues. It recognizes that most state governors know that their states are in intense competition for internationally mobile talent, technology, and investment. The report also recognizes that too few Washington, DC policymakers and economists realize that a similar competition is going on between the United States and other nations.

The report offers five recommendations on how nations can pursue a competitiveness and innovation agenda. Specifically, it suggests that nations: 1) put in place incentives for firms to innovate within their borders; 2) be open to high-skill immigration; 3) foster a digital economy and expand public investments in health care, education, and other areas; 4) support institutions such as universities that are critical to innovation; and 5) ensure that regulations and other related government policies support, not retard, innovation. "Nations that will succeed, particularly higher income nations that cannot compete on the basis of low costs, will have to work to compete on the basis of innovation," argues the report.

The complete report is available at http://www.itif.org/files/2009-atlantic-century.pdf.

U.S. Department of Education Issues Guidance on ARRA Funds

On March 6, the U.S. Department of Education released a document that describes the principles and strategies that will guide the implementation of the funds it receives from the American Recovery and Reinvestment Act (ARRA).

The department also released accompanying documents that provide initial guidance for three components of the ARRA funding: Title I, special education, and the State Stabilization Fund. It will issue separate guidance on other ARRA funds as they are developed.

More information is available at http://www.ed.gov/policy/gen/leg/recovery/index.html.

Straight A's: Public Education Policy and Progress is a biweekly newsletter that focuses on education news and events both in Washington, DC 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 nonprofit organization working to make it possible for America's six million at-risk middle and high school students to achieve high standards and graduate prepared for college and success in life.