



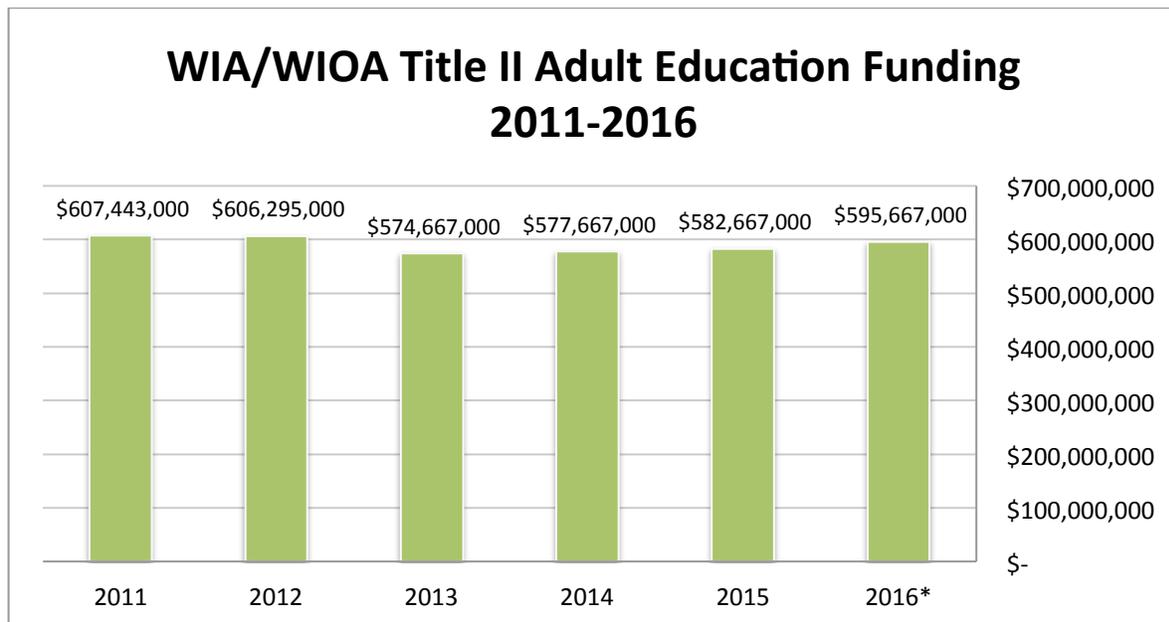
National Coalition for Literacy

FEDERAL FUNDING OUTLOOK - MARCH 30, 2017

Federal Adult Education Funding

In July 2014, the President signed into law the **Workforce Innovation and Opportunity Act (WIOA)**, which reauthorized the **Adult Education and Family Literacy Act (AEFLA)** as Title II of WIOA. WIOA Title II is the largest source of federal funds for adult education. The bulk of federal adult education funds are granted to states/territories (on a formula basis); the states then distribute the bulk of this money as sub-grants to local adult education providers using a competitive process.

Unfortunately, Congressional appropriators have consistently underfunded WIOA Title II below the funding levels authorized by the law.



While Congress provided a welcome increase of \$13 million to the state grants program in the Fiscal Year (FY) 2016 omnibus, the federal investment in the adult education state grants is well below where it was in FY 2011, and in fact, if you take inflation into account, has largely been on the decline in terms of real dollars since FY 2002.

Today, federal dollars for adult education—and many, if not most, federal education programs—are threatened once again. The Republican-controlled Congress has tried to make significant federal budget cuts in recent years, but the worst of those cuts were typically blocked by the Obama administration, which stood ready to veto spending bills it found objectionable. With a Republican now in the White House, the likelihood of dramatic cuts to federal non-defense spending (which includes education spending) has gone up significantly.

The Current Budget Environment Part One: Fiscal Year 2017

FY 2017 actually began on October 1, 2016, but as has been typical in recent years, Congress was unable to pass appropriations bills in time and instead passed what is known as a Continuing Resolution (CR) that kept the government running until after the 2016 election. While CRs generally freeze funding at existing levels, this CR required an across-the-board cut of 0.496% to stay under the discretionary cap for FY 2017 required by the 2011 Budget Control Act (BCA).

In December, the incoming Trump administration asked the Republican leadership for another extension so that they could weigh on the final FY 2017 spending decisions. That CR runs through April 28th. Like the previous CR, it required an across-the-board cut—this time just 0.19%—to stay under the discretionary cap required by the BCA.

The bottom line is that under the CR, WIOA Title II adult education funding, the largest source of federal funds for adult education, remains roughly at FY 2016 levels.

Up until recently, it appeared more likely than not that Congress would pass some kind of final omnibus spending bill before the current CR runs out, and in that scenario (which could still happen) appropriators could propose a cut or even an increase to Title II funding (an increase being much more unlikely).

It now appears to many observers that due to time constraints and the disarray in the Republican caucus following the American Health Care Act failure, Congress may simply pass one more CR to run through the end of the fiscal year, and start fresh in May with FY 2018 funding decisions.¹ It appeared likely that Title II adult education funding was going to be level funded in FY 2017 anyway, so if we do end up with another CR, it may not make much difference to the bottom line. However, a hoped-for restoration of year-round Pell Grants, which was said to be part of the omnibus spending bill being prepared back in December, would not be included in a final CR. Year-round Pell is often helpful to adult education students.

At the end of March, the White House sent Congress a set of recommendations for FY 2017. (Remember that an oft-cited reason for the second CR back in December was to provide the Trump administration with input on FY 2017 funding decisions.) They proposed \$18 billion in cuts to nondefense discretionary programs – including a \$1.3 billion cut to the Pell Grant surplus.² The \$18 billion in cuts would offset part of the cost of a proposed \$33 billion supplemental funding request to boost military and homeland security spending for FY 2017. It is, however, very unlikely, at this late date, that Congressional appropriators will pay much attention to any of these requests.

¹ Note, however, that it's actually a bit complicated to simply freeze funding at the previous year's levels, since programs change from year to year. New ones are authorized and old ones are eliminated. The Every Student Succeeds Act, for example, will require that several "anomalies" be included in the final CR.

² According to the Congressional Budget Office's January estimates, the Pell Grant program currently has a \$10.5 billion surplus. **Using surplus funds would not impact award levels or eligibility for students for the upcoming year.** However, the loss of that surplus could impact long-term budgetary projections.

The Current Budget Environment Part Two: Fiscal Year 2018

In January, President Trump released what is essentially a preview of his FY 2018 budget request. Often referred to as the “skinny budget,” this document provided some limited insights into the Administration’s funding priorities. **The Administration’s proposal shifts \$54 billion of non-defense discretionary investments (including education) to support defense spending.** Again, remember that Congress still has to work under the confines of the spending caps set by the BCA, which limits large increases in spending for either defense and non-defense programs, so one challenge posed by the President’s proposal is that it would require Congress to amend or repeal the BCA.

The Trump proposal includes a whopping 14% overall cut to the Department of Education (about \$9 billion), **but does not provide detail on most line items** – in particular, it ignores WIOA Title II adult education funding. But with such a large overall cut being proposed to Department of Education programs, it seems likely the President will be proposing significant cuts or outright elimination of many of them. **While there is no particular reason to believe adult education is going to be singled out for elimination, it may be one of many programs that falls victim to the President’s overall plan to significantly reduce federal education expenditures.**

Several other programs cited by NCL members as sources of funding for adult and family literacy programs or that provide relevant resources for adult education were proposed for elimination:

- 21st Century Community Learning Centers (Supports family literacy and learning and provides before school, afterschool and summer learning opportunities.)
- Community Services Block Grant
- Community Development Block Grant
- Corporation for National and Community Service
- Institute for Museum and Library Services
- HPOG Career Pathways at HHS
- Supplemental Educational Opportunity Grants (SEOG) (Community college students represent a quarter of those recipients.)

The proposal also includes significant cuts to federal workforce programs. And, in addition, the proposal would repurpose \$3.9 billion of the current Pell Grant surplus. Many higher education and adult education advocates have and will continue to advocate against taking money out of any Pell surplus—or, if it is to be used for anything, to reinstate the year-round Pell Grant.

The release of the full budget proposal is expected in May. It is important to remember, however, that ultimately it is up to Congressional appropriators to determine the final funding amounts for FY 2018. **Many appropriators, including several Republicans, have already expressed concerns about increasing defense spending at the expense of health and education investments.**