


 Education

Grants & Contracts

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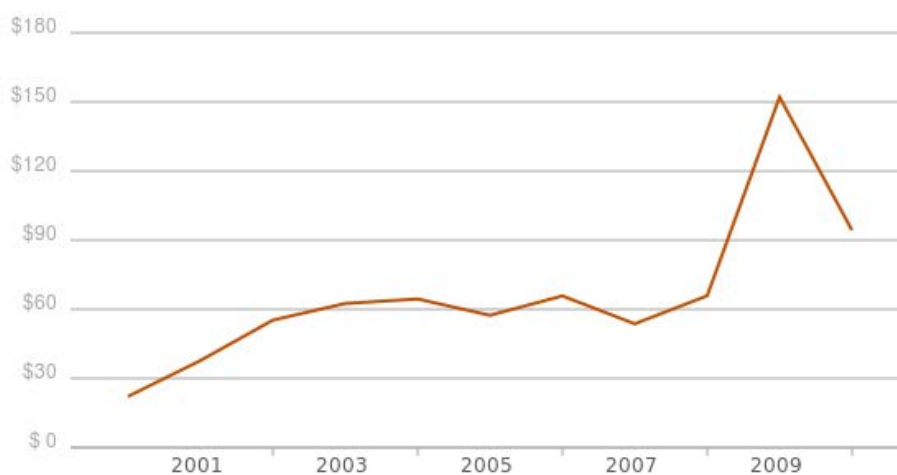
Direct Expenditures in the Education Sector

Grants in the Education Sector

The federal government spent approximately \$93.2 billion in fiscal year 2010 on grant programs that may provide a subsidy to the Education sector.¹ This funding, administered by 25 agencies² across more than 160 active programs (Table 1), accounted for approximately 11 percent of all government grants made that year (\$822.6 billion).³ In fiscal year 2010, two programs accounted for nearly half of all education grants: the Federal Pell Grant Program and Special Education Grants to the States.

Subsidyscope reports the total amount spent on grants and contracts that are most likely to contain any subsidy. Since not all the spending in these programs would properly be counted as a subsidy, the spending estimates presented here constitute the upper bound of government subsidies in a sector. For example, there is a distinction between *spending* on grants and contracts and the *subsidies* conveyed through that spending. Not all of the money obligated to a grant or contract ends up subsidizing the sector. Some funds are devoted to administering the grants or other activities that do not affect supply or prices. However, little data are available that would help estimate just the subsidy portion of spending on grants and contracts.

Figure 1: Expenditures on Grant Programs in the Education Sector, Fiscal Years 2000-2010 (\$ billions)



Source: Subsidyscope analysis of data from USASpending.gov. Estimates are in nominal dollars and reflect the data as they appear in USASpending.gov at the time of this analysis.

Notes: Data presented are obligations to programs that Subsidyscope deem likely to contain a subsidy. All grant programs in Subsidyscope's definition of the Education sector are included, despite the fact that some programs may not have reported dollar

amounts. Changes in government reporting methods during fiscal year 2007 typically make the estimates for that year highly unreliable, yet the Education sector remains considerably more constant over time than other sectors analyzed. The spike in fiscal year 2009 can be attributed to the influx of funding to education programs through the American Recovery and Reinvestment Act of 2009 (ARRA), especially through formula grant programs to states like the State Fiscal Stabilization Fund (SFSF). For more information about the quality of these data sources, visit Clearspending.org.

The direct expenditure totals presented on this Web page are compiled using government data from USASpending.gov and the Catalog of Federal Domestic Assistance (CFDA).⁴ As [previously noted](#), these data may not include some types of subsidies and may contain gaps that prevent allocating some published subsidy data to the Education sector. All of these limitations can result in omissions of federal support that may, nonetheless, influence markets. However, they are the best data available and they provide a baseline for comparing subsidies across economic sectors. By publishing these estimates, Subsidyscope makes these data more accessible and their shortcomings can be more easily identified and, ultimately, improved.

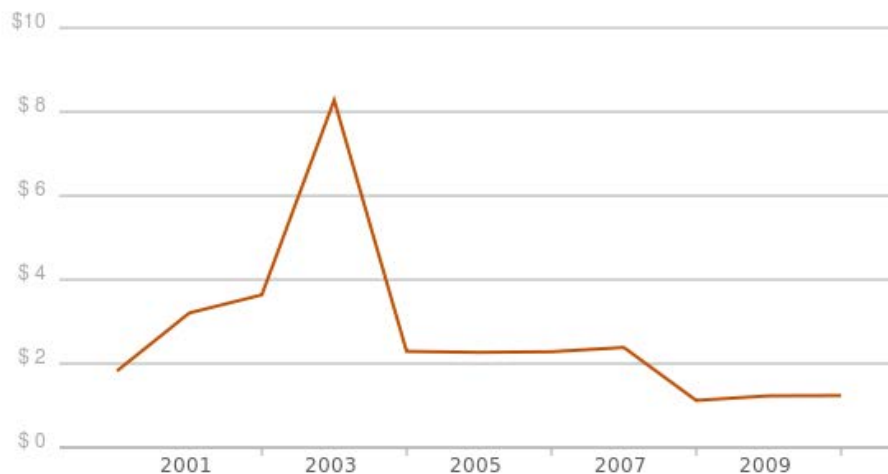
Contracts in the Education Sector

In addition to awarding grants, the government directly contracts with organizations to provide education-related goods and services. During fiscal year 2010, all reported education-related contracts totaled \$4.0 billion, less than 1 percent of all government contracts (\$537.8 billion).⁵ Of the \$4.0 billion in total education contracts, \$1.2 billion, or 31 percent, were not competed.⁶ While not all contracts contain a subsidy, non-competed contracts are more likely to contain a subsidy than competed contracts.

Subsidyscope's focus on non-competed contracts reflects that the federal government generally prefers agencies to compete contracts because competition is expected to result in lower costs and/or better quality goods and services. In contrast, non-competed contracts generally are assumed to be more likely to cost the government more than the fair market value.⁷

Subsidyscope presents spending on programs deemed likely to contain a subsidy, rather than the subsidy amount itself. Under a contract, a subsidy occurs when the government pays more than fair market value for a good or service. It is difficult to determine when and how much of a subsidy is included, as the fair market value may be open to interpretation. Subsidyscope does not differentiate between specific contracts that may or may not include a subsidy or measure the amount of the subsidy. However, competed contracts—contracts that are subject to an open bidding process—generally are less likely to have a subsidy component, even though the bidding process may include certain preferences. Therefore, Subsidyscope does not analyze competed contracts. This does not mean non-competed contracts contain a significant subsidy, only that they are more likely to do so. There may be various reasons why the government uses non-competed contracts, for example, there may be only one provider of the service, there may be unique experience required, or it may be more expedient or convenient. For more information on contracts, see Subsidyscope's [Contracts](#) page.

Figure 2: Expenditures on Non-competed Contracts in the Education Sector, Fiscal Years 2000-2010 (\$ billions)



Source: Subsidyscope analysis of data from USASpending.gov. Estimates are in nominal dollars and reflect the data as they appear in USASpending.gov at the time of this analysis.

Note: Government spending on non-competed contracts is likely more consistent during this time period than the figure represents. Any increases or decreases may reflect poor data resulting from reporting variation, in addition to actual spending increases or decreases in education-related contracts.

To search Subsidyscope's direct expenditures data from the federal government's USASpending.gov Web site, click [here](#) for grants and [here](#) for non-competed contracts. The table below provides an aggregate summary of the grants made by each program in the Education sector in fiscal years 2009 and 2010, retrieved from Subsidyscope's searchable database of grants.

Table 1: Education Sector Direct Expenditure Programs, Fiscal Years 2009 and 2010 (\$ thousands)

CFDA #	CFDA Program Title	FY 2009	FY 2010
84.063	Federal Pell Grant Program	\$23,463,985	\$32,210,439
84.027	Special Education_Grants to States	\$11,484,163	\$11,475,123
84.410	Education Jobs Fund	not reported	\$8,948,621
93.600	Head Start	\$8,282,291	\$7,044,058
84.395	State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	not reported	\$4,302,573
84.010	Title I Grants to Local Educational Agencies	\$14,337,474	\$3,603,178
84.388	School Improvement Grants, Recovery Act	not reported	\$2,971,135
84.394	State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	\$37,965,326	\$1,728,937
84.367	Improving Teacher Quality State Grants	\$2,896,180	\$1,234,973
84.041	Impact Aid	\$1,151,734	\$1,197,120
84.287	Twenty-First Century Community Learning Centers	\$1,112,292	\$1,142,843
93.709	ARRA - Early Head Start	not reported	\$1,039,474
84.033	Federal Work-Study Program	\$1,134,018	\$976,830
84.007	Federal Supplemental Educational Opportunity Grants	\$753,777	\$754,117
84.031	Higher Education_Institutional Aid	\$1,737,852	\$738,846

84.365	English Language Acquisition Grants	\$673,723	\$697,015
84.396	State Fiscal Stabilization Fund (SFSF) - Investing in Innovation (i3) Fund, Recovery Act	not reported	\$645,978
84.002	Adult Education - Basic Grants to States	\$561,936	\$618,642
84.215	Fund for the Improvement of Education	\$644,026	\$544,204
84.377	School Improvement Grants	\$59,512	\$540,386
84.375	Academic Competitiveness Grants	\$479,158	\$518,847
84.047	TRIO_Upward Bound	\$391,348	\$453,385
93.708	ARRA - Head Start	\$569,516	\$441,412
84.181	Special Education-Grants for Infants and Families	\$439,427	\$439,427
84.397	State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	\$8,447,053	\$400,066
84.369	Grants for State Assessments and Related Activities	\$396,000	\$396,000
84.376	National Science and Mathematics Access to Retain Talent (SMART) Grants	\$359,389	\$392,727
84.374	Teacher Incentive Fund	\$93,130	\$384,389
84.011	Migrant Education_State Grant Program	\$384,771	\$383,583
84.173	Special Education_Preschool Grants	\$374,099	\$374,099
84.048	Career and Technical Education -- Basic Grants to States	\$1,141,541	\$368,367
84.334	Gaining Early Awareness and Readiness for Undergraduate Programs	\$76,137	\$321,291
84.042	TRIO_Student Support Services	\$854,221	\$302,213
84.184	Safe and Drug-Free Schools and Communities_National Programs	\$557,362	\$277,830
84.282	Charter Schools	\$329,038	\$251,284
84.384	Statewide Data Systems, Recovery Act	not reported	\$250,000
84.385	Teacher Incentive Fund, Recovery Act	not reported	\$194,584
84.366	Mathematics and Science Partnerships	\$174,521	\$175,984
45.310	Grants to States	\$171,235	\$175,466
84.305	Education Research, Development and Dissemination	\$167,827	\$174,570
84.358	Rural Education	\$172,453	\$174,094
84.116	Fund for the Improvement of Postsecondary Education	\$148,368	\$157,935
84.378	College Access Challenge Grant Program	\$65,340	\$142,054
84.044	TRIO_Talent Search	\$85,090	\$141,385
19.400	Academic Exchange Programs - Graduate Students	\$112,690	\$118,757
84.371	Striving Readers	\$6,613	\$116,781
84.379	Teacher Education Assistance for College and Higher Education Grants (TEACH Grants)	\$46,118	\$109,702
84.243	Tech-Prep Education	\$102,868	\$102,868
84.060	Indian Education_Grants to Local Educational Agencies	\$96,276	\$101,338
84.405	Teacher Quality Partnerships, Recovery Act	not reported	\$99,832
84.165	Magnet Schools Assistance	\$306,996	\$97,561
84.318	Educational Technology State Grants	\$260,661	\$96,618

84.325	Special Education - Personnel Development to Improve Services and Results for Children with Disabilities	\$141,427	\$90,383
45.024	Promotion of the Arts_Grants to Organizations and Individuals	\$81,446	\$82,971
84.403	Consolidated Grant to the Outlying Areas	not reported	\$74,777
84.015	National Resource Centers Program for Foreign Language and Area Studies or Foreign Language and International Studies Program and Foreign Language and Area Studies Fellowship Program	\$182,314	\$70,507
84.324	Research in Special Education	\$62,234	\$68,958
84.069	Leveraging Educational Assistance Partnership	\$63,803	\$64,817
84.196	Education for Homeless Children and Youth	\$63,972	\$63,786
84.213	Even Start_State Educational Agencies	\$62,065	\$61,138
17.274	Youthbuild	\$101,583	\$60,609
84.401	Impact Aid School Construction, Recovery Act	not reported	\$59,828
84.283	Comprehensive Centers	\$175,278	\$59,313
45.025	Promotion of the Arts_Partnership Agreements	\$72,812	\$57,554
84.013	Title I State Agency Program for Neglected and Delinquent Children	\$49,166	\$49,166
84.323	Special Education - State Personnel Development	\$56,631	\$47,981
84.217	TRIO_McNair Post-Baccalaureate Achievement	\$124,232	\$47,374
84.327	Special Education_Technology and Media Services for Individuals with Disabilities	\$46,700	\$47,230
84.326	Special Education_Technical Assistance and Dissemination to Improve Services and Results for Children with Disabilities	\$55,455	\$46,999
84.066	TRIO_Educational Opportunity Centers	\$37,208	\$46,724
84.360	High School Graduation Initiative	not reported	\$46,717
84.330	Advanced Placement Program (Advanced Placement Test Fee; Advanced Placement Incentive Program Grants)	\$43,969	\$45,345
19.009	Academic Exchange Programs - Undergraduate Programs	\$35,429	\$44,617
84.336	Teacher Quality Partnership Grants	\$60,531	\$44,107
93.599	Chafee Education and Training Vouchers Program (ETV)	\$41,085	\$43,255
45.129	Promotion of the Humanities_Federal/State Partnership	\$35,575	\$42,609
84.350	Transition to Teaching	\$128,596	\$42,443
84.185	Byrd Honors Scholarships	\$40,641	\$42,000
84.372	Statewide Data Systems	\$67,849	\$39,285
84.402	Consolidated Grants to the Outlying Areas, Recovery Act	not reported	\$39,001
84.351	Arts in Education	\$63,995	\$38,783
84.310	Parental Information and Resource Centers	\$149,709	\$37,589
19.421	Academic Exchange Programs - English Language Programs	\$27,734	\$37,360
19.401	Academic Exchange Programs - Scholars	\$36,781	\$36,713
84.304	Civic Education - We the People and the Cooperative Education Exchange Program	\$37,431	\$34,990
84.362	Native Hawaiian Education	\$53,401	\$34,125
84.363	School Leadership	\$33,483	\$34,046

84.356	Alaska Native Educational Programs	\$40,030	\$33,315
84.328	Special Education_Parent Information Centers	\$31,951	\$32,339
84.200	Graduate Assistance in Areas of National Need	\$49,387	\$30,760
19.011	Academic Exchange Programs - Special Academic Exchange Programs	\$22,574	\$29,277
19.015	Cultural, Technical and Educational Centers	\$20,103	\$27,469
84.295	Ready-To-Learn Television	\$73,451	\$27,251
12.556	Competitive Grants: Promoting K-12 Student Achievement at Military-Connected Schools	not reported	\$27,196
84.293	Foreign Language Assistance	\$45,185	\$26,896
84.373	Special Education_Technical Assistance on State Data Collection	\$38,779	\$25,250
84.361	Voluntary Public School Choice	\$75,883	\$24,913
45.313	Laura Bush 21st Century Librarian Program	\$22,504	\$23,423
45.312	National Leadership Grants	\$29,866	\$23,088
84.370	DC School Choice Incentive Program	\$4,171	\$21,568
45.149	Promotion of the Humanities_Division of Preservation and Access	\$18,931	\$20,942
11.550	Public Telecommunications Facilities Planning and Construction	\$19,812	\$20,207
84.141	Migrant Education_High School Equivalency Program	\$22,807	\$20,096
45.301	Museums for America	\$19,176	\$19,550
45.164	Promotion of the Humanities_Public Programs	\$15,660	\$19,136
84.364	Improving Literacy Through School Libraries	\$18,643	\$18,666
84.299	Indian Education -- Special Programs for Indian Children	\$35,716	\$18,550
84.331	Grants to States for Workplace and Community Transition Training for Incarcerated Individuals	\$17,067	\$17,221
19.408	Academic Exchange Programs - Teachers	\$10,606	\$16,841
84.149	Migrant Education_College Assistance Migrant Program	\$19,162	\$16,462
84.335	Child Care Access Means Parents in School	\$28,887	\$16,034
45.163	Promotion of the Humanities_Professional Development	\$14,987	\$15,178
84.101	Career and Technical Education - Grants to Native Americans and Alaska Natives	\$44,140	\$14,511
19.010	Academic Exchange Programs - Humphrey Fellowship Program	\$3,095	\$14,198
84.220	Centers for International Business Education	\$43,787	\$12,757
84.382	Strengthening Minority-Serving Institutions	\$61,873	\$12,528
45.161	Promotion of the Humanities_Research	\$11,854	\$12,029
84.407	Transition Programs for Students with Intellectual Disabilities into Higher Education	not reported	\$10,894
84.021	Overseas Programs - Group Projects Abroad	\$2,454	\$10,846
84.368	Grants for Enhanced Assessment Instruments	\$8,652	\$10,674
84.354	Credit Enhancement for Charter School Facilities	\$8,263	\$10,013
45.130	Promotion of the Humanities_Challenge Grants	\$9,921	\$9,777
17.267	Incentive Grants - WIA Section 503	\$9,515	\$9,618

84.170	Javits Fellowships	\$22,449	\$9,540
84.120	Minority Science and Engineering Improvement	\$14,643	\$9,503
19.014	One-Time International Exchange Grant Program	\$5,770	\$9,339
94.005	Learn and Serve America_Higher Education	\$9,271	\$9,029
19.012	Professional and Cultural Exchange Programs - Special Professional and Cultural Programs	\$6,321	\$8,878
19.432	Academic Exchange Programs - Educational Advising and Student Services	\$13,167	\$8,860
84.245	Tribally Controlled Postsecondary Career and Technical Institutions	\$22,681	\$8,162
84.380	Special Education -- Olympic Education Programs	\$8,095	\$8,095
45.168	Promotion of the Humanities_We the People	\$9,329	\$7,290
84.017	International Research and Studies	\$9,276	\$7,152
84.004	Civil Rights Training and Advisory Services	\$9,458	\$6,969
84.333	Demonstration Projects to Support Postsecondary Faculty, Staff, and Administrations in Educating Students with Disabilities	\$13,385	\$6,755
84.022	Overseas Programs - Doctoral Dissertation Research Abroad	\$5,438	\$6,368
84.051	Career and Technical Education -- National Programs	\$12,453	\$6,052
45.160	Promotion of the Humanities_Fellowships and Stipends	not reported	\$5,764
84.206	Javits Gifted and Talented Students Education Grant Program	\$5,510	\$5,492
84.229	Language Resource Centers	\$14,816	\$5,022
84.153	Business and International Education Projects	\$6,521	\$4,860
84.040	Impact Aid_Facilities Maintenance	\$7,000	\$4,800
84.016	Undergraduate International Studies and Foreign Language Programs	\$6,986	\$4,634
45.169	Promotion of the Humanities_Office of Digital Humanities	\$2,912	\$4,619
84.144	Migrant Education_Coordination Program	\$3,000	\$4,418
45.311	Native American and Native Hawaiian Library Services	\$3,967	\$4,117
84.256	Territories and Freely Associated States Education Grant Program	\$3,633	\$3,694
84.103	TRIO Staff Training Program	\$8,550	\$3,642
45.303	Conservation Project Support	\$3,147	\$3,341
14.519	Tribal Colleges and Universities Program	\$3,999	\$3,200
84.259	Native Hawaiian Career and Technical Education	\$2,898	\$2,902
84.083	Women's Educational Equity Program	\$2,405	\$2,423
84.257	National Institute for Literacy	\$6,641	\$2,264
84.337	International Education_Technological Innovation and Cooperation for Foreign Information Access	\$2,108	\$2,108
84.381	Baccalaureate Degrees in Science, Technology, Engineering, Mathematics, and Critical Foreign Languages and Master's Degrees in Science, Technology, Engineering, Mathematics, and Critical Foreign Languages	\$2,070	\$2,093
84.269	Institute for International Public Policy	\$1,832	\$1,927
45.307	21st Century Museum Professionals	\$1,780	\$1,796
45.309	Museum Grants for African American History and Culture	\$1,310	\$1,485
84.019	Overseas Programs - Faculty Research Abroad	\$1,399	\$1,403

84.214	Even Start_Migrant Education	\$7,804	\$1,269
84.274	American Overseas Research Centers	\$3,394	\$1,197
84.345	Underground Railroad Educational and Cultural Program	\$1,940	\$1,153
45.308	Native American/Native Hawaiian Museum Services Program	\$1,028	\$1,024
84.258	Even Start_Indian Tribes and Tribal Organizations	\$775	\$767
12.557	Invitational Grants for Military-Connected Schools	not reported	\$750
84.186	Safe and Drug-Free Schools and Communities_State Grants	\$286,803	\$590
45.162	Promotion of the Humanities_Teaching and Learning Resources and Curriculum Development	\$898	\$66
11.013	Education Quality Award Ambassadorship	not reported	\$50
84.408	Postsecondary Education Scholarships for Veteran's Dependents	not reported	\$15
98.012	USAID Development Partnerships for University Cooperation and Development	\$39,511	\$0*
12.558	Department of Defense Impact Aid (Supplement, CWSD, BRAC)	not reported	not reported
15.026	Indian Adult Education	\$3,195	not reported
15.027	Assistance to Tribally Controlled Community Colleges and Universities	\$60,770	not reported
15.028	Tribally Controlled Community College Endowments	\$107	not reported
15.042	Indian School Equalization Program	\$195,074	not reported
15.043	Indian Child and Family Education	\$5,688	not reported
15.044	Indian Schools_Student Transportation	\$27,962	not reported
15.045	Assistance for Indian Children with Severe Disabilities	\$1,290	not reported
15.046	Administrative Cost Grants for Indian Schools	\$34,153	not reported
15.047	Indian Education Facilities, Operations, and Maintenance	\$32,201	not reported
15.048	Bureau of Indian Affairs Facilities_Operations and Maintenance	\$30,068	not reported
15.058	Indian Post Secondary Schools	\$50	not reported
15.059	Indian Graduate Student Scholarships	\$97	not reported
15.062	Replacement and Repair of Indian Schools	\$6,762	not reported
15.114	Indian Education_Higher Education Grant Program	-\$3	not reported
15.130	Indian Education_Assistance to Schools	not reported	not reported
15.149	FOCUS on Student Achievement Project	not reported	not reported
15.150	Juvenile Detention Education	not reported	not reported
15.151	Education Program Enhancements	not reported	not reported
19.023	Overseas Schools Program	not reported	not reported
40.001	Depository Libraries for Government Publications	not reported	not reported
42.001	Books for the Blind and Physically Handicapped	not reported	not reported
45.302	Museum Assessment Program	\$460	not reported
45.304	Conservation Assessment Program	\$803	not reported
64.027	Post-9/11 Veterans Educational Assistance	not reported	not reported
64.028	Post-9/11 Veterans Educational Assistance	not reported	not reported

64.117	Survivors and Dependents Educational Assistance	not reported	not reported
64.120	Post-Vietnam Era Veterans' Educational Assistance	not reported	not reported
64.124	All-Volunteer Force Educational Assistance	not reported	not reported
64.125	Vocational and Educational Counseling for Servicemembers and Veterans	not reported	not reported
68.001	National Gallery of Art Extension Service	not reported	not reported
81.022	Laboratory Equipment Donation Program	not reported	not reported
84.018	Overseas Programs_Special Bilateral Projects	not reported	not reported
84.037	Perkins Loan Cancellations	\$67,164	not reported
84.038	Federal Perkins Loan Program_Federal Capital Contributions	not reported	not reported
84.145	Federal Real Property Assistance Program	not reported	not reported
84.191	Adult Education_National Leadership Activities	not reported	not reported
84.203	Star Schools	not reported	not reported
84.286	Ready to Teach	\$34,099	not reported
84.298	State Grants for Innovative Programs	not reported	not reported
84.329	Special Education_Studies and Evaluations	not reported	not reported
84.332	Comprehensive School Reform Demonstration	not reported	not reported
84.349	Early Childhood Educator Professional Development	not reported	not reported
84.357	Reading First State Grants	\$1,182	not reported
84.359	Early Reading First	\$111,756	not reported
84.383	Homeless Education Disaster Assistance Program	\$15,000	not reported
84.386	Education Technology State Grants, Recovery Act	\$641,017	not reported
84.387	Education for Homeless Children and Youth, Recovery Act	\$69,230	not reported
84.389	Title I Grants to Local Educational Agencies, Recovery Act	\$9,897,519	not reported
84.391	Special Education Grants to States, Recovery Act	\$11,300,000	not reported
84.392	Special Education - Preschool Grants, Recovery Act	\$400,000	not reported
84.393	Special Education - Grants for Infants and Families, Recovery Act	\$500,000	not reported
84.404	Impact Aid -- School Construction Formula Grants, Recovery Act	\$39,924	not reported
84.411	State Fiscal Stabilization Fund (SFSF) - Investing in Innovation (i3) Fund	not reported	not reported
85.001	Harry S Truman Scholarship Program	not reported	not reported
85.100	Christopher Columbus Fellowship Program	not reported	not reported
85.102	Christopher Columbus Awards	not reported	not reported
85.104	Life Sciences Awards	not reported	not reported
85.105	Agriscience Awards	not reported	not reported
85.200	Barry M. Goldwater Scholarship Program	not reported	not reported
85.300	Woodrow Wilson Center Fellowships in the Humanities and Social Sciences	not reported	not reported
85.400	Morris K. Udall Scholarship Program	not reported	not reported
85.401	Morris K. Udall Fellowship Program	not reported	not reported
85.402	Morris K. Udall Native American Congressional Internship Program	not reported	not reported

85.500	James Madison Memorial Fellowship Program	not reported	not reported
85.601	Smithsonian Institution Fellowship Program	not reported	not reported
Grand Total		\$150,270,906	\$93,226,394

* This program reported a dollar amount of \$0 for FY2010 in USASpending.gov.

Source: Subsidyscope analysis of data from USASpending.gov. Program names are copied directly from USASpending.gov. For more information about the quality of these data sources, visit Clearspending.org.

Notes: Individual estimates may not sum to the reported total due to rounding. Some programs report negative totals for FY2009 and FY2010. This reflects a downward adjustment to obligations made in previous years. Table excludes loans and loan guarantees.

1. Subsidyscope analysis of USASpending.gov.
2. These include the Department of Education (CFDA # 84.***), the Department of Commerce (11.***), the Department of Defense (12.***), the Department of Housing and Urban Development (14.***), the Department of the Interior (15.***), the Department of Labor (17.***), the U.S. Department of State (19.***), the Government Printing Office (40.***), the Library of Congress (42.***), the National Endowment for the Arts, the National Endowment for the Humanities, and the Institute of Museum and Library Services (45.***), the Department of Veterans Affairs (64.***), the National Gallery of Art (68.***), the Department of Energy (81.***), the Harry S. Truman Scholarship Foundation, the Christopher Columbus Fellowship Foundation, Barry Goldwater Scholarship and Excellence In Education Foundation, Woodrow Wilson International Center for Scholars, Morris K. Udall Foundation, James Madison Memorial Fellowship Foundation, Smithsonian Institution (85.***), the Department of Health and Human Services (93.***), the Corporation for National and Community Service (94.***), and the Agency for International Development (98.***). For the purpose of counting the number of agencies that administer funding in a sector, Subsidyscope relies on the CFDA's designation of what constitutes a federal agency.
3. Subsidyscope analysis of USASpending.gov. This total is the aggregate of grant spending in Subsidyscope's Agriculture, Education, Energy, Health, Housing, National Defense, Natural Resources and Environment, Science, Space, and Technology, and Transportation sectors. The Nonprofit sector is not included in this total, as it is not mutually exclusive in scope and cuts across all other sectors.
4. The Catalog of Federal Domestic Assistance (CFDA) captures domestic grant programs and thus does not include grants administered in a foreign capacity.
5. Subsidyscope analysis of USASpending.gov. This total is the aggregate of total contract spending (competed and non-competed) in Subsidyscope's Agriculture, Education, Energy, Health, Housing, National Defense, Natural Resources and Environment, Science, Space, and Technology, and Transportation sectors. The Nonprofit sector is not included in this total, as it is not mutually exclusive in scope and cuts across all other sectors.
6. Subsidyscope analysis of USASpending.gov. Subsidyscope has previously determined that there can be problems with the quality of the contracts data that are reported by agencies to USASpending.gov. In order to sort government contracts by economic sector, Subsidyscope uses North American Industry Classification System (NAICS) codes to match contracts to the appropriate economic sector, or Product Service Codes if NAICS codes are not available. (See Section C of Subsidyscope's [methodology](#) for more on how contracts are organized by sector.) Specifically, Subsidyscope found that there is significant variation in agencies' use of NAICS codes when reporting contracts to USASpending.gov over the 10-year period from fiscal year 2000 to 2010. For instance, despite there being a requirement that contracting officers identify NAICS codes for each contract, for fiscal year 2000, approximately 88 percent of all contract records are missing NAICS codes while in fiscal year 2010, only 3 percent of records are missing NAICS codes. This inconsistent application of NAICS codes as well as other reporting variations may be responsible for some of the fluctuation in education-related contracts spending in fiscal years 2000 to 2010, as presented in Figure 2 above.
7. U.S. Department of Energy (DOE). "[Competition in Contracting Guide](#)." p. 1.

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 Education

+ Grants & Contracts

Tax Subsidies

Loans & Loan Guarantees

Tax Expenditures in the Education Sector

Tax expenditures are government revenue losses resulting from provisions in the tax code that allow an individual or business to reduce their tax liabilities by taking certain deductions, exemptions, exclusions, preferential rates, deferrals, or credits. Tax expenditures reduce the amount of revenue that would otherwise have been collected by the government, and thus have a similar effect on the federal budget as a spending program. They also can benefit recipients in much the same way as direct spending. Subsidyscope illuminates the budgetary costs of these programs; however, any use of these data for policy evaluation must weigh those costs against the benefits they provide. The costs of tax expenditures are estimated by two government entities: the US Department of the Treasury (Treasury), in the executive branch, and the nonpartisan staff of the Joint Committee on Taxation (JCT), a congressional committee. Each uses different methods and formats for calculating and presenting its estimates (see this [Methodology](#) page for more detail). Subsidyscope presents Treasury estimates below that are published by the Office of Management and Budget (OMB).

Table 1: Education Related Tax Expenditures for Individuals and Corporations, Fiscal Years 2009 and 2010 (\$ millions)

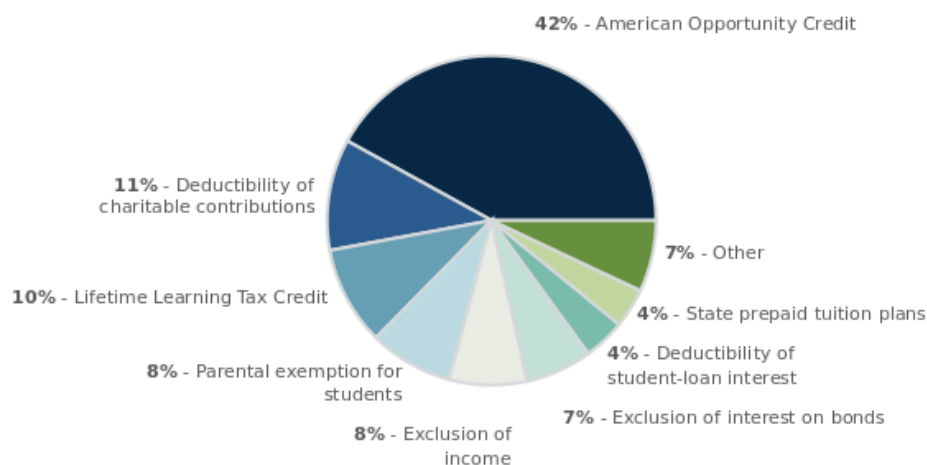
Tax Expenditure	FY 2009	FY 2010
American Opportunity Tax Credit	\$2,460	\$15,110
Deductibility of charitable contributions (education)	\$4,170	\$3,930
Lifetime Learning tax credit	\$3,860	\$3,490
Parental personal exemption for students age 19 or over	\$4,440	\$2,960
Exclusion of scholarship and fellowship income (normal tax method)	\$2,080	\$2,760
Exclusion of interest on bonds for private nonprofit educational facilities	\$1,780	\$2,340
Deductibility of student-loan interest	\$1,250	\$1,480
State prepaid tuition plans	\$1,200	\$1,390
Deduction for higher education expenses	\$1,790	\$760
Exclusion of employer-provided educational assistance	\$660	\$680
Exclusion of interest on student-loan bonds	\$440	\$550
Credit for holders of zone academy bonds	\$190	\$190
Special deduction for teacher expenses	\$180	\$160
Qualified school construction bonds	\$20	\$80
Education Individual Retirement Accounts	\$40	\$60
Discharge of student loan indebtedness	\$20	\$20

Exclusion of interest on savings bonds redeemed to finance educational expenses	\$20	\$20
HOPE tax credit	\$2,920	\$0
Total¹	\$27,520	\$35,980

Source: Subsidyscope analysis of data from OMB. Budget of the U.S. Government. Fiscal year 2009 figures are from [Analytical Perspectives, FY2011](#), p. 211; fiscal year 2010 figures are from [Analytical Perspectives, FY2012](#), p. 243.

As seen in Table 1, the estimated amount of revenue lost due to education tax expenditures rose by 31 percent between fiscal year 2009 and fiscal year 2010, from around \$27.5 billion to \$36 billion. An expansion of the American Opportunity Tax Credit (AOTC)—a provision in the tax code introduced under the American Recovery and Reinvestment Act (ARRA)—was the primary driver behind this increase. From fiscal year 2009 to fiscal year 2010, the AOTC subsumed and expanded the HOPE tax credit by increasing eligibility, adding course materials as a deductible expense, and raising the number of years of applicable post-secondary education from two to four.²

The Largest Education Tax Expenditures, Fiscal Year 2010



Source: Subsidyscope analysis of data from OMB. Budget of the U.S. Government. Fiscal year 2010 figures are from [Analytical Perspectives, FY2012](#), p. 243.

Notes: "Other" includes nine education exclusions, deductions, and credits, each of them is estimated to have a revenue loss of less than \$1 billion.

Numbers may not add up to 100 percent due to rounding.

1. Summing tax expenditures often provides a reasonably good estimate for the total cost of groups of tax expenditures, though it does not capture potential interactions among tax expenditures or behavioral responses if any single one is changed or repealed. For more on summing tax expenditures and their interaction effects, see Burman, Leonard, Eric Toder and Christopher Geissler. "How Big Are Total Individual Income Tax Expenditures, and Who Benefits from Them?" The Urban Institute. Washington, DC. December 2008. For more on why tax expenditure estimates are not exact estimates of the amount of federal revenue that would be raised if they were eliminated, see the [Methodology](#) page of Pew's Tax Expenditure Database.
2. Internal Revenue Service (IRS). "American Opportunity Tax Credit." November 9, 2011.

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 Education

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Loans and Loan Guarantees in the Education Sector

Education Sector Direct Loan Programs

In the case of direct loans, the government lends money directly to the borrower and services the loan by collecting repayments. When the government offers direct loans at below market interest rates, or terms more generous than what private markets would provide, there is a subsidy. The government estimates the subsidy conveyed through such credit programs as the net cost to the government of a loan or loan guarantee, calculated by summing all the expected future cash flows to and from the government; this is the cost the government is required to present under the 1990 Federal Credit Reform Act (FCRA).¹

Many argue that there is also an implicit subsidy, not measured by the government under FCRA, that results from excluding the costs of program administration and market risk (which arises from volatility in the economy).² This implicit subsidy is generally the difference between the terms the recipient would get in a competitive market and those offered by the government. The estimates below do not include the implicit subsidy because the government does not measure it.

Tables 1 and 2 provide information about loan and loan guarantee programs. The "obligations" and "commitments" columns, respectively, illustrate the breadth of the government's role in the sector (the amount of loans disbursed or authorized and loan guarantees backed), but does not measure the subsidy costs that will ultimately be incurred. The "subsidy rate" column presents the government's reported subsidy rate for these programs, as required by FCRA, which can be defined broadly as the ratio of the subsidy to the disbursement.³

Table 1: Direct Loans in the Education Sector, Fiscal Years 2009 and 2010

Program	Agency	2009 Subsidy Rate (%)	2009 Obligations (\$ millions)	2010 Subsidy Rate (%)	2010 Obligations (\$ millions)
FORD DIRECT LOAN PROGRAM					
Subsidized Stafford	U.S. Department of Education - Federal Student Aid	-2.88	9,507	7.82	15,681
Unsubsidized Stafford	U.S. Department of Education - Federal Student Aid	-28.46	11,116	-17.19	19,327
PLUS	U.S. Department of Education - Federal Student Aid	-28.60	3,995	-21.47	6,752
Consolidated	U.S. Department of Education - Federal Student Aid	-12.88	16,556	-2.34	14,790

Weighted Average of Total Obligations	U.S. Department of Education - Federal Student Aid	-16.30	41,175	-6.88	56,550
TEACH Grants	U.S. Department of Education - Federal Student Aid	-3.63	42	13.63	80
TEMPORARY LOAN PURCHASE AUTHORITY PUT [PUT OPTION]					
Subsidized Stafford	U.S. Department of Education - Federal Student Aid	0.84	1,849	6.11	3,469
Unsubsidized Stafford	U.S. Department of Education - Federal Student Aid	-26.46	2,422	-15.70	4,665
PLUS	U.S. Department of Education - Federal Student Aid	-24.87	667	-22.64	745
Weighted Average of Total Obligations	U.S. Department of Education - Federal Student Aid	-16.02	4,938	-7.76	8,879

TEMPORARY LOAN PURCHASE AUTHORITY SHORT-TERM PUT [SHORT-TERM PURCHASE PROGRAM]

Subsidized Stafford	U.S. Department of Education - Federal Student Aid	-3.58	543	*	*
Unsubsidized Stafford	U.S. Department of Education - Federal Student Aid	-20.98	454	*	*
PLUS	U.S. Department of Education - Federal Student Aid	-23.78	270	*	*
Weighted Average of Total Obligations	U.S. Department of Education - Federal Student Aid	-14.12	1,268	*	*

TEMPORARY LOAN PURCHASE AUTHORITY PARTICIPATION [FINANCING ARRANGEMENT]

Subsidized Stafford	U.S. Department of Education - Federal Student Aid	4.99	15,427	8.74	8,310
Unsubsidized Stafford	U.S. Department of Education - Federal Student Aid	-15.89	21,002	-10.85	11,477
PLUS	U.S. Department of Education - Federal Student Aid	-10.35	5,342	-17.06	2,354
Weighted Average of Total Obligations	U.S. Department of Education - Federal Student Aid	-7.47	41,770	-4.16	22,140

TEMPORARY LOAN PURCHASE AUTHORITY CONDUIT [ASSET-BACKED COMMERCIAL PAPER SUPPORT PROGRAM]

Subsidized Stafford	U.S. Department of Education - Federal Student Aid	-1.94	2,511	*	*
Unsubsidized Stafford	U.S. Department of Education - Federal Student Aid	-12.25	2,449	*	*
PLUS	U.S. Department of	-11.62	334	*	*

	Education - Federal Student Aid				
Weighted Average of Total Obligations	U.S. Department of Education - Federal Student Aid	-7.32	5,294	*	*
Temporary Purchase Program - Conduit Liquidity	U.S. Department of Education - Federal Student Aid	-6.19	4,570	*	*

OFFICE OF POSTSECONDARY EDUCATION

Historically Black College and University Capital Financing Program	U.S. Department of Education - Office of Postsecondary Education	16.31	61	11.35	178
Total Obligations			99,118		87,827

Note: Total obligations may differ from sum of obligations due to rounding.

Source: Subsidyscope analysis of data from the Federal Credit Supplement (FCS). 2009 figures are from the [FCS FY2010](#), Table 1; 2010 figures are from the [FCS FY2011](#), Table 1.

*This loan was not reported in [FCS FY2011](#).

Almost all reported loans in the Education sector are administered through the U.S. Department of Education's Federal Student Aid office, except for the Historically Black College and University (HBCU) Capital Financing Program, which is administered by the Office of Postsecondary Education.

Between 2008 and 2010, loans in the Education sector increased four-fold from \$19.9 billion to \$87.8 billion.⁴ Much of this increase can be attributed to provisions in the Ensuring Continued Access to Student Loans Act of 2008 (ECASLA),⁵ which included provisions that were aimed at ensuring that private lenders in the Federal Family Education Loan (FFEL) program would have the necessary capital to allocate student loans, given the disruption of global credit markets.

ECASLA also granted the Department of Education the authority to purchase FFEL loans from lenders, which in 2007 made up almost 75 percent of federal student loans (the remaining 25 percent were direct loans).⁶ As seen in Table 1, ECASLA is made up of four component parts: "a put option; a short-term purchase program; a financing arrangement; and an asset-backed commercial paper support program."⁷ The majority of obligations for ECASLA were in 2009, with \$53.3 billion spread across the four programs. By 2010, the amount had declined to \$31 billion, with money for the Short-Term Purchase Program and the Loan Purchase Authority Conduit expiring.

Additionally, Table 1 shows a large expansion of the Ford Direct Loan Program, with significant increases in Subsidized and Unsubsidized Stafford Loans and Direct PLUS Loans for parents.

Education Sector Loan Guarantees

In the case of a government loan guarantee, a private lender disburses the loan to the borrower, and the government acts as the guarantor of the loan by agreeing to make payments should the borrower fail to do so. Such a guarantee often allows a borrower to secure a loan at a lower interest rate than the borrower could otherwise obtain. Even if the interest rate is a market rate and the loan is repaid in full, there could be a subsidy if the borrower did not pay an upfront fee for the guarantee as may be the case with a private lender. In addition, a government guarantee encourages lenders to offer loans to borrowers to whom they might otherwise not extend credit because they are more of a credit risk. As with loans, the government does not include administrative costs or market risks in the subsidy calculation. All reported loan guarantees in the Education sector are run by the U.S. Department of

Education's Federal Student Aid office (See Table 2 below).

Table 2: Loan Guarantees in the Education Sector, Fiscal Years 2009 and 2010

Program	Agency	2009 Subsidy Rate (%)	2009 Commitments (\$ millions)	2010 Subsidy Rate (%)	2010 Commitments (\$ millions)
Subsidized Stafford	U.S. Department of Education - Federal Student Aid	7.08	28,004	14.41	31,214
Unsubsidized Stafford	U.S. Department of Education - Federal Student Aid	-6.33	38,125	-6.03	41,462
PLUS	U.S. Department of Education - Federal Student Aid	-7.52	9,698	-9.07	10,460
Consolidated	U.S. Department of Education - Federal Student Aid	-5.89	1,018	-3.17	249
Total Commitments		-1.59*	76,845	1.25*	83,384

Note: Total commitments may differ from sum of commitments due to rounding.

*Weighted average.

Source: Subsidyscope analysis of data from the Federal Credit Supplement (FCS). 2009 figures are from the [FCS FY2010](#), Table 2; 2010 figures are from the [FCS FY2011](#), Table 2.

1. Congressional Budget Office (CBO). "[Estimating the Value of Subsidies for Federal Loans and Loan Guarantees](#)." August 2004. p. 1.
2. *Ibid*.
3. Federal Credit Supplement (FCS). FY2010. p.iii. The Federal Credit Supplement includes four components that sum together to create the subsidy rate: defaults as a net of recoveries, interest accrued, fees, and an "all other" category. A positive subsidy rate indicates there is a net cost to the government, and that a subsidy is being provided to the borrower. A negative subsidy rate by contrast means that the government predicts it will receive more money than it pays out in a particular program. However, as noted at the top of this page, the government does not take into account the implicit subsidy in these calculations, potentially making government estimates an undercount of the subsidy. See [this page](#) for more on how the government calculates subsidy rates for loans and loan guarantees.
4. 2008 figures are from the [FCS FY2009](#), Table 1.
5. [Ensuring Continued Access to Student Loans Act of 2008](#), H.R. 5715, 110th Cong. (Signed into law May 7, 2008).
6. Delisle, Jason. New America Foundation. "[Student Loan Purchase Programs Under the Ensuring Continued Access to Student Loans Act of 2008](#)." Issue Brief. December 2009. p. 1.
7. *Ibid*.

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