**Memorandum: Education Budget Cut Implications for Montana**

**To**: Governor Bullock

**From:** Center for American Progress, K12 Education Policy

**Re:** Education Budget Cut Implications for Montana

**Date:** June 2, 2017

**Estimated Impact of FY2018 Education Budget Cuts for Montana**

President Trump’s budget proposal for FY 2018 cuts funding for the U.S. Department of Education by $9.2 billion, or 13 percent of the agency’s total appropriation. If enacted, this budget would eliminate 22 programs, make significant cuts many additional programs, would dramatically change student loan programs, and would freeze Pell Grants going forward.

Notable cuts for Montana include:

* Reduction in the Title I Grants ($2M or 4.2%). This is the largest K-12 program at the Department and goes out to each school district based on the number of students living in poverty. The requested amount in FY 2018 is less than the appropriation in FY 2017 which would impact the amount states can set aside for schools identified for comprehensive or targeted support. This is because of a requirement to hold districts harmless for the amount of funding they receive before this set aside can be enacted.
* Eliminating the Supporting Effective Instruction state grant program ($10M). This formula program includes a 5 percent set aside that can be used statewide to address issues such as teacher certification and preparation challenges. A majority of the funding flows to districts for activities such as for professional development and class size reduction. This funding could support the salaries of nearly 200 teachers statewide.
* Eliminating the 21st Century Community Learning Centers ($6M). This program supports after school and summer learning programs in low-income communities for 1.6 million students across the country. Montana’s funding would support nearly 8,500 students assuming the grantees match the national average cost per student.
* Eliminating the Student Support and Academic Enrichment Grant ($2M) that was created in the Every Student Succeeds Act and first funded in FY 2017. This block grant combined a number of programs under prior law and can be used by districts to advance STEM, the Arts, foreign languages, counseling, physical education, and support investments and training to personalize learning.
* Cutting Career and Technical Education Grants ($600K or 12%). This program provides increased focus on the academic achievement of career and technical education students, strengthens connections between secondary and postsecondary education, and improves state and local accountability.
* Eliminating Supplemental Education Opportunity Grants (SEOG) program ($1.5M). SEOG is a program that provides grants to students with exceptional financial need. These grants are provided in addition to Pell funding, and priority is given to those with the lowest Expected Family Contribution. In Montana, 4,093 students received SEOG last year.
* Cutting the Federal Work-Study program ($1.5M or 49.5%). This program offers eligible students the change to earn college funds by working a part-time job on campus or in community service agencies. The Administration’s budget would cut the Work-Study program by nearly 50 percent. In Montana, 1,959 students received a Federal Work-Study assignment last year.

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| Program | | MT  FY 2017 (est) | | MT  FY 2018 (est) | Amount Change | % Change |
| Grants to Local Educational Agencies (Title I) | 47,874,094 | | 45,845,905 | | (2,028,189) | -4.2% |
| Supporting Effective Instruction State Grants (Title II-A) | 9,722,812 | | 0 | | (9,722,812) | -100.0% |
| 21st Century Community Learning Centers (after school) | 5,839,198 | | 0 | | (5,839,198) | -100.0% |
| Student Support and Academic Enrichment State Grant | 1,940,000 | | 0 | | (1,940,000) | -100.0% |
| Special Education--Grants to States | 38,646,894 | | 38,259,738 | | (387,156) | -1.0% |
| Career and Technical Education State Grants | 5,146,035 | | 4,543,304 | | (602,731) | -11.7% |
| Supplemental Educational Opportunity Grants | 1,579,440 | | 0 | | (1,579,440) | -100.0% |
| Federal Work-Study | 3,166,560 | | 1,599,712 | | (1,566,848) | -49.5% |
| Adult Basic and Literacy Education State Grants | 1,166,365 | | 973,710 | | (192,655) | -16.5% |
| Total (including programs not listed above) | 267,444,125 | | 244,285,951 | | (23,158,174) | -8.7% |

The funding amounts above for Montana come from estimates published by the [Department of Education](https://www2.ed.gov/about/overview/budget/statetables/index.html). The impact on an individual state could vary from a program’s overall change in funding due to the effects of hold harmless or other formula provisions.

**Additional proposed changes to student aid**

The budget proposes eliminating subsidized loans for new undergraduate borrowers, starting in July 2018. Subsidized loans do not accumulate interest for borrowers with financial aid while they are in school or under certain other circumstances. In 2015-16, 17,684 undergraduate students in Montana received nearly $65 million in subsidized student loans. Eliminating subsidized loans entirely would shift an additional $11 million in costs to students over 10 years.

Additionally, the Administration’s proposal would freeze the maximum Pell Grant at its current level of $5,920 per year for the next 10 years. In Montana in 2015-16, 17,242 low-income students received more than $65 million in Pell grants to attend college. Today, the Pell Grant covers just 40 percent of the average cost of college attendance in Montana. If tuition trends continue and the Pell Grant remains frozen at its current award, the maximum Pell Grant would cover just 30 percent of tuition by 2026.

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| Cost of attendance 2015-2016 | Percent of cost covered by Pell today | Projected cost of attendance, 2025-2026 | Percent of cost covered by Pell after Pell freeze |
| $14,853 | 40% | $20,052 | 30% |