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Proposed Funding for Education in the American Recovery and Reinvestment Act of 2009

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Summary

On January 28, 2009, the House passed H.R. 1, the American Recovery and Reinvestment Act of 2009 (ARRA). The primary purposes of the act focus on promoting economic recovery, assisting those most affected by the recession, improving economic efficiency by "spurring technological advances in science and health," investing in infrastructure, and stabilizing state and local government budgets. Similarly, on January 27, 2009, the Senate Committee on Appropriations ordered its version of the ARRA (S. 336) to be reported. S. 336 indicates that it provides supplemental appropriations for "job preservation and creation, infrastructure investment, energy efficiency and science, assistance to the unemployed, and state and local fiscal stabilization." Under both H.R. 1 and S. 336, funds would be provided to several existing education programs administered by the U.S. Department of Education (ED), including programs authorized by the Elementary and Secondary Education Act (ESEA) and the Individuals with Disabilities Education Act (IDEA). The House and Senate bills would also create new programs that would support school modernization, renovation, and repair at the elementary, secondary, and postsecondary education levels and provide general funds for education to support state fiscal stabilization.

This report provides a brief overview of the key provisions related to education programs that are or would be administered by ED that were included in H.R. 1 under Division A, Title IX, Subtitle C (Labor, Health and Human Services, and Education) and Title XIII (State Fiscal Stabilization Fund) and in S. 336 under Title VIII (Labor, Health and Human Services, and Education) and Title XIV (State Fiscal Stabilization Department of Education). It also provides estimates of state grants for programs for which these estimates are relevant and for which data needed to produce the estimates are available.

The report will be updated as warranted by legislative action.

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On January 28, 2009, the House passed H.R. 1, the American Recovery and Reinvestment Act of 2009 (ARRA).[1] The primary purposes of H.R. 1 focus on promoting economic recovery, assisting those most affected by the recession, improving economic efficiency by "spurring technological advances in science and health," investing in infrastructure, and stabilizing state and local government budgets. Similarly, on January 27, 2009, the Senate Committee on Appropriations ordered its version of the ARRA (S. 336) to be reported. S. 336 indicates that it provides supplemental appropriations for "job preservation and creation, infrastructure investment, energy efficiency and science, assistance to the unemployed, and state and local fiscal stabilization." Under both H.R. 1 and S. 336, funds would be provided to several existing education programs administered by the U.S. Department of Education (ED), including programs authorized by the Elementary and Secondary Education Act (ESEA), the Individuals with Disabilities Education Act (IDEA), and the Higher Education Act (HEA). The ARRA would also create new programs that would support school modernization, renovation, and repair at the elementary, secondary, and postsecondary education levels and provide general funds for education to support state fiscal stabilization.[2]

This report provides a brief overview of the key provisions related to education programs that are or would be administered by ED that were included in H.R. 1 under Division A, Title IX, Subtitle C (Labor, Health and Human Services, and Education) and Title XIII (State Fiscal Stabilization Fund), and in S. 336 under Title VIII (Labor, Health and Human Services, and Education) and Title XIV (State Fiscal Stabilization Department of Education). It also provides estimates of state grants for programs for which these estimates are relevant and for which data needed to produce the estimates are available.

The report begins with a discussion of provisions related to elementary and secondary education. The next section of the report examines provisions related to higher education, followed by a discussion of provisions related to the Institute for Education Sciences. The report concludes with an examination of the proposed State Fiscal Stabilization Fund.

Funding Overview

Under H.R. 1 and S. 336, the ARRA would provide about $145.045 billion and $140.104 billion, respectively for education programs that are or would be administered by ED.[3] The House bill would provide funding over FY2009 and FY2010, while the Senate bill would make all funding available in FY2009. **Table 1** provides an overview of the specific funding provided under these titles. The remainder of this report provides a more detailed discussion of the specific funding provisions.

[1] H.R. 1 was passed by a vote of 244-188 (Roll no. 46).

[2] Relevant proposed statutory language is included in ARRA Title IX, Subtitle C; and Title XIII.

[3] As discussed in a subsequent section of the report, a portion of the funds provided to states through the State Fiscal Stabilization Fund in H.R. 1 and S. 336 could be used for non-education-related purposes. For purposes of determining the total amount of funds that would be available, it is assumed that all the funds provided through the State Fiscal Stabilization Fund would be used for education.

Table 1. Summary of Appropriations for Education Programs Included H.R. 1 and S. 336

Program	H.R. 1			S. 336
	FY2009 ($)	FY2010 ($)	Total Appropriation ($) FY2009 and FY2010	Total Appropriation FY2009 ($)
Title I-A Grants to States (ESEA)	5,500,000,000	5,500,000,000	11,000,000,000	11,000,000,000
Title I-A School Improvement Grants (ESEA)	1,000,000,000	1,000,000,000	2,000,000,000	2,000,000,000
Education Technology (ESEA Title II-D)	500,000,000	500,000,000	1,000,000,000	1,000,000,000
Credit Enhancement Initiatives to Assist Charter Schools (ESEA Title V-B-2)	25,000,000	0	25,000,000	0
Fund for the Improvement of Education (ESEA Title V-D)	200,000,000	0	200,000,000	0
Impact Aid Section 8007: Construction (ESEA Title VIII)	100,000,000	0	100,000,000	0[a]
IDEA, Part B	6,000,000,000	7,000,000,000	13,000,000,000	13,000,000,000
IDEA, Part C	300,000,000	300,000,000	600,000,000	500,000,000
McKinney-Vento Homeless Assistance	33,000,000	33,000,000	66,000,000	70,000,000
School Modernization, Renovation, and Repair	14,000,000,000	0	14,000,000,000	16,000,000,000
Pell Grants (discretionary appropriations)	15,636,000,000	0	15,636,000,000	13,869,000,000
Pell Grants (mandatory appropriations)	683,000,000	831,000,000	1,514,000,000	0
Work-Study Program[b]	245,000,000	245,000,000	490,000,000	0
Perkins Loan Program	0	0	0	61,000,000
Student Aid Administration	50,000,000	0	50,000,000	0
Teacher Quality Partnership Grant Programs	100,000,000	0	100,000,000	100,000,000
Higher Education Modernization, Renovation, and Repair	6,000,000,000	0	6,000,000,000	3,500,000,000

Program	H.R. 1			S. 336
	FY2009 ($)	FY2010 ($)	Total Appropriation ($) FY2009 and FY2010	Total Appropriation FY2009 ($)
Institute for Education Sciences	250,000,000	0	250,000,000	0
State Fiscal Stabilization Fund	39,500,000,000	39,500,000,000	79,000,000,000	79,000,000,000
Office of the Inspector General	14,000,000[c]	0	14,000,000	4,000,000
Total	**90,136,000,000**	**54,909,000,000**	**145,045,000,000**	**140,104,000,000**

Source: Table prepared by CRS, January 30, 2009, based on CRS analysis of H.R. 1, S. 366, and S.Rept. 111-3.

Notes: Title IX of H.R. 1 would provide $700 million for Rehabilitation Services and Disability Research for FY2010. Title VIII of S. 336 would provide $610 million for Rehabilitation Services and Disability Research for FY2009.

a. While S. 336 would not provide funding separately for Impact Aid Section 8007, it would provide funding for Impact Aid Section 8007 under its School Modernization, Renovation, and Repair program. This program would include a 2% set aside for Impact Aid Section 8007 but would modify the requirements of the current law with respect to the distribution of funds and LEA eligibility for funds. This set-aside would provide $320 million for Section 8007.

b. H.R. 1 specifies that $245 million would become available on October 1, 2009. It does not specify when the remaining funds would become available. To ensure that the full amount was included in this table, the remaining funds were included in the FY2009 column.

c. Funding for the Office of the Inspector General under H.R. 1 is included in Title I, Section 1107.

Funding for Elementary and Secondary Education

H.R. 1 and S. 336 would provide funding for a number of existing education programs, including the two federal education programs that provide the largest amounts of funding for elementary and secondary education—Title I-A Grants to LEAs (ESEA) and IDEA, Part B Grants to States. Both bills would also provide funding for School Improvement Grants (ESEA Title I-A); Education Technology (ESEA Title II-D); IDEA, Part C (Grants for Infants and Toddlers); and the McKinney-Vento Homeless Assistance Act. H.R. 1, but not S. 336, would provide funding for Credit Enhancement Initiatives to Assist Charter Schools (ESEA Title V-B-2), the Fund for the Improvement of Education (FIE, ESEA Title V-D-1), and Impact Aid Section 8007 (Grants for Construction, ESEA Title VIII).[4] Both bills would create a new program to provide school construction funds to LEAs. Provisions applicable to each of these programs are discussed below.

ESEA Programs Included in the ARRA

The primary source of federal aid to K-12 education is the Elementary and Secondary Education Act, particularly its Title I, Part A program of Education for the Disadvantaged. The ESEA was initially enacted in 1965 (P.L. 89-10), and was most recently amended and reauthorized by the No Child Left Behind Act of 2001 (NCLB, P.L. 107-110). Other major ESEA programs provide grants to support the education of migrant students; recruitment of and professional development for teachers; language instruction for limited English proficient (LEP) students; drug abuse prevention programs; after-school instruction and care; expansion of charter schools and other forms of public school choice; education services for Native American, Native Hawaiian, and Alaska Native students; Impact Aid to compensate local educational agencies for taxes foregone due to certain federal activities; and a wide variety of innovative educational approaches or instruction to meet particular student needs.[5] This section discusses ESEA programs that would receive additional funding through H.R. 1 and S. 336 and, where appropriate, provides estimates of the amounts that states would receive.

Title I-A Grant to LEAs

Title I, Part A, of the ESEA authorizes federal aid to local educational agencies (LEAs) for the education of disadvantaged children. Title I-A grants provide supplementary educational and related services to low-achieving and other pupils attending pre-kindergarten through grade 12 schools with relatively high concentrations of pupils from low-income families. Portions of each annual appropriation for Title I-A are allocated under four different formulas—Basic, Concentration, Targeted, and Education Finance Incentive Grants (EFIG)—although funds allocated under all of these formulas are combined and used for the same purposes by recipient LEAs. Although the allocation formulas have several distinctive elements, the primary factors used in all four formulas are estimated numbers of children aged 5-17 in poor families plus a state

[4] While only H.R. 1 provides funding specifically for Impact Aid Section 8007, S. 336 would provide funds for the same purpose based on similar provisions in its proposed elementary and secondary school construction program (see subsequent discussion).

[5] For additional information about the ESEA, see CRS Report RL33960, *The Elementary and Secondary Education Act, as Amended by the No Child Left Behind Act: A Primer*, by Wayne C. Riddle and Rebecca R. Skinner.

expenditure factor based on average expenditures per pupil for public K-12 education. Other factors included in one or more formulas include weighting schemes designed to increase aid to LEAs with the highest concentrations of poverty, and a factor to increase grants to states with high levels of expenditure equity among their LEAs.[6]

Under three of the formulas—Basic, Concentration, and Targeted Grants—funds are calculated initially at the LEA level, and state total grants are the total of allocations for LEAs in the state, adjusted to apply state minimum grant provisions. Under the fourth formula, Education Finance Incentive Grants, grants are first calculated for each state overall, with state totals subsequently suballocated by LEA using a different formula. A primary rationale for using four different formulas to allocate shares of the funds for a single program is that the formulas have distinct allocation patterns, providing varying shares of allocated funds to different types of LEAs or states (e.g., LEAs with high poverty rates or states with comparatively equal levels of spending per pupil among their LEAs).

Both H.R. 1 and S. 336 would provide $11 billion for Title I-A Grants to LEAs. H.R. 1 would provide the funds over two fiscal years (FY2009 and FY2010) with $5.5 billion appropriated for each year. S. 336 would appropriate the $11 billion in FY2009. Under both bills, funds would be allocated through the Targeted grant and EFIG formulas only. Half of the available funds for a given fiscal year would be appropriated through each formula. For example, under H.R. 1 in FY2009, $2.75 billion would be appropriated through the targeted grant formula and $2.75 billion would be appropriated through the EFIG formula. Estimated state grants were calculated using these formulas after reserving 1% each year of the total appropriation for the outlying areas and Bureau of Indian Education (as is done when making regular Title I-A allocations). **Appendix Table A-1** details the results of these calculations.

While both bills would require funds to be used for the purposes authorized in Title I-A of the ESEA, S. 336 would also add to requirements for LEAs receiving these funds. First, LEAs would be required to use at least 15% of the funds received for activities serving children who are not yet at a grade level at which the LEA provides a free public education and to support preschool programs for children.[7] Second, S. 336 would require each LEA to file a school-by-school listing of per pupil expenditures from state and local sources for the 2008-2009 school year with the state educational agency (SEA) by December 1, 2009.

Title I-A School Improvement Grants

School Improvement Grants (authorized under ESEA, Section 1003(g)) provide supplementary funds to states and LEAs for school improvement purposes. States are eligible to apply for these grants, which are allocated in proportion to each state's share of funds received under ESEA Title I, Parts A, C (Migrant Education Program), and D (Neglected and Delinquent Children and Youth). States must use at least 95% of the funds received to make subgrants to LEAs. Subgrants made to LEAs must be between $50,000 and $500,000 for each school, and must be renewable for up to two additional years if schools meet the goals of their school improvement plans.

[6] For detailed information about the Title I-A formula, see CRS Report RL34721, *Elementary and Secondary Education Act: An Analytical Review of the Allocation Formulas*, by Wayne C. Riddle and Rebecca R. Skinner.

[7] With respect to the preschool programs, the LEA may provide the services directly or through a subcontract with the local Head Start agency or an agency operating an Even Start program, an Early Reading First program, or another comparable public early childhood development program.

Subgrants must be used by LEAs to support school improvement (ESEA, Sections 1116 and 1117). LEAs with the lowest-achieving schools and the greatest commitment to ensuring that such funds are used to provide “adequate resources” to enable the lowest-achieving schools to meet the goals under school and LEA improvement plans must be given priority in the awarding of subgrants.

Both H.R. 1 and S. 336 would appropriate $2 billion for School Improvement Grants. The House bill would provide $1 billion for this program in FY2009 and in FY2010 ($1 billion each year), while the Senate bill would provide $2 billion for this program in FY2009. **Table A-2** provides estimated state grants under this program.

Education Technology

The EdTech program provides grants to state educational agencies (SEAs) and LEAs to increase access to educational technology, support the integration of technology into instruction, enhance technological literacy, and support technology-related professional development of teachers. Funds are allocated to states in proportion to Title I-A grants, with a state minimum grant amount of 0.5% of total funding for state grants. At least 95% of state grants must be allocated to LEAs (and consortia of LEAs and other entities)—50% by formula, in proportion to Title I-A grants, and 50% competitively.

Both H.R. 1 and S. 336 would appropriate $1 billion for EdTech. As with the previously discussed ESEA programs, H.R. 1 would appropriate the funds over FY2009 and FY2010 ($500 million each year), while S. 336 would appropriate $1 billion for FY2009. **Appendix Table A-3** provides estimated state grants under this program.

Credit Enhancement Initiatives to Assist Charter School Facility Acquisition, Construction, and Renovation

Under the Credit Enhancement program, competitive grants are awarded to enhance the availability of financing for the acquisition, construction, or renovation of public charter school facilities. Grants are made to at least three entities that have been approved by the Secretary of Education (hereafter referred to as the Secretary) as having demonstrated innovative methods of assisting charter schools in addressing the costs of acquiring, constructing, and renovating facilities by enhancing the availability of loans or bond financing. H.R. 1 would provide a one-time grant of $25 million for this program. S. 336 would not appropriate additional funds for this program.

Fund for the Improvement of Education

ESEA Title V-D authorizes a series of competitive grant programs intended to support a variety of innovative K-12 educational activities. It includes both a broad authority for innovative activities selected at the discretion of the Secretary of Education, and a series of required studies, in Subpart 1. It also authorizes a number of specific activities (e.g., Elementary and Secondary School Counseling Programs, Partnerships in Character Education, Smaller Learning Communities) in Subparts 2 through 21.

H.R. 1, but not S. 336, would provide funding specifically for Subpart 1 activities. The House bill would appropriate $200 million in FY2009 to support these activities. H.R. 1 specifies that $99 million of these funds must be used to provide competitive grants to LEAs, states, or partnerships of an LEA, state, or both and at least one non-profit organization to develop and implement performance-based teacher and principal compensation systems in high-need schools.[8] These systems must consider gains in student academic achievement as well as classroom evaluations conducted at multiple times during the school year among other factors and provide educators with incentives to take on leadership roles and additional responsibilities. Up to 5% of the $99 million would be available for technical assistance, training, peer review of applications, program outreach, and evaluation activities. Further, H.R. 1 specifies that a portion of these funds must be used by the Institute of Education Sciences (IES) to conduct an evaluation of the impact of performance-based teacher and principal compensation systems supported by the competitive grants on teacher and principal recruitment in high-need schools and subjects.

Impact Aid Section 8007

The Impact Aid program compensates LEAs for "substantial and continuing financial burden" resulting from federal activities. These activities include federal ownership of certain lands, as well as the enrollments in LEAs of children of parents who work or live on federal land (e.g., children of parents in the military and children living on Indian lands). Section 8007 specifically provides funds for construction and facilities upgrading to certain LEAs with high percentages of children living on Indian lands or children of military parents. These funds are used to make formula and competitive grants.

Under the statute, 40% of the funds appropriated under Section 8007 are used to make construction payments by formula to LEAs receiving Impact Aid Section 8003 payments[9] and in which students living on Indian land constitute at least 50% of the LEA's total student enrollment or military students living on or off base constitute at least 50% of the LEA's total student enrollment. The funds available for construction payments are divided equally between these two groups of LEAs (20% of the total Section 8007 appropriation going to each group). The remaining 60% of Section 8007 appropriations are used to make school facility emergency and modernization competitive grants. Emergency repair grants must be used to repair, renovate, or alter a K-12 public school facility to ensure the health and safety of students and staff. Modernization grants may be used to relieve overcrowding or upgrade facilities to support a "contemporary educational program."[10]

H.R. 1 would provide $100 million to Section 8007 in FY2009. While S. 336 would not provide funding separately for Section 8007, it would provide funding for similar purposes through its proposed elementary and secondary construction program (see subsequent discussion).

[8] The provisions related to the competitive grants to LEAs are included in the Department of Education Appropriations Act, 2008 under the heading of "Innovation and Improvement" (P.L. 110-161).

[9] Section 8003(b) authorizes payments to LEAs to compensate them for the cost of serving certain groups of federally connected children.

[10] U.S. Department of Education, Purpose of the Impact Aid Section 8007B Discretionary Construction Grant Program, at [http://www.ed.gov/programs/8007b/index.html].

IDEA Programs Included in the ARRA

IDEA is the major federal statute that supports special education and related services for children with disabilities.[11] As a condition of accepting IDEA funding, the act requires that states and LEAs provide a free appropriate public education (FAPE) to each eligible child with a disability. The IDEA is divided into four parts. Part A contains the general provisions, including the purposes of the act and definitions. Part B, the most often discussed part of the act, contains provisions relating to the education of school aged children (grants to states) and a state grant program for preschool children with disabilities (Section 619). Part C authorizes state grants for programs serving infants and toddlers with disabilities, while Part D contains the requirements for various national activities designed to improve the education of children with disabilities.

Both H.R. 1 and S. 336 would provide additional funding for IDEA, Part B (grants to states) and Part C. For Part B, H.R. 1 would provide a total of $13 billion with $6 billion being provided in FY2009 and $7 billion being provided in FY2010. **Appendix Table A-4** details estimated state grants for FY2009 and FY2010. H.R. 1 would provide a total of $600 million for Part C over two fiscal years ($300 million each year).

S. 336 would provide additional funding for IDEA, Part B and Part C of $13.5 billion for FY2009. The Senate report specifies that $13 billion would be available for Part B and $500 million would be available for Part C. **Appendix Table A-4** details estimated Part B state grants for FY2009. S. 336 also specifies that each LEA receiving funds for Part B use not less than 15% of the funds for special education and related services for preschool children.

Actual and proposed Part B grants to states are often discussed in terms of the percent of the "excess" cost of educating children with disabilities that the federal government will pay. The metric for determining this excess cost is based on the national average per-pupil expenditure (APPE). In 1975, with the enactment of the Education for All Handicapped Children Act (P.L. 94-142), it was determined that the federal government would pay up to 40% of this excess cost.[12] For FY2008, the estimated percentage of APPE provided by the federal government under IDEA, Part B was 17.2%. The estimated percentage for FY2009 based on regular appropriations and funding providing through H.R. 1 would be 26.3%. For FY2010, based on regular appropriations and funding provided through H.R. 1, the estimated percentage would be 26.8%. The estimated percentage based on S. 366 and regular appropriations for FY2009 would be 37.6%.

Regarding allocations to outlying areas and freely associated states under Part B, in the past, while the Secretary has had authority to reserve up to 1% of the total appropriation for grants to these entities, the practice has been to increase the previous year allocation by the rate of inflation according to the Consumer Price Index – Urban (CPI-U). If the Secretary continues this practice, funding for outlying areas and freely associated states would be provided entirely through the FY2009 regular appropriation. However, it appears that under the authority of IDEA, Section 611(b)(1), the Secretary would be permitted to provide up to 1% of the FY2009 appropriation and stimulus for the outlying areas and freely associated states.

[11] For additional information about IDEA, see CRS Report RL32085, *Individuals with Disabilities Education Act (IDEA): Current Funding Trends*, by Ann Lordeman.

[12] "In 1975, when the Act was originally enacted, Congress established the goal of providing up to 40% of the national average per pupil expenditure to assist States and local educational agencies with the excess costs of educating students with disabilities" H.Rept. 108-77, p.93

Regarding the Part B allocation to the Bureau of Indian Affairs, while IDEA requires the Secretary to reserve 1.226% of the Part B appropriation (Sec,. 611(b)(2)), regular appropriations acts have specified that the Secretary is to reserve the lesser of the amount allocated for the previous year adjusted for inflation or the percentage increase in the funds appropriated for Part B. S. 336, but not H.R. 1, also contains this provision. Since the rate of inflation would be less than the increase in appropriations, the BIA funding would be provided entirely through the FY2009 regular appropriation. Presumably, under H.R. 1, the Secretary would be required to reserve 1.226% of the Part B appropriation for the BIA.

Under Part C, IDEA permits the Secretary to reserve not more than 1% of the appropriation for allocations to the outlying areas. ED's practice has been to allocate funds at the same level as the previous year's allocation, or to increase the previous year's allocation by the rate of inflation according to the CPI-U. If the Secretary continues this practice, funding for outlying areas and freely associated states would be provided entirely through the FY2009 appropriation. However, it appears that under the authority of Sec. 643(a)(1), the Secretary would be permitted to provide up to 1% of the FY2009 appropriation and stimulus for the outlying areas and freely associated states. The statute also requires the Secretary to reserve 1.25% of the total amount available to states under Part C for payments to BIA. H.R. 1 and S. 336 make no changes to the funding provisions under Part C for outlying areas and payments to BIA.

Funding for McKinney-Vento Homeless Assistance in the ARRA

This program, also known as the Education for Homeless Children and Youth program, provides assistance to SEAs to ensure that all homeless children and youth have equal access to the same free, appropriate public education, including public preschool education, that is provided to other children and youth.[13] Funds are allocated to states in proportion to ESEA Title I-A grants, with a state minimum of $150,000 or 0.25% of total grants, whichever is greater.

Competitive grants made by SEAs to LEAs under this program must be used to facilitate the enrollment, attendance, and success in school of homeless children and youth. The LEAs may use the funds for activities such as tutoring, supplemental instruction, and referral services for homeless children and youth, as well as providing them with medical, dental, mental, and other health services. In order to receive funds, each state must submit a plan indicating how homeless children and youth will be identified, how assurances will be put in place that homeless children will participate in federal, state, and local food programs if eligible, and how the state will address such problems as transportation, immunization, residency requirements, and the lack of birth certificates or school records.

H.R. 1 would provide a total of $66 million for this program over FY2009 and FY2010 ($33 million each year for two years). These funds would be allocated to states using the formula authorized in current statute. States would make subgrants to LEAs on a competitive basis as is done under current law. S. 336 would provide $70 million for this program in FY2009. These funds would not be allocated to states using the current formula. Rather, funds would be allocated in proportion to the number of homeless students identified by the state during the 2007-2008 school year relative to the number of homeless students identified nationally during the 2007-

[13] For more information about this program, see CRS Report RL30442, *Homelessness: Targeted Federal Programs and Recent Legislation*, coordinated by Libby Perl, pp. 4-5.

2008 school year. States would subsequently make subgrants to LEAs on a competitive basis or using a formula based on a the number of homeless students identified by LEAS in the state.

Appendix Table A-5 provides estimated state grants based on H.R. 1 and S. 336. As data on the number of homeless children in each state for the 2007-2008 school year are not yet available, estimated state grants under S. 336 were calculated using data for the 2006-2007 school year, the most recent year for which data are available.

School Modernization, Renovation, and Repair

Currently, there are no federal education programs dedicated to providing grants for the modernization, renovation, and repair of elementary and secondary schools (hereafter referred to as funds for school construction). Both H.R. 1 and S. 336 would provide funding in FY2009 for these purposes.

H.R. 1 would provide $14 billion for FY2009 for school construction. After a reservation of 1% for the outlying areas and the Secretary of the Interior to provide assistance to Bureau of Indian Affairs schools, and a reservation of $6 million for the Secretary of Education for administration and oversight, the remaining funds would be allocated to each state in proportion to the amount of FY2008 Title I-A funding received by all the LEAs in the state relative to the total amount received by all the LEAs in every state. States would be permitted to reserve up to 1% of their allocations for providing technical assistance; developing a database that includes an inventory of public school facilities in the state and their modernization, renovation, and repair needs; and developing a school energy efficiency quality plan. The remaining funds would be allocated to LEAs in proportion to the amount of FY2008 Title I-A funding received by the LEA relative to the total amount of funding received by all LEAs in the state. The minimum grant amount for LEAs would be $5,000. **Appendix Table A-6** provides estimated state grants for this program.

S. 336 would provide $16 billion for FY2009 for school construction. The Senate bill would reserve 1% of the total appropriation for the outlying areas and the Secretary of the Interior to provide assistance to Bureau of Indian Affairs schools. These funds would be distributed by the Secretary of Education and Secretary of the Interior, respectively, based on relative need as determined by the Secretary of Education. Further, S. 336 would reserve $5 million for the Secretary of Education for administration and oversight. The Senate bill would also reserve 2% of the total appropriation to award grants to LEAs under Impact Aid Section 8007 (Grants for Construction). While 40% of the Section 8007 funds would be made available by formula and 60% of the Section 8007 funds would be made available by competitive grant (as is done in current law and would be done under H.R. 1), S. 336 modifies some of the eligibility and priority criteria for receiving funds. For example, the 40% of funds provided through formula grants would be based on each LEA's proportion of military children and children living on Indian lands. S. 336 drops the requirements that at least 50% of an LEA's student enrollment must be comprised of military children or children living on Indian lands to receive a grant, and that the 40% of funds available be divided equally between LEAs enrolling at least 50% military children and those enrolling at least 50% children living on Indian lands.[14]

[14] See Sec. 804(1)(B) for additional information about how funds would be distributed under Impact Aid Section 8007.

After making these reservations, the remaining funds would be allocated to states in proportion to each state's share of FY2008 Title I-A funding. S. 336 would include a minimum state grant amount of 0.5% of the total amount available to make state grants. States would be permitted to reserve the lesser of 1% or $2 million for administration. **Appendix Table A-6** provides estimated state grants for this program.

Under S. 336, the remaining funds would be distributed to LEAs through formula and competitive grants. The 100 LEAs that serve the most poor children nationwide would receive formula grants based on their proportion of FY2008 Title I-A grants that were awarded to LEAs in their state. These LEAs would not be permitted to receive a competitive grant under this program. The remaining funds would be distributed to LEAs on a competitive basis. States would be required to provide grants to high-need LEAs,[15] in the aggregate, that are not less than the share of Title I-A funds received by these LEAs in FY2008 relative to all LEAs in the state.[16] States would also be required to provide grants to rural LEAs, in the aggregate, that are not less than the share of Title I-A funds received by these LEAs in FY2008 relative to all LEAs in the state. If funds remain after making these competitive grants, the remaining funds are to be awarded to LEAs that did not already receive a competitive grant.

Funding for Higher Education

H.R. 1 provides funding for several currently authorized higher education programs (the Federal Pell Grant program, the Federal Work-Study (FWS) program, the Teacher Quality Partnership Grant program) and provides additional funds for the administration of federal student aid programs. It also amends the federal student loan programs by increasing borrowing limits for undergraduate students. In addition, H.R. 1 provides $6 billion in grants to state higher education agencies (SEAs) for higher education modernization, renovation and repair. S. 336 provides funding for the three HEA programs (the Federal Pell Grant program, the Federal Perkins Loan program, the Teacher Quality Enhancement Grant program); and provides $3.5 billion for grants to SEAs for higher education modernization, renovation, and repair. Funding proposed to be provided for higher education under H.R. 1 and S. 336 is briefly discussed below.

Federal Pell Grant Program

Under the Federal Pell Grant program, Pell Grants are made available to low-income undergraduate students to help offset their costs associated with obtaining a postsecondary education.[17] The Pell Grant program is the largest source of federal grant aid to postsecondary students. Pell Grants are portable, in that the grant aid follows students to the eligible postsecondary education institutions in which they enroll. The Pell Grant award amount is primarily based on the financial resources that a student and the student's family are expected to contribute toward postsecondary education expenses—the student's expected family contribution

[15] A high-need LEA is defined as an LEA that serves not fewer than 10,000 children from families with incomes below the poverty line or an LEA in which not less than 20% of the children served by the LEA are from families with incomes below the poverty line.

[16] States are required to subtract from the total any funds received by an LEA that would receive a formula grant under this program.

[17] The Federal Pell Grant program is authorized under the Title IV, Part A, Subpart 1 of the HEA.

(EFC). The Pell Grant award is considered to be the foundation of a student's financial aid package because all other forms of federal student aid (e.g., federal student loans) are awarded after the Pell Grant award amount has been determined.

Both discretionary and mandatory appropriations fund the Federal Pell Grant program; and in general, annual appropriations measures specify maximum individual Pell Grant award amounts. A mandatory Pell Grant add-on has the effect of increasing the individual Pell Grant award amount specified in discretionary appropriation measures.[18] For the 2008-2009 academic year, the maximum appropriated Pell Grant award amount was $4,731. This was comprised of a discretionary maximum award amount of $4,241, and a mandatory add-on of $490.[19]

H.R. 1 makes available $15,636 million for the Federal Pell Grant program through September 30, 2011. These funds would be in addition to discretionary funds anticipated to be appropriated for the Federal Pell Grant program as part of a separate FY2009 discretionary appropriations measure under which the appropriated maximum Pell Grant award amount would be $4,360.[20] As a result of both appropriations measures, the discretionary maximum Pell Grant award amount for the 2009-2010 academic year would be increased to $4,860. Combined with the mandatory add-on of $490, the maximum Pell Grant award amount for the 2009-2010 academic year would be increased to $5,350.

H.R. 1 also increases the mandatory appropriations provided for the Federal Pell Grant program for FY2009 by $683 million, from $2,090 million, to $2,773 million; and for FY2010 by $831 million, from $3,030 million, to $3,861 million.

S. 336 makes available $13,869 for the Federal Pell Grant program through September 30, 2011. These funds would be provided in addition to amounts to be separately appropriated for FY2009. Funding provided under S. 336 would increase the maximum Pell Grant award amount by $281 above the maximum award amount to be provided for the 2009-2010 award year. It would also increase the 2010-2011 maximum Pell Grant award amount by $400 above the 2008-2009 maximum Pell Grant award amount ($4,731). S. 336 also provides funds to reduce or eliminate the Pell Grant shortfall.

Federal Work-Study Program

The FWS program is a need-based federal student aid program that provides undergraduate, graduate, and professional students the opportunity for paid employment in a field related to their course of study or in community service.[21] Students receive FWS aid as compensation for the hours they have worked. FWS aid may be provided to any student demonstrating financial need.

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[18] Mandatory funding for Pell Grant add-ons was enacted under the College Cost Reduction and Access Act (CCRAA; P.L. 110-84). For additional information on the CCRAA, see CRS Report RL34077, *Student Loans, Student Aid, and FY2008 Budget Reconciliation*, by Adam Stoll, David P. Smole, and Charmaine Mercer.

[19] For additional information on the Federal Pell Grant program and maximum award amounts, see CRS Report RL34654, *The Higher Education Opportunity Act: Reauthorization of the Higher Education Act*, by David P. Smole et al.

[20] Draft report language to the American Recover and Reinvestment Act, pp. 59-60, available from the House Committee on Appropriations, at [http://appropriations.house.gov/pdf/RecoveryReport01-15-09.pdf].

[21] The Federal Work-Study program is authorized under Title IV, Part C of the HEA. For additional information on the FWS program, see CRS Report RL31618, *Campus-Based Student Financial Aid Programs Under the Higher Education Act*, by David P. Smole.

Awards typically are based on factors such as each student's financial need, the availability of FWS funds, and whether a student requests FWS employment and is willing to work.

Federal funding for the FWS program is provided to institutions of higher education (IHEs) for the purpose of making available need-based federal student aid to students enrolled at those IHEs. Funds are awarded to IHEs according to a complex two-stage procedure, with a portion of funds allocated based on what the IHE received in prior years, and a portion based on an institutional need-based allocation formula.[22] Under the FWS program, students are compensated with a combination of federal funding and a matching amount provided by the student's employer, which may be the IHE or another entity. In most instances, the maximum federal share of compensation is 75%.

H.R. 1 provides $490 million for the FWS program through September 30, 2011. Of this amount, $245 million will be made available on October 1, 2009. No funding is provided for the FWS program under S. 336.

Federal Perkins Loan Program

The Federal Perkins Loan program operates as an institutional revolving loan fund under which IHEs make available low-interest (5%) federal student loans to undergraduate, graduate, and professional students enrolled in participating institutions. Undergraduate students may borrow up to $5,000 per year; and graduate and professional students may borrow up to $8,000 per year. Borrowers of Perkins Loans who are employed in certain public service jobs may qualify loan cancellation benefits.

Under the Federal Perkins Loan program, federal funding is authorized to be provided for federal capital contributions to the revolving loan funds of participating IHEs. Federal funding for Perkins Loan federal capital contributions is provided to IHEs according to a two-stage formula similar to that used for the FWS program—IHEs are allocated a portion of funds based on what they received in prior years, and any remaining funds are allocated according to an institutional need-based allocation formula.[23] (Separately, federal funding is also provided to IHEs to reimburse them for the cost of cancelling loans made to students who become employed in public service jobs.)

S. 336 provides $61 million for the Federal Perkins Loan program to be allocated to participating institutions as federal capital contributions to their revolving loan funds. Under H.R. 1, no funding is provided for the Federal Perkins Loan program.

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[22] The allocation procedures for the FWS program are examined in CRS Report RL32775, *The Campus-Based Financial Aid Programs: A Review and Analysis of the Allocation of Funds to Institutions and the Distribution of Aid to Students*, by David P. Smole.

[23] The allocation procedures for Federal Perkins Loan program federal capital contributions are examined in CRS Report RL32775, *The Campus-Based Financial Aid Programs: A Review and Analysis of the Allocation of Funds to Institutions and the Distribution of Aid to Students*, by David P. Smole.

Student Aid Administration

H.R. 1 provides $50 million to the Department of Education for student aid administration of the Federal Pell Grant, Academic Competitiveness grant (AC) and National Science and Mathematics Access to Retain Talent (SMART) grant, Federal Supplemental Educational Opportunity Grant (FSEOG), Federal Family Education Loan (FFEL), FWS, William D. Ford Federal Direct Loan (DL), and Federal Perkins Loan programs. The bill also specifies that such funds shall be available for an independent audit of the federal student loan purchase programs enacted under the Ensuring Continued Access to Student Loans Act of 2008 (ECASLA; P.L. 110-227), and authorized under HEA, § 459A.[24] Under S. 336, no funding is provided specifically for student aid administration.

Teacher Quality Partnership Grant Programs

Title II, Part A of the HEA authorizes Teacher Quality Partnership Grants for improving teacher education programs, strengthening teacher recruitment efforts, and providing training for prospective teachers.[25] Both H.R. 1 and S. 336 provide $100 million for Teacher Quality Partnership Grants.

Higher Education Modernization, Renovation, and Repair

H.R. 1 and S. 336 both provide FY2009 funding for higher education, modernization, renovation, and repair, with $6 billion provided under H.R. 1 and $3.5 billion provided under S. 336. Both proposals are briefly described below.[26]

Under H.R. 1, $6 billion is provided for grants to state higher education agencies (SEAs) for higher education modernization, renovation, and repair, with $6 million reserved for the Secretary of Education for administration and oversight. Grants will be allocated to SEAs in the 50 states, the District of Columbia, and each of the outlying areas in proportion to the number of full-time equivalent (FTE) undergraduate students enrolled in public and private not-for-profit postsecondary education schools in each jurisdiction. Estimated grant allocation to SEAs in each state and outlying area are presented in **Appendix Table A-7**. SEAs may make subgrants to public and private not-for-profit postsecondary schools to modernize, renovate, or repair facilities that are primarily used for instruction, research, or student housing. SEA must give priority in the awarding of subgrants to minority serving institutions (e.g., those eligible for assistance under Title III or Title V of the HEA), to IHEs that have been impacted by a major disaster or emergency declared by the President, and IHEs that will carry out projects to increase their

[24] For additional information on the Secretary's temporary authority to purchase federal student loans made under the FFEL program, see CRS Report RL34452, *The Ensuring Continued Access to Student Loans Act of 2008*, by David P. Smole.

[25] For additional information on Teacher Qualify Enhancement programs authorized under the HEA, see CRS Report RL31882, *Teacher Quality Enhancement Grants (Title II, Part A of the Higher Education Act): Overview and Reauthorization Issues*, by Jeffrey J. Kuenzi.

[26] For a more detailed description of the proposals in H.R. 1 and S. 336 for higher education modernization, renovation, and repair, see CRS Report RS22894, *School Construction, Modernization, Renovation, and Repair Issues*, by Gail McCallion

energy efficiency and that will comply with the United States Green Building Council Leadership in Energy and Environmental Design (LEED) green building rating system.

Under S. 336, $3.5 billion is provided for grants to SEAs for higher education modernization, renovation, and repair, with $3 million reserved for the Secretary of Education for administration and oversight. Under the Senate bill, grants will be allocated to SEAs in the 50 states, the District of Columbia, and each of the outlying areas in the same manner as proposed under the House bill (see above). Estimated grant allocations to SEAs in each state and outlying area are presented in **Appendix Table A-7**. The Senate proposal requires SEAs to make subgrants to community colleges in amounts that are proportionate to the number of FTE undergraduate students attending community colleges relative to the total number of FTE undergraduate students attending public IHEs in the state.[27] In addition, the Senate bill also incorporates the same criteria as the House bill for giving priority consideration in the awarding of subgrants to IHEs (see above).

Federal Student Loans

The federal government operates two major student loan programs: the FFEL program, authorized under Title IV, Part B of the Higher Education Act (HEA), and the DL program, authorized under Title IV, Part D of the HEA.[28] These programs make available loans to undergraduate, graduate and professional students, and the parents of undergraduate dependent students, to help them finance the costs of postsecondary education. The loans made through the FFEL and DL programs are low-interest loans, with maximum interest rates for each type of loan established by statute. Subsidized Stafford Loans are need-based loans and are only available to students demonstrating financial need. The Secretary pays the interest that accrues on Subsidized Stafford Loans while borrowers are in school, during a six-month grace period, and during authorized periods of deferment. Unsubsidized Stafford Loans and PLUS Loans are non-need-based loans and are available to borrowers without regard to their financial need. Borrowers are fully responsible for paying the interest that accrues on these loans.

The amounts students may borrow in need-based Subsidized Stafford Loans and non-need-based Unsubsidized Stafford Loans are constrained by statutory loan limits. One set of limits applies to the annual and aggregate amounts students may borrow in Subsidized Stafford Loans. Another set of limits applies to the total annual and aggregate amounts students my borrow in combined Subsidized Stafford Loans and Unsubsidized Stafford Loans (hereafter, referred to as total Stafford Loans). The terms and conditions for Subsidized Stafford Loans are more favorable to students than for Unsubsidized Stafford Loans.

Until the enactment of the ECASLA, the same annual Subsidized Stafford Loan limits and total Stafford Loan limits applied to dependent undergraduate students for each comparable educational level. However, annual total Stafford Loan limits that were higher than annual Subsidized Stafford Loan limits applied to independent undergraduate students, graduate and

[27] It is important to note that under S. 336, while grants will be made to SEAs in proportion to the number of FTE undergraduate students attending public and private not-for-profit IHEs in each state, SEAs will be required to make subgrants to community colleges in proportion to the number of FTE undergraduate students attending only public IHEs in the state.

[28] For additional information on FFEL and DL program loans, see CRS Report R40122, *Federal Student Loans Made Under the Federal Family Education Loan Program and the William D Ford Federal Direct Loan Program: Terms and Conditions for Borrowers*, by David P. Smole.

professional students, and dependent undergraduate students whose parents are unable to obtain PLUS Loans, for each comparable educational level.

The ECASLA increased annual and aggregate borrowing limits for total Stafford Loans for dependent undergraduate students, independent undergraduate students, and dependent undergraduate students whose parents are unable to obtain a PLUS Loan, effective for loans first disbursed on or after July 1, 2008. Technical changes to these amended loan limits were made under the Higher Education Opportunity Act (HEOA; P.L. 110-315). In general, annual total Stafford Loan limits were increased by $2,000 for most undergraduate student borrowers under the ECASLA. The ECASLA also increased aggregate borrowing limits for dependent undergraduate students by $8,000, and for independent undergraduate students by $11,500.[29]

H.R. 1 would further increase annual and aggregate total Stafford Loan limits for undergraduate student borrowers for loans first disbursed on or after January 1, 2009. In general, annual total Stafford Loan limits would be increased by an additional $2,000 for most undergraduate student borrowers. Also, aggregate total Stafford Loan borrowing limits would be increased by an additional $8,000 for all undergraduate student borrowers. No changes to loan limits are made under S. 336.

FFEL Program Special Allowance Payments

Under the FFEL program, lenders receive a federal subsidy on the loans they make when the interest rate paid by borrowers does not provide them a statutorily specified level of return. This is called the special allowance payment (SAP).[30] The SAP amount is determined quarterly under a statutory formula. The special allowance paid for each loan is dependent on the formula in effect when the loan was disbursed. The federal government pays any special allowance due lenders from the time the loan is disbursed through the entire repayment period. On loans for which the first disbursement was made on or after January 1, 2000, the SAP is determined through the use of a series of special allowance payment formulas indexed to three-month Commercial Paper (CP) rates.

H.R. 1 makes a technical amendment to the SAP formula by temporarily changing the index used from the three-month CP rate to the three-month London Inter-Bank Offered Rate for United States dollars. This change would be applicable to loans first disbursed on or after January 1, 2000 and would be effective for the quarter beginning October 1, 2008, and ending December 31, 2008. No changes to the SAP formula would be made by S. 336.

Funding for the Institute for Education Sciences

IES is charged with conducting research, evaluation, and dissemination activities in areas of demonstrated national need. Its activities are designed to inform education practice and policy.[31]

[29] For a complete history of changes to loan limits for Stafford Loans, see Table B-2 in CRS Report R40122, *Federal Student Loans Made Under the Federal Family Education Loan Program and the William D Ford Federal Direct Loan Program: Terms and Conditions for Borrowers*, by David P. Smole.

[30] For additional information on lender subsidies provided under the FFEL program, see CRS Report RL34578, *Economics of Guaranteed Student Loans*, by D. Andrew Austin.

[31] For more information about IES, see [http://www.ed.gov/about/offices/list/ies/index.html?src=oc].

Only H.R. 1 would provide $250 million in FY2009 to carry out Section 208 of the Educational Technical Assistance Act (P.L. 107-279). Section 208 authorizes a competitive grant program for SEAs to support the design, development, and implementation of statewide longitudinal data systems to enable states to use, manage, and analyze individual student data in ways consistent with the ESEA. H.R. 1 specifies that these statewide data systems could include data systems that contain postsecondary and workforce information. Up to $5 million of the funds may be used for state data coordinators or for awards to public or private organizations to improve data collection.

State Fiscal Stabilization Fund

Both H.R. 1 and S. 336 would provide $79 billion for a State Fiscal Stabilization Fund. H.R. 1 would provide the funding over FY2009 and FY2010 ($39.5 billion each year), while S. 336 would provide $79 billion in FY2009. Both the House and Senate bills would make reservations from these funds prior to making grants to states. Under H.R. 1, from the total annual appropriation, 0.5% would be reserved for the outlying areas. The Secretary could reserve up to $12.5 million each year for administration and oversight, including program evaluation. In addition, the Secretary would be required to reserve $7.5 billion annually to provide State Incentive Grants and establish an Innovation Fund.[32] The Senate bill would also reserve 0.5% of the total appropriation for the outlying areas. It would also allow the Secretary to reserve $25 million for administration and oversight—the same level that the House would allow over the two year authorization period. Finally, S. 336 would require the Secretary to reserve $15 billion to provide State Incentive Grants and establish an Innovation Fund.[33] This is the same amount of funds the House would reserve for these activities over the two year authorization period.

After making these reservations, $31.790 billion would remain for FY2009 and for FY2010 for grants to states under H.R. 1, while $63.580 billion would remain for grants to states in FY2009 under S. 336. Under both bills, these funds would be allocated to states using two population measures: 61% of each state’s grant would be based on the state’s relative population of individuals ages 5 to 24, and 39% of each state’s grant would be based on the state’s relative total population. **Appendix**

[32] Under H.R. 1, the establishment of an Innovation Fund is left to the Secretary’s discretion.

[33] Under S. 336, the establishment of an Innovation Fund is left to the Secretary’s discretion.

Table A-8 provides estimated state grants under H.R. 1 and S. 336.

Under both the House and Senate bills, once funds are received at the state level, the state's Governor is required to use at least 61% of the state's allocation to support elementary, secondary, and postsecondary education. More specifically, the Governor is required to use these funds to provide the amount of funds, through the state's principal elementary and secondary education funding formula, that is needed to restore state funding for elementary and secondary education to its FY2008 level. In addition, the Governor must use these funds to provide the amount of funds to public institutions of higher education in the state needed to restore state support for postsecondary education to the FY2008 level. If the amount of funds provided through the State Fiscal Stabilization Fund is insufficient to restore state support for elementary, secondary, and postsecondary education to the FY2008 levels, the Governor must allocate funds between elementary and secondary education and postsecondary education in proportion to the relative shortfall in state support at each level of education. If, however, funds remain after restoring funds to the FY2008 level, the Governor is required to provide grants to LEAs based on their share of Title I-A funding for the most recent year for which data are available.

Under both H.R. 1 and S. 336, the Governor may use up to 39% of the state funds for public safety and government services. These funds may, however, be used to provide additional assistance for elementary and secondary education and for public institutions of higher education.

In applying for funds from the State Fiscal Stabilization Fund, both bills require states to provide four assurances to ED. It is unclear how many states would be able to provide all of the required assurances. Both H.R. 1 and S. 336 require that the state must agree to maintain support for elementary and secondary education at least at the level provided in FY2006, for FY2009 and FY2010; and the state must agree to maintain support for public institutions of higher education at least at the FY2006 level, for FY2009 and FY2010. They both also require that the state must establish a longitudinal data system as described in Section 6401(e)(2)(D) of the America COMPETES Act.[34]

Both bills also require states to provide assurances related to the equitable distribution of teachers between high- and low-poverty schools but approach this assurance in different ways. Under H.R. 1, the state is required to take actions to comply with requirements in ESEA, Section 1111(b)(8)(C) related to the provision of highly qualified teachers in schools receiving Title I-A funding to eliminate inequities in the distribution of teachers between high- and low-poverty schools and ensure that low-income and minority children are not taught at higher rates than other students by inexperienced, unqualified, or out-of field teachers. Under S. 336, states would be required to take action, including implementing activities authorized in ESEA, Section 2113(c), such as reforming teacher and principal certification and establishing alternative routes for teacher state certification, to increase the number and improve the distribution of "effective" teachers and principals in high-poverty schools and LEAs.

Finally, under H.R. 1 and S. 336, the state must agree to enhance the quality of its state assessments used to measure student achievement in reading, mathematics, and science through activities described in ESEA, Section 6112(a), including collaborating with institutions of higher education or other organizations to improve the quality, validity, and reliability of state

[34] For more information about the requirements of the America COMPETES Act, see CRS Report RL34328, *America COMPETES Act: Programs, Funding, and Selected Issues*, by Deborah D. Stine.

assessments. Second, the state must agree to comply with requirements in the ESEA and IDEA related to the inclusion of children with disabilities and limited English proficient students in state assessments, the development of valid and reliable assessments for those students, and the provision of accommodations to facilitate their participation in state assessments. S. 336 only would also require states to improve state academic content standards and student academic achievement standards Further, S. 336 would require states to ensure compliance with requirements related to schools identified for corrective actions and restructuring under ESEA Title I-A.[35]

Both H.R. 1 and S. 336 have comparable provisions regarding the authorized uses of funds by educational agencies, schools and institutions of higher education (IHEs) under the proposed State Fiscal Stabilization program. Funds for elementary and secondary education could be used for any purpose authorized under the ESEA, IDEA, or the Carl. D. Perkins Career and Technical Education Act (Perkins Act). Together, these Acts cover a very wide range of K-12 educational activities, including the hiring of teachers and paraprofessionals. Funds could not be used for capital expenditures except those authorized under those Acts (such uses are highly limited).

Under both S. 336 and H.R. 1, funds for higher education could be used by public IHEs for educational and general expenditures, including expenditures "to mitigate the need to raise tuition and fees for in-State students." Funds could not be used by IHEs to raise their endowments or for construction, renovation, or repair of facilities.

Fiscal Accountability

In its consideration of education-related provisions in economic stimulus funding proposals, some of the debate in Congress has centered on the extent to which states and LEAs should be given added flexibility with respect to certain fiscal accountability requirements that current statutes place on states and/or LEAs with respect to the use of federal education funds.

A long-standing principle of federal aid to elementary and secondary education is that federal funding should add to, not substitute for, state and local education funding – i.e., that federal funds should provide a net increase in financial resources for specific types of educational services (such as the education of disadvantaged pupils or pupils with disabilities), rather than effectively providing general subsidies to state and local governments. All of the fiscal accountability requirements are intended to provide that all federal funds represent a net increase in the level of financial resources available to serve eligible pupils, and that they do not ultimately replace funds that states or LEAs would provide in the absence of federal aid.

One or more of three types of fiscal accountability requirements are applicable to major federal K-12 education aid programs. The first two of these are common to many federal assistance programs, while the third is unique to ESEA Title I-A. To meet the first requirement, *maintenance of effort (MOE)*, recipient LEAs must provide, from state and local sources, a level of funding (either aggregate or per pupil) in the preceding year that is at least a specified percentage of the amount in the second preceding year. A second fiscal accountability requirement provides that federal funds must be used to *supplement, and not supplant (SNS)*, state and local funds that

[35] For more information about these requirements, see CRS Report RL33371, *K-12 Education: Implementation Status of the No Child Left Behind Act of 2001 (P.L. 107-110)*, by Gail McCallion et al.

would otherwise be available for the education of pupils eligible to be served under the federal program in question. SNS provisions prohibit states and/or LEAs from using federal funds to provide services which state and/or local funds have provided or purchased or which, in the absence of federal funds, they would provide or purchase.

The third, distinctive, fiscal requirement under ESEA Title I-A is *comparability*—services provided with state and local funds in schools participating in ESEA Title I-A must be comparable to those in non-Title I-A schools of the same LEA. (If all of an LEA's schools participate in Title I-A, then services funded from state and local revenues must be "substantially comparable" in each school of the LEA.) Since the comparability requirement only applies to ESEA Title I-A, and is not currently a subject of debate with respect to the ARRA, it will not be discussed further in this report.

With respect to current major federal K-12 education programs, for *MOE*, the requirement is that in order to be eligible to receive *ESEA Title I-A* grants, *LEAs* must spend, from state and local sources, in the preceding year an amount equal to at least 90% of the amount in the second preceding year, on either an aggregate or per pupil basis (whichever is more beneficial to the LEA). The ESEA provision is based on total state and local funding for public K-12 education, not funding for specific purposes. If the requirement is not met, the LEA still receives a grant that is reduced by the proportion to which the requirement is not met. The MOE requirement for Title I-A and other ESEA programs may be waived by the Secretary in cases of "exceptional or uncontrollable circumstances" or a "precipitous decline in the financial resources" (ESEA Section 9521).

In the case of IDEA, MOE applies to both SEAs and LEAs, and in general is based on 100%, not 90%, of previous spending levels. However, the IDEA includes a provision allowing LEAs, and possibly some states, to reduce funding by an amount of up to 50% of annual increases in IDEA allocations, if these funds are used for specified purposes.[36] In addition, the MOE provision under IDEA is based on spending for special education services for pupils with disabilities, not total state and local spending. As under the ESEA, if the MOE requirement is not met, the SEA or LEA still receives a grant that is reduced by the proportion to which the requirement is not met. In addition, the MOE requirement under IDEA may be waived by the Secretary in cases of "exceptional or uncontrollable circumstances such as a natural disaster or a precipitous and unforeseen decline in the financial resources of the State" (IDEA, Section 612(a)(18)). However, both the MOE and the SNS requirements under IDEA may be waived *only if* "the State provides clear and convincing evidence that all children with disabilities have available to them a free appropriate public education" (FAPE) and the Secretary of Education concurs with this evidence (IDEA Section 612(a)(17)(C)). Beyond this, it might be argued that IDEA incorporates an effective MOE at the level of services to individual pupils, with its requirement that FAPE be provided to pupils with disabilities in participating states.

In contrast to MOE, SNS is applied to both SEAs and LEAs under Title I-A, and there is generally no authority for the Secretary of Education to waive SNS under ESEA, and only a very restrictive authority to do so under IDEA, as it contingent upon the requirement in the previous

[36] For an explanation of this provision, see CRS Report RL32716, *Individuals with Disabilities Education Act (IDEA): Analysis of Changes Made by P.L. 108-446*, by Richard N. Apling and Nancy Lee Jones, pages 15-16. The LEA level MOE under IDEA may also be reduced to adjust for certain enrollment or staffing trends or "costly expenditures for long-term purchases. (See IDEA, Section 613(a)(2)(B) and (C)).

sentence. Authority to waive SNS, as well as is MOE, under ESEA programs was granted to areas affected by the 2005 Gulf Coast hurricanes for FY2006 and 2007.[37] In particular, the broad waiver authorities included in ESEA Title IX, Part D, and the Education Flexibility Partnership Act of 1999 (P.L. 106-25, as amended) specifically exempt all three fiscal accountability provisions from authority to be waived (beyond the specific MOE waiver authority noted above).[38]

H.R. 1 and S. 336, the House and Senate versions of the ARRA, have somewhat different provisions regarding MOE and SNS for K-12 education programs that would receive funding under these proposals. Under *both proposals*, current statutory provisions regarding MOE and SNS would implicitly apply to increased appropriations for ESEA Title I-A and the IDEA. Both would apply SNS, but not MOE, to the new School Modernization program.[39] For the Fiscal Stabilization program, each proposal would apply to states (but not LEAs) a MOE based on state-source revenues for public K-12 education in *FY2006*, but no SNS requirement.

Finally, S. 336 only has a broad authority for the Secretary of Education to waive MOE and SNS requirements. This provision, in Section 1413, would appear to authorize the Secretary of Education to waive for FY2009 and 2010 any MOE or SNS requirement that is administered by ED. In cases where MOE is waived for these years, the level of effort required in FY2011 would be the same as would have applied if the waiver had not been granted.

Compared to current law, authority to waive MOE under Title I-A or other ESEA programs might have limited effect, since the requirement could be waived under current authority. Also, with respect to the ESEA programs, the MOE requirement is set at 90%, not 100%, of current funding. Broad authority for the Secretary to waive MOE under IDEA could have greater impact, as the current authority is restrictive, although (as noted above), a limited degree of local or state flexibility is allowed in implementation of the MOE requirement under IDEA.

In contrast, if authority were provided to waive SNS requirements, under either ESEA Title I-A, IDEA, or the new School Modernization program, the impact could be substantial. First, there is no current authority for such waivers, except for the restrictive policy under IDEA. Second, it is possible that waivers of SNS could allow LEAs to provide services with federal funds in FY2009 and 2010 that were previously funded with state or local funds. Even after the waiver authority was removed, it is possible that such services could continue to be funded with ESEA Title I-A or other federal grants since that is what occurred in the immediately previous years—i.e., supplanting was no longer occurring.

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[37] See CRS Report RL33236, *Education-Related Hurricane Relief: Legislative Action*, by Rebecca R. Skinner et al., p. 8.

[38] See CRS Report RL31583, *K-12 Education: Special Forms of Flexibility in the Administration of Federal Aid Programs*, by Wayne C. Riddle, pages 8-12.

[39] The House version only would apply an additional "prohibition regarding state aid," explicitly prohibiting states from considering federal funds under the School Modernization program as a local resource when allocating state financial assistance for K-12 education.

Appendix. Estimated State Grants for Selected Programs

Table A-1. Estimated Additional State Grants for Title I-A Grants to Local Educational Agencies (ESEA) under H.R. 1 and S. 336 at an Appropriation Level of $11 Billion

State	Estimated Additional State Grants			
	H.R. 1			
	FY2009 ($)	FY2010 ($)	Total Appropriation FY2009 and FY2010 ($)	S. 336 Total Appropriation FY2009 ($)
Alabama	83,957,000	83,957,000	167,914,000	168,091,000
Alaska	17,340,000	17,340,000	34,680,000	34,679,000
Arizona	104,335,000	104,335,000	208,670,000	205,649,000
Arkansas	56,406,000	56,406,000	112,812,000	112,943,000
California	667,761,000	667,761,000	1,335,522,000	1,335,341,000
Colorado	53,108,000	53,108,000	106,216,000	106,343,000
Connecticut	40,379,000	40,379,000	80,758,000	79,616,000
Delaware	17,108,000	17,108,000	34,216,000	34,215,000
District of Columbia	20,480,000	20,480,000	40,960,000	41,018,000
Florida	279,521,000	279,521,000	559,042,000	559,858,000
Georgia	178,336,000	178,336,000	356,672,000	357,099,000
Hawaii	19,271,000	19,271,000	38,542,000	38,543,000
Idaho	19,058,000	19,058,000	38,116,000	38,115,000
Illinois	221,376,000	221,376,000	442,752,000	440,703,000
Indiana	94,232,000	94,232,000	188,464,000	188,675,000
Iowa	27,430,000	27,430,000	54,860,000	54,892,000
Kansas	36,800,000	36,800,000	73,600,000	73,745,000
Kentucky	82,509,000	82,509,000	165,018,000	165,218,000
Louisiana	113,607,000	113,607,000	227,214,000	227,530,000
Maine	20,631,000	20,631,000	41,262,000	41,262,000
Maryland	76,297,000	76,297,000	152,594,000	152,470,000
Massachusetts	87,594,000	87,594,000	175,188,000	175,258,000
Michigan	212,801,000	212,801,000	425,602,000	425,553,000
Minnesota	47,809,000	47,809,000	95,618,000	95,726,000
Mississippi	72,880,000	72,880,000	145,760,000	145,948,000
Missouri	84,799,000	84,799,000	169,598,000	169,773,000

State	Estimated Additional State Grants			
	H.R. 1			
	FY2009 ($)	FY2010 ($)	Total Appropriation FY2009 and FY2010 ($)	S. 336 Total Appropriation FY2009 ($)
Montana	19,057,000	19,057,000	38,114,000	38,115,000
Nebraska	24,516,000	24,516,000	49,032,000	49,067,000
Nevada	35,023,000	35,023,000	70,046,000	70,149,000
New Hampshire	17,216,000	17,216,000	34,432,000	34,433,000
New Jersey	105,578,000	105,578,000	211,156,000	211,355,000
New Mexico	45,213,000	45,213,000	90,426,000	90,252,000
New York	493,044,000	493,044,000	986,088,000	986,252,000
North Carolina	143,798,000	143,798,000	287,596,000	287,841,000
North Dakota	14,985,000	14,985,000	29,970,000	29,970,000
Ohio	199,943,000	199,943,000	399,886,000	400,354,000
Oklahoma	57,555,000	57,555,000	115,110,000	115,241,000
Oregon	54,775,000	54,775,000	109,550,000	109,666,000
Pennsylvania	221,808,000	221,808,000	443,616,000	443,254,000
Puerto Rico	211,896,000	211,896,000	423,792,000	424,332,000
Rhode Island	20,318,000	20,318,000	40,636,000	40,605,000
South Carolina	81,131,000	81,131,000	162,262,000	162,427,000
South Dakota	18,977,000	18,977,000	37,954,000	37,954,000
Tennessee	95,704,000	95,704,000	191,408,000	191,633,000
Texas	522,442,000	522,442,000	1,044,884,000	1,045,949,000
Utah	23,939,000	23,939,000	47,878,000	47,936,000
Vermont	14,500,000	14,500,000	29,000,000	29,000,000
Virginia	85,405,000	85,405,000	170,810,000	170,947,000
Washington	73,069,000	73,069,000	146,138,000	146,295,000
West Virginia	38,852,000	38,852,000	77,704,000	77,794,000
Wisconsin	76,302,000	76,302,000	152,604,000	152,654,000
Wyoming	14,129,000	14,129,000	28,258,000	28,258,000
Subtotal to states, DC, and Puerto Rico	5,445,000,000	5,445,000,000	10,890,000,000	10,890,000,000
Outlying areas and BIA	55,000,000	55,000,000	110,000,000	110,000,000
Total	**5,500,000,000**	**5,500,000,000**	**11,000,000,000**	**11,000,000,000**

Source: Table prepared by CRS, January 30, 2009.

Notes: Funds were appropriated through the Targeted and Education Finance Incentive Grant formulas only. A set-aside of 1% was reserved for the outlying areas and BIA for each fiscal year. Details may not add to totals due to rounding.

Notice: These are estimated grants only. These estimates are provided solely to assist in comparisons of the relative impact of alternative formulas and funding levels in the legislative process. They are not intended to predict specific amounts states will receive.

Table A-2. Estimated Additional State Grants for School Improvement (ESEA, Title I-A) under H.R. 1 and S. 336 at an Appropriation Level of $2 Billion

State	Estimated Additional State Grants			
	H.R. 1			
	FY2009 ($)	FY2010 ($)	Total Appropriation FY2009 and FY2010 ($)	S. 336 Total Appropriation FY2009 ($)
Alabama	15,248,000	15,248,000	30,496,000	30,496,000
Alaska	3,205,000	3,205,000	6,410,000	6,410,000
Arizona	19,768,000	19,768,000	39,536,000	39,536,000
Arkansas	10,482,000	10,482,000	20,964,000	20,964,000
California	127,753,000	127,753,000	255,506,000	255,506,000
Colorado	10,001,000	10,001,000	20,002,000	20,002,000
Connecticut	8,238,000	8,238,000	16,476,000	16,476,000
Delaware	2,742,000	2,742,000	5,484,000	5,484,000
District of Columbia	3,325,000	3,325,000	6,650,000	6,650,000
Florida	47,587,000	47,587,000	95,174,000	95,174,000
Georgia	31,856,000	31,856,000	63,712,000	63,712,000
Hawaii	3,170,000	3,170,000	6,340,000	6,340,000
Idaho	3,534,000	3,534,000	7,068,000	7,068,000
Illinois	41,754,000	41,754,000	83,508,000	83,508,000
Indiana	17,711,000	17,711,000	35,422,000	35,422,000
Iowa	5,229,000	5,229,000	10,458,000	10,458,000
Kansas	7,496,000	7,496,000	14,992,000	14,992,000
Kentucky	15,149,000	15,149,000	30,298,000	30,298,000
Louisiana	20,888,000	20,888,000	41,776,000	41,776,000
Maine	3,692,000	3,692,000	7,384,000	7,384,000
Maryland	13,551,000	13,551,000	27,102,000	27,102,000
Massachusetts	16,572,000	16,572,000	33,144,000	33,144,000
Michigan	37,550,000	37,550,000	75,100,000	75,100,000
Minnesota	9,010,000	9,010,000	18,020,000	18,020,000
Mississippi	13,196,000	13,196,000	26,392,000	26,392,000
Missouri	15,955,000	15,955,000	31,910,000	31,910,000
Montana	3,121,000	3,121,000	6,242,000	6,242,000
Nebraska	4,589,000	4,589,000	9,178,000	9,178,000
Nevada	5,688,000	5,688,000	11,376,000	11,376,000
New Hampshire	2,712,000	2,712,000	5,424,000	5,424,000

State	Estimated Additional State Grants			
	H.R. 1			
	FY2009 ($)	FY2010 ($)	Total Appropriation FY2009 and FY2010 ($)	S. 336 Total Appropriation FY2009 ($)
New Jersey	20,385,000	20,385,000	40,770,000	40,770,000
New Mexico	7,994,000	7,994,000	15,988,000	15,988,000
New York	86,679,000	86,679,000	173,358,000	173,358,000
North Carolina	25,558,000	25,558,000	51,116,000	51,116,000
North Dakota	2,382,000	2,382,000	4,764,000	4,764,000
Ohio	36,148,000	36,148,000	72,296,000	72,296,000
Oklahoma	10,470,000	10,470,000	20,940,000	20,940,000
Oregon	10,534,000	10,534,000	21,068,000	21,068,000
Pennsylvania	40,267,000	40,267,000	80,534,000	80,534,000
Puerto Rico	35,761,000	35,761,000	71,522,000	71,522,000
Rhode Island	3,754,000	3,754,000	7,508,000	7,508,000
South Carolina	14,525,000	14,525,000	29,050,000	29,050,000
South Dakota	2,978,000	2,978,000	5,956,000	5,956,000
Tennessee	16,795,000	16,795,000	33,590,000	33,590,000
Texas	95,071,000	95,071,000	190,142,000	190,142,000
Utah	4,366,000	4,366,000	8,732,000	8,732,000
Vermont	2,375,000	2,375,000	4,750,000	4,750,000
Virginia	15,971,000	15,971,000	31,942,000	31,942,000
Washington	14,523,000	14,523,000	29,046,000	29,046,000
West Virginia	7,014,000	7,014,000	14,028,000	14,028,000
Wisconsin	14,051,000	14,051,000	28,102,000	28,102,000
Wyoming	2,260,000	2,260,000	4,520,000	4,520,000
Subtotal for states, DC, and Puerto Rico	990,630,000	990,630,000	1,981,260,000	1,981,260,000
Outlying areas and BIA	9,370,000	9,370,000	18,740,000	18,740,000
Total	**1,000,000,000**	**1,000,000,000**	**2,000,000,000**	**2,000,000,000**

Source: Table prepared by CRS, January 30, 2009.

Notes: Estimates are based on each state's FY2008 proportion of grants under ESEA Title I, Parts A, C and D. Details may not add to totals due to rounding.

Notice: These are estimated grants only. These estimates are provided solely to assist in comparisons of the relative impact of alternative formulas and funding levels in the legislative process. They are not intended to predict specific amounts that states will receive.

Table A-3. Estimated Additional State Grants for Education Technology (ESEA, Title II-D) under H.R. 1 and S. 336 at an Appropriation Level of $1 Billion

State	Estimated Additional State Grants			
	H.R. 1			
	FY2009 ($)	FY2010 ($)	Total Appropriation FY2009 and FY2010 ($)	S. 336 Total Appropriation FY2009 ($)
Alabama	7,489,000	7,489,000	14,978,000	14,978,000
Alaska	2,419,000	2,419,000	4,838,000	4,838,000
Arizona	8,948,000	8,948,000	17,896,000	17,896,000
Arkansas	5,070,000	5,070,000	10,140,000	10,140,000
California	57,112,000	57,112,000	114,224,000	114,224,000
Colorado	4,707,000	4,707,000	9,414,000	9,414,000
Connecticut	3,710,000	3,710,000	7,420,000	7,420,000
Delaware	2,419,000	2,419,000	4,838,000	4,838,000
District of Columbia	2,419,000	2,419,000	4,838,000	4,838,000
Florida	23,175,000	23,175,000	46,350,000	46,350,000
Georgia	15,420,000	15,420,000	30,840,000	30,840,000
Hawaii	2,419,000	2,419,000	4,838,000	4,838,000
Idaho	2,419,000	2,419,000	4,838,000	4,838,000
Illinois	19,011,000	19,011,000	38,022,000	38,022,000
Indiana	8,377,000	8,377,000	16,754,000	16,754,000
Iowa	2,485,000	2,485,000	4,970,000	4,970,000
Kansas	3,325,000	3,325,000	6,650,000	6,650,000
Kentucky	7,265,000	7,265,000	14,530,000	14,530,000
Louisiana	10,297,000	10,297,000	20,594,000	20,594,000
Maine	2,419,000	2,419,000	4,838,000	4,838,000
Maryland	6,533,000	6,533,000	13,066,000	13,066,000
Massachusetts	7,959,000	7,959,000	15,918,000	15,918,000
Michigan	18,283,000	18,283,000	36,566,000	36,566,000
Minnesota	4,372,000	4,372,000	8,744,000	8,744,000
Mississippi	6,421,000	6,421,000	12,842,000	12,842,000
Missouri	7,822,000	7,822,000	15,644,000	15,644,000
Montana	2,419,000	2,419,000	4,838,000	4,838,000
Nebraska	2,419,000	2,419,000	4,838,000	4,838,000
Nevada	2,852,000	2,852,000	5,704,000	5,704,000
New Hampshire	2,419,000	2,419,000	4,838,000	4,838,000

State	Estimated Additional State Grants			
	H.R. 1			
	FY2009 ($)	FY2010 ($)	Total Appropriation FY2009 and FY2010 ($)	S. 336 Total Appropriation FY2009 ($)
New Jersey	9,744,000	9,744,000	19,488,000	19,488,000
New Mexico	3,922,000	3,922,000	7,844,000	7,844,000
New York	40,714,000	40,714,000	81,428,000	81,428,000
North Carolina	12,634,000	12,634,000	25,268,000	25,268,000
North Dakota	2,419,000	2,419,000	4,838,000	4,838,000
Ohio	17,689,000	17,689,000	35,378,000	35,378,000
Oklahoma	5,191,000	5,191,000	10,382,000	10,382,000
Oregon	4,896,000	4,896,000	9,792,000	9,792,000
Pennsylvania	19,540,000	19,540,000	39,080,000	39,080,000
Puerto Rico	18,066,000	18,066,000	36,132,000	36,132,000
Rhode Island	2,419,000	2,419,000	4,838,000	4,838,000
South Carolina	7,202,000	7,202,000	14,404,000	14,404,000
South Dakota	2,419,000	2,419,000	4,838,000	4,838,000
Tennessee	8,457,000	8,457,000	16,914,000	16,914,000
Texas	44,484,000	44,484,000	88,968,000	88,968,000
Utah	2,419,000	2,419,000	4,838,000	4,838,000
Vermont	2,419,000	2,419,000	4,838,000	4,838,000
Virginia	7,945,000	7,945,000	15,890,000	15,890,000
Washington	6,584,000	6,584,000	13,168,000	13,168,000
West Virginia	3,451,000	3,451,000	6,902,000	6,902,000
Wisconsin	6,433,000	6,433,000	12,866,000	12,866,000
Wyoming	2,419,000	2,419,000	4,838,000	4,838,000
Subtotal for states, DC, and Puerto Rico	483,875,000	483,875,000	967,750,000	967,750,000
Outlying areas and BIA	6,125,000	6,125,000	12,250,000	12,250,000
National activities	10,000,000	10,000,000	20,000,000	20,000,000
Total	**500,000,000**	**500,000,000**	**1,000,000,000**	**1,000,000,000**

Source: Table prepared by CRS, January 30, 2009.

Notes: From each fiscal year's appropriation, 2% was reserved for national activities. From the remaining funds, a set-aside of 0.75% was reserved for the BIA and 0.50% was reserved for the outlying areas. The minimum grant to states is 0.5%. Details may not add to totals due to rounding.

Notice: These are estimated grants only. These estimates are provided solely to assist in comparisons of the relative impact of alternative formulas and funding levels in the legislative process. They are not intended to predict specific amounts states will receive.

Table A-4. Estimated Additional State Grants for Individuals with Disabilities Education Act, Part B, Grants to States under H.R. 1 and S. 336 at an Appropriation Level of $13 Billion

State	Estimated Additional State Grants			
	H.R. 1			
	FY2009 ($)	FY2010 ($)	Total Appropriation FY2009 and FY2010 ($)	S. 336 Total Appropriation FY2009 ($)
Alabama	98,194,000	112,536,000	210,730,000	185,858,000
Alaska	19,245,000	23,246,000	42,491,000	34,377,000
Arizona	94,766,000	114,895,000	209,661,000	205,326,000
Arkansas	58,445,000	67,182,000	125,627,000	128,732,000
California	662,464,000	760,020,000	1,422,484,000	1,380,882,000
Colorado	78,972,000	95,746,000	174,718,000	171,106,000
Connecticut	68,004,000	78,295,000	146,299,000	152,594,000
Delaware	17,363,000	21,051,000	38,414,000	37,620,000
District of Columbia	8,730,000	10,585,000	19,315,000	18,916,000
Florida	335,542,000	393,810,000	729,352,000	718,192,000
Georgia	166,597,000	201,983,000	368,580,000	360,961,000
Hawaii	20,419,000	23,509,000	43,928,000	44,132,000
Idaho	28,273,000	34,278,000	62,551,000	60,875,000
Illinois	266,431,000	306,009,000	572,440,000	581,221,000
Indiana	135,706,000	156,076,000	291,782,000	291,110,000
Iowa	62,442,000	71,891,000	134,333,000	140,113,000
Kansas	57,703,000	66,131,000	123,834,000	122,643,000
Kentucky	85,232,000	97,680,000	182,912,000	181,152,000
Louisiana	101,287,000	116,169,000	217,456,000	211,840,000
Maine	27,987,000	32,222,000	60,209,000	62,800,000
Maryland	107,215,000	122,959,000	230,174,000	229,791,000
Massachusetts	145,190,000	167,161,000	312,351,000	325,789,000
Michigan	216,300,000	247,891,000	464,191,000	459,725,000
Minnesota	102,500,000	117,470,000	219,970,000	217,854,000
Mississippi	63,063,000	76,229,000	139,292,000	135,381,000
Missouri	122,183,000	140,073,000	262,256,000	260,700,000
Montana	19,705,000	23,333,000	43,038,000	39,671,000
Nebraska	38,191,000	43,971,000	82,162,000	85,697,000
Nevada	35,639,000	43,208,000	78,847,000	77,217,000

State	Estimated Additional State Grants			
	H.R. 1			
	FY2009 ($)	FY2010 ($)	Total Appropriation FY2009 and FY2010 ($)	S. 336 Total Appropriation FY2009 ($)
New Hampshire	24,273,000	27,946,000	52,219,000	54,465,000
New Jersey	184,874,000	212,851,000	397,725,000	414,837,000
New Mexico	46,615,000	53,669,000	100,284,000	104,598,000
New York	388,267,000	447,023,000	835,290,000	871,228,000
North Carolina	166,943,000	202,403,000	369,346,000	361,711,000
North Dakota	14,099,000	17,093,000	31,192,000	29,009,000
Ohio	236,347,000	274,081,000	510,428,000	502,332,000
Oklahoma	79,096,000	92,780,000	171,876,000	168,980,000
Oregon	69,640,000	79,811,000	149,451,000	148,013,000
Pennsylvania	230,646,000	264,333,000	494,979,000	490,217,000
Puerto Rico	57,928,000	70,233,000	128,161,000	125,512,000
Rhode Island	22,367,000	25,751,000	48,118,000	50,188,000
South Carolina	92,643,000	108,146,000	200,789,000	199,084,000
South Dakota	16,795,000	20,362,000	37,157,000	36,389,000
Tennessee	121,475,000	147,277,000	268,752,000	252,807,000
Texas	502,108,000	608,757,000	1,110,865,000	1,059,518,000
Utah	56,039,000	67,942,000	123,981,000	121,419,000
Vermont	13,594,000	16,481,000	30,075,000	27,152,000
Virginia	152,088,000	174,301,000	326,389,000	323,250,000
Washington	119,518,000	137,206,000	256,724,000	254,023,000
West Virginia	38,843,000	44,722,000	83,565,000	87,160,000
Wisconsin	107,754,000	123,932,000	231,686,000	238,924,000
Wyoming	14,261,000	17,290,000	31,551,000	26,059,000
Total	**6,000,000,000**	**7,000,000,000**	**13,000,000,000**	**12,869,150,000**[a]

Source: Table prepared by CRS, January 30, 2009.

Notes: The increases in IDEA, Part B funding are assumed to be in addition to a FY2009 IDEA, Part B appropriation of $11,505,211,000 (per the House Subcommittee on Labor, Health and Human Services, and Education Appropriations). The FY2009 appropriation was also used in determining FY2010 grants under H.R. 1. Details may not add to totals due to rounding.

Notice: These are estimated grants only. These estimates are provided solely to assist in making comparisons of the relative impact of alternative formulas and funding levels as part of the legislative process. They are not intended to predict specific amounts states will receive. In addition to other limitations, much of the data that may be used to calculate final grants are not yet available.

a. Grants to states are subject to maximum allocation limits specified under IDEA at sec. 611(a)(2)(B) in accordance with S. 336, notwithstanding maximum allocation limits specified under IDEA at sec. 611(d)(3)(B)(iii). Estimates presented here have been calculated using the most currently available data.

Table A-5. Estimated Additional State Grants for Education of Homeless Children and Youth (McKinney-Vento Act) under H.R. 1 at an Appropriation Level of $66 Million and under S. 336 at an Appropriation Level of $70 Million

State	Estimated Additional State Grants			
	H.R. 1			
	FY2009 ($)	FY2010 ($)	Total Appropriation FY2009 and FY2010 ($)	S. 336 Total Appropriation FY2009 ($)
Alabama	508,000	508,000	1,016,000	1,102,000
Alaska	150,000	150,000	300,000	195,000
Arizona	608,000	608,000	1,216,000	1,317,000
Arkansas	344,000	344,000	688,000	746,000
California	3,877,000	3,877,000	7,754,000	8,403,000
Colorado	320,000	320,000	640,000	692,000
Connecticut	252,000	252,000	504,000	546,000
Delaware	150,000	150,000	300,000	193,000
District of Columbia	150,000	150,000	300,000	241,000
Florida	1,573,000	1,573,000	3,146,000	3,410,000
Georgia	1,047,000	1,047,000	2,094,000	2,269,000
Hawaii	150,000	150,000	300,000	230,000
Idaho	150,000	150,000	300,000	240,000
Illinois	1,291,000	1,291,000	2,582,000	2,797,000
Indiana	569,000	569,000	1,138,000	1,233,000
Iowa	169,000	169,000	338,000	366,000
Kansas	226,000	226,000	452,000	489,000
Kentucky	493,000	493,000	986,000	1,069,000
Louisiana	699,000	699,000	1,398,000	1,515,000
Maine	150,000	150,000	300,000	265,000
Maryland	444,000	444,000	888,000	961,000
Massachusetts	540,000	540,000	1,080,000	1,171,000
Michigan	1,241,000	1,241,000	2,482,000	2,690,000
Minnesota	297,000	297,000	594,000	643,000
Mississippi	436,000	436,000	872,000	945,000
Missouri	531,000	531,000	1,062,000	1,151,000
Montana	150,000	150,000	300,000	219,000
Nebraska	150,000	150,000	300,000	311,000
Nevada	194,000	194,000	388,000	420,000
New Hampshire	150,000	150,000	300,000	192,000

State	**Estimated Additional State Grants**			
	H.R. 1			
	FY2009 ($)	**FY2010 ($)**	**Total Appropriation FY2009 and FY2010 ($)**	**S. 336 Total Appropriation FY2009 ($)**
New Jersey	662,000	662,000	1,324,000	1,434,000
New Mexico	266,000	266,000	532,000	577,000
New York	2,764,000	2,764,000	5,528,000	5,990,000
North Carolina	858,000	858,000	1,716,000	1,859,000
North Dakota	150,000	150,000	300,000	173,000
Ohio	1,201,000	1,201,000	2,402,000	2,603,000
Oklahoma	352,000	352,000	704,000	764,000
Oregon	332,000	332,000	664,000	720,000
Pennsylvania	1,327,000	1,327,000	2,654,000	2,875,000
Puerto Rico	1,226,000	1,226,000	2,452,000	2,658,000
Rhode Island	150,000	150,000	300,000	259,000
South Carolina	489,000	489,000	978,000	1,060,000
South Dakota	150,000	150,000	300,000	209,000
Tennessee	574,000	574,000	1,148,000	1,244,000
Texas	3,020,000	3,020,000	6,040,000	6,545,000
Utah	150,000	150,000	300,000	303,000
Vermont	150,000	150,000	300,000	173,000
Virginia	539,000	539,000	1,078,000	1,169,000
Washington	447,000	447,000	894,000	969,000
West Virginia	234,000	234,000	468,000	508,000
Wisconsin	437,000	437,000	874,000	947,000
Wyoming	150,000	150,000	300,000	173,000
Subtotal states, DC, and Puerto Rico	32,637,000	32,637,000	65,274,000	69,230,000
Outlying areas and BIA	363,000	363,000	726,000	770,000
Total	**33,000,000**	**33,000,000**	**66,000,000**	**70,000,000**

Source: Table prepared by CRS, January 30, 2009.

Notes: Estimates are based on FY2008 grants under ESEA Title I, Part A, with no hold harmless applied. Under both H.R. 1 and S. 336, 1.1% was set-aside for the outlying areas and BIA. For H.R. 1, estimates are based on FY2008 grants under ESEA Title I-A with no hold harmless applied and a state minimum of $150,000. S. 336 provides that funds be allocated among the states on the basis of state-reported estimates of homeless students for the 2007-2008 school year. Data for that year are not yet available, so data for the 2006-2007 school year, the most recent year for which data are available, were used to calculated estimated grants.

Notice: These are estimated grants only. These estimates are provided solely to assist in comparisons of the relative impact of alternative formulas and funding levels in the legislative process. They are not intended to predict specific amounts that states will receive.

Table A-6. Estimated State Grants for School Modernization, Renovation, and Repair under H.R. 1 at an Appropriation Level of $14 Billion and under S. 336 at an Appropriation Level of $16 Billion

State	Estimated State Grant for Construction FY2009 ($)	
	H.R. 1 Total Appropriation FY2009($)	S. 336 Total Appropriation FY2009($)
Alabama	216,323,000	235,436,000
Alaska	39,236,000	77,575,000
Arizona	277,258,000	301,756,000
Arkansas	146,501,000	159,446,000
California	1,693,624,000	1,843,270,000
Colorado	136,267,000	148,308,000
Connecticut	117,211,000	127,568,000
Delaware	39,056,000	77,575,000
District of Columbia	48,127,000	77,575,000
Florida	654,876,000	712,739,000
Georgia	454,126,000	494,252,000
Hawaii	45,117,000	77,575,000
Idaho	46,936,000	77,575,000
Illinois	603,411,000	656,727,000
Indiana	248,023,000	269,938,000
Iowa	72,313,000	78,703,000
Kansas	94,595,000	102,953,000
Kentucky	209,489,000	227,999,000
Louisiana	297,724,000	324,031,000
Maine	52,432,000	77,575,000
Maryland	194,786,000	211,997,000
Massachusetts	236,189,000	257,058,000
Michigan	526,590,000	573,118,000
Minnesota	125,666,000	136,770,000
Mississippi	189,823,000	206,595,000
Missouri	227,618,000	247,730,000
Montana	44,064,000	77,575,000
Nebraska	60,839,000	77,575,000
Nevada	81,163,000	88,334,000
New Hampshire	38,427,000	77,575,000
New Jersey	289,948,000	315,567,000
New Mexico	114,687,000	124,821,000

State	Estimated State Grant for Construction FY2009 ($)	
	H.R. 1 Total Appropriation FY2009($)	**S. 336 Total Appropriation FY2009($)**
New York	1,233,988,000	1,343,020,000
North Carolina	363,695,000	395,830,000
North Dakota	33,957,000	77,575,000
Ohio	515,958,000	561,547,000
Oklahoma	149,861,000	163,103,000
Oregon	141,719,000	154,241,000
Pennsylvania	564,453,000	614,327,000
Puerto Rico	519,511,000	565,414,000
Rhode Island	53,911,000	77,575,000
South Carolina	208,717,000	227,159,000
South Dakota	40,676,000	77,575,000
Tennessee	242,353,000	263,767,000
Texas	1,315,800,000	1,432,061,000
Utah	61,076,000	77,575,000
Vermont	33,391,000	77,575,000
Virginia	228,537,000	248,730,000
Washington	191,432,000	208,347,000
West Virginia	100,962,000	109,883,000
Wisconsin	201,065,000	218,830,000
Wyoming	30,490,000	77,575,000
Subtotal for states, DC, and Puerto Rico	13,854,000,000	15,515,000,000
Outlying areas and BIA	140,000,000	160,000,000
Impact Aid Section 8007	0	320,000,000
Oversight by the Secretary	6,000,000	5,000,000
Total	**14,000,000,000**	**16,000,000,000**

Source: Table prepared by CRS, January 30, 2009.

Notes: Estimated state grants are based on total FY2008 Title I-A grants to LEAs with hold harmless applied. Under H.R. 1, a set-aside of 1% was reserved for the outlying areas and BIA and $6 million was reserved for oversight by the Secretary. Under S. 336, a set-aside of 1% was reserved for the outlying areas and BIA and a set-aside of 2% was reserved for Impact Aid Section 8007 grants. In addition, $5 million was reserved for oversight by the Secretary of Education. States received a minimum grant of 0.5%. Details may not add to totals due to rounding.

Notice: These are estimated grants only. These estimates are provided solely to assist in comparisons of the relative impact of alternative formulas and funding levels in the legislative process. They are not intended to predict specific amounts states will receive.

Table A-7. Estimated State Grants for Higher Education Modernization, Renovation, and Repair under H.R. 1 at an Appropriation Level of $6 Billion and under S. 366 at an Appropriation Level of $3.5 Billion

State	Estimated State Grant for Construction FY2009 ($)	
	H.R. 1 Total Appropriation FY2009($)	S. 336 Total Appropriation FY2009($)
Alabama	138,871,000	81,020,000
Alaska	9,121,000	5,322,000
Arizona	113,201,000	66,043,000
Arkansas	54,124,000	31,577,000
California	736,418,000	429,639,000
Colorado	90,650,000	52,887,000
Connecticut	58,380,000	34,060,000
Delaware	18,144,000	10,585,000
District of Columbia	21,998,000	12,834,000
Florida	306,202,000	178,643,000
Georgia	160,015,000	93,356,000
Hawaii	20,934,000	12,213,000
Idaho	28,839,000	16,825,000
Illinois	256,048,000	149,383,000
Indiana	132,109,000	77,075,000
Iowa	79,021,000	46,102,000
Kansas	67,616,000	39,448,000
Kentucky	77,102,000	44,982,000
Louisiana	85,227,000	49,723,000
Maine	22,577,000	13,172,000
Maryland	98,966,000	57,739,000
Massachusetts	145,576,000	84,931,000
Michigan	211,454,000	123,366,000
Minnesota	115,202,000	67,211,000
Mississippi	58,842,000	34,329,000
Missouri	116,561,000	68,003,000
Montana	19,204,000	11,204,000
Nebraska	43,657,000	25,470,000
Nevada	32,168,000	18,767,000
New Hampshire	24,021,000	14,014,000
New Jersey	129,733,000	75,688,000
New Mexico	39,619,000	23,114,000

State	**Estimated State Grant for Construction FY2009 ($)**	
	H.R. 1 Total Appropriation FY2009($)	**S. 336 Total Appropriation FY2009($)**
New York	398,806,000	232,670,000
North Carolina	187,457,000	109,365,000
North Dakota	18,872,000	11,011,000
Ohio	224,042,000	130,710,000
Oklahoma	77,780,000	45,378,000
Oregon	68,215,000	39,798,000
Pennsylvania	257,395,000	150,169,000
Puerto Rico	71,233,000	41,558,000
Rhode Island	31,375,000	18,305,000
South Carolina	82,697,000	48,247,000
South Dakota	17,463,000	10,188,000
Tennessee	105,243,000	61,400,000
Texas	408,415,000	238,276,000
Utah	73,257,000	42,739,000
Vermont	15,211,000	8,874,000
Virginia	146,938,000	85,726,000
Washington	124,909,000	72,874,000
West Virginia	40,272,000	23,496,000
Wisconsin	116,174,000	67,778,000
Wyoming	11,276,000	6,579,000
American Samoa	616,000	359,000
Fed. State Micronesia	1,053,000	614,000
Guam	1,957,000	1,142,000
Marshall Islands	328,000	191,000
Northern Mariana Islands	319,000	186,000
Palau	335,000	195,000
Virgin Islands	762,000	444,000
Administration	6,000,000	3,000,000
TOTAL	6,000,000,000	3,500,000,000

Source: Table prepared by CRS, January 30, 2009.

Notes: Estimated grants allocated in proportion to the number of FTE undergraduate students enrolled in public and private not-for-profit institutions in 2006-2007, as reported in the Integrated Postsecondary Education Data System (IPEDS) Fall 2007, 12-month enrollment component. Details may not add to totals due to rounding.

Notice: These are estimated grants only. These estimates are provided solely to assist in making comparisons of the relative impact of alternative formulas and funding levels as part of the legislative process. They are not intended to predict specific amounts states will receive. In addition to other limitations, much of the data that may be used to calculate final grants are not yet available.

Table A-8. Estimated State Grants for the State Fiscal Stabilization Fund under H.R. 1 and S. 336 at an Appropriation Level of $79 Billion

State	Estimated State Grants for Stabilization			
	H.R. 1			
	FY2009 ($)	FY2010 ($)	Total Appropriation FY2009 and FY2010 ($)	S. 336 Total Appropriation FY2009 ($)
Alabama	480,399,000	480,399,000	960,798,000	960,798,000
Alaska	76,079,000	76,079,000	152,158,000	152,158,000
Arizona	650,565,000	650,565,000	1,301,130,000	1,301,130,000
Arkansas	292,590,000	292,590,000	585,180,000	585,180,000
California	3,927,400,000	3,927,400,000	7,854,800,000	7,854,800,000
Colorado	495,058,000	495,058,000	990,116,000	990,116,000
Connecticut	359,097,000	359,097,000	718,194,000	718,194,000
Delaware	88,067,000	88,067,000	176,134,000	176,134,000
District of Columbia	59,065,000	59,065,000	118,130,000	118,130,000
Florida	1,773,400,000	1,773,400,000	3,546,800,000	3,546,800,000
Georgia	999,831,000	999,831,000	1,999,662,000	1,999,662,000
Hawaii	128,065,000	128,065,000	256,130,000	256,130,000
Idaho	159,665,000	159,665,000	319,330,000	319,330,000
Illinois	1,356,775,000	1,356,775,000	2,713,550,000	2,713,550,000
Indiana	664,619,000	664,619,000	1,329,238,000	1,329,238,000
Iowa	312,797,000	312,797,000	625,594,000	625,594,000
Kansas	295,624,000	295,624,000	591,248,000	591,248,000
Kentucky	430,924,000	430,924,000	861,848,000	861,848,000
Louisiana	472,468,000	472,468,000	944,936,000	944,936,000
Maine	129,432,000	129,432,000	258,864,000	258,864,000
Maryland	582,052,000	582,052,000	1,164,104,000	1,164,104,000
Massachusetts	657,444,000	657,444,000	1,314,888,000	1,314,888,000
Michigan	1,065,263,000	1,065,263,000	2,130,526,000	2,130,526,000
Minnesota	540,398,000	540,398,000	1,080,796,000	1,080,796,000
Mississippi	318,531,000	318,531,000	637,062,000	637,062,000
Missouri	608,519,000	608,519,000	1,217,038,000	1,217,038,000
Montana	98,266,000	98,266,000	196,532,000	196,532,000
Nebraska	188,884,000	188,884,000	377,768,000	377,768,000
Nevada	254,880,000	254,880,000	509,760,000	509,760,000
New Hampshire	133,583,000	133,583,000	267,166,000	267,166,000

State	Estimated State Grants for Stabilization			
	H.R. 1			
	FY2009 ($)	FY2010 ($)	Total Appropriation FY2009 and FY2010 ($)	S. 336 Total Appropriation FY2009 ($)
New Jersey	881,629,000	881,629,000	1,763,258,000	1,763,258,000
New Mexico	209,642,000	209,642,000	419,284,000	419,284,000
New York	1,995,929,000	1,995,929,000	3,991,858,000	3,991,858,000
North Carolina	919,198,000	919,198,000	1,838,396,000	1,838,396,000
North Dakota	69,461,000	69,461,000	138,922,000	138,922,000
Ohio	1,192,513,000	1,192,513,000	2,385,026,000	2,385,026,000
Oklahoma	380,870,000	380,870,000	761,740,000	761,740,000
Oregon	373,577,000	373,577,000	747,154,000	747,154,000
Pennsylvania	1,264,043,000	1,264,043,000	2,528,086,000	2,528,086,000
Puerto Rico	431,393,000	431,393,000	862,786,000	862,786,000
Rhode Island	110,301,000	110,301,000	220,602,000	220,602,000
South Carolina	452,547,000	452,547,000	905,094,000	905,094,000
South Dakota	83,998,000	83,998,000	167,996,000	167,996,000
Tennessee	620,620,000	620,620,000	1,241,240,000	1,241,240,000
Texas	2,569,771,000	2,569,771,000	5,139,542,000	5,139,542,000
Utah	308,721,000	308,721,000	617,442,000	617,442,000
Vermont	63,195,000	63,195,000	126,390,000	126,390,000
Virginia	792,261,000	792,261,000	1,584,522,000	1,584,522,000
Washington	657,893,000	657,893,000	1,315,786,000	1,315,786,000
West Virginia	177,383,000	177,383,000	354,766,000	354,766,000
Wisconsin	581,098,000	581,098,000	1,162,196,000	1,162,196,000
Wyoming	54,211,000	54,211,000	108,422,000	108,422,000
Subtotal to states, DC, and Puerto Rico	31,790,000,000	31,790,000,000	63,580,000,000	63,580,000,000
Outlying areas	197,500,000	197,500,000	395,000,000	395,000,000
Administration and oversight	12,500,000	12,500,000	25,000,000	25,000,000
Secretary's reservation for additional programs	7,500,000,000	7,500,000,000	15,000,000,000	15,000,000,000
Total	**39,500,000,000**	**39,500,000,000**	**79,000,000,000**	**79,000,000,000**

Source: Table prepared by CRS, January 30, 2009, based on U.S. Census Bureau, 2007 American Community Survey (ACS) data.

Notes: For each fiscal year, 0.5% was reserved for the outlying areas. Details may not add to totals due to rounding.

Notice: These are estimated grants only. These estimates are provided solely to assist in comparisons of the relative impact of alternative formulas and funding levels in the legislative process. They are not intended to predict specific amounts states will receive.

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