

MEMORANDUM

TO: Interested Parties
FROM: Senator Tom Harkin (D-IA)
RE: **Analysis of the U.S. House Budget Plan to Cut Education Funding**
DATE: March 30, 2012

On Thursday, March 29, the U.S. House of Representatives passed a budget plan on a largely party line vote. The plan sharply reduces the federal government's investments in education and infrastructure – investments that are necessary to ensure our country remains competitive in the global economy and generates jobs in both the short and long term. The reductions in spending are largely offset by completely extending the Bush 2001 and 2003 tax breaks, which were targeted towards the very wealthy. Overall, this budget proposal is an unprecedented assault on middle class Americans who are already struggling to make ends meet.

Nearly two-thirds of cuts in the budget plan come from programs for lower-income and working American families and children.

The House budget plan would reduce the amount of funding for discretionary and non-Social Security and health mandatory spending – funding that pays for investments in our schools and transportation infrastructure, and provides basic services for low-income Americans, our seniors, and people with disabilities – to just 3.75 percent of GDP by 2050, even though these categories of spending have never fallen below 8 percent of GDP since World War II. Defense spending alone has not dropped below 3 percent of GDP during this time. Meanwhile, under the House plan millionaires will receive an average tax cut of over \$150,000.

The House Fiscal Year 2013 budget resolution walks away from the discretionary spending levels agreed to just last August as part of the Budget Control Act of 2011, and further reduces total discretionary spending by \$19 billion below the agreed-upon caps in Fiscal Year 2013 and \$93 billion in Fiscal Year 2014. The new cuts are targeted mostly at non-defense spending, while defense spending would be protected.

Below are some specific cuts that Iowa and the nation could face in the area of education if the proposed House budget were to be implemented. All figures assume that the cuts in the House budget would be applied proportionately to all non-defense discretionary spending.

- **Title I Grants:** The House budget could result in a significant reduction in title I education funding, which helps low-income students receive a quality education comparable to that of their peers. In fiscal year 2013, the cut could be nearly \$800 million with an additional \$2 billion cut in 2014. (The fiscal year 2012 funding level was \$14.5 billion.) Cuts of this size would mean 4.1 million disadvantaged students would lose services by the end of 2014, and approximately 36,460 teachers and aides would lose their jobs.
- **Estimated Impact on Iowa:** Iowa could see a cut of roughly \$4 million in grants to local educational agencies in Fiscal Year 2013 and \$15.1 million in Fiscal Year 2014. Iowa schools are expected to receive approximately \$79 million in Title I grant funds for the 2012-2013 school year. Under the House budget, Iowa's funding could drop to \$75 million for the 2013-2014 school year and \$64 million for the 2014-2015 school year.

- **Special Education:** In Fiscal Year 2012, the federal government contributed \$11.9 billion toward the costs of educating students with disabilities. In Fiscal Year 2013, the House budget could cut this amount by \$645 million, with an additional \$1.6 billion cut in fiscal year 2014. This cut could lead to the loss of more than 29,000 education staff serving such students.
 - **Estimated Impact on Iowa: Iowa schools are expected to receive \$125.8 million in IDEA Part B funds for the 2012-2013 school year. Under the House budget, that amount could drop by \$6.9 million, to \$118.9 million, for the 2013-2014 school year and by \$24.2 million, to \$101.7 million, for the 2014-2015 school year.**

- **Head Start:** In Fiscal Year 2012, the federal government provided \$7.97 billion for Head Start, which provides comprehensive early childhood services for low-income children and their families. The House budget would cut Head Start funding by \$430 million in Fiscal Year 2013 and an additional \$1.1 billion in Fiscal Year 2014. This would eliminate Head Start slots for 200,000 children by the end of Fiscal Year 2014 and eliminate the jobs of 80,000 Head Start teachers and staff.
 - **Estimated Impact on Iowa: Iowa received \$59.5 million through Head Start this year to support services for 8,150 low-income children and their families. Under the House budget, Iowa funding could be cut by \$3.3 million in fiscal year 2013 and an additional \$8.4 million in fiscal year 2014. This would eliminate Head Start slots for 1,600 children by the end of fiscal year 2014 and eliminate the jobs of 800 Head Start teachers and staff.**

Today's greatest challenges are to create jobs, accelerate the recovery, and restore the middle class. That's what I hear from so many Iowans – and families all across the country know it, too. Their daily reality makes it clear that a slash-and-burn approach is not working.

The United States remains the wealthiest nation in history. The most dangerous deficit we face is not a deficit of dollars, but of vision – our failure to confront the economic challenges of our day with the boldness that earlier generations of Americans summoned in times of crisis.

Rather than a pessimistic budget, which says America can't afford to maintain and rebuild the middle class, I have an alternative vision for a better future. That is why this week I introduced the Rebuild America Act – an ambitious bill to modernize our nation's infrastructure, expand manufacturing, prepare our workers for jobs of the future, and strengthen the economic security of middle class families.

For my full statement on the Rebuild America Act and for more detail on the bill, go to <http://harkin.senate.gov/help/middleclass.cfm>.