



## DEPARTMENT OF EDUCATION

### Funding Highlights:

- Provides \$69.8 billion in discretionary spending, which is 2.5 percent, or \$1.7 billion, above the 2012 enacted level. This request builds on the significant gains already made through Race to the Top and other Administration initiatives. It safeguards increases in major K-12 reform programs and funds new efforts to improve college access, affordability, and quality to help reach the President's college completion goal. To accommodate increases in these priority areas, the Budget makes targeted reductions and consolidations that help preserve resources for the highest priority investments.
- Spurs comprehensive reform at the State and local level by providing \$850 million for Race to the Top and \$100 million for Promise Neighborhoods, two signature reform initiatives.
- Overhauls the Department's Elementary and Secondary Act (ESEA) programs by consolidating 38 program authorities into 11 competitive grant programs designed to allow States and districts more flexibility to use resources where they will have the greatest impact.
- Sustains investments in programs that support States' efforts to implement rigorous and comprehensive reforms like the ones being developed in their ESEA flexibility plans.
- Invests \$1.1 billion in a reauthorized Career and Technical Education program, that will prepare students for the future by aligning what they learn in school with the demands of 21<sup>st</sup> Century jobs. The Budget also provides support for establishing new highly-effective career academies.
- Prepares America's students for the 21<sup>st</sup> Century workplace by providing \$260 million in funding for science, technology, engineering, and mathematics (STEM) programs, including a new \$30 million evidence-based math education initiative to be jointly administered with a comparable program at the National Science Foundation, and \$80 million to help reach the President's goal of recruiting and preparing 100,000 high-quality STEM teachers over the next 10 years.
- Continues the Administration's commitment to keep college affordable for students and their families by making the American Opportunity Tax Credit permanent, suspending an increase in student loan interest rates, and helping to secure the future of the Pell Grant program. The

Budget provides sufficient funding for a \$5,635 maximum Pell Grant award, \$900 above the 2008 level which ensures access to postsecondary education for nearly 10 million needy students. The Budget also provides over 12 million borrowers with low-cost loans to attend college.

- Invests significant new resources to reform higher education through Race to the Top: College Affordability and Completion, reforms to the Campus-Based Aid program, and a new First in the World competition.
- Builds the knowledge base of effective educational interventions and helps translate research into practice through an additional \$12 million for Institute of Education Sciences' research and development and sustained funding for Investing in Innovation.
- Supports new interagency efforts to break down administrative barriers to coordinating services for disadvantaged children and disconnected youth.
- Makes targeted reductions to a handful of programs to ensure that funds are spent only on the most effective and essential activities.

In its first three years, the Administration has combined unprecedented financial support for education with extraordinary success in pursuing and achieving fundamental reforms that will benefit students of all ages and help build a globally competitive workforce. Central to this effort has been the Race to the Top (RTT) initiative for elementary and secondary education, a competition that spurred States across the Nation to bring together teachers, school leaders, and policy makers to achieve difficult, yet fundamental improvements to our education system. By offering competitive funding, supporting systemic reforms, requiring outcomes, and measuring success, the RTT competition fostered meaningful change even in States that ultimately did not win an award. This past year, a new RTT competition, called the Race to the Top: Early Learning Challenge, also drove States to take major steps to improve the quality of their early childhood programs.

The President's 2013 Budget builds on this success with a request of \$69.8 billion for the Department of Education, a \$1.7 billion increase

above 2012 levels. In addition to sustaining and building on investments in improving early learning and elementary and secondary education, the Budget places a heightened emphasis on postsecondary education reform with efforts to tackle college costs while improving outcomes for students. The Budget also continues strong support for increasing access to college by maintaining historic increases for Pell Grants, which are critical to creating future generations that are well-educated and globally-competitive.

### ***Invests in an Educated, Competitive America***

**Sustains Successful K-12 Reform.** The Department of Education has jump-started landmark reforms in our education system by rewarding excellence and promoting innovation. Early indications show impressive progress in helping children start school ready to succeed, raising academic standards, placing an effective teacher in every classroom, and turning around struggling schools. The Budget continues to

build on these reforms with new and sustained investments:

- *Race to the Top (RTT)*. The Budget provides \$850 million for RTT, a program that has enabled States to implement systemic reforms in five fundamental areas: implementing rigorous standards and assessments; using data to improve instruction and decision-making; recruiting and retaining effective teachers and principals; turning around the lowest-performing schools; and improving State systems of early learning and care. In 2011, the Department of Education launched the RTT Early Learning Challenge grant competition, a joint effort with the Department of Health and Human Services, designed to support the States with the most ambitious plans to ensure that high-need children from birth to age five enter kindergarten ready to succeed. In 2012, the Administration is building on the State-level progress of RTT by launching a district-level competition to support reforms best executed at the local level. In 2013, RTT will be poised to deepen the Administration's investments in these various areas, and address the unmet demand of States and districts that have demonstrated a commitment to implementing comprehensive and ambitious reforms. Additional resources will be provided for the Race to the Top: Early Learning Challenge, to be paired with new investments by the Department of Health and Human Services in improving child care quality and preparing children for success in school.
- *Promise Neighborhoods*. The Budget provides a considerable increase to Promise Neighborhoods, funding the program at \$100 million. This initiative supports high-need communities who plan to combine effective services for families with comprehensive reforms centered on high-quality schools, in an effort to improve educational and life outcomes for children and youth.
- *Investing in Innovation (i3)*. The Budget continues robust investment in the i3 fund, providing \$150 million, to support evidence-based approaches that improve K-12 achievement and close achievement gaps, decrease dropout rates, increase high school graduation rates, and improve teacher and school leader effectiveness. A portion of i3 funds will also be used to support the development of breakthrough learning technologies through the Advanced Research Projects Agency for Education.
- *School Turnaround Grants*. The Budget provides \$534 million for School Turnaround Grants to support the Administration's commitment to helping States and districts turn around America's lowest-performing schools.
- *Flexibility in Exchange for Smart Reforms*. To build on the successful reforms leveraged by the first RTT competition, the Department recently invited States to apply for Elementary and Secondary Education Act (ESEA) waivers in exchange for a commitment to implement comprehensive reforms. The Budget maintains investments in key programs that States can use to advance these reforms. For example, States and districts will have new flexibility to use Title I funds that were previously required to be reserved for supplemental educational services, public school choice, and professional development to support locally determined, rigorous interventions in schools.
- *Support for Teachers and Schools*. Districts will continue to receive the vital resources needed to pay teacher salaries and fund other educational interventions needed to help disadvantaged students and students with disabilities succeed through sustained investments in Title I and Individuals with Disabilities Education Act (IDEA) Grants to States of \$14.5 billion and \$11.6 billion, respectively.

- *Strengthens the Teaching Profession.* The Budget makes a number of investments to help ensure that an effective teacher is in every classroom, including a 25 percent set-aside within the new Effective Teachers and Leaders State Grants program to build evidence on ways to best recruit, prepare and support effective teachers and principals. The Budget also invests \$400 million in the Teacher and Leader Innovation Fund to transform teacher and leader evaluation and compensation to reward strong teaching and support improvement.

**Delivers a Quality, Affordable College Education to Millions of Americans.**

To strengthen our Nation's competitiveness and to be first in the world in the proportion of college graduates, the Nation must open the doors of college to more Americans and make sure that students can complete their degrees. The Administration has already taken significant strides to make college more affordable. Today, nearly 10 million students receive Pell Grants, and more than 12 million borrowers receive low-cost loans, with new affordable repayment options based on their income after leaving school. This Budget builds on that progress by continuing to invest in student aid. Just as the Administration's investments over the past three years have transformed K-12 education, this Budget contains new initiatives to reform higher education by addressing rising tuition and improving outcomes. Our goal is reduced college costs, improved access, increased levels of completion, and better post-graduation outcomes—all at an affordable cost to students. Key initiatives include:

- *Tackling College Costs and Raising Completion Levels.* Rising college tuition has stymied recent efforts to make college more affordable through investments in Pell Grants, student financial aid, and higher education tax credits. Students are still struggling to pay their tuition bills and are leaving school with significant debt that they are having difficulty repaying. This path is not sustainable. Institutions of

higher education have to do their part to rein in costs and deliver a high-value education, and States must halt their disinvestment in higher education and pursue reforms that will stabilize their systems in the long run. Our goal is reduced college costs, improved access, increased levels of completion, and better post-graduation outcomes. To this end, the Budget proposes a new Race to the Top: College Affordability and Completion, reforms to the Campus-Based Aid program, and a new First in the World competition.

- *Support for Community Colleges.* The Budget also funds a new initiative designed to improve access to job training across the nation and provides \$8 billion in the Departments of Education and Labor to support State and community college partnerships with businesses to build the skills of American workers.
- *Maintaining a Strong Pell Grant Program.* Since 2008, the Administration has increased the maximum Pell Grant by more than \$900, to \$5,635. The Budget continues the Administration's strong commitment to the Pell Grant program and to preserving the maximum award, and includes measures that ensure full program funding through the 2014–2015 academic year. The Administration believes that action must be taken this year to keep the Pell Grant program on a sound footing, and that reforms such as those included in the Budget are necessary to maintain this critical investment in opening the doors of opportunity to all Americans and strengthening our Nation's competitiveness.
- *Making the American Opportunity Tax Credit Permanent.* The Tax Relief, Unemployment Insurance Reauthorization and Job Creation Act of 2010 extended for two years the new American Opportunity Tax Credit (AOTC)—a partially refundable tax credit worth up to \$2,500 per student per year. AOTC, which would be made permanent in the Budget,

helps more than 9 million taxpayers afford the cost of college.

- *Suspending an Increase in Student Loan Interest Rates.* Under current law, interest rates on subsidized Stafford loans are slated to rise this summer from 3.4 percent to 6.8 percent. At a time when the economy is still recovering and market interest rates remain low, it makes no sense to double rates on student loans. The Budget suspends the scheduled increase for the coming year, so that rates will remain at 3.4 percent.
- *Improving the Quality of Postsecondary Outcome Data.* Informed decision-making by students and families is critical to improving value and quality in higher education. Better data can also help institutions make more informed decisions that will improve both programs and outcomes. The Budget provides resources to invest in improving the quality of postsecondary data and making information on education and employment outcomes available to the public. This will drive smarter decision-making, by showing which higher education programs lead to good results.

**Prepares 100,000 STEM Teachers and Improves STEM Education.** Students need to master science, technology, engineering, and mathematics (STEM) in order to thrive in the 21<sup>st</sup> Century economy. Steadily, 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. The Budget invests \$80 million within the Effective Teachers and Leaders State Grants program toward that goal, to expand promising and effective models of teacher preparation in STEM. The Budget also funds a jointly administered mathematics education initiative, with \$30 million from the Department of Education and \$30 million from the National Science Foundation (NSF). This new evidence-based math initiative will combine the strength in mathematics education research at NSF with the Department of Education's State

and school district connections and program scale-up expertise. These programs will be developed in conjunction with a Government-wide effort to improve the impact of Federal investments in math and science education by ensuring that all programs supporting K-12 and undergraduate education adhere to consistent standards of effectiveness.

**Prepares Young People for Jobs Through a Reformed Career and Technical Education Program.** The President's Budget recommends reauthorization and reform of the Career and Technical Education (CTE) program, currently set to expire in 2013. The Administration's \$1.1 billion reauthorization proposal would restructure CTE to align what students learn in school with the demands of 21<sup>st</sup> Century jobs and create better quality programs for students. The Budget also provides new funding to scale up career academies.

### *Uses Resources More Effectively for Better Results*

**Helps States and Districts Make Better Choices by Identifying Proven Strategies.** In a time of fiscal constraint, it is crucial that we understand which interventions and strategies are effective at improving student outcomes. The President's Budget maintains a commitment to building a rich evidence base of what works so that districts and schools can make informed decisions about how to best educate their students. The Budget sustains support for the i3 program and provides new funds for a CTE innovation and transformation fund and First in the World, which will contribute to our evidence base by requiring rigorous evaluations of promising and proven education interventions and solutions. The Budget also provides an increase of \$12 million for the Institute of Education Sciences Research and Development program to support rigorous research and evaluation and new strategies to make this evidence accessible to education practitioners.

**Creates Efficiencies and Encourages Interagency Coordination.** When the Administration outlined its reauthorization of ESEA in the 2011 Budget, it proposed to overhaul the Department’s K-12 program structure by consolidating 38 existing authorities into 11 new programs that would give communities more choices in implementing activities and allow for the use of rigorous evidence to fund what works. In the past two years, Congress eliminated the funding for 22 of the 38 programs, but failed to replace these eliminations with the improved program structure, funding only two (RTT and i3) of the 11 new programs. Eliminating programs alone will not enable the Department to drive the reform that is needed in the nation’s schools. That is why the 2013 Budget seeks funding for all 11 of the proposed programs and continues to consolidate the 38 existing program authorities, including the 16 programs still operating, into this new program structure.

The Budget also provides investments and flexibility to coordinate Federal, State, tribal, and local services and improve outcomes for

disadvantaged children and disconnected youth. It continues to support the Promoting Readiness of Minors in the Supplemental Security Income Program (PROMISE) pilot—a joint effort between the Social Security Administration and the Department of Education, with input from the Departments of Labor and Health and Human Services. The Budget also includes new resources dedicated to disconnected youth that will build knowledge about the most effective programs, provide flexible funding, and improve coordination across levels of government.

**Reduces Funding in Select Areas to Focus Resources on Core Activities.** Consistent with Administration-wide efforts to achieve savings where possible, the Budget makes targeted reductions to some programs, including the National Assessment of Educational Progress and the National Institute on Disability and Rehabilitation Research, and generates savings by ending Impact Aid for school districts where the presence of Federal property does not affect enrollment.

**Department of Education**  
(In millions of dollars)

	Actual 2011	Estimate	
		2012	2013
<b>Spending</b>			
Discretionary Budget Authority:			
Legislative proposal, Elementary and Secondary Education Act:			
College and Career Ready Students (program level) .....	14,443	14,516	14,516
School Turnaround Grants .....	535	534	534
Race to the Top .....	699	549	850
Investing in Innovation .....	150	149	150
English Learner Education.....	734	732	732
Effective Teaching and Learning for a Complete Education.....	305	362	427
College Pathways and Accelerated Learning.....	92	76	81
Excellent Instructional Teams (program level).....	2,977	2,864	2,941
Supporting Student Success.....	1,441	1,407	1,448
Expanding Educational Options.....	281	255	255
Special Education State Grants (program level).....	12,278	12,393	12,413

**Department of Education—Continued**  
(In millions of dollars)

	Actual 2011	Estimate	
		2012	2013
Career and Technical Education State Grants and National Activities (program level) .....	1,130	1,131	1,131
Adult Education State Grants and National Activities .....	607	606	606
Federal Student Aid:			
Supplemental Educational Opportunity Grants .....	736	735	735
Federal Work Study .....	979	977	1,127
Race to the Top: College Affordability and Completion .....	—	—	1,000
Higher Education:			
Minority Serving Institutions—Discretionary funding .....	562	541	541
<i>Minority Serving Institutions—Mandatory funding (non-add)</i> .....	278	278	278
TRIO programs—Discretionary funding .....	827	840	840
<i>TRIO programs—Mandatory funding (non-add)</i> .....	57	—	—
GEAR UP .....	303	302	302
Student Aid Administration .....	992	1,043	1,129
Institute of Education Sciences .....	609	594	621
All other .....	4,670	4,683	4,698
Subtotal, Discretionary budget authority, excluding Pell Grants .....	45,349	45,288	47,076
Federal Pell Grants .....	22,956	22,824	22,824
Subtotal, Discretionary budget authority (program level) .....	68,305	68,112	69,900
Discretionary Changes in Mandatory Programs ( <i>non-add in 2012</i> ): <sup>1</sup>			
Pell Grants .....		-124	—
VR State Grants (Change from baseline) .....		—	-63
Subtotal, Discretionary changes in mandatory programs .....		-124	-63
Changes in Advance Appropriations <sup>2</sup> .....	41	-732	—
Total, Discretionary budget authority .....	68,346	67,381	69,837
Total, Discretionary outlays .....	89,360	79,102	67,712
Mandatory Outlays:			
Legislative proposal, Federal Pell Grants .....	14,242	15,323	13,553
Legislative proposal, Perkins Loans .....			-648
Legislative proposal, Federal Student Loan Programs .....	-47,295	-34,315	-32,190
Legislative proposal, Teacher Education Assistance .....	12	38	19
Legislative proposal, American Jobs Act .....		30,517	19,577
Education Jobs Fund .....	5,056	3,712	—
Academic Competitiveness and SMART Grants .....	820	10	—

**Department of Education—Continued**  
(In millions of dollars)

	Actual 2011	Estimate	
		2012	2013
Vocational Rehabilitation (VR) State Grants .....	2,795	3,512	3,278
All other .....	524	588	625
Total, Mandatory outlays .....	-23,846	19,385	4,214
Total, Outlays .....	65,514	98,487	71,926
<b>Credit activity</b>			
Direct Loan Disbursements:			
Historically Black College and University Capital Financing .....	137	186	186
Federal Direct Student Loans (FDSL) .....	132,804	176,266	147,282
<i>Consolidation Loans (non-add)</i> .....	24,038	63,446	28,382
TEACH Grants .....	127	149	120
Student Loan Acquisition .....	3,147	907	704
Federal Perkins Loans .....	—	—	2,226
Total, Direct loan disbursements .....	136,215	177,508	150,518

<sup>1</sup> The 2012 amounts reflect OMB's scoring of the 2012 Appropriations acts (P.L. 112–55 and 112–74) as transmitted to the Congress. These amounts are displayed as non-add entries because they have been rebased as mandatory and are not included in any 2012 discretionary levels in the 2013 Budget.

<sup>2</sup> Reflects the cumulative changes in Department of Education advance appropriations in four accounts: College and Career Ready Students; Excellent Instructional Teams; Special Education; and Career, Technical, and Adult Education. The Budget Appendix includes, for each account, a Summary of Program Level table that shows the change in advance appropriations in each year. These advance appropriations are also discussed in the Analytical Perspectives volume's "Budget Process" chapter.