



PRESIDENT BUSH RELEASES FISCAL 2004 BUDGET: Increases for Pell Grants, Title I, and Special Education

On Feb. 3, President Bush released a \$2.2 trillion budget for fiscal 2004, including a 4.2 percent increase for all discretionary spending. For 2004, the President's budget projects a \$307 billion deficit, an amount that exceeds the previous record deficit of \$290.4 billion under the first President Bush's Administration in fiscal 1992. For education, the President proposed spending \$53.1 billion, an increase of \$2.8 billion, or 5.6 percent, over his request from last year.

During a press conference on the 2004 budget rollout, **U.S. Secretary of Education Rod Paige** called today's environment "unprecedented in the history of education in America. Never before has our entire nation come together in such a spirit of cooperation to work toward the single goal of educating every child," he said as he praised the President for a good budget request that "aptly supports the *No Child Left Behind*" requirements. "President Bush understands that the strength of a nation begins at the schoolhouse door, because a well-oiled economy depends on a well-prepared workforce," he added.

Almost 70 Percent of \$2.8 Billion Education Increase for Pell Grant Shortfall

Of the \$2.8 billion increase included in the President's fiscal 2004 budget, \$1.9 billion would be used for Pell Grants. Typically, the cost of Pell Grants increase during times of economic downturn because more students qualify for financial aid. In recent years, the number of Pell Grant applicants has grown much faster than historical trends would predict. As a result of this unexpected growth, funding for the Pell Grant program has been insufficient to fully cover annual program costs and a shortfall has resulted. Consequently, the President's \$1.9 billion proposed increase will not go toward raising the maximum grant award from its current \$4,000 level, but is instead geared toward retiring a shortfall related to the 2002-2003 school year. Because everyone who qualifies for a Pell Grant is entitled to federal assistance, Pell Grants are basically a mandatory program within the Department of Education's budget.

After subtracting the \$1.9 billion increase for Pell Grants from the total increase, the President's proposed budget includes only a \$900 million net increase, or 1.8 percent, for all other education programs. Of this increase, the President has proposed a \$1 billion increase for Title I and a \$1 billion increase for the Individuals with Disabilities Education Act (IDEA). A quick math check indicates that this will require cuts in other education programs. In fact, the President proposes to "zero out," or eliminate funding, for 45 education programs—a total cut of \$1.52 billion.

Budget Cuts Programs that Benefit Older Students

For middle school and high school students, the President's budget is particularly troublesome. By far the largest proposed cuts affecting older students are a \$300 million reduction in the Vocational Education program, a \$400 million cut in afterschool programs, and the elimination of the Comprehensive School Reform models that include high schools. Other education programs that the President's budget has slated to eliminate include funds for elementary and secondary school counselors, literacy programs for incarcerated youth, a program to prepare teachers to use technology more effectively, principal leadership, smaller learning communities, and dropout prevention.

As if cuts totaling over \$1.5 billion were not enough to turn heads within the education community, the President also included an estimated \$756 million school choice program, part of which would go toward transfers from low-performing schools to private, public or charter schools. Of that total, the U.S. Department of Education would reserve a portion for school choice and private school voucher programs in Washington, D.C.

President Proposes New Initiatives for Teachers and Students

The President also announced that he would expand the college student loan program to allow highly qualified math, science, and special education teachers who agree to work for five years in schools that serve high-poverty students to have up to \$17,500 of their student loans forgiven. Under current law, qualified teachers who work for five years in these schools may have up to \$5,000 of their federal student loans forgiven. This program would be a mandatory expense and is estimated to cost \$199 million in additional subsidy for new loans made in fiscal year 2004.

Finally, the President's budget included a new mentoring initiative for at-risk middle school students that would cost a total of \$300 million over three-years and would be administered by the Department of Education. The program would match disadvantaged children with caring mentors who could help them find hope and opportunity. In addition, he proposed a three-year \$150 million program for mentors for children of prisoners that would be administered by Health and Human Services (HHS) and other agencies.

When the President announced these programs at the Boys and Girls Club of Washington, D.C., he said: "I strongly believe in mentoring. I know we can change America one heart and one soul at a time. . . So I want to rally the compassion of the country to focus on junior high students who may need a mentor. And I particularly -- I want to help the boys and girls whose mom or dad may be incarcerated."

The new funds will be used as grants to nationally affiliated, youth-serving organizations and independent community and faith-based organizations. These organizations will seek to pair one million students with adult mentors through school-based programs. The initiative would partner with the USA Freedom Corps to encourage citizen service to help improve public education outcomes.

First Things First

Until final negotiations on this year's appropriations are completed, and Congress passes the omnibus spending bill, it will be difficult to predict the reception that the President's budget will receive from Congress. Currently at stake in these negotiations is \$6.65 billion that could be available in the next school year for the implementation of *No Child Left Behind* (See the special update *Straight A's*, dated Jan. 27 at: <http://www.all4ed.org/publications/Volume3No1b.html>).

President Bush's complete fiscal 2004 budget is available at:
<http://www.whitehouse.gov/news/usbudget/budget-fy2004/budget.html>