



CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

Revised March 15, 2012

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*

SUMMARY

The bill would amend and reauthorize most programs in the Elementary and Secondary Education Act of 1965 (the ESEA, commonly referred to, in its most recently reauthorized form, as No Child Left Behind). The underlying authorizations for all of those programs have expired, although most have been reauthorized annually through appropriations legislation. For almost all of the programs, the bill would authorize the appropriation of such sums as may be necessary for fiscal years 2012 through 2016. (These authorizations would automatically be extended one year through 2017, under the General Education Provisions Act.) The bill also would amend and reauthorize the McKinney-Vento Homeless Assistance Act.

CBO estimates that implementing the bill would have discretionary costs of \$97.0 billion over the 2012-2016 period, assuming the appropriation of the necessary amounts. Those costs reflect spending from newly authorized funding of \$25.6 billion in 2012, rising to \$26.5 billion in 2016. The Congress recently cleared the Consolidated Appropriations Act, 2012, however, including funding totaling about \$25 billion in the current year for activities similar to those that would be authorized by this bill. Thus, implementing the bill would require only small additional funding for the current year.

Enacting the bill also would increase direct spending by \$8 million over the 2012-2021 period; therefore, pay-as-you-go procedures apply. Enacting the bill would not affect revenues.

The bill contains no intergovernmental mandates as defined in the Unfunded Mandates Reform Act (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.

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

ESTIMATED COST TO THE FEDERAL GOVERNMENT

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

	By Fiscal Year, in Millions of Dollars					2012- 2016
	2012	2013	2014	2015	2016	
CHANGES IN DIRECT SPENDING^a						
Federal Student Loan and TEACH Grant Programs						
Estimated Budget Authority	1	*	*	1	1	3
Estimated Outlays	1	*	*	1	1	3
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Title I: Improving the Academic Achievement of the Disadvantaged						
Estimated Authorization Level	16,121	16,360	16,380	16,417	16,469	81,746
Estimated Outlays	322	12,579	15,663	16,367	16,409	61,339
Title II: Supporting Excellent Teachers and Principals						
Estimated Authorization Level	3,206	3,253	3,300	3,350	3,407	16,517
Estimated Outlays	64	1,924	2,915	3,278	3,327	11,508
Title III: Language Instruction for English Learners and Immigrant Students						
Estimated Authorization Level	743	754	765	777	790	3,831
Estimated Outlays	7	468	698	731	742	2,647
Title IV: Supporting Successful, Well-Rounded Students						
Estimated Authorization Level	2,384	2,419	2,455	2,492	2,535	12,284
Estimated Outlays	48	1,431	2,167	2,438	2,474	8,558

(Continued)

Table Continued

	By Fiscal Year, in Millions of Dollars					2012-
	2012	2013	2014	2015	2016	2016
Title V: Promoting Innovation						
Estimated Authorization Level	1,273	1,292	1,311	1,331	1,353	6,559
Estimated Outlays	13	802	1,196	1,252	1,271	4,533
Title VI: Promoting Flexibility; Rural Education						
Estimated Authorization Level	177	179	182	185	188	910
Estimated Outlays	4	106	161	181	183	634
Title VII: Indian, Native Hawaiian, and Alaska Native Education						
Estimated Authorization Level	254	257	261	265	270	1,307
Estimated Outlays	5	223	247	256	260	990
Title VIII: Impact Aid						
Estimated Authorization Level	1,289	1,308	1,328	1,348	1,371	6,644
Estimated Outlays	1,160	1,203	1,324	1,344	1,367	6,399
Title X: Committee on Effective Regulation and Assessments of Systems for Public Schools						
Estimated Authorization Level	1	1	1	1	1	5
Estimated Outlays	*	1	1	1	1	4
Title XI: Amendments to Other Laws; Miscellaneous Provisions						
Estimated Authorization Level	120	121	123	125	127	616
Estimated Outlays	2	72	109	122	124	429
Total Increase in Discretionary Spending						
Estimated Authorization Level	25,567	25,945	26,106	26,291	26,511	130,420
Estimated Outlays	1,626	18,810	24,480	25,968	26,158	97,042

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

* = less than \$500,000.

a. CBO estimates that enacting the bill would increase direct spending by \$8 million over the 2012-2021 period.

BASIS OF ESTIMATE

Unless otherwise noted, the bill would authorize the appropriation of such sums as may be necessary for each of fiscal years 2012 through 2016 for programs discussed below.

(Those authorizations would automatically be extended one year, through 2017, under the General Education Provisions Act.) Estimated authorization levels are based on the funding levels for 2011 for the same or similar programs or, for some new programs, the level of funding proposed in the President’s fiscal year 2012 budget request. For this estimate, CBO assumes that the bill will be enacted in the spring of 2012, that Congress will appropriate the estimated amounts, and that spending will follow historical patterns.

Direct Spending

The bill would amend the definition of a highly qualified teacher and the measurement used to determine the level of poverty in school districts. The Department of Education uses both of those definitions to determine eligibility for both forgiveness of federal student loan debt for teachers and the TEACH Grant program. Expanding those definitions would increase eligibility for both programs. CBO estimates that those changes would increase direct spending by a negligible amount in the TEACH Grant program and by \$8 million in the federal student loan programs over the 2012-2021 period.

Spending Subject to Appropriation

On the basis of appropriations provided in 2011 for existing programs and requested funding proposed by the President for new programs, CBO estimates that fully funding authorizations in this bill would require appropriations of approximately \$25.6 billion to \$26.5 billion a year over the period of authorization (2012-2017). In comparison, funding for existing or similar activities in 2011 and 2012 totaled more than \$25 billion in each year. As a result, most of the funding that the bill would authorize for fiscal year 2012 has already been appropriated in the Consolidated Appropriations Act, 2012.

Title I—Improving the Academic Achievement of the Disadvantaged. Title I of the bill would reauthorize funding for most programs in title I of the Elementary and Secondary Education Act as well as create new grant programs designed to support secondary school reform. CBO estimates that implementing this title would require \$16.1 billion in funding for fiscal year 2012 and would lead to discretionary costs of \$61.3 billion over the 2012-2016 period, assuming the appropriation of the estimated amounts. The bill would authorize the appropriation of the following amounts:

- *Part A—Improving Basic Programs Operated by Local Educational Agencies.* Part A would reauthorize funding for grants to local education agencies, school improvement grants, various assessments of education progress, and administrative support. CBO estimates the authorization of appropriations would total \$15.6 billion for all of Part A and about \$14.5 billion for grants to local educational agencies in fiscal year 2012 and similar amounts (with adjustments for anticipated inflation) in subsequent years. Implementing those provisions would

cost \$59.3 billion over the 2012-2016 period. The bulk of the spending, \$55.1 billion, would be for grants to local education agencies. Funding for grants for local education agencies totaled about \$14.5 billion in fiscal years 2011 and 2012.

- *Part B—Pathways to College.* Part B would create a new set of grant programs to encourage school districts to implement strategies in secondary schools to prepare students for colleges and careers. The bill also would expand the program that currently supports grants to Advanced Placement programs to include International Baccalaureate programs. CBO estimates that this part would authorize the appropriation of almost \$90 million for fiscal year 2012 and additional amounts in subsequent years. We estimate that implementing those provisions would cost about \$300 million over the 2012-2016 period.
- *Part C—Education of Migratory Children.* Part C would make changes to programs that support the education of children of migrant workers. CBO estimates the bill would authorize the appropriation of almost \$400 million in fiscal year 2012, leading to estimated discretionary spending of \$1.5 billion over the 2012-2016 period. Funding for the education of children of migrants totaled almost \$400 million in fiscal years 2011 and 2012.
- *Part D—Prevention and Intervention Programs for Children and Youth Who Are Neglected, Delinquent, or At-Risk.* Part D would reauthorize programs that support the education of at-risk children. CBO estimates the bill would authorize the appropriation of approximately \$50 million in fiscal year 2012. Implementing Part D would cost about \$200 million over the 2012-2016 period. Funding totaled almost \$50 million for at-risk children for fiscal years 2011 and 2012.
- *Part E—Educational Stability of Children in Foster Care.* Part E would require that state education agencies that receive funding under this title coordinate with the responsible agencies when children in foster care programs move to different school attendance areas. CBO estimates that Part E would have no impact on federal spending.

Title II—Supporting Excellent Teachers and Principals. Title II would reauthorize grant programs designed to support teacher training and improvement. CBO estimates that the bill would authorize the appropriation of \$3.2 billion for those activities in fiscal year 2012 and \$16.5 billion over the 2012-2016 period. We estimate that fully funding those activities would cost \$11.5 billion over the 2012-2016 period, assuming the appropriation of the estimated amounts.

- *Part A—Continuous Improvement and Support for Teachers and Principals.* Part A would reauthorize the state grant program for improving teacher quality. CBO estimates the bill would authorize the appropriation of \$2.5 billion for those grants for fiscal year 2012, and that outlays would total \$9.0 billion over the 2012-2016 period. Funding for those grants totaled about \$2.5 billion in fiscal years 2011 and 2012.
- *Part B—Teacher Pathways to the Classroom.* Under Part B, the bill would authorize funding for grants between partnerships of institutions of higher education and state or local education agencies to support the recruitment and retention of teachers in high-need subjects at high-need schools. Those new grants would replace an existing program that provides grants specifically for mathematics and science partnerships, which received \$175 million in funding for fiscal year 2011. CBO estimates this provision would have discretionary costs of more than \$600 million over the 2012-2016 period.
- *Part C—Teacher Incentive Fund Program.* Part C would reauthorize the Teacher Incentive Fund, which supports grants to local educational agencies and other organizations to develop and implement performance-based teacher and principal compensation systems in high-need schools.¹ CBO estimates that this provision would authorize the appropriation of about \$400 million for fiscal year 2012 and have discretionary costs of \$1.5 billion over the 2012-2016 period. The Teacher Incentive Fund received almost \$400 million in fiscal year 2011 and \$300 million in fiscal year 2012.
- *Part D—Achievement Through Technology and Innovation.* Additionally, Part D would revise the current formula grants for the Enhancing Education Through Technology program with competitive and formula grants to improve teaching and learning through technology. CBO estimates that implementing this provision would cost about \$400 million over the 2012-2016 period. No funding was provided for Part D in fiscal year 2011. In fiscal year 2010, education technology programs included under Part D of this legislation received \$100 million.

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

- *Additional Changes.* The bill also would make additional changes to programs currently in Title II of the ESEA. For example, it would move the Ready to Learn program to Title IV of the ESEA and would permanently reauthorize the Troops to Teachers program and move it under the auspices of the Department of Defense.² CBO estimates reauthorizing the Troops to Teachers program would have discretionary costs of almost \$90 million over the 2012-2016 period.

Title III—Language Instruction for English Learners and Immigrant Students. The bill would make few changes to Title III, which provides support for teaching of the English language to English learners and recent immigrants. CBO estimates the bill would authorize the appropriation of almost \$750 million for grants to states and other activities in 2012 and \$3.8 billion over the 2012-2016 period. Implementing this title would cost about \$2.6 billion over the 2012-2016 period, assuming the appropriation of the estimated amounts. Those programs received more than \$730 million in fiscal years 2011 and 2012.

Title IV—Supporting Successful, Well-Rounded Students. Title IV would authorize funding for various grant programs designed to improve literacy and math and science instruction. It would also support measures to improve the health and safety of students. CBO estimates this title would authorize the appropriation of approximately \$2.4 billion in fiscal year 2012 and \$12.3 billion over the 2012-2016 period. Implementing title IV would cost \$8.6 billion over the 2012-2016 period, assuming the appropriation of the estimated amounts.

- *Part A—Improving Literacy Instruction and Student Achievement.* Part A would authorize grants to support activities designed to increase literacy for individuals from birth through the end of high school. CBO estimates that spending for literacy would total \$1.4 billion over the 2012-2016 period.
- *Part B—Improving Science, Technology, Engineering, and Mathematics Instruction and Student Achievement.* Part B of the bill would authorize grants to states to increase access to science, technology, engineering, and mathematics and to provide professional development for teachers. CBO estimates that implementing Part B would have discretionary costs of about \$600 million over the 2012-2016 period.

2. 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.

- *Part C—Increasing Access to a Well-Rounded Education.* Part C would authorize grants to local education agencies to support access for low-income students to education topics such as the arts, civics and government, economics, environmental education, financial literacy, and foreign languages. CBO estimates that those grants would cost about \$400 million over the 2012-2016 period.
- *Part D—Successful, Safe, and Healthy Students.* Part D would authorize a new grant program to promote student physical and mental health and well-being and to prevent violence and substance abuse, similar to activities funded by state grants for safe and drug-free schools under current law. CBO estimates that those grants would cost about \$1 billion over the 2012-2016 period.
- *Part E—21st Century Community Learning Centers.* Part E would reauthorize the grants for 21st Century Community Learning Centers, which support before- and after-school and summer school programs. CBO estimates this provision would authorize the appropriation of \$1.2 billion for fiscal year 2012 and would lead to discretionary costs of \$4.2 billion over the 2012-2016 period. This program received approximately \$1.2 billion in each of fiscal years 2011 and 2012.
- *Part F—Promise Neighborhoods.* Part F would reauthorize Promise Neighborhood grants which go to organizations to provide family and community services and comprehensive education reforms in high-need areas.³ CBO estimates that spending for Part F over the 2012-2016 period would total \$500 million.
- *Additional Programs.* Parts G, H, and I would reauthorize Parent and Family Information and Resource Centers, the Ready to Learn program, and Programs of National Significance. CBO estimates that the total fiscal year 2012 authorization of appropriations for those programs would be \$130 million and total spending for fiscal years 2012 through 2016 would be almost \$500 million.

Title V—Promoting Innovation. CBO estimates that title V would authorize the appropriation of approximately \$1.3 billion in fiscal year 2012 and \$6.6 billion over the 2012-2016 period. Implementing title V would cost about \$4.5 billion over the 2012-2016 period, assuming the appropriation of the estimated amounts for:

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

- *Race to the Top and Investing in Innovation.* Parts A and B would authorize funding for the Race to the Top and Investing in Innovation programs, both created in the American Recovery and Reinvestment Act (Public Law 111-5). Those competitive grants programs are designed to encourage educational innovation and reform at the state and local levels. CBO estimates that the bill would authorize the appropriation of about \$700 million for Race to the Top and about \$150 million for Investing in Innovation for fiscal year 2012. Implementing those two programs would total approximately \$2.5 billion and about \$540 million over the 2012-2016 period, respectively. Together, those programs received approximately \$850 million in fiscal year 2011 and \$700 million in 2012.
- *Magnet Schools, Charter Schools and Public School Choice.* Parts C, D, and E would also reauthorize funding for Magnet Schools Assistance, Charter School Grants, and Voluntary Public School Choice. CBO estimates that the bill would authorize the appropriation of approximately \$400 million for fiscal year 2012 and would have total discretionary costs of about \$1.5 billion over the 2012-2016 period for those programs. Those programs received \$380 million in fiscal year 2011 and slightly less in 2012.

Title VI—Promoting Flexibility; Rural Education. Title VI would reauthorize the rural education achievement programs, which provide grants to assist rural school districts in improving teaching and learning outcomes. CBO estimates the bill would authorize the appropriation of \$177 million in spending for fiscal year 2012 and approximately \$900 million over the 2012-2016 period. Implementing this title would have discretionary costs of roughly \$600 million over the 2012-2016 period, assuming the appropriation of the estimated amounts. Funding for rural education totaled nearly \$200 million in each of fiscal years 2011 and 2012. The authorizations of appropriations for national and state evaluations in title VI under current law would be moved to title I. The bill also would amend the rules regarding the transferability of funds among different federal grant programs for entities that meet certain criteria.

Title VII—Indian, Native Hawaiian, and Alaska Native Education. Title VII would reauthorize grant programs for Native Americans and Hawaiians and for Alaska Natives. The bill would amend current law to authorize the repair and renovation of public schools that serve higher concentrations of Native Hawaiian students. CBO estimates the bill would authorize the appropriation of about \$250 million for fiscal year 2012 and \$1.3 billion over the 2012-2016 period. Implementing this title would cost almost \$990 million over the 2012-2016 period, assuming the appropriation of the estimated amounts. Funding for those grants totaled \$190 million in fiscal years 2011 and 2012.

Title VIII—Impact Aid. Title VIII would reauthorize the impact aid programs, which 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. CBO

estimates that title VIII would authorize approximately \$1.3 billion in fiscal year 2012 and \$6.6 billion over the 2012-2016 period. We estimate that fully funding this title would result in discretionary costs of \$6.4 billion over the 2012-2016 period, assuming the appropriation of the estimated amounts. The bulk of this spending, about \$6.0 billion over the 2012-2016 period, would be for basic support payments to LEAs to assist in the education of federally connected children. The additional \$400 million would be used to construct and maintain schools that educate federally connected children. Impact aid programs received approximately \$1.3 billion in each of fiscal years 2011 and 2012.

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

Title XI—Amendments to Other Laws; Miscellaneous Provisions. Subpart I of title XI would reauthorize the McKinney-Vento Homeless Assistance Act, which authorizes grants to states to assist in the education of homeless children. The bill would authorize the appropriation of such sums as may be necessary for fiscal years 2012 through 2018. (This authorization would automatically be extended one year through 2019 under the General Education Provisions Act.) CBO estimates that this subpart would authorize the appropriation of almost \$70 million for fiscal year 2012 and have discretionary costs of about \$240 million for the 2012-2016 period. Support for the education of homeless children totaled \$65 million for fiscal year 2011.

Subpart II would amend the Department of Education Organization Act to create an agency within the Department of Education responsible for the research and development of educational technology to improve student achievement. Funding from the Investing in Innovation program, authorized in title IV, would be reserved to support this agency. CBO estimates that this provision would authorize the appropriation of \$50 million in fiscal year 2012 and would cost almost \$200 million over the 2012-2016 period.

PAY-AS-YOU-GO CONSIDERATIONS

The Statutory Pay-As-You-Go Act of 2010 establishes budget-reporting and enforcement procedures for legislation affecting direct spending or revenues. The net changes in outlays under the Elementary and Secondary Education Reauthorization Act of 2011 that are subject to those pay-as-you-go procedures are shown in the following table.

CBO Estimate of Pay-As-You-Go Effects for 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

	By Fiscal Year, in Millions of Dollars											
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021	2012-2016	2012-2021
NET INCREASE IN THE DEFICIT												
Impact on the Deficit	1	0	0	1	1	1	1	1	1	1	3	8

ESTIMATED IMPACT ON STATE, LOCAL, AND TRIBAL GOVERNMENTS

The bill 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. While most of the new grant conditions come in the form of new reporting requirements, some would require state education agencies (SEAs) and local education agencies (LEAs) to either reallocate spending among schools or increase overall state and local support for particular schools.

As a condition of aid, the bill would require LEAs, beginning in the 2015-2016 school year, to ensure that total state and local per-pupil spending in schools that are eligible for basic program grants targeted at disadvantaged students (title I) is at least as much as the average of total state and local per-pupil spending in schools that do not qualify for title I funding. Under current law, an LEA may certify that services among title I funded schools and other schools are comparable through written assurances that policies are implemented to ensure school equivalence. The law does not, however, require those assurances to demonstrate equivalence of per-pupil expenditures.

Information from the Department of Education indicates that about 28 percent of title I school districts would not meet the comparable expenditure requirement in the absence of enacting this bill. To comply with the bill’s requirement, those school districts, mostly large ones, would have to either increase overall per-pupil spending to ensure equity in expenditures or shift money from higher spending, non-title-I schools to lower-spending, title I schools. The department concluded that costs would vary among districts but that the average cost of compliance would be modest in comparison to overall school-level expenditures.

In addition, the bill would require SEAs receiving Part A grants under title I to work with child welfare agencies to develop plans to ensure that foster care children are allowed to remain in their school of origin for the remainder of the school year. LEAs would be required to implement the plans. If a child is transferred to a new school, the school would have to ensure that enrollment is immediate and records and credits are transferred. In addition, SEAs would have to enter into agreements with foster care agencies to ensure that foster care maintenance payments are used to help pay for transporting children in foster care to their schools of origin. The bill also would require LEAs to designate an individual point of contact to oversee the implementation of the LEA requirements. Most LEAs and SEAs are already complying with similar conditions under the Fostering Connections to Success and Increasing Adoptions Act of 2008 (Public Law 110-351) and other similar laws, so only the agencies not meeting those conditions would incur additional costs.

The costs of other new conditions in the bill, mostly reporting requirements, would probably be offset by additional federal funding.

ESTIMATED IMPACT ON THE PRIVATE SECTOR

The bill would shield schools from liability that might result from enrolling unaccompanied youth without parental or guardian consent. The bill would impose a private-sector mandate, as defined in UMRA, on parents and guardians of unaccompanied youth to the extent that they would be denied an existing right to compensation. However, such claims are very rare, and no damages have been awarded for such claims in the past 10 years. Therefore, CBO expects that the costs of the mandate would not exceed the annual threshold established in UMRA for private-sector mandates (\$146 million in 2012, adjusted annually for inflation).

PREVIOUS CBO ESTIMATE

This cost estimate for the Elementary and Secondary Education Act of 2011 supersedes the cost estimated transmitted on January 4, 2012, for the bill as ordered reported by the Senate Committee on Health, Education, Labor, and Pensions on October 20, 2011. CBO has updated the cost estimate to reflect the private-sector mandate that was omitted in the January 4 estimate. The estimated costs of implementing the bill remain unchanged.

ESTIMATED PREPARED BY:

Federal Costs: Justin Humphrey, Christi Anthony, Chad Chirico, and Jonathan Morancy
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