



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

September 13, 2013

S. 1094 **Strengthening America's Schools Act of 2013**

*As ordered reported by the Senate Committee on Health, Education, Labor, and Pensions
on June 12, 2013*

SUMMARY

S. 1094 would amend and reauthorize most programs in the Elementary and Secondary Education Act of 1965 (the ESEA, commonly referred to, in its most recently reauthorized form, as No Child Left Behind). The underlying authorizations for those programs have expired, although most have received appropriations since their authorizations have expired. For almost all of the programs, the bill would authorize the appropriation of such sums as may be necessary for fiscal years 2014 through 2018. The bill also would amend and reauthorize the McKinney-Vento Homeless Assistance Act and amend the Department of Education Organization Act.

CBO estimates that S. 1094 would authorize the appropriation of about \$24 billion in 2014 and \$127 billion over the 2014-2018 period. Implementing the bill would have discretionary costs of \$93 billion over the 2014-2018 period, assuming appropriation of the estimated amounts.

Enacting the bill also would increase direct spending by \$10 million over the 2014-2023 period; therefore, pay-as-you-go procedures apply. Enacting the bill would not affect revenues.

S. 1094 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA).

S. 1094 would impose a private-sector mandate, as defined in UMRA, on parents and guardians of unaccompanied youth by shielding schools from liability that might result from enrolling unaccompanied youth without parental or guardian consent. CBO expects that the costs of the mandate would not exceed the annual threshold established in UMRA for private-sector mandates (\$150 million in 2013, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of the bill is shown in the following table. The costs of this legislation fall within budget 500 (education, training, employment, and social services).

| | By Fiscal Year, in Millions of Dollars | | | | | 2014- 2018 |
|--|--|--------|--------|--------|--------|---------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | |
| CHANGES IN DIRECT SPENDING^a | | | | | | |
| Federal Student Loan and TEACH Grant Programs | | | | | | |
| Estimated Budget Authority | 3 | * | * | 1 | 1 | 5 |
| Estimated Outlays | 3 | * | * | 1 | 1 | 5 |
| CHANGES IN SPENDING SUBJECT TO APPROPRIATION | | | | | | |
| Title I: Improving the Academic Achievement of the Disadvantaged | | | | | | |
| Estimated Authorization Level | 15,590 | 15,881 | 16,218 | 16,555 | 16,908 | 81,152 |
| Estimated Outlays | 312 | 12,166 | 15,200 | 16,139 | 16,475 | 60,291 |
| Title II: Supporting Teacher and Principal Excellence | | | | | | |
| Estimated Authorization Level | 3,063 | 3,120 | 3,187 | 3,253 | 3,322 | 15,946 |
| Estimated Outlays | 92 | 1,472 | 2,572 | 3,144 | 3,209 | 10,490 |
| Title III: Language and Academic Content Instruction for English Learners and Immigrant Students | | | | | | |
| Estimated Authorization Level | 705 | 718 | 733 | 748 | 764 | 3,669 |
| Estimated Outlays | 7 | 444 | 664 | 699 | 713 | 2,527 |
| Title IV: Supporting Successful, Well-Rounded Students | | | | | | |
| Estimated Authorization Level | 2,271 | 2,330 | 2,379 | 2,429 | 2,481 | 11,890 |
| Estimated Outlays | 45 | 1,364 | 2,080 | 2,355 | 2,405 | 8,249 |
| Title V: Promoting Innovation | | | | | | |
| Estimated Authorization Level | 1,074 | 1,094 | 1,117 | 1,140 | 1,165 | 5,590 |
| Estimated Outlays | 22 | 400 | 889 | 1,100 | 1,122 | 3,532 |
| Title VI: Promoting Flexibility; Rural Education | | | | | | |
| Estimated Authorization Level | 173 | 176 | 180 | 184 | 188 | 900 |
| Estimated Outlays | 3 | 104 | 158 | 178 | 182 | 625 |

(Continued)

Table Continued

| | By Fiscal Year, in Millions of Dollars | | | | | 2014- 2018 |
|--|--|--------|--------|--------|--------|---------------|
| | 2014 | 2015 | 2016 | 2017 | 2018 | |
| Title: VII: Indian, Native Hawaiian, and Alaska Native Education | | | | | | |
| Estimated Authorization Level | 203 | 207 | 212 | 216 | 221 | 1,059 |
| Estimated Outlays | 6 | 98 | 171 | 209 | 213 | 697 |
| Title VIII: Impact Aid | | | | | | |
| Estimated Authorization Level | 1,245 | 1,268 | 1,295 | 1,322 | 1,350 | 6,480 |
| Estimated Outlays | 1,106 | 1,156 | 1,288 | 1,317 | 1,345 | 6,211 |
| Title X: Committee on Effective Regulation and Assessment of Systems for Public Schools | | | | | | |
| Estimated Authorization Level | 1 | 1 | 1 | 1 | 1 | 5 |
| Estimated Outlays | 1 | 1 | 1 | 1 | 1 | 5 |
| Title XI: Amendments to Other Laws; Miscellaneous Provisions | | | | | | |
| Estimated Authorization Level | 113 | 115 | 118 | 120 | 123 | 589 |
| Estimated Outlays | 3 | 54 | 95 | 116 | 119 | 388 |
| Total Increase in Discretionary Spending | | | | | | |
| Estimated Authorization Level | 24,438 | 24,911 | 25,440 | 25,969 | 26,522 | 127,279 |
| Estimated Outlays | 1,598 | 17,258 | 23,117 | 25,257 | 25,784 | 93,014 |

Notes: Some programs received advance appropriations for fiscal year 2014, but those amounts are not reflected in the table.

Components may not sum to totals because of rounding.

* = less than \$500,000.

a. CBO estimates that enacting the bill would increase direct spending by \$10 million over the 2014-2023 period.

BASIS OF ESTIMATE

Unless otherwise noted, the bill would authorize the appropriation of such sums as may be necessary for each of fiscal years 2014 through 2018 for programs discussed below. (All authorizations in the bill would automatically be extended one year under the General Education Provisions Act.) Estimated authorization levels are based on the funding levels for previous fiscal years for the same or similar programs or, for some new programs, the level of funding proposed in the President's fiscal year 2014 budget request. For this estimate, CBO assumes that the bill will be enacted near the start of

fiscal year 2014, that the Congress will appropriate the estimated amounts, and that spending will follow historical patterns.

Direct Spending

S. 1094 would amend the definition of a highly qualified teacher and the definitions of levels of poverty in school districts. The Department of Education uses those definitions to determine eligibility for both forgiveness of federal student loan debt for teachers and the TEACH Grant program. The amendments to the definitions would increase eligibility for both programs.

CBO estimates that the increase in eligibility would increase direct spending for the federal student loan programs by \$10 million over the 2014-2023 period. In addition, we estimate that the proposed changes would increase direct spending for the TEACH Grant program by a negligible amount.

Spending Subject to Appropriation

CBO estimates that fully funding the authorizations in this bill would require appropriations of approximately \$25 billion a year over the 2014-2018 period of authorization, for a total of \$127 billion. Those appropriations would cost \$93 billion over the 2014-2018 period and an additional \$34 billion after 2018, assuming the appropriation of the estimated amounts. The Congress appropriated about \$24 billion for similar activities authorized in the ESEA and other legislation for fiscal year 2013. Sequestration under the Budget Control Act of 2011 reduced that total to about \$23 billion.

Title I—Improving the Academic Achievement of the Disadvantaged. Title I of the bill would reauthorize funding for most programs in Title I of the Elementary and Secondary Education Act as well as create new grant programs designed to support secondary school reform. CBO estimates that implementing this title would require \$15.6 billion in funding for fiscal year 2014 and would lead to discretionary costs of \$60.3 billion over the 2014-2018 period, assuming the appropriation of the estimated amounts. The bill would authorize the appropriation of the following amounts:

- *Improving Basic Programs Operated by Local Educational Agencies.* Part A would reauthorize funding for grants to local educational agencies (LEAs), school improvement grants, various assessments of education progress, Centers for Excellence in Early Childhood Education, and administrative support. CBO estimates the authorization of appropriations for all of Part A would total \$15.1 billion (of which about \$14.0 billion would be for grants to LEAs) in fiscal year 2014 and similar amounts (with adjustments for anticipated inflation) in subsequent years. Implementing those provisions would cost \$56.2 billion over the

2014-2018 period. The bulk of the spending, \$54.1 billion, would be for grants to local educational agencies. The Congress appropriated about \$14.5 billion for grants to LEAs for fiscal year 2013, and that total was reduced to about \$13.8 billion by sequestration.

- *Pathways to College*. Part B would create a new set of grant programs to encourage school districts to implement strategies in secondary schools to prepare students for colleges and careers. The bill also would expand the program that currently supports grants to Advanced Placement programs to include International Baccalaureate programs. CBO estimates that this part would authorize the appropriation of slightly more than \$100 million for fiscal year 2014. We estimate that implementing those provisions would cost about \$400 million over the 2014-2018 period.
- *Education of Migratory Children*. Part C would reauthorize programs that support the education of children of migrant workers. CBO estimates that provision would authorize the appropriation of almost \$400 million in fiscal year 2014, leading to estimated discretionary spending of \$1.5 billion over the 2014-2018 period. The Congress appropriated about \$400 million for similar activities in fiscal year 2013, an amount that was reduced to about \$375 million by sequestration.
- *Prevention and Intervention Programs for Children and Youth Who Are Neglected, Delinquent, or At Risk*. Part D would reauthorize programs that support the education of at-risk children. CBO estimates that provision would authorize the appropriation of approximately \$50 million in fiscal year 2014. Implementing Part D would cost about \$200 million over the 2014-2018 period. For fiscal year 2013, available funding totaled almost \$50 million for at-risk children.
- *Educational Stability of Children in Foster Care*. Part E would require that state educational agencies that receive funding under this title coordinate with the responsible agencies when children in foster care programs move to different school attendance areas. CBO estimates that Part E would have no significant effect on federal spending.

Title II—Supporting Teacher and Principal Excellence. Title II would modify and reauthorize grant programs designed to support teacher training and improvement. CBO estimates that the bill would authorize the appropriation of \$3.1 billion for those activities in fiscal year 2014 and \$15.9 billion over the 2014-2018 period. We estimate that fully funding those activities would cost \$10.5 billion over the 2014-2018 period, assuming the appropriation of the estimated amounts.

- *Continuous Improvement and Support for Teachers and Principals.* Part A would reauthorize the state grant program for improving teacher quality and authorize funding for the recruitment and training of principals. CBO estimates the bill would authorize the appropriation of \$2.5 billion for those grants for fiscal year 2014, and that outlays would total \$8.7 billion over the 2014-2018 period. The Congress appropriated about \$2.5 billion for state grants in 2013, and sequestration reduced that amount by about \$130 million.
- *Teacher Pathways to the Classroom.* Under Part B, the bill would authorize funding for grants to partnerships of institutions of higher education and state or local educational agencies to support the recruitment and retention of teachers in high-need subjects at high-need schools. Those new grants would replace an existing program that provides grants specifically for mathematics and science partnerships, which received about \$140 million in funding for fiscal year 2013 after sequestration. CBO estimates this provision would have discretionary costs of about \$500 million over the 2014-2018 period.
- *Teacher Incentive Fund Program.* Part C would reauthorize the Teacher Incentive Fund, which supports grants to LEAs and other organizations to develop and implement performance-based teacher and principal compensation systems in high-need schools.¹ CBO estimates that this provision would authorize the appropriation of about \$300 million for fiscal year 2014 and have discretionary costs of \$1.0 billion over the 2014-2018 period. The Congress appropriated about \$300 million for state grants in 2013, and sequestration reduced this amount by about \$15 million.
- *Achievement Through Technology and Innovation.* Additionally, Part D would reauthorize and modify the Enhancing Education Through Technology Program to improve teaching and learning through technology. CBO estimates that implementing this provision would cost about \$350 million over the 2014-2018 period. No funding was provided for Part D in fiscal year 2013. (In fiscal year 2010, education technology programs included under Part D of this legislation received about \$100 million.)

Title III—Language and Academic Content Instruction for English Learners and Immigrant Students. Title III of the bill provides support for teaching of the English language, including to recent immigrants. CBO estimates the bill would authorize the appropriation of more than \$700 million for grants to states and for other activities in 2014 and \$3.7 billion over the 2014-2018 period. Implementing this title would cost

1. The Departments of Labor, Health and Human Services, and Education, and Related Agencies Appropriations Act, 2006 (Public Law 109-149) originally authorized the Teacher Incentive Fund under the authority granted in the ESEA in Subpart I, of Part D, of Title V, Fund for the Improvement of Education-Programs of National Significance.

about \$2.5 billion over the 2014-2018 period, assuming the appropriation of the necessary amounts. The Congress appropriated about \$730 million for similar activities in fiscal year 2013, an amount that was reduced to a little less than \$700 million under sequestration.

Title IV—Supporting Successful, Well-Rounded Students. Title IV would authorize funding for various grant programs designed to improve literacy and math and science instruction. It also would support measures to improve the health and safety of students. CBO estimates this title would authorize the appropriation of approximately \$2.3 billion in fiscal year 2014 and \$11.9 billion over the 2014-2018 period. Implementing Title IV would cost about \$8.2 billion over the 2014-2018 period, assuming the appropriation of the necessary amounts.

- *Improving Literacy Instruction and Student Achievement.* Part A would authorize grants to support activities designed to increase literacy for individuals from birth through the end of high school, and it would authorize grants to improve school library programs. CBO estimates that spending for these purposes would total about \$750 million over the 2014-2018 period.
- *Improving Science, Technology, Engineering, and Mathematics Instruction and Student Achievement.* Part B would authorize grants to states to increase access to science, technology, engineering, and mathematics, and to provide professional development for teachers. CBO estimates that implementing Part B would have discretionary costs of about \$1.5 billion over the 2014-2018 period.
- *Increasing Access to a Well-Rounded Education and Financial Literacy.* Part C would authorize grants to local educational agencies to support access for low-income students to education topics such as the arts, civics and government, economics, environmental education, and foreign languages. Part C also would authorize grants to state educational agencies to improve the teaching of financial literacy. CBO estimates that spending for those grants would cost almost \$300 million over the 2014-2018 period.
- *Successful, Safe, and Healthy Students.* Part D would authorize a new grant program to promote student physical and mental health and well-being and to prevent violence and substance abuse, similar to activities funded by state grants for safe and drug-free schools under current law. The bill also would authorize funding for school districts in which the learning environment has been disrupted due to violence or another traumatic event to purchase or construct new facilities to maintain an appropriate learning environment. CBO estimates that those grants would have discretionary costs of about \$1.1 billion over the 2014-2018 period.

- *Student Non-Discrimination.* Part E would require any federal agency that terminates or refuses to provide financial assistance to an education program because that program discriminates on the basis of sexual orientation or gender identity to submit a report to the Congress detailing the action. CBO estimates this section would have a negligible impact on discretionary spending over the 2014-2018 period.
- *21st Century Community Learning Centers.* Part F would reauthorize grants for 21st Century Community Learning Centers, which support before- and after-school and summer school programs. CBO estimates this provision would authorize the appropriation of more than \$1.1 billion for fiscal year 2014 and would lead to discretionary costs of \$4.0 billion over the 2014-2018 period. The Congress appropriated more than \$1.1 billion for this program in fiscal year 2013. Sequestration reduced that total by almost \$60 million.
- *Promise Neighborhoods.* Part G would reauthorize Promise Neighborhood grants, which go to organizations to provide family and community services and to support comprehensive education reforms in high-need areas.² CBO estimates that spending for Part F over the 2014-2018 period would total about \$200 million. About \$55 million was available for this program in fiscal year 2013.
- *Additional Programs.* Parts H, I, and J would reauthorize Parent and Family Information and Resource Centers, the Ready to Learn program, and Programs of National Significance. CBO estimates that the total authorization of appropriations for fiscal year 2014 for those programs would be about \$100 million and total spending for fiscal years 2014 through 2018 would be almost \$400 million. Part K would permit the Secretary of Education to grant demonstration authority to eligible entities to incorporate competency-based accountability into state accountability systems required under Title I. The bill also would require the Secretary to disseminate a report detailing best practices on the implementation of those systems. CBO estimates implementing Part K would have a negligible effect on discretionary spending.

Title V—Promoting Innovation. CBO estimates that title V would authorize the appropriation of about \$1.1 billion in fiscal year 2014 and \$5.6 billion over the 2014-2018 period. Implementing title V would cost about \$3.5 billion over the 2014-2018 period, assuming the appropriation of the estimated amounts.

2. The Consolidated Appropriations Act, 2010 (Public Law 111-117) authorized Promise Neighborhood grants under the authority granted in the ESEA in Subpart I, of Part D, of Title V, Fund for the Improvement of Education-Programs of National Significance.

- *Race to the Top and Investing in Innovation.* Parts A and B would authorize funding for the Race to the Top and Investing in Innovation programs, both created in the American Recovery and Reinvestment Act (Public Law 111-5). Those competitive grants programs are designed to encourage educational innovation and reform at the state and local levels. CBO estimates that the bill would authorize the appropriation more than \$500 million for Race to the Top and almost \$150 million for Investing in Innovation for fiscal year 2014. Implementing those two programs would cost \$1.7 billion and \$0.5 billion, respectively, over the 2014-2018 period. The Congress appropriated about \$700 million for these two programs in fiscal year 2013, and about \$660 million was available after sequestration.
- *Magnet Schools, Charter Schools, and Public School Choice.* Parts C, D, and E would reauthorize funding for Magnet Schools Assistance, Charter School Grants, and Voluntary Public School Choice. CBO estimates that the bill would authorize the appropriation of almost \$400 million for fiscal year 2014 and would have total discretionary costs of about \$1.3 billion over the 2014-2018 period for those programs. The Congress appropriated about \$350 million for grants for magnet and charter schools in 2013, an amount that was reduced by about \$20 million by sequestration. No funding was provided for public school choice in 2013.
- *College Information Demonstration Program.* Part F would authorize funding for a demonstration program to encourage secondary students at high-need schools to apply to and enroll in post-secondary education and apply for and receive financial aid. CBO estimates implementing this provision would cost about \$90 million over the 2014-2018 period.

Title VI—Promoting Flexibility; Rural Education. Title VI would reauthorize rural education achievement programs, which provide grants to assist rural school districts in improving teaching and learning outcomes. CBO estimates the bill would authorize the appropriation of about \$170 million in spending for fiscal year 2014 and approximately \$900 million over the 2014-2018 period. Implementing this title would have discretionary costs of roughly \$600 million over the 2014-2018 period, assuming the appropriation of the estimated amounts. The Congress appropriated about \$180 million for similar activities in fiscal year 2013, an amount that was reduced by about \$10 million by sequestration.

Title VII—Indian, Native Hawaiian, and Alaska Native Education. Title VII would reauthorize grant programs for Native Americans, Native Hawaiians, and Alaska Natives. Programs for Alaska Natives would be authorized through 2019. The bill would amend current law to authorize the repair and renovation of public schools that serve higher concentrations of Native Hawaiian students. CBO estimates the bill would authorize the appropriation of about \$200 million for fiscal year 2014 and \$1.1 billion over the

2014-2018 period. Implementing this title would cost about \$700 million over the 2014-2018 period, assuming the appropriation of the necessary amounts. The Congress appropriated almost \$200 million for these programs in 2013, an amount that was reduced by about \$10 million by sequestration.

Title VIII—Impact Aid. Title VIII would reauthorize impact aid programs, which provide funding to assist local educational agencies affected by the activities of the federal government, such as those on a military base or Indian reservation. CBO estimates that Title VIII would authorize about \$1.2 billion in fiscal year 2014 and about \$6.5 billion over the 2014-2018 period. We estimate that fully funding this title would result in discretionary costs of \$6.2 billion over the 2014-2018 period, assuming the appropriation of the estimated amounts. The bulk of this spending, about \$5.8 billion over the 2014-2018 period, would be for basic support payments to LEAs to assist in the education of certain children residing on federal property. The additional \$400 million would be used to construct and maintain schools that educate those children. The Congress appropriated almost \$1.3 billion for impact aid in 2013, and a little more than \$1.2 billion was available after sequestration.

Title X—Committee on Effective Regulation and Assessment of Systems for Public Schools. Title X would require the Secretary of Education to establish a commission to examine federal, state, and local regulations that affect elementary and secondary education. CBO estimates that this provision would authorize the appropriation of \$1 million in each year.

Title XI—Amendments to Other Laws; Miscellaneous Provisions. Subpart I of Title XI would reauthorize the McKinney-Vento Homeless Assistance Act, which authorizes grants to states to assist in the education of homeless children. The bill would authorize the appropriation of such sums as may be necessary for fiscal years 2014 through 2020. CBO estimates that this subpart would authorize the appropriation of more than \$60 million for fiscal year 2014 and have discretionary costs of about \$200 million for the 2014-2018 period. Available funding under this act totaled about \$60 million for fiscal year 2013.

Subpart II would amend the Department of Education Organization Act to create an agency within the department responsible for the research and development of educational technology to improve student achievement. Funding from the Investing in Innovation program, authorized in Title IV, would be reserved to support this new agency. CBO estimates that this provision would authorize the appropriation of \$50 million in fiscal year 2014 and would cost almost \$200 million over the 2014-2018 period.

PAY-AS-YOU-GO CONSIDERATION

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays under S. 1094, the Strengthening America’s Schools Act of 2014, that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for S. 1094, the Strengthening America’s Schools Act of 2013, as ordered reported by the Senate Committee on Health, Education, Labor, and Pensions on June 12, 2013

| | By Fiscal Year, in Millions of Dollars | | | | | | | | | | | | |
|------------------------------------|--|------|------|------|------|------|------|------|------|------|------|-----------|-----------|
| | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2013-2018 | 2013-2023 |
| NET INCREASE IN THE DEFICIT | | | | | | | | | | | | | |
| Impact on the Deficit | 0 | 3 | 0 | 0 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 5 | 10 |

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

S. 1094 contains no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. Those governments would benefit from grants authorized in the bill for elementary and secondary education. Any costs associated with those grants would be incurred voluntarily as a result of complying with conditions of federal assistance.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

S. 1094 would shield schools from liability that might result from enrolling unaccompanied youth without parental or guardian consent. The bill would impose a private-sector mandate, as defined in UMRA, on parents and guardians of unaccompanied youth to the extent that they would be denied an existing right to compensation. However, such claims are very rare, and no damages have been awarded for such claims in the past 10 years. Therefore, CBO expects that the costs of the mandate would not exceed the annual threshold established in UMRA for private-sector mandates (\$150 million in 2013, adjusted annually for inflation).

PREVIOUS CBO ESTIMATE

On July 10, 2013, CBO transmitted a cost estimate for H.R. 5, the Student Success Act, as ordered reported by the House Committee on Education and the Workforce on June 19, 2013. CBO estimated that the bill, which also would reauthorize the ESEA, would authorize the appropriation of about \$23 billion for fiscal year 2014 and \$114 billion over the 2014-2018 period. Differences in the estimates reflect differences in the legislation.

ESTIMATED PREPARED BY:

Federal Costs: Justin Humphrey
Impact on State, Local, and Tribal Governments: J'nell L. Blanco
Impact on the Private Sector: Vi Nguyen

ESTIMATE APPROVED BY:

Peter H. Fontaine
Assistant Director for Budget Analysis