Purpose of Agenda Item
To apprize the members of the State Board of Education on current legislation before Congress and to discuss related federal education issues and funding.

Expected Outcome(s) of Agenda Item
The Board will be informed about the agency's Governmental Affairs federal activities.

Background Information
Governmental Affairs staff continues to monitor activity in Congress regarding the FY2003 Labor/HHS/Education Appropriations bill through almost daily discussions with Scott Barnhart, BGR.

In Washington, House and Senate appropriators are contemplating a major rewrite of the 11 remaining fiscal 2003 federal spending bills to stay within the overall budget imposed by President Bush with the backing of GOP leaders. With President Bush demanding quick action to wrap up the fiscal 2003 spending bills, an effort is under way behind the scenes to produce bills that can be cleared early in January.

President Bush’s proposed spending level for the Labor-HHS bill was significantly less than the amount authorized by the No Child Left Behind education law (PL 107-110) his administration touts. But to shift money to these programs and stay under the overall ceiling, lawmakers would have to reduce other spending.

The new Congress is expected to attempt to complete the fiscal 2003 appropriations process with a huge spending package. That unusual process would leave major decisions in the hands of a small group of appropriators, GOP leaders and White House officials.
The current continuing resolution (PL 107-294) expires Jan. 11. Before that date, it is expected the House would to pass two more continuing resolutions. One would fund the government on a stopgap basis and the other would serve later as a vehicle for an omnibus bill.

**Analysis and Implications for Policy, Budget, Legislative Action and Communications**

**Budget Implications**
The FY03 federal appropriations bill has implications for standard appropriations (e.g., for NCLB Title I, etc.) in the upcoming budgeting process as well as for agency and school direct grant applications to the U.S. Department of Education during 2002-03.

**Communication**
The Governmental Affairs' Federal Liaison will continue to communicate with BGR and the Illinois Congressional Delegation regarding FY03 earmark requests.

**Next Steps**
Work with the Illinois Congressional Delegation and BGR to secure as much federal funding as possible.
EDUCATION FUNDING UPDATE

Budget and Appropriations
In the midst of a war climate, the only two out of the thirteen regular FY03 appropriations bills passed have been the Defense and Military Construction bills. This climate, the absence of an agreement on a budget ceiling, and the outcome of the November elections has deterred appropriators from arriving at figures for the remaining appropriations bills, including the Labor, Health and Human Services (HHS) and Education bill.

July
On July 18th, the Senate Appropriations Committee approved the Labor, HHS Education subcommittee’s figures of $134.1 billion for total discretionary funding and $55.7 billion for education. This provided for an increase of $3.2 billion over FY02 and was $1.9 billion over the President’s request. On the House side, neither the subcommittee nor the full committee marked up a bill. Conservative members convinced the House leadership, over the appropriators’ objections, to move the Labor, HHS and Education bill first. The appropriators could not write a bill that could pass the appropriations committee and fit within the President’s budget. In late July, Speaker Hastert rebuffed moderate Republicans seeking a commitment for more than the $1.4 billion increase allowed for education in the President’s budget.

September
When Members returned after the August recess, top Republican appropriators introduced H.R. 5320, a bill to fund FY ’03 Labor, HHS and Education at President Bush’s funding level. CEF sent a letter to the House on September 9th, 2002 strongly opposing H.R. 5320 and emphasizing that education be funded at $9 billion over FY02 levels. Then House bill never came up for a vote because a key group of Republican moderates, led by Rep. Mike Castle (R-DE) refused to support the bill. On the Senate side, Senator Kennedy (D-MA) agreed to advocate for an amendment- $4.5 billion to the Senate Appropriations Committee’s proposed $3.2 billion increase for education. Forty-two Senators supported the amendment but the Senate was unable to agree on bringing the Labor, HHS, Education bill (S. 2766) up for a vote.

October
As FY02 came to a close, Members of Congress had yet to agree on the remaining 11 regular appropriations bills. In early October, Representatives Obey (D-WI) and Visclosky (D-IN) introduced resolutions urging that the No Child Left Behind Act be fully funded and that a FY03 Labor, HHS and Education bill be passed. But the House leadership, unwilling to compromise with moderates and alienate conservative members, chose not to bring a bill to the floor. They instead opted for the passage of a string of Continuing Resolutions (CR’s) that funded the government at FY ’02 levels that would last into the next Congress. The House and Senate passed the first Continuing Resolution on September 26th, 2002.

November Lame Duck
Both Chambers decided to erase all PAYGO rule negative balances (H.R. 5708), resulting from tax cuts and mandatory spending increases in FY02 legislation. The Senate passed H.R. 5708, on Friday, November 15, 2002, by unanimous consent after the House passed it on Thursday, November 14th, 2002 by a vote of 366-19. Passage of H.R. 5708 ensured that no mandatory funding will be sequestered. The November 5 election aftermath further delayed the
consideration of FY03 appropriations. GOP leaders decided that the unstable leadership situation in the Senate made negotiations of the FY03 appropriations in the lame duck session impossible and deferred decisions on appropriations to January in the 108th Congress when Republicans would control both chambers. The government begins running on its fifth Continuing Resolution on November 22nd, 2002. This last CR will fund the government on FY02 levels until January 11th, 2003. It is expected that an additional CR will be passed in January until FY03 appropriations are wrapped up.

The White House would like to see action completed before the State of the Union address on January 28. President Bush, House Appropriations Chairman Bill Young (R-FL) and incoming Senate Appropriations Chairman Rep. Ted Stevens (R-AK) met on Friday, November 15th, 2002. Bush asked the chairmen to stay within his $750 billion total budget request for discretionary spending. Moreover, the President would like to limit discretionary spending for Labor, HHS and Education to $130 billion with approximately $52.8 billion allocated for education. Reportedly, both Young and Stevens pressed for a total budget figure that was $10 billion over the President’s request. No agreement was reached on a figure.

An Omnibus appropriations package could provide additional education funding at levels higher than the President’s budget if a higher overall figure is agreed to. Reportedly, negotiations on a budget blueprint and an Omnibus appropriations package will take place on a staff level between now and early January.

The 108th Congress will convene on January 7th, 2003.

Leadership for 108th Congress

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<thead>
<tr>
<th>House Majority</th>
<th>Senate Majority</th>
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<tbody>
<tr>
<td>Speaker: Dennis J. Hastert (R-IL)</td>
<td>Majority Leader: Trent Lott (R-MS)</td>
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<td>Majority Leader: Tom Delay (R-TX)</td>
<td>Majority Whip: Mitch McConnell (R-KY)</td>
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<td>Majority Whip: Roy Blunt (R-MO)</td>
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<td>House Minority</td>
<td>Minority Leader: Tom Daschle (D-SD)</td>
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<td>Minority Leader: Nancy Pelosi (D-CA)</td>
<td>Minority Whip: Harry Reid (D-NV)</td>
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<td>Minority Whip: Steny Hoyer (D-MD)</td>
<td>Caucus Chair: Robert Menendez (D-NJ)</td>
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<td>Caucus Chair: Robert Menendez (D-NJ)</td>
<td>Caucus Vice-Chair: James Clyburn (D-SC)</td>
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<td>Asst. to the Leader: John Spratt (D-SC)</td>
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On November 26, Secretary Paige released final regulations for Title I of the No Child Left Behind Act. Approximately 140 parties submitted over 700 comments in response to the August 6 notice of proposed rulemaking. The Secretary made numerous changes to the proposed regulations -- though in many cases he determined that the notice best reflected both the spirit and intent of the law. The final regulations also clarify federal, state, and local responsibilities under the federal law, as well as correct errors. Among the significant policies:

- **Adequate Yearly Progress.** A state may continue to use its current accountability system if that system integrates adequate yearly progress as defined in the statute and
regulations. Also, states are required to use graduation rates in high school and one other academic indicator in elementary and middle schools to determine whether or not a school or school district has made adequate yearly progress.

- **School Choice and Capacity.** The law does not permit a school district to preclude choice options on the basis of capacity constraints. Also, choice must begin as soon as possible after a school is identified in need of improvement.

- **Supplemental Educational Services.** States and school districts are responsible for ensuring that the list of approved supplemental educational service providers include some providers that can serve students with limited English proficiency and students with disabilities.

- **Funding Choice and Supplemental Services.** Schools districts must spend an amount equal to 20 percent of their Title I, Part A allocations on choice transportation and supplemental educational services, unless a lesser amount is needed to meet demand.

- **Qualified Teachers.** By the end of the 2005-06 school year, all teachers of core academic subjects must be fully certified (through traditional or alternative routes) and have demonstrated competency in the subjects they teach (by having a major or by passing a subject-matter test). Also, all teachers pursuing certification through alternative routes must receive high-quality professional development before and while teaching, participate in a program of supervision, and function as a teacher for no more than three years (until fully certified by the state).

"Title I -- Improving the Academic Achievement of the Disadvantaged; Final Rule," is available now at: [http://www.ed.gov/offices/OESE/SASA/cepprogresp.html#reg](http://www.ed.gov/offices/OESE/SASA/cepprogresp.html#reg)

**EDUCATION SCIENCES**

President Bush has appointed Grover "Russ" Whitehurst to serve a six-year term as the first director of the Institute of Education Sciences. Since July 2001, Whitehurst has served as the Department's Assistant Secretary for Educational Research and Improvement -- the predecessor to the Institute. Before joining the administration, he was a professor of psychology and pediatrics and chair of the department of psychology at the State University of New York at Stony Brook. Advised by a 15-member board of research experts and practitioners, the Institute will consist of three separate centers for research, statistics, and evaluation. FOR MORE INFORMATION, PLEASE GO TO [http://www.ed.gov/legislation/EdSciencesRef/](http://www.ed.gov/legislation/EdSciencesRef/).