



DEPARTMENT OF EDUCATION

Funding Highlights:

- Provides \$77.4 billion. The Budget includes a significant increase for K-12 education, while making tough choices to put the Pell Grant program on a sustainable fiscal path.
- Provides \$1.4 billion for new competitions, modeled on the successful Race to the Top initiative, to strengthen and reform early childhood education, improve district performance in elementary and secondary education, and improve outcomes in higher education.
- Continues support for a \$5,550 maximum Pell Grant award, \$819 above the level in 2008, while putting the program on a sustainable fiscal path by eliminating the year-round Pell Grant and the in-school interest subsidy for graduate and professional student loans.
- Strengthens the effectiveness of America's teachers with \$975 million in competitive initiatives to recruit, prepare, reward, and retain great teachers.
- Invests \$26.8 billion, an increase of 6.9 percent, in a reformed Elementary and Secondary Education Act (ESEA) focused on raising standards, encouraging innovation, and rewarding success, while allowing States and districts more flexibility to invest resources where they will have the greatest impact. The new ESEA directs funds to reform-oriented competitive initiatives, consolidates dozens of programs, and cuts programs that do not demand results.
- Provides \$300 million for the Investing in Innovation program to support effective approaches to student learning.
- Invests \$150 million in Promise Neighborhoods, to support effective community services, strong family supports, and rigorous comprehensive education reforms to improve the educational and life outcomes for children and youth in high-need communities.
- Provides over 13 million students with low-cost loans to attend college and provides new rewards for colleges and universities that achieve outcomes for disadvantaged students.
- Eliminates 13 discretionary programs and consolidates 38 K-12 programs into 11 streamlined programs focused on improved outcomes.
- Fosters productivity by encouraging States and districts to enact education reforms that are more cost-effective.
-

In its first two years, the Administration has combined unprecedented financial support for American education with extraordinary success in promoting and achieving fundamental reforms that will benefit students of all ages and their families and help create a workforce that can compete with any in the world economy for decades to come. The President's Budget builds upon this success with a request of \$77.4 billion for the Department of Education. K-12 education receives one of the only significant funding increases in the 2012 Budget, though the increase is smaller than that last year due to the fiscal environment. To support the reauthorization of the Elementary and Secondary Education Act (ESEA), the Administration proposes to focus increased funding on reform-oriented competitive initiatives, consolidate dozens of programs, and reduce funding for grants that do not demand results. The Budget maintains historic increases for Pell Grants, which are critical to creating future generations that are well-educated and globally-competitive. To put Pell Grants on a firm financial footing that can be sustained for years to come, the Budget eliminates year-round grants that began in 2009 and eliminates the in-school interest subsidy for loans to graduate students.

Invests in an Educated, Competitive America

Adapts the Race to the Top Model of Competition to Transform Lifelong Learning. Widely viewed as leveraging more change than any other competitive education grant program in history, the Race to the Top (RTT) initiative spurred States across the Nation to bring together teachers, school leaders, and policymakers to achieve difficult yet fundamental improvements to our education system. The competition fostered meaningful change even in States that did not ultimately win an award. Looking at the success the RTT competition had in targeting funds to the most innovative and successful education programs, the Administration proposes three new initiatives based on similar principles: offering competitive funding; demanding significant reforms with deep support; requiring outcomes;

and measuring success. Specifically, the Budget proposes:

- *An Early Learning Challenge Fund.* Quality early education is an investment that pays off for years by preparing children for a lifetime of learning. The Budget includes \$350 million to establish a new, competitive Early Learning Challenge Fund, administered by the Department of Education and the Department of Health and Human Services, for States that are ready to take dramatic steps to improve the quality of their early childhood programs.
- *A New K-12 Race to the Top.* The Budget proposes \$900 million for a new K-12 RTT that will bring the RTT reform approach to school districts, with a focus on cost-effective reforms that improve student achievement in an era of tight budgets.
- *A "First in the World" Competition Among Colleges and Universities.* To help America restore its international leadership in the number of students graduating college, the Budget invests \$150 million in a new initiative to increase college access and completion and improve educational productivity. The proposal introduces into the Fund for Improvement of Postsecondary Education an evidence-based framework, enabling the Fund to become a postsecondary "Investing in Innovation" program that will test, validate, and scale up effective approaches. In addition to these competitive grants, the Budget also provides \$50 million in 2012 and a total of \$1.3 billion over five years in performance-based funding to institutions that have demonstrable success in enrolling and graduating more high-need students and enabling them to enter successful employment.

Sustains Maximum Pell Grant Increases and Makes Tough Choices to Put the Program on Firm Fiscal Footing. Since 2008, the Administration has increased the maximum Pell Grant by \$819, ensuring access to postsecondary education for over nine million needy students.

The Budget maintains this commitment by sustaining the \$5,550 maximum award to support the President's 2020 higher education goal. To pay for this expansion, the Budget also supports the urgent enactment of a new Pell Grant Protection Act that makes the tough choices needed to fully fund the \$5,550 maximum award in the coming years. These steps include eliminating the poorly targeted in-school interest subsidy for loans to graduate students and ending the costly new year-round Pell Grant, which offers students a second Pell Grant in one year, but has cost 10 times more than anticipated and failed to demonstrate a meaningful impact on students' academic progress. This approach fully funds anticipated growth in the Pell Grant program over the next decade, and the Administration will work with the Congress on a responsible approach to budgeting for unanticipated growth.

Increases the Number of Effective Teachers and School Leaders. Increasing the number of great teachers, especially in disadvantaged schools, will require major new efforts to recruit greater numbers of talented individuals into teaching; better prepare and support individuals to be successful in the classroom; and recognize and reward excellence in the classroom. In addition to a \$2.5 billion investment in an overhauled teacher quality formula grant, the Budget invests \$500 million in the Teacher and Leader Innovation Fund, a competitive program for States and districts with smart approaches to strengthening the impact of school professionals, and \$250 million in Teacher and Leader Pathways, a competitive program to invest in effective teacher and leader preparation programs. As a replacement of the existing TEACH grants program, the Budget provides \$185 million for a grant program for States that agree to measure the performance of their teaching institutions, supply scholarship aid to talented individuals attending the most successful programs, hold the least effective teacher education programs accountable for results, upgrade licensure and certification standards, and provide recognition and portable certification to effective classroom teachers. The Budget also includes \$40 million for a new competitive grant to improve and expand teacher education programs

at minority-serving institutions, a significant pipeline for preparing a diverse teaching force.

Prepares 100,000 STEM Teachers for the Classroom and Encourages Breakthrough Technology. Students need to master science, technology, engineering, and mathematics (STEM) in order to thrive in the 21st Century economy, and we have seen other nations eclipse ours in preparing their children in these critical fields. That is why the President has set the ambitious goal of preparing 100,000 STEM teachers over the next decade, and recruiting 10,000 STEM teachers over the next two years. The Budget includes \$80 million to expand promising and effective models of teacher preparation, which will help train effective STEM teachers. In addition, the Budget includes \$90 million for a new Advanced Research Projects Agency-Education (ARPA-ED) in 2012 that would promote dramatic breakthroughs in educational technology.

Helps Students with Disabilities Achieve Their Full Potential. The Budget provides a \$200 million increase for Individuals with Disabilities Education Act (IDEA) State Grants, which help students with disabilities succeed in elementary and secondary school. An 11 percent increase for the IDEA Infants and Families programs (Part C), providing an additional \$50 million, will also help ensure many of our youngest and most vulnerable children get off to a strong start. In addition, a new \$30 million joint pilot with three other agencies will develop and evaluate innovative approaches to improving outcomes of children receiving Supplemental Security Income and their families.

Use Resources More Effectively for Better Results

Reforms Elementary and Secondary School Funding by Supporting High Standards, Encouraging Innovation, and Rewarding Success. Too often, funds are allocated based on variables that are not tied to success or the educational goals we need to reach to educate a competitive workforce. As the Congress moves

forward to reauthorize the ESEA, the Administration will work with the Congress to restructure K-12 funding to focus resources on the Nation's most critical educational goals. Specifically, we want to encourage States to adopt standards that prepare all students for college and a career; to support dramatic improvements in the quality of assessments; and to recognize and reward schools and teachers for helping students make important gains. Our proposal also offers new flexibility for successful States and districts to pursue solutions to help all students graduate from high school—college- and career-ready. In addition, we would encourage innovation by consolidating narrow programs into broader competitive grant authorities. Key support for this proposal in the Budget includes:

- \$300 million in new Title I funding to reward schools that show the most progress in improving the achievement of at-risk students.
- \$300 million to continue the Investing in Innovation program to test, validate, and scale up effective approaches to student learning.
- \$150 million in Promise Neighborhoods, an initiative that supports effective community services, strong family supports, and rigorous comprehensive reforms to improve the educational and life outcomes for children and youth in high need communities.
- \$372 million to expand educational options by helping grow effective charter schools and other autonomous public schools that achieve positive results and give parents more choices.
- \$600 million for School Turnaround Grants to support the Administration's commitment to helping States and districts turn around our Nation's lowest performing schools.
- \$835 million to support a well-rounded education, including reading; science, technology, engineering, and math; and the humanities; and \$365 million for efforts to promote school safety, health, and well-being.

- \$750 million to strengthen and reform education for English learners and to support innovations that will improve learning outcomes.

Restructures Narrow Education Programs Into Broad and Flexible Competitions that Fund What Works. Over the years, numerous small programs have been created to deliver education funding, yet many of them have not been evaluated for efficacy or have not been proven to make a difference. We have a responsibility to spend every dollar as effectively as possible. The President's Budget eliminates 13 discretionary programs and consolidates 38 K-12 programs into 11 new programs that emphasize using competition to allocate funds, giving communities more choices around activities, and using rigorous evidence to fund what works. The Administration's proposal also includes provisions to ensure that new grant competitions result in an equitable geographic distribution of funds nationwide, including to rural communities.

Helps States and Districts Do More with Less by Evaluating What Works and Paying for Success. Now more than ever we cannot waste taxpayer dollars on programs that do not work. That is why the Budget includes significant resources to continue the Department's efforts to evaluate investments launched under the Recovery Act and to initiate several new evaluations of interventions in adult and postsecondary education. In addition, the Budget contains \$100 million to help States and districts provide important information to principals and teachers about their progress in meeting their reform goals and improving outcomes for students. As we learn what works, we also should reward those who are able to get extraordinary results from the dollars they spend. The Administration is launching a series of low-cost incentive programs including "pay for success bonds" that provide funding only after results are achieved; prioritizing cost-saving initiatives within Race to the Top and Investing in Innovation; and creating a prize for State and local grantees with the greatest cost savings.

Department of Education
(In millions of dollars)

	Actual 2010	Estimate 2011	2012
Spending			
Discretionary Budget Authority:			
Legislative proposal, Elementary and Secondary Education Act:			
College and Career Ready Students ¹	14,492		14,792
School Turnaround Grants	546		600
Race to the Top	—		900
Investing in Innovation	—		300
English Learner Education	750		750
Effective Teaching and Learning for a Complete Education	870		835
College Pathways and Accelerated Learning	103		86
Excellent Instructional Teams	3,495		3,250
Expanding Educational Options	409		372
Supporting Student Success	1,541		1,781
Special Education State Grants ²	12,319		12,569
Career and Technical Education and Tech Prep	1,272		1,008
Adult Education State Grants	628		635
Workforce Innovation Fund	—		30
Federal Student Aid:			
Supplemental Educational Opportunity Grants	757		757
Federal Work Study	980		980
Higher Education:			
Minority Serving Institutions—Discretionary funding	613		653
Minority Serving Institutions—Mandatory funding (non-add)	278		278
TRIO programs- Discretionary funding	853		920
TRIO programs-Mandatory funding (non-add)	57		—
GEAR UP	323		323
Student Aid Administration	806		1,095
Institute of Education Sciences	659		760
All other	5,221		5,398
Subtotal, non-Pell Discretionary budget authority ³	46,637	50,297	48,797
Federal Pell Grants (with proposed policy changes in 2012)	17,495		36,261
Mandatory savings proposal	—		-7,661
Total, Discretionary budget authority ^{3,4}	64,132	72,859	77,397
Total, Discretionary outlays	106,544	100,994	78,935

Department of Education—Continued
(In millions of dollars)

	Actual 2010	Estimate	
		2011	2012
Mandatory Outlays:			
Legislative proposal, Provide mandatory appropriation to sustain recent Pell Grant increases	—	—	2,069
Legislative proposal, Eliminate in-school interest subsidies for graduate and professional students	—	—	–984
Legislative proposal, Provide current borrowers incentive to convert from guaranteed loans to direct loans to simplify loan servicing	—	—	–2,136
Legislative proposal, Eliminate year-round Pell Grants and simplify the student aid application	—	–60	–535
Legislative proposal, Reform and expand Perkins loan program	—	—	–578
Legislative proposal, Other student aid reforms	—	—	–378
Academic Competitive/SMART Grants	881	780	4
Vocational Rehabilitation (VR) State Grants	2,686	3,316	3,168
All other	–17,223	–25,647	–8,638
Total, Mandatory outlays	–13,656	–21,611	–8,008
Total, Outlays	92,888	79,383	70,927
Credit activity			
Direct Loan Disbursements:			
Historically Black College and University Capital Financing	171	137	186
Federal Direct Student Loans (FDSL)	74,709	133,507	145,129
TEACH Grants	104	127	107
Student Loan Acquisition	56,909	972	37,704
Federal Perkins Loans	—	—	2,167
Total, Direct loan disbursements	131,893	134,743	185,293
Guaranteed Loan Disbursements:			
Federal Family Education Loans (FFEL)	42,141	—	—
Total, Guaranteed loan disbursements	42,141	—	—

¹ Program level. Budget authority is same as the program level in 2010 and \$841 million less than the program level in 2012.

² Program level. Budget authority is same as the program level in 2010 and \$841 million less than the program level in 2012.

Includes IDEA Part B State Grants, IDEA Preschool grants, and IDEA Grants for Infants and Families.

³ Discretionary budget authority totals in 2010 are net of –\$143 million in funds rescinded under P.L. 111–226. Budget authority does not include an \$18 million transfer to the Student Aid Administration from 2009 Federal Work-Study under the authority provided by Sec. 304 of P.L. 111–8. Discretionary totals do not include rescissions of Academic Competitiveness/SMART Grant balances amounting to \$561 million in 2010 and \$597 million in 2011.

⁴ The Pell Grant program was requested as mandatory funding in 2011. The 2011 discretionary total of \$72,859 includes an adjustment for Pell Grants based on the annualized CR, P.L. 111–242