



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

March 21, 2012

H.R. 3990 **Encouraging Innovation and Effective Teachers Act**

*As ordered reported by the House Committee on Education and the Workforce
on February 28, 2012*

SUMMARY

H.R. 3990 would amend and reauthorize several titles of the Elementary and Secondary Education Act of 1965 (the ESEA, commonly referred to, in its most recently authorized form, as No Child Left Behind). The underlying authorizations for those programs have expired, although such programs have received annual appropriations since their authorizations have expired. This bill would authorize funding through fiscal year 2018 for various activities, including support for teacher preparation and magnet and charter schools, as well as assistance to school districts affected by activities of the federal government (such as those on a military base). These authorizations would automatically be extended one year through 2019, under the General Education Provisions Act. H.R. 3990 also would reauthorize funding for the McKinney-Vento Homeless Assistance Act.

CBO estimates that H.R. 3990 would authorize the appropriation of \$7.5 billion in 2013 and \$38.6 billion over the 2013-2017 period. CBO projects that implementing the bill would have discretionary costs of \$28.1 billion over the 2013-2017 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 would not apply.

H.R. 3989 (the Student Success Act), also ordered reported by the House Committee on Education and the Workforce on February 28, 2012, would amend and reauthorize additional sections of the ESEA. Together, CBO estimates that H.R. 3989 and H.R. 3990 would authorize the appropriation of approximately \$24 billion for fiscal year 2013. The Congress appropriated a little more than \$24 billion for activities authorized in the ESEA for fiscal year 2012. (More detailed analysis of H.R. 3989 is included in a separate cost estimate.)

H.R. 3990 contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

The bill would impose a private-sector mandate, as defined in UMRA, on parents and guardians of unaccompanied youth who enroll in school without their consent by shielding schools from liability for that enrollment. CBO expects that the costs of the mandate would not exceed the annual threshold established in UMRA for private-sector mandates (\$146 million in 2012, adjusted annually for inflation).

ESTIMATED COST TO THE FEDERAL GOVERNMENT

The estimated budgetary impact of H.R. 3990 is shown in the following table. The costs of this legislation fall within budget functions 050 (national defense) and 500 (education, training, employment, and social services).

	By Fiscal Year, in Millions of Dollars					2013- 2017
	2013	2014	2015	2016	2017	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Title II—Teacher Preparation and Effectiveness						
Estimated Authorization Level	2,988	3,031	3,077	3,130	3,193	15,419
Estimated Outlays	60	1,794	2,716	3,055	3,105	10,730
Title III—Parental Engagement and Local Flexibility						
Estimated Authorization Level	3,102	3,147	3,194	3,250	3,315	16,007
Estimated Outlays	155	1,553	2,662	3,167	3,218	10,754
Title IV—Impact Aid						
Estimated Authorization Level	1,294	1,313	1,333	1,356	1,383	6,678
Estimated Outlays	1,091	1,158	1,314	1,350	1,376	6,288
Troops to Teachers Program						
Estimated Authorization Level	25	25	25	25	25	125
Estimated Outlays	1	15	23	25	25	88
Homeless Education						
Estimated Authorization Level	65	66	67	68	70	336
Estimated Outlays	1	39	59	67	68	234
Total Changes						
Estimated Authorization Level	7,474	7,583	7,695	7,829	7,985	38,566
Estimated Outlays	1,308	4,559	6,774	7,663	7,792	28,095

Notes: Some programs received advance appropriations for fiscal year 2013. CBO does not reflect advance appropriations in its estimates.

Components may not sum to totals because of rounding.

BASIS OF ESTIMATE

For this estimate, CBO assumes that the bill will be enacted by October 1, 2012, that the estimated amounts will be appropriated for each year, and that spending will follow historical patterns.

CBO estimates that H.R. 3990 would authorize the appropriation of \$7.5 billion in 2013 and \$38.6 billion over the 2013-2017 period. Assuming appropriation of the estimated amounts, implementing the provisions in the bill would cost \$28.1 billion over the 2013-2017 period.

Title II of ESEA—Teacher Preparation and Effectiveness

Title I of H.R. 3990 would reauthorize the grant programs designed to support teacher training and improvement under title II of the ESEA. Part A would amend the current state grant program and part B would replace the current Math and Science Partnership program with the Teacher and School Leader Flexible Grant program. The bill would authorize \$3.0 billion for fiscal year 2013 and adjust that total by inflation for each year through fiscal year 2018. CBO estimates that the bill would authorize the appropriation of \$15.4 billion over the 2013-2017 period and that implementing this title would cost \$10.7 billion over the same period, assuming appropriation of the estimated amounts. In fiscal year 2012, the Congress appropriated about \$2.5 billion for state grants and \$150 million for math and science partnerships.

Title III of ESEA—Parental Engagement and Local Flexibility

Title II of H.R. 3990 would amend the charter and magnet school programs currently authorized under title V of the ESEA and transfer them to title III of the ESEA. It also would create two new grant programs to encourage parental engagement in their children's education and provide additional funding to support supplemental learning activities for students. The bill would authorize the appropriation of \$3.1 billion for fiscal year 2013 to fund those programs and activities with adjustments for inflation to those totals for each fiscal year through 2018. Assuming appropriation of the estimated amounts, CBO estimates that implementing those provisions would cost \$10.8 billion over the 2013-2017 period.

Part A—Parental Engagement. The bill would authorize the appropriation of about \$2.2 billion over the 2013-2017 period for programs that provide funds to states and localities for charter and magnet schools and the newly created program for family engagement in education.

- Subpart 1—Charter School Program. H.R. 3990 would amend the Charter School Program and the Credit Enhancement for Charter School Initiatives and would

authorize the appropriation of \$300 million for fiscal year 2013 and adjust those amounts by inflation for each year through 2018. CBO estimates that H.R. 3990 would authorize the appropriation of \$1.5 billion over the 2013-2017 period and that implementing this provision would cost \$1.0 billion over the same period. In 2012, \$255 million was appropriated for the Charter School Program (no funding was provided for Credit Enhancement for Charter School Initiatives).

- Subpart 2—Magnet School Assistance. H.R. 3990 would amend the Magnet School Program and would authorize the appropriation of \$100 million for fiscal year 2013 with adjustments for inflation for each year through 2018. CBO estimates that H.R. 3990 would authorize the appropriation of about \$500 million over the 2013-2017 period and that implementing this provision would cost about \$300 million over the same period, assuming appropriation of the estimated amounts. The Congress appropriated \$100 million for charter schools in 2012.
- Subpart 3—Family Engagement in Education Programs. The bill would create a new program to encourage greater parental involvement and engagement in their children’s schools and education. The bill would authorize the appropriation of \$25 million for fiscal year 2013 and increase those amounts by inflation for each year through 2018. CBO estimates that H.R. 3990 would authorize the appropriation of about \$130 million over the 2013-2017 period and that implementing this provision would cost about \$90 million over the same period.

Part B—Local Academic Flexible Grants. Title II of H.R. 3990 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 \$2.7 billion for fiscal year 2013 with adjustments for inflation for each year through 2018. CBO estimates that implementing this new program would cost \$9.3 billion over the 2013-2017 period, assuming appropriation of the estimated amounts.

Title IV of ESEA—Impact Aid

Title III of H.R. 3990 would amend the impact aid programs (currently authorized under title VIII of the ESEA). The impact aid programs 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 approximately \$1.3 billion in fiscal year 2013 and adjust that total for inflation for each fiscal year through 2018. CBO estimates that the bill would authorize the appropriation of \$6.7 billion over the 2013-2017 period and that fully funding this title would result in discretionary costs of \$6.3 billion over the 2013-2017 period, assuming the appropriation of the authorized amounts. The bulk of that spending (about \$6.0 billion), would be for

basic support payments to LEAs to assist in the education of children in federally connected areas. The additional \$300 million would be used to construct and maintain schools that educate children in federally connected areas. Impact aid programs received appropriations of approximately \$1.3 billion in fiscal year 2012.

Troops to Teachers

Title IV of H.R. 3990 would permanently reauthorize the Troops to Teachers program and move it under the auspices of the Department of Defense.¹ CBO estimates that reauthorizing the Troops to Teachers program, which assists members of the armed forces in obtaining their teaching certification or license and with placement in schools, would have discretionary costs of about \$88 million over the 2013-2017 period, assuming appropriation of the estimated amounts.

McKinney-Vento Homeless Assistance

Title VI of H.R. 3990 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 \$65 million for fiscal year 2013 with adjustments for inflation for each year through 2018. CBO estimates that this title would authorize the appropriation of about \$340 million and have discretionary costs of about \$230 million for the 2013-2017 period, assuming the appropriation of the necessary amounts. Support for the education of homeless children totaled \$65 million for fiscal year 2012.

PAY-AS-YOU-GO CONSIDERATIONS: None.

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

H.R. 3990 contains no intergovernmental mandates as defined in UMRA and would impose no costs on state, local, or tribal governments. Those governments would benefit from grants authorized in the bill for elementary and secondary education. Any costs associated with those grants would be incurred voluntarily as a result of complying with conditions of federal assistance.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

H.R. 3990 would shield schools from liability that might result from enrolling unaccompanied youth without parental or guardian consent. The bill would impose a

1. Funding for the Troops to Teachers program for fiscal years 2011 and 2012 was appropriated for the Department of Defense rather than the Department of Education.

private-sector mandate, as defined in UMRA, on parents and guardians of unaccompanied youth to the extent that they would be denied an existing right to compensation. However, such claims are very rare, and no damages have been awarded for such claims in the past 10 years. Therefore, CBO expects that the costs of the mandate would not exceed the annual threshold established in UMRA for private-sector mandates (\$146 million in 2012, adjusted annually for inflation).

PREVIOUS CBO ESTIMATES

On January 4, 2012, CBO transmitted a cost estimate for the Elementary and Secondary Education Reauthorization Act of 2011, as ordered reported by the Senate Committee on Health, Education, Labor, and Pensions on October 20, 2011. CBO estimated that the bill, which also reauthorized the ESEA, would authorize the appropriation of \$25.9 billion for fiscal year 2013.

On March 15, 2012, CBO transmitted a revised estimate of the Elementary and Secondary Education Reauthorization Act of 2011 that supersedes the cost estimate transmitted on January 4, 2012. CBO updated the estimate to reflect the private-sector mandate that was omitted in the initial estimate. The estimated costs of implementing the bill remain unchanged.

On March 21, 2012, CBO transmitted a cost estimate for H.R. 3989, the Student Success Act, as ordered report by the House Committee on Education and the Workforce on February 28, 2012. CBO estimated that H.R. 3989, which would amend and reauthorize sections of the ESEA in addition to those that would be amended by H.R. 3990, would authorize the appropriation of \$85.9 billion over the 2013-2017 period.

ESTIMATED PREPARED BY:

Federal Costs: Justin Humphrey
Impact on State, Local, and Tribal Governments: J'nell Blanco
Impact on the Private Sector: Jimmy Jin and Michael Levine

ESTIMATE APPROVED BY:

Peter H. Fontaine
Assistant Director for Budget Analysis