



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

July 10, 2013

H.R. 5 **Student Success Act**

*As ordered reported by the House Committee on Education and the Workforce
on June 19, 2013*

SUMMARY

H.R. 5 would amend and reauthorize the Elementary and Secondary Education Act of 1965 (the ESEA, commonly referred to, in its most recently reauthorized form, as No Child Left Behind). The underlying authorizations for those programs have expired, although most have received appropriations since their authorizations have expired. This bill would authorize funding through fiscal year 2019 for various grant programs; those authorizations would automatically be extended one year, through 2020, under the General Education Provisions Act. The bill also would amend and reauthorize the McKinney-Vento Homeless Assistance Act, which authorizes grants to assist in the education of homeless children.

CBO estimates that H.R. 5 would authorize the appropriation of \$22.9 billion in 2014 and \$114.3 billion over the 2014-2018 period. Implementing the bill would have discretionary costs of \$85.6 billion over the 2014-2018 period, assuming appropriation of the estimated amounts.

Enacting the bill would have no effect on direct spending or revenues; therefore, pay-as-you-go procedures do not apply.

H.R. 5 contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

ESTIMATED COST TO THE FEDERAL GOVERNMENT

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

	By Fiscal Year, in Millions of Dollars					2014- 2018
	2014	2015	2016	2017	2018	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Title I: Aid to Local Educational Agencies						
Authorization Level	16,655	16,655	16,655	16,655	16,655	83,274
Estimated Outlays	333	12,991	15,989	16,655	16,655	62,622
Title II: Teacher Preparation and Effectiveness						
Authorization Level	2,442	2,442	2,442	2,442	2,442	12,210
Estimated Outlays	73	1,172	2,027	2,442	2,442	8,156
Title III: Parental Engagement and Local Flexibility						
Authorization Level	2,472	2,472	2,472	2,472	2,472	12,362
Estimated Outlays	49	1,483	2,225	2,472	2,472	8,702
Title IV: Impact Aid						
Authorization Level	1,223	1,223	1,223	1,223	1,223	6,113
Estimated Outlays	1,087	1,116	1,220	1,223	1,223	5,869
Title V: General Provisions						
Estimated Authorization Level	-2	-2	-2	-2	-2	-10
Estimated Outlays	-2	-2	-2	-2	-2	-10
Title VII: Homeless Education						
Authorization Level	62	62	62	62	62	310
Estimated Outlays	1	48	59	62	62	232
Total Changes						
Estimated Authorization Level	22,852	22,852	22,852	22,852	22,852	114,258
Estimated Outlays	1,542	16,808	21,518	22,852	22,852	85,572

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

Components may not sum to totals because of rounding.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted near the start of fiscal year 2014, the estimated amounts will be appropriated for each year, and that spending will follow historical patterns for the affected programs.

CBO estimates that H.R. 5 would authorize the appropriation of \$22.9 billion in fiscal year 2014 and \$114.3 billion over the 2014-2018 period. Implementing the provisions in the bill would cost about \$85.6 billion over the 2014-2018 period and an additional \$52 billion after 2018, assuming appropriation of the estimated amounts. The Congress appropriated about \$24 billion for activities authorized in the ESEA for fiscal year 2013. Sequestration under the Budget Control Act of 2011 reduced that total to about \$23 billion.

Title I of ESEA—Aid to Local Educational Agencies

Title I of H.R. 5 would replace Title I of the current ESEA. The bill would authorize the appropriation of \$16.7 billion for each of fiscal years 2014 through 2019 for activities in part A and \$3 million for activities in part B. (Part A of title I would authorize grants for rural school districts and those with high proportions of low-income students, as well as funding for the education of Native Americans, children of migrant workers and other at-risk children, and students learning English; part B would authorize assessments of the effectiveness of title I.) CBO estimates that implementing title I would cost about \$62.6 billion over the 2014-2018 period, subject to appropriation of the authorized amounts.

Specifically, the funding authorized by H.R. 5 would support programs in six new subparts in part A and the assessments under part B.

- **Improving Basic Programs Operated by Local Educational Agencies (part A, subpart 1).** The bill would amend provisions governing grants to local educational agencies, reauthorize funding for those grants, and reserve about 91 percent of all the funding provided for part A for those grants (approximately \$15.2 billion in each fiscal year). CBO estimates that implementing this provision would cost about \$57.0 billion over the 2014-2018 period. The Congress appropriated about \$14.5 billion for similar activities in fiscal year 2013, an amount that was reduced to \$13.8 billion by sequestration.
- **Education of Migratory Children (part A, subpart 2).** H.R. 5 would make changes to programs that support the education of children of migrant workers. The bill would reserve about 2.4 percent of the funding for all of part A for those programs (approximately \$400 million). CBO estimates that implementing this provision would cost about \$1.5 billion over the 2014-2018 period. The Congress appropriated about \$395 million for similar activities in fiscal year 2013, an amount that was reduced by about \$20 million by sequestration.

- **Prevention and Intervention Programs for Children and Youth Who Are Neglected, Delinquent, or At-Risk (part A, subpart 3).** The bill would reauthorize programs that support the education of delinquent and at-risk children and reserve approximately 0.3 percent (about \$50 million) of funding for part A for those activities. CBO estimates that implementing this provision would cost almost \$200 million over the 2014-2018 period. Available funding totaled almost \$50 million for at-risk children for fiscal year 2013.
- **English Language Acquisition, Language Enhancement, and Academic Achievement (part A, subpart 4).** The bill would modify the programs that provide support for teaching the English language to recent immigrants and other nonnative speakers under Title III of the ESEA. The bill would reserve 4.4 percent of funding for part A for these activities for each fiscal year (about \$730 million). CBO estimates that implementing this provision would cost about \$2.8 billion over the 2014-2018 period. The Congress appropriated about \$730 million for similar activities in fiscal year 2013, an amount that was reduced to a little less than \$700 million by sequestration.
- **Rural Education Achievement Program (part A, subpart 5).** H.R. 5 would modify and reauthorize the rural education achievement programs, which provide grants to assist rural school districts in improving teaching and learning outcomes. Those programs were authorized under Title VI of the ESEA. The bill would reserve about 1.1 percent (\$180 million) of the total amount provided for part A for those programs. CBO estimates that implementing this provision would cost almost \$700 million over the 2014-2018 period. The Congress appropriated about \$180 million for similar activities in fiscal year 2013, an amount that was reduced by about \$10 million by sequestration.
- **Indian Education (part A, subpart 6).** The bill would reauthorize and modify grant programs for Native Americans under Title VII of the ESEA. The bill would reserve approximately 0.8 percent (about \$130 million) of all funds available for part A. CBO estimates that implementing this provision would cost almost \$500 million over the 2014-2018 period. Available funding for those grants totaled about \$130 million in fiscal year 2013.
- **National Assessments (part B).** H.R. 5 would modify and reauthorize the programs designed to assess the effectiveness of title I, under Part E of Title I in the ESEA. The bill would transfer those programs to part B and authorize the appropriation of \$3 million for each of fiscal year 2014 through 2019. CBO estimates that implementing this provision would cost about \$10 million over the 2014-2018 period, assuming the appropriation of the estimated amounts. Available funding for evaluations under title I totaled about \$3 million in fiscal year 2013.

Title II of ESEA—Teacher Preparation and Effectiveness

H.R. 5 would modify the grant programs designed to support teacher training and improvement under Title II of the ESEA and authorize the appropriation of \$2.4 billion for such programs for each of fiscal years 2014 to 2019. The bill would reserve 75 percent of this total each year (about \$1.8 billion) for state grants. H.R. 5 also would replace the current Math and Science Partnership program with the Teacher and School Leader Flexible Grant program and reserve 25 percent of funding for this title each year for those activities (about \$600 million). CBO estimates that implementing this title would cost about \$8.2 billion over the 2014-2018 period. In fiscal year 2013, the Congress appropriated about \$2.5 billion for state grants and about \$150 million for math and science partnerships. Sequestration in 2013 reduced those totals to about \$2.3 billion and \$140 million, respectively.

Title III of ESEA—Parental Engagement and Local Flexibility

H.R. 5 would modify the charter and magnet school programs under Title V of the ESEA and transfer them to Title III of the ESEA. It also would authorize two grant programs designed to encourage parental engagement in their children's education and authorize additional funding to support supplemental learning activities for students. The bill would authorize the appropriation of about \$2.5 billion for each of fiscal years 2014 through 2019. Assuming the appropriation of the specified amounts, CBO estimates that implementing those provisions would cost \$8.7 billion over the 2014-2018 period.

Specifically, the title would authorize the following activities:

- **Charter School Program (part A, subpart 1).** H.R. 5 would modify the Charter School Program and the Credit Enhancement for Charter School Initiatives and would authorize the appropriation of \$300 million for each of fiscal years 2014 to 2019. CBO estimates that implementing this provision would cost \$1.1 billion over the 2014-2018 period. In 2013, the Congress appropriated about \$255 million for the Charter School Program, an amount that was reduced by about \$15 million by sequestration (no funding was provided for Credit Enhancement for Charter School Initiatives).
- **Magnet School Assistance (part A, subpart 2).** H.R. 5 would modify the Magnet School Program and would authorize the appropriation of \$92 million for each of fiscal years 2014 through 2019. CBO estimates that implementing this provision would cost about \$300 million over the 2014-2018 period, assuming appropriation of the specified amounts. The Congress appropriated \$95 million for charter schools in 2013, and sequestration reduced that total by about \$5 million.

- **Family Engagement for Education Programs (part A, subpart 3).** The bill also would authorize the appropriation of \$25 million each of fiscal years 2014 to 2019 for the Family Engagement in Education Program, which would be similar to the Parental Assistance and Local Family Information Centers in Title V of ESEA. CBO estimates that implementing this provision would cost about \$90 million over the 2014-2018 period. No funding was provided for Parental Assistance and Local Family Information Centers in fiscal year 2013.
- **Local Academic Flexible Grants (part B).** Finally, H.R. 5 would authorize a new grant program that would provide funds to school districts to develop supplemental student activities, such as before- or after-school learning, and additional activities that support students, such as adjunct teacher programs and academic-subject-specific programs. The bill would authorize the appropriation of \$2.1 billion for each of fiscal years 2014 through 2019. CBO estimates that implementing this program would cost \$7.2 billion over the 2014-2018 period, assuming appropriation of the specified amounts.

Title IV of ESEA—Impact Aid

Title IV of the bill would amend the impact aid programs (under Title VIII of the ESEA) that provide funding to assist local education agencies (LEAs) affected by the activities of the federal government, such as those on a military base or Indian reservation. The bill would authorize the appropriation of approximately \$1.2 billion in each of fiscal years 2014 through 2019. CBO estimates that implementing this title would result in discretionary costs of \$5.9 billion over the 2014-2018 period, assuming the appropriation of the authorized amounts. The bulk of that spending (about \$5.5 billion), would be for basic support payments to LEAs to assist in the education of children in federally connected areas. The other \$400 million would be used to construct and maintain schools that educate children in federally connected areas. The Congress appropriated almost \$1.3 billion for impact aid in 2013, and a little more than \$1.2 billion was available for funding after sequestration.

Title V of ESEA—General Provisions for the Act

Title V of the bill would amend the general provisions specified under current law in Title IX of the ESEA and transfer them to title V. The bill would require that, within one year of enactment, the Department of Education reduce its workforce by the number of full-time-equivalent (FTE) employees who work in or administer programs that would be eliminated by this bill. CBO estimates that implementing title V would reduce the numbers of FTE employees by between 15 and 20 each year and would reduce discretionary spending by \$10 million over the 2014-2018 period, assuming appropriation actions consistent with the bill.

McKinney-Vento Homeless Assistance

Title VI would reauthorize the McKinney-Vento Homeless Assistance Act, which authorizes grants to states to assist in the education of homeless children. The bill would authorize the appropriation of \$62 million for each of fiscal years 2014 through 2019. CBO estimates that implementing this title would cost about \$230 million over the 2014-2018 period, assuming the appropriation of the specified amounts. The Congress appropriated about \$65 million for the education of homeless children in fiscal year 2013, an amount reduced by \$3 million by sequestration.

PAY-AS-YOU-GO CONSIDERATIONS: None.

INTERGOVERNMENTAL AND PRIVATE-SECTOR IMPACT

H.R. 5 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. Those governments would benefit from grants authorized in the bill for elementary and secondary education. Any costs associated with those grants would be incurred voluntarily as a result of complying with federal assistance.

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