

Fiscal Year 2013 Budget  
Summary and Background Information

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*Even as we find ways to cut spending, what we can't do is cut back on investments like education that will help us create jobs and grow our economy.*

*President Barack Obama  
March 4, 2011*

## I. SUMMARY OF THE 2013 BUDGET

Over the past 3 years, President Obama has demonstrated extraordinary leadership in shepherding America's education system through the financial crisis and economic recession and in leveraging the change and reform we need to prepare our children for the challenges of competing successfully in the 21<sup>st</sup> century global economy.

The American Recovery and Reinvestment Act of 2009 (ARRA) delivered nearly \$100 billion to States, school districts, postsecondary institutions, and students to help address budget shortfalls and meet the educational needs of all Americans in the midst of the most severe economic downturn since the Great Depression. These funds helped save or create an estimated 400,000 jobs, including 325,000 education jobs, and the Education Jobs Fund has helped cash-strapped States and districts keep tens of thousands of teachers in the classroom since its passage in late summer of 2010.

President Obama also used ARRA funds to launch transformational reforms through the Race to the Top, Investing in Innovation (i3), and redesigned School Improvement Grant (SIG) programs. Race to the Top is now helping 18 States and the District of Columbia implement comprehensive, game-changing reforms designed to raise the quality of academic standards and assessments; increase the use of data to improve instruction and decisionmaking; recruit, develop, and retain effective teachers and principals; and turn around the lowest-performing schools. Nine States are using Race to the Top—Early Learning Challenge awards to help build statewide systems of high-quality early learning. The i3 program has made 72 awards, totaling \$800 million, to develop, validate, and scale up projects designed to dramatically enhance student learning and accelerate student achievement. School districts are putting \$4.5 billion to work in implementing rigorous school turnaround models in more than 1,200 of the Nation's persistently lowest-achieving schools, including many of the "dropout factories" that graduate fewer than 60 percent of their students.

Drawing on these successful reforms, in early 2010, the President proposed a far-reaching reauthorization plan for the Elementary and Secondary Education Act (ESEA). *A Blueprint for Reform* re-envisioned the Federal role in education as supporting more flexible, innovative, locally driven approaches to teaching and learning that would allow States, school districts, principals and teachers to make better, more productive use of existing resources. However, with reauthorization 5 years overdue and States and school districts increasingly struggling with the outdated accountability provisions of the No Child Left Behind Act, President Obama decided that our children can no longer wait. In September 2011, he announced an ESEA flexibility initiative to help create space—pending completion of reauthorization—for State and local innovations that would increase the quality of instruction and improve student academic achievement. Eleven States submitted requests for ESEA flexibility in November 2011, and up to 30 additional States are expected to follow suit in early 2012.

President Obama also continues to advocate for his American Jobs Act, which would provide \$25 billion to support the jobs of some 325,000 teachers and \$30 billion to help modernize up to 35,000 public schools and community colleges.

In postsecondary education, President Obama has worked tirelessly to make a college education more accessible and affordable for all students and help ensure that, by 2020, the United States will once again have the highest proportion of college graduates in the world. The historic Student Aid and Fiscal Responsibility Act of 2010 (SAFRA) ended decades of unnecessary Government subsidies to banks and other institutions that made guaranteed loans to postsecondary students, saving an estimated \$68 billion. These savings were re-directed to help Pell Grants keep pace with rising college costs, reduce the burden of loan repayment for college graduates, expand career training opportunities at local community colleges, and increase support for minority-serving institutions, which currently enroll nearly 60 percent of all minority undergraduate students. Thanks in part to these new investments, President Obama has roughly doubled funding for the need-based Pell Grant program, raising the maximum award from \$4,731 in fiscal year 2008 to an estimated \$5,635 for fiscal year 2013 and increasing the number of recipients by approximately 50 percent to nearly 10 million students.

The President's 2013 budget would build on these accomplishments by enabling the expansion of successful existing reform programs like Race to the Top and i3, supporting new initiatives to increase higher education affordability and quality, strengthening the teaching profession, and improving job training.

**The Administration is requesting \$69.8 billion in discretionary appropriations for the Department of Education in fiscal year 2013, an increase of \$1.7 billion, or 2.5 percent, over the fiscal year 2012 level.**

The 3-year table below displays the Department's discretionary request without Pell Grants, the net discretionary request for the Pell Grant program, and the total discretionary request.

### Department of Education Discretionary Appropriations

(in billions of dollars)

	<u>2011</u>	<u>2012</u>	<u>2013</u> <u>Request</u>	<u>Change</u>
<b>Discretionary</b> (without Pell Grants)	<b>\$45.3</b>	<b>\$45.3</b>	<b>\$47.0</b>	<b>+\$1.7</b>
<b>Pell Grants</b> (net discretionary request)	<b>\$23.0</b>	<b>\$22.8</b>	<b>\$22.8</b>	<b>0.0</b>
<b>Total</b>	<b>\$68.3</b>	<b>\$68.1</b>	<b>\$69.8</b>	<b>+\$1.7</b>

The overall 2013 request also includes additional mandatory funds for Pell Grants and new initiatives. Most of the Department's funding is discretionary and is appropriated annually for each program within the limits established by authorizing legislation. Mandatory funding generally does not require annual appropriations because the authorizing legislation itself establishes a fixed funding level or a method for calculating automatic appropriations without further congressional action. The largest mandatory programs in the Department's budget are federally subsidized loans for postsecondary students, the costs of which are estimated based

on assumptions about interest rates, lender fees, repayments, defaults, and collections. Other education programs funded in whole or in part through mandatory appropriations include Pell Grants and Vocational Rehabilitation State Grants. The total request for Pell Grants, for example, is \$36.1 billion, including \$22.8 billion in discretionary funds and \$13.3 billion in mandatory funds.

Over the past 3 years the Department of Education has successfully streamlined and consolidated programs from kindergarten through college to save taxpayer dollars, improve efficiency and reduce administrative burdens, and better serve States, schools, students, and families. Congress eliminated or consolidated 49 ineffective, outdated, or duplicative programs for a total savings of more than \$1.2 billion, in many instances following the Administration's recommendations, though it has not yet provided the consolidated program structure that would enable the Department to drive the reforms that are needed in the Nation's schools. In addition, the Administration replaced decades of costly subsidies to banks for guaranteed student loans with more efficient Direct Loans that will save taxpayers \$68 billion over 10 years.

### **MAJOR INITIATIVES FOR FISCAL YEAR 2013**

In addition to sustaining the State and local K-12 reform momentum created by initiatives like Race to the Top and i3, the 2013 budget request for the Department of Education is focused on three new priorities: (1) improving affordability and quality in postsecondary education, (2) elevating the teaching profession to the same high status it enjoys in nations with the highest-performing education systems, and (3) strengthening the connections between school and work and better aligning job training programs with workforce demands.

#### **Affordability and Quality in Postsecondary Education**

Whether it is by looking at earnings or employment rates, the evidence is clear that obtaining a postsecondary credential is an economic imperative, not a luxury. But the growing need for higher education is coming at the same time that the cost of college is rising to levels that are increasingly unaffordable for many American families. Historic Federal investments in student financial assistance and tax credits have helped slow increases in the net price that students and families pay for college, but we cannot expect Federal student aid to keep pace with rising college costs indefinitely. Instead, we need larger reforms that address the root causes affecting college affordability, while also creating incentives to provide greater quality and value to students. Addressing these goals is something that cannot be done by the Federal Government alone. For these reasons, President Obama is proposing a comprehensive approach to higher education affordability and quality that focuses on improvements at the State, institutional, and individual levels. Specific proposals include:

- \$1 billion for the first year of Race to the Top: College Affordability and Completion to drive systemic State reforms that simultaneously lead to increased affordability, quality, and productivity. Funds would be awarded to States with a strong record of increasing college affordability and quality, which could be demonstrated in such ways as maintaining a consistent State financial commitment to higher education, operating institutions that reasonably stabilize or contain the growth in what students pay for college and measure and publicize institutional value in terms of financial returns and other outcomes, making use of data to drive policy, and improving alignment between K-12 and postsecondary education and across colleges. Funds would be used by States and institutions to boost quality and productivity and provide greater value to students through improved undergraduate

experiences, new paths to credit attainment and degrees, and increased capacity, among other purposes.

- Expanding and reforming the Campus-Based Aid programs—Supplemental Educational Opportunity Grants (SEOG), Federal Work-Study, and Perkins Loans—to provide \$10 billion in student financial aid for use at those colleges that provide the best value to students by enrolling and graduating students from low-income families, restraining net prices, and demonstrating good value.
- \$55.5 million for a “First in the World” fund that would help postsecondary institutions, including private institutions and nonprofit organizations, to develop, evaluate, or scale up innovative and effective strategies for improving college completion outcomes while lowering costs and increasing the quality and capacity of higher education. Awards could be used to pay start-up costs for activities such as using technology to redesign coursework, improving early college preparation in order to mitigate the need for remediation, and developing and implementing competency-based instruction and assessment. Funds also would be used for incentive payments that reward grantees for successful outcomes.

The significant Federal investment in postsecondary student aid means taxpayers have a strong interest in positive higher education outcomes. These initiatives would help protect that investment by creating incentives for States and public and private postsecondary institutions to provide good value to students at an affordable price and move us closer to meeting President Obama’s 2020 goal for college completion.

### **Elevating the Teaching Profession**

A second priority in the 2013 President’s request is furthering efforts to ensure that accomplished, effective teachers are guiding every student’s learning and that teaching is highly respected as a profession. Previous appropriations have supported State and local efforts to implement performance-based compensation and strengthen teacher evaluation systems, but it is increasingly clear that those reforms are too narrow to elevate the profession to the status that our teachers deserve and our children need. In addition, we need to re-engineer and radically change our approach to attracting, training, supporting, and rewarding talented individuals in the teaching profession while empowering them to work together in new ways to dramatically improve the achievement of all students. Specific proposals supporting this goal include:

- \$5 billion in one-time funds through the American Jobs Act for a new initiative to strengthen the education profession by elevating it to the ranks of our most respected professions, such as medicine and law. The initiative would provide support to States and districts to pursue bold reforms at every stage of the profession, including by reforming colleges of education and making these schools more selective; creating new career ladders for teachers and ensuring that earnings are tied more closely to performance; establishing more leadership roles and responsibilities for teachers in running schools; improving professional development and time for collaboration among teachers; providing greater individual and collective autonomy in the classroom in exchange for greater accountability; creating evaluation systems based on multiple measures, rather than just test scores; and re-shaping tenure to raise the bar, protect good teachers, and promote accountability.

- A new 25-percent set-aside of Effective Teachers and Leaders State Grant funds under Title II of the ESEA. This increased set-aside—approximately \$617 million—would support efforts to build evidence on how to best recruit, train, and support effective teachers and school leaders; recruit and prepare effective science, technology, engineering, and mathematics teachers; and invest in efforts to enhance the teaching and school leadership professions.
- \$190 million in mandatory funding for a new Presidential Teaching Fellows program that would make formula grants to States that meet certain conditions to award scholarships of up to \$10,000 to talented individuals attending the most effective programs in the State. These individuals would be trained in a high-need subject and would commit to teach for at least 3 years in a high-need school. To be eligible for funds, States would measure the effectiveness of their teacher preparation programs based on student achievement data of their graduates, among other measures; hold teacher preparation programs accountable for results; and upgrade licensure and certification standards.

### **Aligning Job Training and Education Programs with Workforce Demands**

In addition to funding for reforming traditional postsecondary education and reshaping the teaching profession, the 2013 request for education includes key discretionary and mandatory investments aimed at improving the connections between school and work and strengthening the alignment of job training programs with workforce demands.

- \$8 billion over 3 years for a community college initiative, jointly administered by the Departments of Education and Labor, that would improve access to job training across the Nation and support State and community college partnerships with businesses to build the skills of American workers. Increased investment in community colleges will help ensure our country has one of the most skilled workforces in the world.
- \$1 billion over 3 years to expand Career Academies and increase the number of students served by this effective strategy.
- \$1.1 billion to support the reauthorization and reform of the Career and Technical Education (CTE) program, currently set to expire at the end of fiscal year 2012. The Administration's reauthorization proposal would restructure CTE to increase the rigor and relevance of what students learn in school to more closely align with the demands of the 21st century economy and workforce, while creating stronger linkages between secondary and postsecondary education. The proposal also would promote innovation and reform in CTE.

### **KEY PROGRAMS IN THE DEPARTMENT'S 2013 REQUEST**

The three major priorities for fiscal year 2013—improving college affordability and quality, reshaping the teaching profession, and strengthening the connections between school and work—are embedded in and complement a comprehensive set of investments in the 2013 request that reflect the Administration's longstanding commitment to transform our education system while continuing to help States, communities, school districts, schools, and postsecondary institutions meet the needs of all students. These investments are structured around the policy themes described below.

## Great Teachers and Leaders

The 2013 request includes a major new initiative to rebuild the teaching profession by radically changing how we prepare, credential, support, advance, and compensate teachers. As in other high-performing countries, we must elevate the teaching profession through a higher bar for entry; better training, including mentoring; higher compensation; a more flexible and collaborative work environment; meaningful evaluation and rewards for excellence; and opportunities for career advancement, both in the classroom and in school leadership teams. Our overall goals are to attract talented individuals to the field and create career and leadership opportunities to keep them in the classroom and invested in their school's success—especially in high-need schools. Key proposals in this area include:

- \$5 billion in one-time funds through the previously proposed American Jobs Act for a new initiative designed to dramatically reshape the teaching profession. This initiative would help States and school districts pursue bold reforms at every stage of the profession, including by reforming colleges of education and making these schools more selective; creating new career ladders for teachers and ensuring that earnings are tied more closely to performance; establishing more leadership roles and responsibilities for teachers in running schools; improving professional development and increasing time for collaboration among teachers; providing greater individual and collective autonomy in the classroom in exchange for greater accountability; creating evaluation systems based on multiple measures, rather than just test scores; and re-shaping tenure to raise the bar, protect good teachers, and promote accountability.
- \$190 million in mandatory funding for a new Presidential Teaching Fellows program that would fund formula grants to States to provide scholarships to talented students attending top-tier teacher preparation programs in the State, with a priority on students from low-income families. The new program would require fellows to be trained in a high-need subject and to commit to teach for at least 3 years in a high-need school. To be eligible for funds, States would measure the effectiveness of their teacher preparation programs based on student achievement data of their graduates, among other measures; hold teacher preparation programs accountable for results; and upgrade licensure and certification standards. This program would replace the TEACH Grants program.
- \$30 million for the Hawkins Centers of Excellence program to increase the number of effective minority educators by expanding and reforming teacher education programs at Minority-Serving Institutions. Supporting the preparation of effective teachers for high-need schools is a key strategy for closing the achievement gap between minority students and their peers.
- \$2.9 billion for the new Excellent Instructional Teams program, which would consolidate 5 teacher and school leader programs into 2 new programs better designed to help States and LEAs increase the effectiveness of teachers and principals:
  - \$2.5 billion for Effective Teachers and Leaders State grants to help States and LEAs carry out strategies to recruit, prepare, retain, and reward effective teachers and principals. Key activities would include strengthening teacher evaluation systems and ensuring the equitable distribution of effective teachers and school leaders. The request also would allow the Department to reserve up to 25 percent of program funds to

support, among other things, innovative efforts to create and expand high-performing pathways into teaching and school leadership.

- \$400 million for the Teacher and Leader Innovation Fund to significantly increase competitive grant funding for State and local efforts to support ambitious reforms—including innovative compensation systems—to better recruit, prepare, retain, and reward effective teachers, principals, and school leadership teams in high-need schools.
- \$186.9 million for a new Effective Teaching and Learning: Literacy competitive grant program that would help States strengthen their literacy programs by developing comprehensive, evidence-based, preschool-through-grade-12 literacy plans and aligning Federal, State, and local resources to provide high-quality literacy instruction.
- \$149.7 million for the new Effective Teaching and Learning: Science, Technology, Engineering, and Mathematics (STEM) competitive grant program to help States improve instruction and raise student achievement in these subjects.
- \$90 million for the new Effective Teaching and Learning for a Well-Rounded Education program to provide competitive grants to States, high-need local educational agencies (LEAs), and non-profit partners to strengthen the teaching and learning of the arts, foreign languages, civics and government, history, economics and financial literacy, environmental education, health education, and other subjects that contribute to a well-rounded education.

### **Promoting Innovation**

The 2013 request would continue to change the culture of America's education system by rewarding excellence and promoting innovation. The early success of programs like Race to the Top and i3 have demonstrated the eagerness of States, school districts, institutions of higher education, researchers, and education entrepreneurs to respond to incentives by proposing groundbreaking changes that promise to improve the quality and outcomes of our education system. Key requests include:

- \$850 million for additional Race to the Top awards, an increase of \$301 million over the 2012 level, to support comprehensive State and local reforms and innovations designed to close achievement gaps and produce significant improvements in student achievement, high school graduation rates, and college enrollment rates for all students. The request includes funding for the Race to the Top—Early Learning Challenge.
- \$150 million for the Investing in Innovation (i3) program for new competitive awards to develop, evaluate, and scale up evidence-based approaches that improve pre-K through grade 12 achievement and close achievement gaps, decrease dropout rates, increase high school graduation rates, and improve teacher and school leader effectiveness. A portion of funds from i3 also would be used to support the development of breakthrough learning technologies through a new Advanced Research Projects Agency—Education (ARPA-ED).
- \$255 million for Expanding Educational Options to support the creation and expansion of effective charter schools and other effective autonomous schools.

- \$1 billion for the first year of Race to the Top: College Affordability and Completion to drive systemic State reforms that simultaneously lead to increased affordability, quality, and productivity. Funds would be awarded to States with a strong record of increasing college affordability and quality and could be used by States and institutions to provide greater value to students through improved undergraduate experiences, new paths to credit attainment and degrees, and increased capacity, among other purposes.
- \$55.5 million for a “First in the World” competition among colleges and universities that would apply the lessons of the successful Investing in Innovation (i3) program to the challenge of improving college completion, particularly for minority and low-income students. First in the World would provide “venture capital” to encourage innovative approaches to improving college completion, research support to build the evidence of effectiveness needed to identify successful strategies, and resources to scale up and disseminate strategies we already know are successful. Funds also would be used for incentive payments that reward grantees for successful outcomes. Up to \$20 million would be dedicated specifically to projects serving MSIs.

### **Meeting the Full Range of Student Needs**

The disadvantaged children and young people targeted by key Department formula grant programs, such as Title I, Part A of the Elementary and Secondary Education Act and Part B Grants to States under the Individuals with Disabilities Education Act, often fall behind in school because of the failure to meet their non-academic needs. The 2013 request includes over \$1.4 billion to support comprehensive services, safe school climates, student health and well-being, and expanded school schedules to accommodate both additional learning opportunities and access to comprehensive services outside the traditional school day.

- \$100 million for Promise Neighborhoods, an increase of \$40.1 million over the 2012 level, for competitive grants to support the development and implementation of plans for comprehensive neighborhood projects that include a continuum of family and community services and ambitious education reforms designed to combat the effects of poverty and improve education and life outcomes, from birth through college to career, for children and youth within a distressed geographic area.
- \$1.2 billion for a reauthorized 21<sup>st</sup> Century Community Learning Centers program, the same as the 2012 level, for competitive grants for projects to provide students with additional time for academic and enrichment activities—including before- and after-school, summer school, and expanded learning time programs involving the redesign and extension of the school day, week, or year—as well as to programs that support full-service community schools that coordinate access to comprehensive services.
- \$195.9 million for Successful, Safe, and Healthy Students, a new competitive grant program under the Administration’s ESEA reauthorization proposal, to carry out strategies designed to improve the physical and mental health of students; reduce or prevent drug use, alcohol use, bullying, harassment, or violence; and collect and report better information on school climate and student safety.

## Improving STEM Education

President Obama has identified the need to improve our STEM education compared to other nations, and set out three overarching priorities to ensure more students get the skills needed to succeed in the STEM fields: increasing STEM literacy so that more students are motivated to pursue STEM subjects; improving the quality of math and science teaching; and expanding STEM education and career opportunities for underrepresented groups, including women and minorities. Key activities include:

- \$149.7 million for Effective Teaching and Learning: STEM, which would replace the current Mathematics and Science Partnerships program. Funds would be used to support State implementation of comprehensive, evidence-based plans; professional development that aligns Federal, State, and local resources to provide high-quality STEM instruction, and for subgrants to high-need LEAs to support comprehensive STEM instruction in the grades and schools with the greatest needs.
- \$80 million for STEM teacher and leader training and professional development, funded through a set aside from the Effective Teachers and Leaders program, to support the President's goal of preparing 100,000 effective STEM teachers over the next decade. These funds would support competitive awards to create or expand high-quality pathways to teacher certification and other innovative approaches for recruiting, training, and placing talented recent college graduates and mid-career professionals in STEM fields in high-need schools.
- \$30 million in the Fund for the Improvement of Education, combined with \$30 million from the National Science Foundation, to support the development and implementation of a robust, evidence-based K-12 STEM initiative as well as efforts to improve the evidence base for STEM programs across the Federal Government. The initiative would include competitive grants focused on developing, evaluating, and scaling up proven practices that can help increase student achievement in K-12 STEM. In addition, funds would support the development of common evidence frameworks for the two agencies, a "what works" repository, and technical assistance activities.
- A priority for STEM projects under the Investing in Innovation (i3) program, which makes competitive awards to develop, validate, and scale up innovative programs, practices, and strategies that are effective in improving educational outcomes for students. The proposed Advanced Research Projects Agency for Education (ARPA-ED), which would be launched through a set-aside of i3 funds, would focus on developing breakthrough educational technology solutions in high-need areas, such as STEM.

## Supporting Early Learning

The Administration is committed to supporting a continuum of learning in the early years from birth through third grade. Significant evidence from research and evaluation demonstrate that high-quality early learning programs and services are the among the most cost-effective investments in improving health, social-emotional, and cognitive outcomes; increasing school readiness across a range of domains; and closing and even preventing achievement gaps. The 2013 request would build on the 2011 Race to the Top—Early Learning Challenge competition,

which awarded \$500 million to 9 States to help build statewide systems of high-quality early education programs. Key activities in 2013 would include:

- Additional funding for the Race to the Top—Early Learning Challenge, using a portion of the \$850 million request for Race to the Top. These funds would be paired with new investments by the Department of Health and Human Services in child care quality. Together, these investments would improve the quality of early childhood programs and prepare young children to succeed in school.
- \$462.7 million for the Grants for Infants and Families program under the Individuals with Disabilities Education Act (IDEA), an increase of \$20 million over the 2012 level, to help States implement statewide systems of early intervention services for all eligible children with disabilities from birth through age 2 and their families.
- \$372.6 million for IDEA Preschool Grants to help States provide a free appropriate public education in the least restrictive environment to all children with disabilities ages 3 through 5 to help ensure that young children with disabilities succeed in school.
- \$100 million for Promise Neighborhoods, an increase of \$40.1 million over the 2012 level, for competitive grants to support the development and implementation of plans for comprehensive neighborhood projects, including a continuum of family and community services and ambitious education reforms, designed to combat the effects of poverty and improve education and life outcomes, from birth through college and career, for children and youth within a distressed geographic area.

### **All Students College- and Career-Ready**

The core of the Administration's ESEA reauthorization proposal is ensuring that all students, including poor and minority students, students with disabilities, and English Learners, graduate from high schools college- and career-ready (CCR). One key to reaching this goal is closing longstanding achievement gaps between poor and minority students and their more advantaged peers. Proposals in this area for 2013 include:

- \$14.5 billion for a reauthorized and strengthened Title I, Part A College- and Career-Ready Students program, the same as the 2012 level, to maintain support for State and local efforts to help disadvantaged students in high-poverty schools meet challenging college- and career-ready (CCR) academic standards. The request also would help States create statewide accountability systems based on CCR standards and aligned assessments, measure school success in helping all students graduate high school ready for college and a career, reward schools and LEAs making significant progress and closing achievement gaps, and carry out rigorous interventions in the lowest-performing schools. These funds also would help States carry out similar reforms under approved ESEA flexibility plans.
- \$533.6 million for a reauthorized School Turnaround Grants program, the same as the 2012 level, to fund a new round of awards to local school districts to support the implementation of rigorous interventions in their persistently lowest-performing schools as identified under the College- and Career-Ready Students program. These funds also would support rigorous interventions in the lowest-performing "priority schools" identified by States under approved ESEA flexibility plans.

- \$389.2 million for a reauthorized Assessing Achievement program, the same as the 2012 level, for formula and competitive grants to help States improve the quality of their assessment systems as they transition to assessments aligned with college- and career-ready standards. Grantees also could use funds to develop and implement CCR standards and assessments in other subjects, such as science and history, needed to ensure that all students receive a well-rounded education.
- \$11.6 billion for Special Education Grants to States, the same as the 2012 level, to continue paying a significant share of State and local costs of improving educational outcomes for children with disabilities. The request would provide an estimated average of \$1,762 per student for about 6.6 million children ages 3 through 21.
- \$732.1 million for a reauthorized English Learner Education program, the same as the 2012 level, for formula grants to help States and LEAs meet the needs of the growing population of English Learners, and to help these students reach the same college- and career-ready goals for reading and mathematics as other students. The Administration's reauthorization proposal supports strengthened professional development for educators, improved accountability, and the development and implementation of innovative and effective programs.
- \$443.5 million for Title I Migrant Student Education and Neglected and Delinquent Children and Youth Education State agency programs, the same as the 2012 level, to help meet the educational needs of approximately 241,000 children of migrant agricultural workers and to help an estimated 109,000 neglected and delinquent students return to and complete high school or a GED program and obtain employment.
- \$65.2 million for Homeless Children and Youth Education, the same as the 2012 level, for locally based services to help homeless children enroll in, attend, and succeed in school. In addition to academic instruction, the program helps ensure access for these children to preschool programs, special education, and gifted and talented programs.
- \$30 million for PROMISE: Promoting Readiness of Minors in SSI, an increase of \$28 million to expand pilot demonstration programs in selected States to improve the health, educational attainment, and employment outcomes for children receiving Supplemental Security Income (SSI) payments and their families by better coordinating and increasing the use of existing services for which they and their families are eligible. A portion of these funds could be used for Pay for Success bonds to engage social investors, the Federal Government, and a State or local community to collaboratively finance effective interventions.

### **College Access and Completion**

The 2013 request includes a wide range of proposals to support the Administration's initiative on college affordability and quality, including strong continued support for essential student financial aid programs; potentially groundbreaking reform measures based on the Race to the Top model of supporting comprehensive, systemic reform; encouragement of innovation at the institutional level; assistance to a wide range of minority-serving institutions; and programs to

help disadvantaged students prepare for and succeed in postsecondary education. Key proposals include:

- A \$5,635 maximum Pell Grant award supported by a total request of \$36.1 billion in discretionary and mandatory funding that would provide Pell Grants to nearly 10 million postsecondary students. The proposed 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 2014-15 academic year. To help place the program on a secure financial footing now and in the future, the request includes additional mandatory funding that is offset by reforms in the student loan programs.
- Making the American Opportunity Tax Credit permanent to continue to provide a partially refundable tax credit of up to \$10,000 over 4 years to almost nine million taxpayers. The tax credit currently is scheduled to expire in 2012.
- Keeping interest rates low on postsecondary student loans by suspending for 1 year a scheduled increase under current law that would double rates on subsidized Stafford loans from 3.4 percent to 6.8 percent. This proposal reflects the Administration's commitment to helping families pay college costs by keeping rates low, especially in light of the ongoing recovery from the recent economic recession.
- Expanding and reforming the Campus-Based Aid programs—SEOG, Federal Work-Study, and Perkins Loans—to provide more than \$10 billion in financial assistance to students attending colleges that are succeeding in enrolling and graduating students from low-income families, restraining net prices, and demonstrating good value. The request also includes a \$150 million increase for Federal Work-Study.
- \$1 billion for the first year of Race to the Top: College Affordability and Completion to drive systemic State reforms that simultaneously lead to increased affordability, quality, and productivity at colleges of all levels. Funds would be awarded to States with a strong record of increasing college affordability and quality and could be used by States and institutions to provide greater value to students through improved undergraduate experiences, new paths to credit attainment and degrees, and increased capacity, among other purposes.
- \$55.5 million for a "First in the World" competition among colleges and universities to develop, test, and scale up effective approaches to education, including a reservation of up to \$20 million within the fund for projects involving Minority-Serving Institutions.
- \$839.9 million for Federal TRIO programs, the same as the 2012 level, to maintain strong support for services to help disadvantaged students enroll in and complete college.
- \$302.2 million for Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP), the same as the 2012 level, to help approximately 725,000 middle and high school students prepare for and enroll in college.

- \$81.3 million for College Pathways and Accelerated Learning, a new authority under the Administration's ESEA reauthorization proposal designed to increase graduation rates and preparation for college matriculation and success by providing college-level and other accelerated courses and instruction in high-poverty middle and high schools, including Advanced Placement/International Baccalaureate (AP/IB) courses, dual-enrollment programs, and "early college high schools."
- \$431.1 million in discretionary funds for the Aid for Institutional Development programs, the same as the 2012 level, to maintain support for ongoing efforts to improve the academic programs and administrative and fundraising capabilities of institutions that enroll a large proportion of minority and disadvantaged students, including Historically Black Colleges and Universities.
- \$109.4 million in discretionary funds for Aid for Hispanic-serving Institutions, the same as the 2012 level, to help ensure that Hispanic students, half of whom enroll in Hispanic-serving institutions, have access to high quality postsecondary education.

### **Aligning Programs for Adult Learners and Individuals with Disabilities with Workforce Demands**

The 2013 request includes funding for a variety of programs targeted to adult learners and individuals with disabilities that would provide essential support for State and local activities intended to help millions of Americans navigate the ever-changing job market and overcome the career challenges created by the combination of global competition and the economic recession.

- \$8 billion over 3 years for a community college initiative, jointly administered by the Departments of Education and Labor, that would improve access to job training across the Nation and support State and community college partnerships with businesses to build the skills of American workers. Increased investment in community colleges will help ensure our country has one of the most skilled workforces in the world.
- \$1 billion over 3 years to expand Career Academies and increase the number of students served by this effective strategy.
- \$1.1 billion to support the reauthorization and reform of the Career and Technical Education (CTE) program, currently set to expire at the end of fiscal year 2012. The Administration's reauthorization proposal would restructure CTE to increase the rigor and relevance of what students learn in school and more closely align CTE with the demands of the 21st century economy and workforce while creating stronger linkages to postsecondary education. The proposal also would provide funding to promote innovation and reform in CTE.

- \$595 million for Adult Basic and Literacy Education State Grants, the same as the 2012 level, to support a reauthorization proposal that would streamline service delivery, require rigorous content standards and aligned assessments, ensure that workforce and adult education providers engage with employers, strengthen accountability requirements, promote innovative programs that support the use of career pathways models, and increase support for adults in correctional settings. The request includes a \$15 million set-aside to support a Workforce Innovation Fund (WIF) that would make competitive grants that encourage innovation and identify and validate effective strategies for improving the delivery of services and outcomes for all beneficiaries under the programs authorized by the Workforce Investment Act (WIA), as well as \$75 million for the English Literacy/Civics Education set-aside to help States and communities provide adults learning English with expanded access to high-quality English literacy programs linked to civics education.
- \$3.2 billion for Vocational Rehabilitation (VR) State Grants to help States and tribal governments to increase the participation of individuals with disabilities in the workforce. The requested \$45.7 million increase over 2012 includes \$35.7 million that would be made available from the consolidation of the smaller VR-related programs under the Rehabilitation Act in order to reduce duplication of effort and administrative costs, streamline program administration at the Federal, State, and local levels, and improve accountability. The increase also includes \$10 million that would be set aside to support innovation under the WIF to improve the delivery of services and outcomes for beneficiaries under programs authorized by WIA, including individuals with significant disabilities.

### **Identifying Effective Practices and Increasing Transparency**

The Administration is seeking a total of \$760.5 million, an increase of \$101.5 million, or 15 percent, to support the Department of Education's longstanding role in sponsoring education research and development activities, gathering and making available to researchers and the public a wide range of data on our education system, and measuring the performance of American students through a rigorous assessment program in a variety of academic subjects. The 2013 request includes the following:

- \$202.3 million for Research, Development, and Dissemination, an increase of \$12.5 million over the 2012 level, to support critical investments in education research, development, dissemination, and evaluation that provide parents, teachers, and schools with evidence-based information on effective educational practice. The request would fund additional awards under existing programs of research and development in areas where our knowledge of learning and instruction is inadequate as well as the completion of an impact evaluation of whether expanding Pell Grants to support additional training and education for unemployed adults results in higher earnings and employment.
- \$114.7 million for Statistics, an increase of \$6 million over the 2012 level, to support the collection, analysis, and dissemination activities of the National Center for Education Statistics (NCES). The increase would be used by NCES to support State participation in a pilot Program for International Student Assessment (PISA) study that would allow States to benchmark the performance of their 15-year-old students against international standards.

- \$132.3 million for Assessment, a decrease of \$6 million from the 2012 level, to support the National Assessment of Educational Progress (NAEP), the only nationally representative and continuing assessment of what American students know and can do. The proposed funding level is sufficient to enable NAEP to fulfill its mission and continue to provide important information on student achievement over time.
- \$53.1 million for Statewide Data Systems, an increase of \$15 million over the 2012 level, to help States develop enhanced longitudinal student data systems that track student progress from early childhood to entry into the workforce. The proposed increase would support postsecondary data initiatives designed to improve information on students as they progress from high school to postsecondary education and the workforce.

## II. THE 2013 EDUCATION BUDGET BY PROGRAM AREA

### A. ELEMENTARY AND SECONDARY EDUCATION

#### Overview

The 2013 request for elementary and secondary education programs supports the Administration's comprehensive plan for reauthorizing the Elementary and Secondary Education Act (ESEA), as outlined in *A Blueprint for Reform: The Reauthorization of the Elementary and Secondary Education Act*, released in March 2010 and available on the Department of Education website at <http://www2.ed.gov/policy/elsec/leg/blueprint/blueprint.pdf>.

The reauthorization plan recognizes that addressing stubborn achievement gaps and helping all children to excel requires more than just tinkering around the edges; rather, we need to rethink the Federal role to support innovation while at the same time leveraging more productive use of existing resources to improve teaching and learning. The *Blueprint* focuses on creating the right incentives to encourage States, school districts, and schools to make the changes needed to improve educational outcomes so that by 2020 America once again leads the world in college completion.

To support this strategy, the 2013 request would invest in a reformed 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. In particular, the request would continue to support game-changing reforms by providing \$850 million for the Race to the Top program as well as \$150 million for the Investing in Innovation (i3) fund to develop and expand innovative strategies and practices that have been shown to be effective in improving educational outcomes for students.

The \$14.5 billion request for the College- and Career-Ready Students program, which would replace Title I Grants to LEAs, would continue to help LEAs ensure that some 21 million students in high-poverty schools meet challenging State academic standards. The request also would support a reauthorization proposal that would restructure State accountability systems to target rigorous interventions on a State's lowest-performing schools while leaving it up to States and school districts to determine how best to improve school performance and student achievement in most Title I schools. The 2013 budget also would provide \$534 million for a reauthorized School Turnaround Grants program designed to build State and local capacity to intervene effectively to turn around their lowest-performing schools.

In addition, the Administration's reauthorization plan would consolidate 38 existing program authorities into 11 new grant programs designed to give States and districts more flexibility to use resources where they will have the greatest impact. The new programs would support a focus on projects that are achieving successful results, while safeguards would be put in place to ensure that geographic location does not dictate results. In particular, programs will be structured to ensure that rural communities have a fair chance to compete successfully.

Race to the Top

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$698.6	\$549.0	\$850.0

This program, modeled after the Race to the Top program authorized by the Recovery Act, would be included in the reauthorized ESEA. The purpose of the program would be to create incentives for comprehensive State and local reforms and innovations designed to close achievement gaps and produce significant improvements in student achievement, high school graduation rates, and college enrollment rates for all students. The program also would encourage the broad identification, dissemination, adoption, and use of effective policies and practices and the cessation of ineffective ones. Under the reauthorized program, the Department would make awards on a competitive basis to States, LEAs, or a combination of the two.

In 2013, Race to the Top will be poised to deepen the Administration’s investments in the program’s five core reform 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—and to address the unmet demand of States and districts that have demonstrated a commitment to implementing comprehensive and ambitious plans in these areas. 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.

Investing in Innovation Fund (i3)

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$149.7	\$149.4	\$150.0

The request would build on the first three i3 competitions by supporting grants, under a new ESEA authority based on the existing i3 program, to develop, validate, and scale up practices, strategies, or programs to improve student outcomes, with the amount of funds tied to the strength of evidence of effectiveness. Priority could be given to projects proposing to improve early learning outcomes; improve student attainment in science, technology, engineering, and mathematics (STEM) subjects; and increase productivity by improving student learning or other educational outcomes while increasing efficiency in the use of time, staff, money, or other resources. In addition, the request would support the Advanced Research Projects Agency-Education (ARPA-ED), a new entity modeled after similar agencies in the Department of Defense and Department of Energy that would pursue breakthrough developments in educational technology and learning systems, support systems for educators, and educational tools.

College- and Career-Ready Students

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$14,442.9	\$14,516.5	\$14,516.5

The request supports the Administration’s reauthorization plan for Title I, Part A of the ESEA (Title I Grants to LEAs under current law), which would include changes in the areas of standards and assessments, accountability and support for schools and LEAs, and teacher and leader effectiveness. States would adopt statewide standards that build toward college- and career-readiness (CCR) and implement high-quality assessments that are aligned with these CCR standards and capable of measuring individual student growth toward CCR. These new standards and assessments would give families and communities the information they need to determine whether their students are on track to college- and career-readiness and to evaluate their schools' effectiveness.

The reauthorization proposal would replace the adequate yearly progress (AYP) measure in current law, which is based primarily on a single, static snapshot of student proficiency on academic assessments, with a broader, more accurate measure of school performance that looks at student achievement, student growth, and school progress. Performance targets would be aligned with the objective of ensuring that by 2020 all students are graduating or on track to graduate from high school ready for college and a career. States would differentiate school improvement assistance across schools and, in a shift from current law, local officials would have flexibility to determine the appropriate improvement and support strategies for most schools.

A new Title I Rewards authority would create incentives, including financial rewards for staff and students and additional flexibility for LEAs and schools in the use of ESEA funds, for schools that reach performance targets, significantly increase student performance for all students, close achievement gaps, or, at the district and State levels, turn around the lowest-performing schools.

States and LEAs would be required to implement one of four rigorous school turnaround models in the lowest-performing 5 percent of schools in each State as well as research-based, locally determined strategies in schools that fall between the fifth and tenth percentiles in performance. In other schools that are not closing significant, persistent achievement gaps, LEAs would be required to implement data-driven interventions—which could include expanded learning time, supplemental educational services, or other strategies—to support those students who are farthest behind and help close those achievement gaps.

In addition, both States and LEAs would be required to develop meaningful plans to achieve the equitable distribution of effective teachers and leaders, based on the definitions of effectiveness that each State would be required to develop under the Administration’s reauthorization proposal. LEAs would use up to 20 percent of their Title I, Part A allocations to implement effective school improvement strategies and carry out strategies designed to ensure the equitable distribution of effective teachers and school leaders.

Title I funds would continue to be awarded to LEAs through the existing Basic Grants, Concentration Grants, Targeted Grants, and Education Finance Incentive Grants formulas. The

ESEA proposal would strengthen Title I “comparability” requirements to ensure that the high-poverty schools in each LEA receive State and local funding (for personnel and relevant non-personnel expenditures) comparable to those received by the LEA’s low-poverty schools. States would be required to measure and report on resource disparities and to develop a plan to reduce those disparities.

The Administration’s reauthorization proposal also would permit the Department to reserve up to 0.5 percent of Title I, Part A formula grant funds under a broad ESEA evaluation authority aimed at supporting the comprehensive evaluation of the implementation, outcomes, impact, and cost-effectiveness of ESEA programs, including the Title I, Part A College- and Career-Ready Students program. The request expands upon this proposal by including appropriations language in the General Provisions that authorizes the Department to reserve up to 0.5 percent in a number of its accounts to allow for additional, more flexible resources to evaluate programs agency-wide.

School Turnaround Grants

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$534.6	\$533.6	\$533.6

The reauthorized School Turnaround Grants program (School Improvement Grants under current law) would play a critical role in the new Title I statewide accountability systems that would be created under the Administration’s ESEA reauthorization plan by providing significant resources for LEAs to implement rigorous school intervention models in their lowest-performing schools. While States and LEAs would have new flexibility under the reauthorized ESEA to develop their own improvement strategies and interventions for most schools, they would be required to implement specific, meaningful intervention models in their very lowest-performing schools.

States would receive formula grants and would subgrant most funds to LEAs and their partners to implement fully and effectively the Turnaround model, the Restart model, School Closure, or the Transformation model in identified schools (the same four models currently required for persistently lowest-achieving schools under the School Improvement Grants program). LEAs would receive 3-year awards totaling up to \$6 million for each identified school and would be eligible for 2 additional years of funding to support a school's ongoing improvement if the school is showing progress. With the exception of the closure model, each of these models allows flexibility for locally designed plans that recognize and meet a broad range of student needs and local circumstances.

States would be permitted to reserve a portion of their allocations to build their capacity to improve low-performing schools, including by developing and implementing effective school quality review teams to assist schools in identifying school needs and in supporting school improvement, and by reviewing and ensuring the effectiveness of external partners. The Department also would be authorized to reserve funds for national activities designed to enhance State, district, and nonprofit capacity to turn around low-performing LEAs and schools. In most States, the 2013 request would be used primarily for awards to a new cohort of approximately 500 schools following the completion in fiscal year 2012 of the 3-year SIG awards made by States in fiscal year 2010.

Assessing Achievement  
(BA in millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u> <u>Request</u>
State Grants.....	\$380.0	\$380.0	\$380.0
Enhanced Assessment Instruments.....	<u>10.0</u>	<u>9.2</u>	<u>9.2</u>
Total.....	390.0	389.2	389.2

The request for Assessing Achievement (State Assessments under current law) would provide funding to assist States in developing and implementing assessments aligned with college- and career- ready (CCR) standards. Formula and competitive funds would support continued implementation of the assessments currently required by the ESEA, as well as the transition to CCR-based standards and assessments that would capture a fuller picture of what students know and are able to do. Grantees also could use funds to develop and implement CCR standards and assessments in other subjects, such as science and history, needed to ensure that all students receive a well-rounded education.

Excellent Instructional Teams  
(BA in millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u> <u>Request</u>
Effective Teachers and Leaders			
State Grants.....	—	—	\$2,466.6
Improving Teacher Quality State Grants .....	\$2,464.9	\$2,466.6	—
Teacher and Leader Innovation Fund .....	—	—	400.0
Teacher Incentive Fund .....	399.2	299.4	—
Teacher and Leader Pathways .....	—	—	74.7
Transition to Teaching.....	41.1	26.1	—
Teacher Quality Partnership.....	42.9	42.8	—
School Leadership .....	<u>29.2</u>	<u>29.1</u>	<u>—</u>
Total.....	2,977.3	2,864.0	2,941.2

The proposed Excellent Instructional Teams initiative would have two components: the Effective Teachers and Leaders State Grants program, a formula program with a 25-percent set-aside dedicated to improving and expanding high-quality teacher and leader pathways while enhancing the teaching and leadership professions, and the Teacher and Leader Innovation Fund. In addition, the Department requests funding for continuation costs of currently authorized programs through the proposed Teacher and Leader Pathways authority.

Effective Teachers and Leaders State Grants would provide formula grants to States and districts to support the Administration's ESEA reauthorization proposal, which would require States to develop definitions of "effective" and "highly effective" teachers and principals that would be used in the development of State and local teacher and principal evaluation systems. In addition, both States and LEAs would be required to develop meaningful plans to achieve an

equitable distribution of effective teachers and leaders. States and LEAs would have flexibility in how they use formula grant funds, but would be accountable for improving their teacher and principal evaluation systems and for ensuring that low-income and minority students have equitable access to teachers and principals who are effective at raising student achievement. The Department would reserve up to 25 percent of the appropriation to recruit, train, and support effective teachers and school leaders, including effective science, technology, engineering, and mathematics teachers; and to invest in efforts to enhance the teaching and leadership professions.

The Teacher and Leader Innovation Fund would make competitive awards to States and LEAs willing to implement bold approaches to improving the effectiveness of the education workforce in high-need schools and districts by creating the conditions needed to identify, reward, retain, and advance effective teachers, principals, and school leadership teams in those schools, and enabling schools to build the strongest teams possible.

Effective Teaching and Learning for a Complete Education

(BA in millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u> <u>Request</u>
Effective Teaching and Learning: Literacy....	—	—	\$186.9
Ready-To-Learn Television .....	\$27.2	\$27.2	—
Striving Readers .....	—	159.7	—
Effective Teaching and Learning: STEM .....	—	—	149.7
Mathematics and Science Partnerships .....	175.1	149.7	—
Effective Teaching and Learning for a Well-Rounded Education.....	—	—	90.0
Excellence in Economic Education.....	1.4	—	—
Teaching American History .....	45.9	—	—
Arts in Education.....	27.5	25.0	—
Foreign Language Assistance.....	26.9	—	—
Civic Education: Cooperative Education Exchange .....	<u>1.1</u>	<u>—</u>	<u>—</u>
Total .....	305.2	361.6	426.6

The Effective Teaching and Learning for a Complete Education initiative would address the need to strengthen instruction and raise student achievement across the core academic content areas, especially in high-need LEAs, by replacing a patchwork of programs and funding streams in current law with three comprehensive, coherent programs that provide increased flexibility for States and LEAs to design, develop, and implement strategies that best meet the needs of their students, including students with disabilities and English learners. The initiative also would support State and local efforts to use technology and interdisciplinary approaches to improve academic instruction and to expand the use of evidence-based practices. Finally, while continuing to emphasize literacy and STEM (Science, Technology, Engineering, and Mathematics), this initiative recognizes the importance of providing every student with a well-rounded education

The Effective Teaching and Learning: Literacy program would provide competitive State literacy grants to State educational agencies (SEAs), alone or in partnership with other entities (such as nonprofit organizations and institutions of higher education), for comprehensive State and local efforts aimed at improving literacy instruction, especially in high-need schools, for children and youth from preschool through grade 12. The program would build on the progress the Department seeks to achieve through the revised Striving Readers program, which replaced literacy programs segmented by age and grade level with a more comprehensive program that serves children from birth through 12<sup>th</sup> grade. The reauthorized program would strengthen education for literacy by (1) ensuring that all the elements of a comprehensive literacy program are embedded in State and local strategies; (2) strengthening performance expectations; (3) supporting the identification and scaling-up of innovative methods of teaching reading, writing, and language arts; and (4) giving States and school districts the flexibility to target resources based on identified needs.

The Effective Teaching and Learning: STEM program would provide competitive grants to SEAs, alone or in partnership with other entities, to implement a comprehensive strategy for the provision of high-quality STEM instruction and support to students. In awarding State STEM grants, the Department would give priority to States that have adopted and are implementing a set of K-12 college- and career-ready standards in at least mathematics. States would be permitted to reserve up to 20 percent of grant funds for State-level activities to support the development and implementation of a coherent approach to providing high-quality, evidence-based STEM instruction in high-need schools. States would be required to use their remaining grant funds to make subgrants to high-need LEAs and eligible partnerships to improve STEM instruction at the local level, including, for example, through online curriculum and technology-based approaches.

The Effective Teaching and Learning for a Well-Rounded Education program would support competitive grants to SEAs and high-need LEAs, alone or in partnership with other entities, to develop and expand innovative practices for improving teaching and learning in the arts, health education, foreign languages, civics and government, history, geography, environmental education, economics and financial literacy, and other subjects.

The Department would reserve funds under the Effective Teaching and Learning for a Complete Education authority to support a range of national activities, including identification of effective programs and best practices, development of high-quality educational and professional-development content, technical assistance, and dissemination. In addition, funds would be used to strengthen the use of technology across the core academic content areas. Finally, national activities funds could be used to support efforts by public telecommunications agencies, such as the Public Broadcasting Service and the Corporation for Public Broadcasting, and other entities, to create high-quality educational content for children.

College Pathways and Accelerated Learning  
(BA in millions)

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
College Pathways and Accelerated Learning .....	—	—	\$81.3
High School Graduation Initiative .....	\$48.9	\$48.8	—
Advanced Placement .....	<u>43.3</u>	<u>27.0</u>	<u>—</u>
Total .....	92.2	75.8	81.3

This program would focus on increasing graduation rates and preparation for college matriculation and success by supporting college-level and other accelerated courses and instruction, including gifted and talented programs, in high-poverty schools. Grantees would implement such strategies as expanding the availability of Advanced Placement/International Baccalaureate (AP/IB) courses, dual-enrollment programs that allow students to take college-level courses and earn college credit while in high school, and “early college high schools” that allow students to earn a high school degree and an Associate’s degree or 2 years of college credit simultaneously. The program would fund accelerated learning opportunities for students across the performance spectrum, including those who exceed proficiency standards, in high-poverty elementary schools. Grants also would support projects that re-engage out-of-school youth or students who are not on track to graduate.

Promise Neighborhoods

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$29.9	\$59.9	\$100.0

The budget would support the fourth cohort of planning grants and the third cohort of implementation grants for the development and implementation of plans for comprehensive neighborhood projects, including a continuum of family and community services and ambitious education reforms, designed to combat the effects of poverty and improve education and life outcomes, from birth through college to career, for children and youth within a distressed geographic area. The core belief behind the initiative is that providing both effective, achievement-oriented schools and strong systems of support to children and youth in poverty will offer them the best hope for overcoming poverty and building a better life. Eligible applicants, which may include nonprofit organizations, institutions of higher education, and Indian tribes, must demonstrate their ability to sustain the Promise Neighborhood once the Federal grants end through effective partnerships with schools, nonprofit organizations, foundations, and local and State agencies. The Department also encourages grantees to coordinate their efforts with programs and services provided by other Federal agencies, including the Departments of Housing and Urban Development, Health and Human Services, and Justice.

Successful, Safe, and Healthy Students  
(BA in millions)

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
Successful, Safe, and Healthy Students.....	—	—	\$195.9
Safe and Drug-Free Schools and Communities National Activities .....	\$119.3	\$64.9	—
Elementary and Secondary School Counseling .....	52.4	52.3	—
Physical Education Program .....	78.8	78.7	—
Alcohol Abuse Reduction .....	<u>6.9</u>	<u>—</u>	<u>—</u>
 Total .....	 257.4	 195.9	 195.9

Under this proposed consolidation of several narrowly targeted programs, the Department would award grants to increase the capacity of States, districts, and schools to create safe, healthy, and drug-free environments in a comprehensive manner, so that students are able to focus on learning and teachers on teaching. Further, it would provide increased flexibility for States and local educational agencies to design strategies that best reflect the needs of their students and communities, including programs to (1) improve school climate by reducing drug use, alcohol use, bullying, harassment, or violence; (2) improve students’ physical health and well-being through comprehensive services that improve student nutrition, physical activity, and fitness; and (3) improve student’s mental health and well-being through expanded access to comprehensive services, such as counseling, health, mental health, and social services.

The new program would also include a national activities authority, under which the Department would reserve funds for school emergency preparedness initiatives; comprehensive, community-wide “Safe Schools/Healthy Students” drug and violence prevention projects; and technical assistance on improving K-12 school climates for learning, as well as technical assistance to institutions of higher education to help reduce drug use and violence by college students.

21<sup>st</sup> Century Community Learning Centers

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$1,153.9	\$1,151.7	\$1,151.7

The Administration’s reauthorization proposal for 21<sup>st</sup> Century Community Learning Centers would support before- and after-school programs, summer enrichment programs, summer school programs, expanded-learning-time programs, and full-service community schools. All local projects would provide additional time for students, including both students with the greatest academic needs and those who are meeting State academic achievement standards, to participate in (1) academic activities that are aligned with the instruction those students receive during the regular school day and are targeted to their academic needs; and (2) enrichment and other activities that complement the academic program. Projects could also provide teachers the time they need to collaborate, plan, and engage in professional development within and across grades and subjects. This enhanced flexibility would allow

communities to determine the best strategies for enabling their students and teachers to get the time and support they need, particularly in the context of supporting rigorous and comprehensive interventions in their lowest-performing schools.

Expanding Educational Options  
(BA in millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u> <u>Request</u>
Expanding Educational Options .....	—	—	\$255.0
Charter Schools Grants.....	\$255.5	\$255.0	—
Voluntary Public School Choice .....	<u>25.8</u>	<u>—</u>	<u>—</u>
 Total .....	 281.3	 255.0	 255.0

The proposed Expanding Educational Options initiative includes two component authorizations: (1) Supporting Effective Charter Schools grants and (2) Promoting Public School Choice grants, in addition to the Magnet Schools Assistance program discussed below. The Supporting Effective Charter Schools grants program would support competitive grants to State educational agencies (SEAs), charter school authorizers, charter management organizations, local educational agencies (LEAs), and other nonprofit organizations to start or expand effective charter and other autonomous public schools. Funds would also be available for competitive grants for charter schools facilities programs. The Promoting Public School Choice grants program would support competitive grants to LEAs, individually or in a consortium, and to SEAs in partnership with one or more high-need LEAs, to develop and implement a comprehensive choice program that increases the range of high-quality educational options available to students in high-need schools. The new programs would also include a national activities authority under which the Department would reserve funds to support research, data collection, technical assistance to grantees, and dissemination activities. In fiscal year 2013, the Department would make grants under the Supporting Effective Charter Schools authorization.

Magnet Schools Assistance Program

	<u>2011</u>	<u>2012</u>	<u>2013</u> <u>Request</u>
BA in millions .....	\$99.8	\$99.6	\$99.6

Under the Magnet Schools Assistance program, the Department makes competitive grants to LEAs implementing a desegregation plan for the support of high-quality magnet schools. The Administration’s reauthorization proposal would expand and improve options for students and increase diversity by placing a greater emphasis on funding magnet school programs (particularly whole-school programs) or models that have a record of effectiveness in raising student achievement and reducing racial isolation. The Department would reserve funds for evaluation and dissemination activities.

Fund for the Improvement of Education

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$12.0	\$40.8	\$36.3

The Fund for the Improvement of Education (FIE) supports nationally significant activities to improve the quality of elementary and secondary education at the State and local levels and help all students meet challenging State academic achievement standards. The request includes \$30 million to fund a STEM initiative, to be administered jointly with the National Science Foundation, to develop, validate, and scale up evidence-based approaches to improve student learning at the K-12 level, as well as efforts to improve the evidence base for STEM programs across the Federal Government. The request also would provide \$5 million to support interagency strategies to strengthen services to disconnected youth (commonly defined as unemployed youth who lack a high school diploma) and \$1.3 million to continue the Data Quality Initiative, which helps ensure that program management decisions are based on sound information. The Department would use the funding for disconnected youth in close cooperation with the Department of Health and Human Services (which is requesting \$5 million to serve the same population) and the Department of Labor (which would use \$10 million from the Welfare Innovation Fund to serve disconnected youth).

English Learner Education

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$733.5	\$732.1	\$732.1

Currently authorized under Title III of the ESEA, this program awards formula grants to States based on each State's share of the Nation's English Learners (ELs) and recent immigrant students. Grants help States design and implement statewide activities to meet the educational needs of their ELs. The Administration's reauthorization proposal supports strengthened professional development for educators, improved accountability, and the development and implementation of innovative and effective programs. The proposal also would strengthen the conditions governing States' receipt of formula funds and permit the Department to use more funds for competitive grants in order to support the development and implementation of high-quality programs for ELs, including dual-language and transitional bilingual programs.

Title I State Agency Programs  
(BA in millions)

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
Migrant Student Education .....	\$394.0	\$393.2	\$393.2
Neglected and Delinquent Children and Youth Education .....	<u>50.3</u>	<u>50.2</u>	<u>50.2</u>
Total .....	444.3	443.5	443.5

Migrant Student Education State Grants provide formula-based assistance in meeting the special educational needs of approximately 241,000 children of migrant agricultural workers by helping States identify and pay the higher costs often associated with serving those children. The Department also uses a portion of funding to improve inter- and intra-State coordination of migrant education activities, including State exchange of migrant student data records through the Migrant Student Record Exchange System. The Administration’s reauthorization proposal would change the State allocation formula so that it better reflects shifts in State counts of migrant students, improve the targeting of services to high-need migrant students, and require States to track and report on the academic achievement of migrant students.

The Title I Neglected and Delinquent Children and Youth Education program provides formula grants to States in order to support education services for neglected and delinquent children and youth in local and State-run institutions, attending community day programs, and in correctional facilities. The request would help an estimated 109,000 neglected and delinquent students return to and complete school and obtain employment after they are released from State institutions.

Homeless Children and Youth Education

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$65.3	\$65.2	\$65.2

This program provides formula grants to States, which subgrant most funds to local educational agencies for services that help homeless children enroll in, attend, and succeed in school. In addition to academic instruction, the program helps ensure access for these children to preschool programs, special education, and gifted and talented programs. The Administration’s reauthorization proposal would improve the funding formula so it better reflects shifts in State counts of homeless students and targets funds where they are most needed. The proposal also would require States to track and report on the academic achievement of homeless students.

Rural Education

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$174.5	\$179.2	\$179.2

The Rural Education Achievement program (REAP) authorizes two programs to assist rural school districts in carrying out activities to help improve the quality of teaching and learning in their schools. The Small, Rural School Achievement program provides formula funds to rural school districts that serve small numbers of students, and the Rural and Low-Income School program provides funds to rural school districts that serve concentrations of poor students, regardless of the district’s size. Funds appropriated for REAP are divided equally between these two programs. The request would maintain support for rural, often geographically isolated, districts that face significant challenges in meeting ESEA requirements. The Administration’s reauthorization proposal would address technical problems with the current authority, extend an existing flexibility authority to all subgrantees, and align the authorized activities with national priorities.

Indian Student Education  
(BA in millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u> <u>Request</u>
Grants to Local Educational Agencies.....	\$104.1	\$105.9	\$105.9
Special Programs for Indian Children.....	19.0	19.0	19.0
National Activities.....	<u>3.9</u>	<u>5.9</u>	<u>5.9</u>
 Total .....	 127.0	 130.8	 130.8

Indian Student Education programs supplement the efforts of State and local educational agencies and Indian tribes to improve educational opportunities for Indian children. The programs link these efforts to broader educational reforms underway in States and localities in order to ensure that Indian students benefit from those reforms and achieve to the same challenging academic standards as other students. The Administration’s reauthorization proposal would simplify the process of identifying eligible Indian students and would give grantees additional flexibility to conduct programs that can improve the achievement of Indian students, including language immersion and language restoration programs and activities aligned with the Administration’s broader ESEA reauthorization priorities.

Grants to Local Educational Agencies provide formula grants to local educational agencies (LEAs) and to schools operated and supported by the Department of the Interior’s Bureau of Indian Education for activities to improve the educational achievement of Indian students. Special Programs for Indian Children includes (1) \$8.2 million in competitive grants for the American Indian Teacher Corps and the American Indian Administrator Corps to support training of Indians to become teachers and administrators in schools that serve concentrations of Indian children, and (2) \$10.6 million for competitive demonstration grants to improve educational opportunities for Indian children in such areas as early childhood education and college preparation.

The request also provides \$5.9 million for National Activities, which funds research, evaluation, and data collection designed to fill gaps in our understanding of the educational status and needs of Indians and to identify educational practices that are effective with Indian students. The fiscal year 2012 appropriations act included funding for grants to tribal educational agencies in order to build their capacity to assume certain administrative responsibilities for ESEA programs under arrangements with State educational agencies. These grants would be continued in fiscal year 2013.

Native Hawaiian Student Education

	<u>2011</u>	<u>2012</u>	<u>2013</u> <u>Request</u>
BA in millions .....	\$34.2	\$34.2	\$34.2

This program supports the provision of supplemental education services to the Native Hawaiian population by awarding competitive grants to eligible applicants for a variety of authorized activities in such areas as teacher training, family-based education, gifted and talented education, special education, higher education, and community-based education learning

centers. The reauthorized program would promote greater alignment of these activities with the Administration’s broader education reform goals. The program also supports the activities of the Native Hawaiian Education Council, which helps coordinate the educational and related services and programs available to Native Hawaiians.

Alaska Native Student Education

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$33.2	\$33.2	\$33.2

This program awards competitive grants to eligible applicants for a variety of authorized activities, including the development and implementation of curricula and educational programs, professional development activities for educators, the development and operation of home instruction programs that help ensure the active involvement of parents in their children’s education, family literacy services, student enrichment programs in science and mathematics, and dropout prevention programs. The reauthorized program would promote greater alignment of these activities with the Administration’s broader education reform goals and would eliminate the program’s statutory earmarks, which were not funded in fiscal year 2012.

Comprehensive Centers

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$51.2	\$51.1	\$51.1

The Comprehensive Centers provide intensive technical assistance to increase the capacity of State educational agencies (SEAs) to help districts and schools implement ESEA programs and requirements and meet State targets for student achievement. The current system includes 16 regional centers that work with SEAs within specified geographic regions to help them implement ESEA school improvement measures and objectives. In addition, five content centers provide in-depth, specialized support in key areas, with separate centers focusing on (1) assessment and accountability; (2) instruction; (3) teacher quality; (4) innovation and improvement; and (5) high schools. Each content center pulls together resources and expertise to provide analyses, information, and materials in its focus area for use by the network of regional centers, SEAs, and other clients. In 2012, the Department is holding a competition to award grants to a second cohort of centers under the Education Technical Assistance Act. The 2013 request would support second-year awards to this new cohort of grantees.

Impact Aid  
(BA in millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u> <u>Request</u>
Payment for Federally Connected Children:			
Basic Support Payments .....	\$1,135.7	\$1,153.5	\$1,153.5
Payments for Children with Disabilities...	48.5	48.4	48.4
Facilities Maintenance.....	4.8	4.8	4.8
Construction.....	17.5	17.4	17.4
Payments for Federal Property .....	<u>67.1</u>	<u>67.0</u>	<u>—</u>
Total .....	1,273.6	1,291.2	1,224.2

The Impact Aid program provides financial support to school districts affected by Federal activities. The property on which certain children live is exempt from local property taxes, denying districts access to the primary local source of revenue used by most communities to finance education. Impact Aid helps to replace the lost local revenue that would otherwise be available to districts to pay for the education of these children.

The \$1.15 billion request for Basic Support Payments would provide formula grants for both regular Basic Support Payments and Basic Support Payments for Heavily Impacted LEAs. The \$48.4 million request for Payments for Children with Disabilities would provide formula grants to help eligible districts meet their obligations under the Individuals with Disabilities Education Act to provide a free appropriate public education for federally connected children with disabilities. The \$4.8 million request for Facilities Maintenance would fund essential repair and maintenance of the 19 school facilities serving large numbers of military dependents that are owned and operated by the Department of Education and allow the Department to continue to transfer schools to local school districts. Under the Administration’s ESEA reauthorization proposal, the entire \$17.4 million proposed for Construction would be used for competitive grants to the LEAs with the greatest need and would provide sufficient assistance to enable those LEAs to make major repairs and renovations. The Administration requests no funds for Payments for Federal Property because these payments are made to LEAs without regard to the presence of federally connected children and do not necessarily provide for educational services for such children.

Training and Advisory Services (Title IV of the Civil Rights Act)

	<u>2011</u>	<u>2012</u>	<u>2013</u> <u>Request</u>
BA in millions .....	\$7.0	\$7.0	\$7.0

This program supports 10 regional Equity Assistance Centers, selected competitively, that provide services to school districts on issues related to discrimination based on race, gender, and national origin. Typical activities include disseminating information on successful practices and legal requirements related to nondiscrimination, providing training to educators to develop their skills in specific areas, such as in the identification of bias in instructional materials, and technical assistance on selection of instructional materials. The request would support the third

and final year of funding for existing Equity Assistance Center grantees, as well as the annual administration of a customer satisfaction survey and an analysis of its results.

Supplemental Education Grants (Compact of Free Association Amendments Act)

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$17.7	\$17.6	\$17.6

The request would maintain support for Supplemental Education Grants to the Federated States of Micronesia (FSM) and the Republic of the Marshall Islands (RMI), as authorized by the Compact of Free Association Amendments Act of 2003 (P.L. 108-188). Under this program, the Department transfers funds and provides recommendations on the uses of those funds to the Department of the Interior, which makes grants to the FSM and RMI for educational services that augment the general operations of the educational systems of the two entities.

P.L. 108-188 eliminated RMI and FSM participation in most domestic formula grant programs funded by the Departments of Education, Health and Human Services, and Labor, and created this program to supplement separate education support programs under the Compact. The request would allow the RMI and FSM to support programs that focus on improving the educational achievement of students in the two Freely Associated States.

## **B. SPECIAL EDUCATION AND REHABILITATIVE SERVICES**

### **Overview**

The Administration is committed to providing Americans with disabilities the opportunities and services they need to succeed in school, in the workplace, and in the community. The 2013 request funds a wide range of programs that can improve educational, employment, and independent living outcomes for people with disabilities.

The \$12.7 billion request for Special Education programs focuses on improving educational and early intervention outcomes for children with disabilities. For the Grants to States program, the Administration is requesting \$11.6 billion, level with 2012, to maintain the Federal contribution toward meeting the excess cost of special education at approximately 16 percent of the national average per pupil expenditure (APPE) and provide an estimated average of \$1,762 per student for about 6.6 million children ages 3 through 21. Funding for the Preschool Grants program would be maintained at its 2012 level. Funding for the Grants for Infants and Families program would increase by \$20 million above the 2012 level.

The \$236.1 million request for Special Education National Activities, \$1.4 million below the 2012 level, supports technical assistance, dissemination, training, and other activities that assist States, local educational agencies, parents, and others in improving results for children with disabilities.

The request also includes \$30 million for PROMISE: Promoting Readiness of Minors in SSI, which would fund State-level pilots to improve the educational, health, and employment outcomes for children with disabilities who are recipients of Supplemental Security Income payments, and their families.

For Rehabilitation Services and Disability Research, the budget provides \$3.5 billion to support comprehensive and coordinated vocational rehabilitation and independent living services for individuals with disabilities through research, training, demonstration, technical assistance, evaluation, and direct service programs. The \$3.2 billion request for the Vocational Rehabilitation (VR) State Grants program includes the consolidation of the smaller VR-related programs under the Rehabilitation Act in order to reduce duplication of effort and administrative costs, streamline program administration at the Federal and local levels, and improve accountability. A total of \$35.7 million would be made available to the VR State Grants program from the consolidation of employment-related programs. In addition, the Administration is seeking authority to pay the fiscal year 2013 continuation costs of the remaining four Migrant and Seasonal Farmworkers projects from the consolidated funds.

The amount requested for VR State Grants includes \$10 million that would be set aside to support an interagency Workforce Innovation Fund (WIF) jointly administered and funded by the Departments of Education and Labor. Funds would be used to encourage innovation and support projects to identify and validate effective strategies for improving the delivery of services and outcomes for beneficiaries under programs authorized by the Workforce Investment Act, including individuals with significant disabilities.

The 2013 request also includes language that would allow the Secretary to use amounts under the VR State Grants program that would otherwise lapse to support innovative activities aimed at improving outcomes for individuals with disabilities, including activities under the PROMISE

program, and that would provide authority for these funds to remain available for Federal obligation until September 30, 2014.

The budget also provides \$137.3 million for the three independent living programs, the same as the 2012 level. These programs provide independent living services through formula grants to designated State agencies and competitive grants to centers for independent living.

During the next year, the Department of Education will also participate in a Governmentwide review of ways to improve the effectiveness of disability programs through better coordination and alignment of priorities and strategies. This will build on previous efforts that have sought to better coordinate policies and programs across Federal, State and local governments, the service provider community and employers to improve the effectiveness and efficiency of programs serving individuals with disabilities. While some coordination efforts have proven successful, the Administration expects collaboration and innovation to improve efficiency and effectiveness as well as reduce costs even further. The focus of the upcoming review will be to work with agencies authorized to run disability-specific programs and those programs that affect people with disabilities to explore how they can achieve better results for this population.

**Special Education State Grants**

Grants to States

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$11,466.0	\$11,577.9	\$11,577.9
Estimated average Federal share per child (in whole dollars).....	\$1,730	\$1,762	\$1,762

The Grants to States program, which is authorized under the Individuals with Disabilities Education Act (IDEA), makes formula grants that help States pay the additional costs of providing special education and related services to children with disabilities aged 3 through 21 years. The request would maintain the Federal contribution toward meeting the excess cost of special education at about 16 percent of the national average per pupil expenditure and provide a per-child average of \$1,762 for an estimated 6,558,000 children with disabilities.

Under the IDEA, States are required to provide a free appropriate public education to all children with disabilities. Services are provided in accordance with individualized education programs that are developed by teams that include the child’s parents; a special educator; a representative of the local educational agency; a regular educator, if appropriate; and others. In addition, services must be provided—to the maximum extent appropriate—in the least restrictive environment, which for most children means in classes with children who are not disabled. Students with disabilities also must be included in general State and district-wide assessments, including the assessments required under ESEA, and States must provide appropriate accommodations, where necessary, to enable children with disabilities to participate in these assessments, or alternate assessments for those children who cannot participate in regular assessments.

The request includes \$25.0 million that would be reserved for technical assistance to improve the capacity of States to meet the data collection requirements of the IDEA.

Preschool Grants

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$373.4	\$372.6	\$372.6

This program provides formula grants to help States make a free appropriate public education available to all children with disabilities ages 3 through 5. The request would provide an estimated \$507 per child for approximately 735,000 children to supplement funds provided under the Grants to States program and help to ensure that young children with disabilities are ready to learn when they enter school.

Grants for Infants and Families

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$438.5	\$442.7	\$462.7

This program provides formula grants to help States implement statewide systems of early intervention services for infants and toddlers with disabilities and their families, so that State and local agencies identify and serve children with disabilities early in life when interventions can be most effective in improving educational outcomes. The \$20 million increase proposed for 2013 would raise the average State allocation by approximately \$325,000, enabling States to provide high quality early intervention services to approximately 370,000 infants and toddlers with disabilities and their families, and would permit the Department to award incentive grants to States to facilitate a seamless system of services for children with disabilities from birth up to age 5.

**Special Education National Activities**

Special Education National Activities programs support State efforts to improve early intervention and educational results for children with disabilities. The total request for National Activities is \$236.1 million.

State Personnel Development

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$46.8	\$43.9	\$45.0

This program provides competitive grants to help States reform and enhance their systems for personnel preparation and professional development in the areas of early intervention, educational, and transition services in order to improve outcomes for children with disabilities. The \$1 million increase proposed for 2013 would help cover the cost of approximately 42 continuation awards to State educational agencies to improve the knowledge and skills of special education and regular education teachers serving children with disabilities and help recruit and retain highly qualified personnel providing services to children with disabilities.

Technical Assistance and Dissemination

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$48.8	\$46.8	\$46.8

This program funds competitive grants for technical assistance and dissemination of materials based on knowledge gained through research and practice. The request, which is in addition to the separate \$25 million set-aside under the Grants to States program to help States meet data collection requirements, includes about \$16.3 million for new technical assistance and dissemination and \$30.5 million for continuation projects. The 2012 amount excludes \$8 million used to support the Special Olympics, which would be funded under a separate line item in 2013.

Personnel Preparation

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$88.5	\$88.3	\$85.8

This program helps ensure that there are adequate numbers of personnel with the skills and knowledge necessary to help children with disabilities succeed educationally. Program activities focus both on meeting the demand for personnel to serve children with disabilities and improving the qualifications of these personnel, with particular emphasis on incorporating knowledge gained from research and practice into training programs. The Department is required to support (1) training for leadership personnel and personnel who work with children with low-incidence disabilities, (2) at least one activity in the broadly defined area of personnel development, and (3) enhanced support for beginning special educators. The request would provide \$15.4 million for new competitive grants and \$70.4 million for continuation awards.

Parent Information Centers

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$28.0	\$28.9	\$28.9

These funds support centers that provide parents with the training and information they need to work with professionals to meet the early intervention and special education needs of their children with disabilities. The request would support new competitive grants and continuation awards for about 109 centers as well as awards to provide technical assistance to the centers.

Technology and Media Services

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$28.6	\$29.6	\$29.6

This program makes competitive awards for research, development, and other activities that promote the use of technology, including universal design features, in providing special education and early intervention services. Funds also support media-related activities, such as providing video description and captioning of films and television for use in classrooms for individuals with visual and hearing impairments and increasing the availability of books in accessible formats for individuals with visual impairments and other print disabilities. The request would support \$3.7 million for new competitive grants and \$25.9 million for continuation awards.

### **Other Special Education Activities**

#### Special Olympics Education Programs

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$8.1	\$8.0	\$8.0

This program supports the expansion of Special Olympics and the design and implementation of Special Olympics education programs. The request includes funds to support Project UNIFY, a school-based education program designed to develop teamwork skills and increase awareness and social acceptance of individuals with intellectual disabilities. Funding for this activity in fiscal year 2012 was provided under Technical Assistance and Demonstration.

#### PROMISE: Promoting Readiness of Minors in SSI

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	—	\$2.0	\$30.0

This new program would fund pilot demonstration programs in selected States to improve the coordination and increase the use of existing services for which children receiving Supplemental Security Income (SSI) payments and their families are eligible, such as those available through the IDEA, Vocational Rehabilitation, Medicaid's care coordination services, Job Corps, and Workforce Investment Act programs. The goal of the program is to improve outcomes of children who receive SSI, including their physical and emotional health and educational attainment and employment, as well as to provide improved services and support for the families of SSI recipients, including education and job training for parents.

### **Rehabilitation Services and Disability Research**

#### Vocational Rehabilitation (VR) State Grants

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$3,084.7	\$3,121.7	\$3,167.4

This program provides formula grants to State VR agencies to help individuals with disabilities become gainfully employed. A wide range of services are provided each year to over 1 million

individuals with disabilities, including vocational evaluation, counseling and guidance, work adjustment, diagnosis and treatment of physical and mental impairments, education and vocational training, job placement, and post-employment services. States that are unable to serve all eligible individuals with disabilities who apply must give priority to individuals with the most significant disabilities. Services are provided according to an individualized plan for employment. In 2011, the VR program helped over 178,000 individuals with disabilities—91 percent with significant disabilities—achieve employment outcomes.

The request for the VR State Grants program reflects the Administration’s proposal to consolidate the funds of the smaller VR-related programs and eliminate their separate funding authorities under the Rehabilitation Act in order to reduce duplication of effort and administrative costs, streamline program administration at the Federal and local level, and improve accountability. A total of \$35.7 million would be made available to the VR State Grants program from the consolidation of (1) the Supported Employment State Grants program (\$29.1 million), (2) the Migrant and Seasonal Farmworkers program (\$1.3 million), and (3) the portion of Training program funds currently provided to State VR agencies to support in-service training for agency personnel (\$5.3 million). The request also includes \$38.2 million for grants to Indian tribes. In addition, the amount requested for VR State Grants includes \$10 million that would be set aside to support an interagency Workforce Innovation Fund (WIF) administered jointly by the Departments of Education and Labor.

Client Assistance State Grants

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$12.3	\$12.2	\$12.2

This program makes formula grants to States for activities to inform and advise clients of benefits available to them under the Rehabilitation Act, to assist them in their relationships with service providers, and to ensure the protection of their rights under the Act. The request would support advocacy services for approximately 57,350 individuals with disabilities.

Training

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$35.6	\$35.5	\$30.2

The Training program makes competitive grants to State and other public or nonprofit agencies and organizations, including institutions of higher education, to help ensure that personnel with adequate skills are available to provide rehabilitation services to persons with disabilities. The request includes a reduction of \$5.3 million from the 2012 level, reflecting the consolidation of the In-Service Training program with the VR State Grants program.

Demonstration and Training

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$6.5	\$5.3	\$5.8

This program supports competitive grants and contracts to expand and improve the provision and effectiveness of programs and services authorized under the Rehabilitation Act or further the purposes of the Act in promoting the employment and independence of individuals with disabilities in the community. Funds would be used to support model demonstrations, technical assistance, and projects designed to improve program performance and the delivery of vocational rehabilitation (VR) and independent living services. The requested increase would support technical assistance activities for VR State agencies to improve the provision of VR services.

Independent Living  
(BA in millions)

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
State Grants.....	\$23.4	\$23.4	\$23.4
Centers .....	80.1	80.0	80.0
Services for Older Blind Individuals.....	<u>34.1</u>	<u>34.0</u>	<u>34.0</u>
Total .....	137.6	137.3	137.3

The Independent Living programs provide services to individuals with disabilities to maximize their independence and productivity and to help them integrate into the mainstream of American society. The State Grant program awards formula grants to States to expand and improve independent living services and to support the operation of centers for independent living. The Centers for Independent Living program makes competitive grants to support a network of independent living services. The formula-based Services for Older Blind Individuals program assists individuals aged 55 or older whose severe visual impairments make competitive employment difficult to obtain, but for whom independent living goals are feasible. The request would directly support 77 designated State units under the State Grants program and 56 grantees under the Services for Older Blind Individuals program.

Protection and Advocacy of Individual Rights (PAIR)

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$18.1	\$18.0	\$18.0

This formula grant program funds systems in each State to protect and advocate for the legal and human rights of individuals with disabilities, helping them to pursue legal and administrative remedies to secure their rights under Federal law. The PAIR systems also provide information on, and referrals to, programs and services for individuals with disabilities. The request would support advocacy services to approximately 58,800 individuals with disabilities.

National Institute on Disability and Rehabilitation Research

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$109.0	\$108.8	\$106.8

The National Institute on Disability and Rehabilitation Research (NIDRR) helps improve the lives of persons of all ages with disabilities through a comprehensive and coordinated program of research, demonstration projects, and related activities, including training of persons who provide rehabilitation services or conduct rehabilitation research. NIDRR awards discretionary grants that support Rehabilitation Engineering Research Centers; Rehabilitation Research and Training Centers; Model Systems projects for Spinal Cord Injury, Traumatic Brain Injury (TBI), and Burn Injury; field-initiated research and development projects. NIDRR funds support a wide range of additional research, demonstration, and training projects that address diverse issues affecting educational, employment, and independent living opportunities for persons with disabilities, including supporting innovations in cloud computing infrastructure and applications to ensure maximum accessibility and benefit to individuals with disabilities. The request includes \$69.6 million for continuation of grants made in previous years and \$26.2 million for new awards in 2013.

Helen Keller National Center for Deaf-Blind Youths and Adults

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$9.2	\$9.2	\$9.2

This program serves individuals who are deaf-blind, their families, and service providers through a national headquarters center with a residential training and rehabilitation facility and a network of 10 regional offices that provide referral, counseling, training, and technical assistance. At the request level, the Center would provide direct services for approximately 99 clients in its residential training and rehabilitation program and serve an estimated 1,500 individuals, 500 families, and 900 agencies and organizations through its regional offices.

Assistive Technology

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$31.0	\$32.8	\$30.8

Assistive Technology (AT) programs support grants to States to increase access to and funding for assistive technology devices and services for individuals with disabilities of all ages. The request includes \$25.6 million for the AT State grant program, \$4.3 million for the Protection and Advocacy for Assistive Technology program, and \$1.0 million for technical assistance required under the AT Act's National Activities authority. The request does not include funds for a one-time competitive grants program for alternative financing that was authorized in the fiscal year 2012 appropriations act.

Special Institutions for Persons with Disabilities  
(BA in millions)

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
American Printing House for the Blind (APH) .....	\$24.6	\$24.5	\$24.5
National Technical Institute for the Deaf (NTID).....	65.5	65.4	65.0
Gallaudet University .....	<u>122.8</u>	<u>125.5</u>	<u>117.5</u>
Total .....	212.9	215.4	207.0

The American Printing House for the Blind manufactures and distributes specially adapted educational materials for students who are visually impaired, offers advisory services for consumers and educational agencies, and conducts applied research related to the development of new products. At the request level, APH would provide free educational materials to approximately 60,000 persons with visual impairments at an average per student allotment of \$300, continue funding for initiatives to improve its technical assistance and outreach services, and support a variety of new and continuing research projects.

The National Technical Institute for the Deaf provides postsecondary technical education and training for students who are deaf as well as graduate education and interpreter training for persons who are deaf or hearing. NTID also conducts research and provides training related to the education and employment of individuals who are deaf. The request would support education and training for approximately 1,263 undergraduate and technical students, 111 graduate students, and 147 interpreters for persons who are deaf. The request would reduce operations funding by \$2.4 million to the level requested in both 2011 and 2012 and increase construction funding to \$2.0 million for the purpose of establishing a deferred maintenance account.

Gallaudet University offers undergraduate, continuing education, and graduate programs for persons who are deaf and hearing. Gallaudet also maintains and operates the Kendall Demonstration Elementary School and Model Secondary School for the Deaf (MSSD). The request provides \$117.5 million for operations, including funds that may be used for the Endowment Grant program and for construction. The \$8 million decrease reflects the elimination of funds specifically earmarked for construction. The request would help Gallaudet serve an estimated 1,922 undergraduate and graduate students and 263 elementary and secondary education students in the 2012-13 school year.

## C. CAREER, TECHNICAL, AND ADULT EDUCATION

### Overview

Programs in the Career, Technical, and Adult Education account provide formula grants to States to support State and community efforts to improve career and technical education, adult education and literacy systems, and competitive grants and contracts for evaluation, performance measurement and improvement, technical assistance, research and development, innovative programs, and other national activities. For 2013, the Administration is proposing to reauthorize the Career and Technical Education (CTE) programs to increase the rigor and relevance of what students learn in school to more closely align them with the demands of the 21<sup>st</sup> century economy and workforce while creating stronger linkages between secondary and postsecondary education. The 2013 request also would support innovation and reform in CTE.

#### Career and Technical Education (BA in millions)

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
Career and Technical Education			
State Grants.....	\$1,122.2	\$1,123.0	\$1,123.0
National Programs .....	<u>7.8</u>	<u>7.8</u>	<u>7.8</u>
Total .....	1,130.0	1,130.9	1,130.9

Funds for the CTE program would support the first year of activity under a reauthorized Carl D. Perkins Career and Technical Education Act that would seek to ensure that all CTE programs become viable and rigorous pathways to postsecondary and career success. The Administration's reauthorization proposal would strengthen the alignment among secondary and postsecondary CTE programs and business and industry; create a better accountability system; and provide funding to promote innovation and reform in CTE. The proposal would also support the Department's secondary school agenda and the President's 2020 college completion goal.

CTE National Programs would support implementation of a reauthorized Perkins Act through research, evaluation, data collection, technical assistance, and other national leadership activities aimed at improving the quality and effectiveness of career and technical education.

Adult Education (Adult Basic and Literacy Education)  
(BA in millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u> <u>Request</u>
Adult Basic and Literacy Education			
State Grants.....	\$596.1	\$595.0	\$595.0
National Programs .....	<u>11.3</u>	<u>11.3</u>	<u>11.3</u>
Total .....	607.4	606.3	606.3

Adult Basic and Literacy Education State Grants assist adults without a high school diploma or equivalent to become literate and obtain the knowledge and skills necessary for postsecondary education, employment, and economic self-sufficiency. The request includes \$15.0 million to support a Workforce Innovation Fund (WIF) that would be jointly administered and funded by the Departments of Education and Labor. From the \$125 million available for the WIF from all sources, the two agencies will work together to award competitive grants that encourage innovation and identify and validate effective strategies for improving the delivery of services and outcomes for all beneficiaries under the programs authorized by the Workforce Investment Act. This investment would create strong incentives for change that, if scaled up, could improve the effectiveness of the workforce preparation and training system.

The forthcoming reauthorization of the Adult Education and Family Literacy Act, which is Title II of the Workforce Investment Act (WIA), provides the opportunity to better align the Adult Education program with Federal job training programs and the postsecondary education system. The Administration's proposal for reauthorization would streamline service delivery, require rigorous content standards and aligned assessments, ensure that workforce and adult education providers engage with employers, strengthen accountability requirements, promote innovative programs that support the use of career pathways models, and increase the level of support for adults in correctional settings.

The request for State Grants includes \$74.7 million for the English Literacy/Civics Education set-aside to help States and communities provide adults learning English with expanded access to high-quality English literacy programs linked to civics education. Funds proposed for National Leadership Activities would continue to support activities intended to increase the literacy and workforce skills of our Nation's native-born adult population, as well as the ongoing need to address the English language acquisition, literacy, and workforce skills gaps of the immigrant population.

## D. STUDENT FINANCIAL ASSISTANCE

### Overview

Providing students and their families with grant and loan assistance to help pay for postsecondary education is indispensable to ensuring that by 2020 America once again has the highest proportion of college graduates in the world. But making college affordable is only part of the story; students also need to complete their course of study in a reasonable amount of time and earn a credential that will help them realize their career aspirations. In other words, the quality of a postsecondary education is just as important as its affordability. The 2013 request would support these twin goals—affordability and quality—by providing additional low-cost loans and grants to students who need it most and by directing a greater share of Federal support for postsecondary student financial aid to institutions that demonstrate success in serving low-income students, restrain growth in tuition, and provide good value.

Overall, the 2013 budget includes a combination of discretionary and mandatory funding that would make available \$165 billion in new grants, loans, and work-study assistance—an increase of more than \$67 billion, or 69 percent, over the amount available in 2008—to help more than 15.2 million students and their families pay for college. Key proposals include:

- Reforming the campus-based aid programs by targeting campus-based aid funds to schools with a demonstrated commitment to providing their students a high-quality education at a reasonable price while also emphasizing linkages between a student's area of study and work-study experiences. The request would update current allocation formulas for Supplemental Education Opportunity Grants and Work-Study to reward institutions that keep their tuition and tuition increases low, enroll and graduate relatively high numbers of Pell-eligible students, offer work-study experiences relevant to students' studies, and provide good value.
- Expanding the Perkins Loans program—the third “campus-based” student aid program—to provide \$8.5 billion in new loan volume annually—eight and a half times the current Perkins volume. The expanded program would support Perkins Loans at up to 2,700 additional postsecondary education institutions.
- Maintaining the Stafford loan interest rate at the current low rate of 3.4 percent. The subsidized Stafford loan interest rate is set to rise to 6.8 percent beginning July 1, 2012. The Budget proposes to keep the interest rate at the current 3.4 percent for new loans issued through June 30, 2013.
- Saving \$1.8 billion over 10 years by eliminating the interest subsidy for borrowers who remain in-school beyond 150 percent of their program length. These savings would help protect the Pell Grant maximum award and maintain the financial health of the Pell Grant program in 2014 and beyond. In addition, the proposal would create an incentive for students to complete their educational programs sooner, reducing costs for both students and institutions alike. For borrowers who do not complete their programs within 150 percent of their program length, their loans would begin accruing interest at that point in time.

These reforms are intended to complement and strengthen the Pell Grant program—the cornerstone of Federal efforts to make a postsecondary education affordable for low-income students. The 2013 request would provide a total of \$36.1 billion in funding for Pell Grants, including \$22.8 billion in discretionary funds and \$13.3 billion in mandatory funds. The total request would provide Pell Grant awards to nearly 10 million students during the 2013-2014 award year, and the maximum Pell Grant award would increase to \$5,635.

In addition to \$165 billion in Pell Grants, low-interest student loans, and the campus-based student aid programs, the American Opportunity Tax Credit (AOTC) will provide an estimated \$19.1 billion in tax relief in fiscal year 2013.

### **Federal Student Aid and Tax Benefits for College Students**

<b>Federal Assistance to College Students</b>	<b>Fiscal Year 2008</b>	<b>Fiscal Year 2013 Request</b>	<b>Change in Dollars</b>	<b>Percent Change</b>
Student Aid Available	\$97.7 billion	\$165.0 billion	\$67.3 billion	69%
Selected Tax Benefits	\$7.5 billion	\$19.1 billion	\$11.6 billion	155%

Finally, the budget proposes two technical changes to guaranty agencies' compensation for rehabilitating defaulted loans: (1) eliminating their current retention share of the original defaulted student loan amount, and (2) reducing to 16 percent the fee they can charge a borrower on a borrower's outstanding balance. In addition, if a guaranty agency is unable to locate a private sector lender willing to purchase a rehabilitated loan, the guaranty agency will send the loan to the Department of Education instead. In such an event, the guaranty agency would continue to earn a 16 percent collection fee. This proposal saves \$3.4 billion over 10 years, which will be invested into maintaining the Pell Grant program maximum award.

In addition to traditional student aid, a new Presidential Teaching Fellows program would support K-12 education by recruiting and preparing talented students for the teaching profession through top-tier teacher preparation programs. This program would replace the current TEACH Grants program and would provide formula grants to States to fund scholarships for students attending "high-performing" teacher preparation programs. Students would receive scholarships of up to \$10,000 to cover the cost of program participation for the final year of their teacher preparation program (either an undergraduate or post-graduate program). By limiting eligibility to teacher preparation programs that have been proven successful, and to students who are further advanced in their program of study, the Presidential Teaching Fellows program will be targeted to students who have a greater likelihood of not only entering and remaining in the teaching profession but also of becoming effective teachers.

### Student Aid Summary Tables

#### Budget Authority (dollars in millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u> <u>Request</u>
Pell Grants			
Discretionary funding.....	\$22,956.0	\$22,824.0	\$22,824.0
Mandatory funding .....	<u>19,060.0<sup>1</sup></u>	<u>18,748.2<sup>1</sup></u>	<u>13,294.0<sup>1</sup></u>
Subtotal, Pell Grants.....	<u>42,016.0</u>	<u>41,572.2</u>	<u>36,118.0</u>
Supplemental Educational Opportunity Grants.....	736.0	734.6	734.6
Work-Study .....	978.5	976.7	1,126.7
TEACH Grants .....	21.5 <sup>2</sup>	41.1 <sup>2</sup>	10.5 <sup>2</sup>
Iraq and Afghanistan Service Grants.....	0.2	0.3	0.3
Presidential Teaching Fellows.....	—	—	190
Federal Family Education Loans .....	-24,492.9 <sup>3</sup>	-14,914.4 <sup>3</sup>	-3,390.4 <sup>3</sup>
Federal Direct Loans.....	-27,449.0 <sup>4</sup>	-23,953.0 <sup>4</sup>	-33,474.8
Unsubsidized Perkins Loans .....	—	—	<u>-1,378.5<sup>5</sup></u>
Total .....	-8,189.7	4,457.5	-63.6

<sup>1</sup> Amounts appropriated for Pell Grants for 2011, 2012, and 2013 include mandatory funding provided by the Student Aid and Fiscal Responsibility Act of 2010 (SAFRA), the Full-Year Continuing Appropriations Act, 2011, the Consolidated Appropriations Act, 2012, and the Budget Control Act of 2011.

<sup>2</sup> For budget and financial management purposes, this program is operated as a credit program under the Federal Credit Reform Act of 1990. Budget authority reflects the estimated net present value of future Federal non-administrative costs for awards made in a given fiscal year. Budget amounts for 2011 and 2012 include new loan subsidy and upward re-estimates, and exclude downward re-estimates. The downward re-estimate for 2011 was \$5.97 million. The amount for 2013 reflects new loan subsidy. The budget proposes elimination of this program at the end of the 2012-2013 academic year.

<sup>3</sup> Budget authority requested for FFEL does not include the Liquidating account. The 2011 amount includes a net downward re-estimate of \$24.5 billion primarily related to revised interest rates. The 2012 amount includes a net downward re-estimate of \$15.2 billion primarily related to revised interest rate assumptions; and a net upward modification of \$249.7 million resulting from administrative action taken by the Department and the change beginning April 1, 2012, which gives lenders the option to calculate their special allowance payments based on the London Interbank Offered Rate (LIBOR), as provided for in the Consolidated Appropriations Act, 2012. The 2013 amount includes a net downward modification of \$3.4 billion as a result of the proposed guaranty agency loan retention policy. (Re-estimates and modifications reflect the impact of changes on an outstanding FFEL portfolio of over \$357 billion.)

<sup>4</sup> The 2011 amount includes a net downward re-estimate of \$5.7 billion primarily related to revised interest rates. The 2012 amount includes a net upward re-estimate of \$5.6 billion, primarily related to revised interest rates. (Re-estimates and modifications reflect the impact of changes on an outstanding Direct Loan portfolio of nearly \$342 billion.)

<sup>5</sup> Amount in 2013 reflects proposal to shift Perkins Loan to a mandatory credit program.

Aid Available to Students (dollars in millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u> <u>Request</u>
Pell Grants .....	\$35,685.5	\$35,649.0	\$36,580.3
Supplemental Educational Opportunity Grants.....	931.6	929.9	929.9
Work-Study .....	1,163.4	1,161.2	1,348.8
Iraq and Afghanistan Service Grants.....	0.3	0.3	0.4
Presidential Teaching Fellows.....	—	—	149.0
New Student Loans:			
Federal Direct Loans .....	108,926.3	114,674.1	120,822.2
Perkins Loans .....	970.7	970.7	970.7
Unsubsidized Perkins Loans .....	—	—	4,163.7
TEACH Grants .....	<u>137.0</u>	<u>154.1</u>	<u>83.6</u>
Subtotal, Student Loans .....	110,034.0 <sup>1</sup>	115,798.9 <sup>1</sup>	126,040.2 <sup>1</sup>
Total .....	147,814.8 <sup>2</sup>	153,539.3 <sup>2</sup>	165,048.6 <sup>2</sup>

<sup>1</sup> In addition, consolidation loans for existing borrowers will total \$23.8 billion in 2011, \$63.5 billion in 2012, and \$28.4 billion in 2013.

<sup>2</sup> Shows total aid generated by Department programs, including Perkins Loan capital from institutional revolving funds, statutory, institutional and State matching funds.

Number of Student Aid Awards

(in thousands)

	<u>2011</u>	<u>2012</u>	<u>2013</u> <u>Request</u>
Pell Grants .....	9,703.0	9,607.0	9,748.0
Supplemental Educational Opportunity Grants.....	1,392.6	1,389.9	1,389.9
Work-Study .....	684.4	683.0	793.4
Iraq and Afghanistan Service Grants.....	— <sup>1</sup>	— <sup>1</sup>	— <sup>1</sup>
Presidential Teaching Fellows.....	—	—	14.9
New Student Loans: <sup>2</sup>			
Federal Direct Loans .....	23,218.4	22,356.0	22,517.8
Perkins Loans .....	524.1	524.1	524.1
Unsubsidized Perkins Loans .....	—	—	934.8
TEACH Grants .....	<u>42.1</u>	<u>47.3</u>	<u>28.9</u>
Total awards.....	35,564.6	34,607.3	35,951.8

<sup>1</sup> Less than 1,000 recipients in each year.

<sup>2</sup> In addition, consolidation loans for existing borrowers will total 594,000 in 2011, 2,737,000 in 2012, and 673,000 in 2013.

Number of Postsecondary Students Aided by Department Programs

	<u>2011</u>	<u>2012</u>	<u>2013</u>
Unduplicated Count (in thousands) .....	14,713	14,805	15,246

## Tax Benefits for Postsecondary Students and Their Families

In addition to the Department of Education's grant, loan, and work-study programs, significant support for postsecondary students and their families is available through tax credits and deductions for higher education expenses, including tuition and fees. For example, in 2013, students and families will claim an estimated \$13.7 billion for the American Opportunity Tax Credit—which provides a credit equaling 100 percent of the first \$2,000 of tuition and fees, and 25 percent of remaining expenses, up to a total credit of \$2,500—and another \$3.9 billion under the Lifetime Learning tax credit, which allows a credit of up to \$2,000 for undergraduate and graduate tuition and fees. Additionally, another \$900 million will be claimed in above-the-line deductions for interest paid on postsecondary student loans.

### Pell Grants

	<u>2011</u>	<u>2012</u>	<u>2013</u> <u>Request</u>
BA in millions			
Discretionary budget authority .....	\$22,956.0	\$22,824.0	\$22,824.0
Mandatory budget authority .....	5,560.0	4,953.2	5,707.0
Definite mandatory funding .....	<u>13,500.0</u>	<u>13,795.0</u>	<u>7,587.0</u>
Total .....	42,016.0	41,572.2	36,118.0
 Program costs (dollars in millions).....	 35,734.0	 35,697.0	 36,629.0
Aid available (dollars in millions) .....	35,685.5	35,649.0	36,580.3
 Recipients (in thousands).....	 9,703	 9,607	 9,748
 Maximum grant (in whole dollars)			
Discretionary portion .....	\$4,860	\$4,860	\$4,860
Mandatory add-on .....	<u>690</u>	<u>690</u>	<u>775</u>
Total .....	5,550	5,550	5,635
 Average Pell grant (in whole dollars).....	 3,678	 3,711	 3,753

The Pell Grant program helps ensure financial access to postsecondary education by providing grant aid to low- and middle-income undergraduate students. The program is the most need-focused of the Department's student aid programs, with individual awards varying according to the financial circumstances of students and their families. The 2013 request of \$36.1 billion for Pell Grants would continue to make college more affordable for more than 9.7 million students. Additionally, this request would afford these students the opportunity to receive an increased maximum Pell award of \$5,635 in award year 2013-14, raised from the current \$5,550, and proposes measures to ensure full program funding through the 2014-15 academic year.

In addition to fully funding the Pell program in fiscal year 2013, the budget proposes making a down payment toward addressing the long-term Pell funding gap by including measures that will help secure funding to maintain our critical investment in Pell Grants while ensuring the prudent use of scarce taxpayer dollars. These measures include promoting borrowers' timely completion of their educational programs and reducing the costs associated with providing defaulted loan borrowers opportunities to repair their credit standing. The savings associated with these proposals would help offset the growing costs of the Pell Grant program in future years while still ensuring that aid is available to the neediest college students.

### Campus-Based Programs

The Supplemental Educational Opportunity Grant (SEOG), Work-Study, and Perkins Loan programs are collectively referred to as the “campus-based” programs; grants in these programs are made directly to participating institutions, which have considerable flexibility to package awards to best meet the needs of their students. The 2013 request would reform these programs to assist students attending those institutions that demonstrate success in serving low-income students, restraining growth in tuition, and providing good value. The request also includes a \$150 million increase, or more than 15 percent, over 2012 for the Work-Study program that would support a new emphasis on encouraging schools to provide Work-Study opportunities that are meaningfully aligned with their academic programs, and would restructure Perkins Loans to significantly increase lending authority. These reforms, collectively, seek to provide increased access to college and make it more affordable while ensuring students are well-prepared for work and life after graduation. The proposed reforms include modifying the formulas used to allocate campus-based aid funding to institutions. Currently, allocations are primarily based on institutions’ longevity in the programs, reward institutions with high tuition rates, and fail to reflect the financial need among the students attending the institutions or the extent to which institutions serve their students well.

#### Supplemental Educational Opportunity Grants

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$736.0	\$734.6	\$734.6
Aid available (dollars in millions) .....	931.6	929.9	929.9
Recipients (in thousands) .....	1,393	1,390	1,390
Average award (in whole dollars) .....	\$669	\$669	\$669

This program provides grant assistance of up to \$4,000 per academic year to undergraduate students with demonstrated financial need. The \$734.6 million request would leverage \$232 million in institutional matching funds to make available a total of nearly \$930 million in grants to an estimated 1.4 million recipients. Program funds are allocated to institutions according to a statutory formula and require a 25 percent institutional match. Awards are determined at the discretion of institutional financial aid administrators, although schools are required to give priority to Pell Grant recipients and students with the lowest expected family contributions. The request would reform the institutional allocation formula to direct funding toward institutions that do a good job of keeping tuition affordable and provide good value.

#### Work-Study

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$978.5	\$976.7	\$1,126.7
Aid available (dollars in millions) .....	1,163.4	1,161.2	1,348.8
Recipients (in thousands) .....	684	683	793
Average award (in whole dollars) .....	\$1,700	\$1,700	\$1,700

The Work-Study program provides grants to participating institutions to pay up to 75 percent of the wages of eligible undergraduate and graduate students working part-time to help pay their college costs. The school or other eligible employer provides the balance of the student's wages. The budget proposes an increase of \$150 million for this program, for a total request of more than \$1.1 billion that, when combined with institutional aid, would make available more than \$1.3 billion to an estimated 793,000 Work-Study students in the 2013-14 school year. Funds are allocated to institutions according to a statutory formula, and individual award amounts to students are determined at the discretion of institutional financial aid administrators. The 2013 request also would change the allocation formula for Work-Study to benefit institutions that provide good value to students, in part by offering them more meaningful work-study opportunities that will help to prepare them for work and life after graduation.

### Federal Perkins Loans

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
Perkins Loans (current program):			
Aid available (dollars in millions) .....	\$970.7	\$970.7	\$970.7
Recipients (in thousands) .....	524	524	524
Average loan (in whole dollars) .....	\$1,852	\$1,852	\$1,852
Unsubsidized Perkins Loans:			
Loan subsidies (in millions) .....	—	—	\$1,378.5
Aid available (dollars in millions) .....	—	—	4,163.7
Recipients (in thousands) .....	—	—	935
Average loan (in whole dollars) .....	—	—	\$4,454

The Perkins Loan program provides long-term, low-interest loans to undergraduate and graduate students with demonstrated financial need at roughly 1,700 institutions. Total assets of over \$8 billion represent over 40 years of Federal capital contributions, institutional matching funds, repayments on previous loans, and Federal reimbursements for loan cancellations. Perkins Loan borrowers pay no interest during in-school, grace, and deferment periods and are charged 5 percent interest during the principal repayment period. Annual borrowing limits are \$5,500 for undergraduate students and \$8,000 for graduate and professional students.

The Administration is proposing to create an expanded, modernized Perkins Loan program as part of its overall effort to improve and strengthen the impact of the campus-based programs. The expansion would enable the program to provide \$8.5 billion in new loan volume annually—eight and a half times the current annual Perkins volume—and reach students at as many as 2,700 additional postsecondary education institutions. The Department of Education, rather than institutions under current law, would service Perkins Loans in the same cost-effective manner that the Department operates the current Direct Loans program. Lending authority would be allocated among institutions on a basis similar to the other campus-based programs.

TEACH Grants/Presidential Teaching Fellows

	<u>2011</u>	<u>2012</u>	<u>2013</u> <u>Request</u>
<u>TEACH Grants</u>			
BA in millions .....	\$21.5 <sup>1</sup>	\$41.1 <sup>1</sup>	\$10.5 <sup>1</sup>
Recipients (in thousands) .....	42.1	47.3	28.9
Aid available to students (in millions) .....	\$137.0	\$154.1	\$83.6
Maximum grant (in whole dollars) .....	\$4,000	\$4,000	\$4,000
Average grant (in whole dollars) .....	\$3,300	\$3,300	\$2,900
<u>Presidential Teaching Fellows (PTF)</u>			
BA in millions .....	—	—	\$190.0
Number of State formula grants .....	—	—	35-56
Total aid available (in millions) .....	—	—	\$149.0
Minimum State award (in thousands) .....	—	—	\$600
Maximum scholarship amount (in whole \$) .....	—	—	\$10,000
Number of Fellows (in thousands) .....	—	—	14.9

<sup>1</sup> Amounts for 2011 and 2012 include new loan subsidy and upward re-estimate, and exclude downward re-estimates. The downward re-estimate for 2011 was \$5.97 million. Amount for 2013 reflects new loan subsidy.

The 2013 request would replace the TEACH Grant programs with the new Presidential Teaching Fellows program, which is specifically focused on ensuring that recipients enter, remain, and thrive in the field of teaching. The new program would provide formula grants to States to fund scholarships of up to \$10,000 for students attending “high-performing” teacher preparation programs. The program would limit participation to teacher preparation programs that have been proven successful, and to students who are further advanced in their program of study, to help ensure that scholarship recipients will be more likely to not only enter and remain in the teaching profession but also to become effective teachers.

The current TEACH Grant program awards annual grants of up to \$4,000 to eligible undergraduate and graduate students who agree to serve as a full-time mathematics, science, foreign language, bilingual education or other English language acquisition program, special education, or reading teacher at a high-need school for not less than 4 years within 8 years of graduation. For students who fail to fulfill this service requirement, grants are converted to Direct Unsubsidized Stafford Loans with interest accrued from the date the grants were awarded.

For budget and financial management purposes, this program is operated as a loan program with 100 percent forgiveness of outstanding principal and interest upon completion of a student’s service requirement. The Administration currently estimates approximately 75 percent of participating students will not complete the required service and thus will have their grants converted to Direct Unsubsidized Stafford Loans. Consistent with the requirements of the Credit Reform Act of 1990, budget authority for this program reflects the estimated net present value of all future non-administrative Federal costs associated with awards made in a given fiscal year.

Federal Family Educational Loans and Direct Loans (in millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u> <u>Request</u>
<u>Federal Family Education Loans</u>			
Net modification of existing loans .....	— <sup>1</sup>	\$249.7 <sup>1</sup>	-\$3,390.4 <sup>1</sup>
Net re-estimate of existing loans .....	<u>-\$24,492.9</u> <sup>2,3</sup>	<u>-15,164.1</u> <sup>2,3</sup>	<u>—</u> <sup>2</sup>
Total, FFEL program BA.....	-24,492.9	-14,914.4	-3,390.4
<u>Direct Loans</u>			
New loan subsidies (BA).....	-21,759.7 <sup>2</sup>	-29,519.4 <sup>2</sup>	-33,474.8 <sup>2</sup>
Net re-estimate of existing loans.....	<u>-5,689.2</u> <sup>3</sup>	<u>5,566.3</u> <sup>3</sup>	<u>—</u> <sup>3</sup>
Total, new budget authority .....	-27,449.0	-23,953.1	-33,474.8
Total, student loans (BA) .....	-51,941.9	-38,867.5	-36,865.2

<sup>1</sup> Under Credit Reform, costs or savings related to the impact of policy changes on existing loans are reflected in the current year. The amount of 2012 FFEL modification reflects the impact of administrative action taken by the Department and the change, beginning April 1, 2012, which gives lenders the option to calculate their special allowance payments based on the London Interbank Offered Rate, LIBOR, as passed in the Consolidated Appropriations Act, 2012; the 2013 FFEL modification reflects the impact of the proposed guaranty agency rehabilitated loan retention policy.

<sup>2</sup> Total includes amount for Consolidation Loans.

<sup>3</sup> Under Credit Reform, the subsidy amounts needed for active loan cohorts are re-estimated annually in both Direct Loans and FFEL to account for changes in long-term projections. Re-estimates and modifications reflect the impact of changes on outstanding portfolios of over \$357 billion for FFEL and nearly \$342 billion for Direct Loans.

New loan volume (in millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u> <u>Request</u>
<u>Direct Loans</u>			
Stafford loan volume.....	\$41,774.5	\$35,554.3	\$32,044.2
Unsubsidized Stafford loan volume .....	48,081.6	58,468.2	66,160.3
PLUS loan volume.....	<u>19,070.2</u>	<u>20,651.5</u>	<u>22,617.7</u>
Total .....	108,926.3 <sup>1</sup>	114,674.0 <sup>1</sup>	120,822.2 <sup>1</sup>

Number of new loans (in thousands)

<u>Direct Loans</u>			
Stafford Loans .....	10,883	9,966	9,466
Unsubsidized Stafford loans .....	10,796	10,804	11,398
PLUS loans .....	<u>1,539</u>	<u>1,586</u>	<u>1,654</u>
Total .....	23,218 <sup>1</sup>	22,356 <sup>1</sup>	22,518 <sup>1</sup>

<sup>1</sup> In addition, Consolidation Loans for existing borrowers will total \$23.8 billion and 594,000 loans in 2011, \$63.5 billion and 2,737,000 loans in 2012, and \$28.4 billion and 673,000 loans in 2013.

The Department of Education operates two major student loan programs—the Federal Family Education Loan (FFEL) program and the William D. Ford Federal Direct Loan (Direct Loan) program—but makes new loans only through the Direct Loan program. The Student Aid and Fiscal Responsibility Act (SAFRA) eliminated the authorization to originate new FFEL loans

after June 30, 2010. The legacy FFEL program made loan capital available to students and their families through private lenders. State and private nonprofit guaranty agencies administer the Federal guarantee protecting FFEL lenders against losses related to borrower default. These agencies also collect on defaulted loans and provide other services to lenders. Under the Direct Loan program, the Federal Government uses Treasury funds to provide loan capital directly to schools, which then disburse loan funds to students. The Department carries out its loan origination and servicing functions under Direct Loans through competitively selected private and non-profit entities.

The Direct Loan program features four types of loans with set fees and maximum borrowing amounts:

- Stafford Loans are subsidized, low-interest loans based on financial need. The Federal Government pays the interest while the student is in school and during certain grace and deferment periods. The current interest rate for undergraduate loans made on or after July 1, 2011 is 3.4 percent and is scheduled to rise to 6.8 percent beginning July 1, 2012. The interest rate for loans to graduate students is 6.8 percent in all years, but as of July 1, 2012, graduate students will no longer be eligible for subsidized Stafford loans. Additionally, interest will accrue during a student's grace period for Stafford Loans originated between July 1, 2012, and June 30, 2014.
- Unsubsidized Stafford Loans have a fixed interest rate of 6.8 percent, but the Federal Government does not pay interest for the student during in-school, grace, and deferment periods.
- PLUS Loans are available to parents of dependent undergraduate students at slightly higher rates than Stafford or Unsubsidized Stafford Loans and the Federal Government does not pay interest during in-school, grace, and deferment periods. Graduate and professional students may also take out PLUS loans.
- Consolidation Loans allow borrowers with multiple student loans who meet certain criteria to combine their obligations and extend their repayment schedules. The rate for both FFEL and Direct Consolidation Loans is based on the weighted average of loans consolidated rounded up to the nearest 1/8<sup>th</sup> of 1 percent. The resulting rate for the consolidated loan is then fixed for the life of the loan.

The Administration proposes student loan reforms to better target subsidies and to provide savings for Pell Grants for the neediest postsecondary students. First, the 2013 request would maintain the interest rate for subsidized Stafford loans—scheduled to rise to 6.8 percent on July 1, 2012—at the current rate of 3.4 percent in order to minimize repayment burdens on students and families as the economy rebounds from the recent downturn. The budget also proposes to limit the in-school interest subsidy provided to Subsidized Stafford loan borrowers to 150 percent of the normal time required to complete borrowers' educational programs. Beyond that point, borrowers would no longer receive the interest subsidy for the Stafford loans they have taken out, and interest would begin to accrue. The estimated savings from this proposal—\$1.8 billion over 10 years—would be re-appropriated to the Pell Grant program in future years.

Second, the President's 2013 Budget proposes two technical changes to reduce the compensation paid to guaranty agencies for loan rehabilitation services: (1) eliminating the current retention share of the original defaulted student loan amount, and (2) reducing to 16 percent the fee they can charge borrowers on borrowers' outstanding loan balances. If a guaranty agency is unable to locate a private lender buyer for a rehabilitated loan, the agency would be required to assign the loan to the Department of Education. In such an event, the guaranty agency would continue to earn a 16 percent collection fee. The estimated savings from this proposal—\$3.4 billion over 10 years—would be re-appropriated to the Pell Grant program in future years.

## E. HIGHER EDUCATION PROGRAMS

### Overview

The Administration's 2013 request includes \$3.2 billion for Higher Education Programs to help achieve the President's goal of significantly increasing the percentage of Americans with postsecondary degrees or industry-recognized certificates. It also supports initiatives aimed at providing States and institutions incentives to improve affordability and quality to ensure that college stays in reach for all students who want to attend.

The Administration believes that it is impossible to address college costs without State-level action. The \$1 billion request for the first year of the proposed Race to the Top: College Affordability and Completion fund would catalyze State efforts to pursue systemic higher education reform and reward States with demonstrated commitments to providing good value to students, such as restraining increases in what students pay for college; making use of data to drive policy, and improving alignment between K-12 and postsecondary education and across colleges. Funds would be used by States and institutions to boost quality and productivity and provide greater value to students through improved undergraduate experiences, new paths to credit attainment and degrees, and increased capacity, among other purposes.

The budget also invests in driving innovation at the institutional level through a \$55.5 million request for the "First in the World" (FITW) competition to be administered through the Fund for the Improvement of Postsecondary Education (FIPSE). This proposal, which would be modeled after the Investing in Innovation (i3) program for K-12 education, would provide incentives and rewards for innovation and building evidence of what works to reduce costs and improve outcomes in postsecondary education. Up to \$20 million of these funds would be dedicated specifically for projects involving minority-serving institutions (MSIs) to encourage these institutions to leverage all available resources, including funds awarded under the Title III and Title V programs, to improve their college persistence and completion rates. A portion of funds would be used for incentive payments that reward grantees for successful outcomes.

Another priority is a \$30 million request for first-time funding for the Hawkins Centers of Excellence program to increase the number of effective minority educators by expanding and reforming teacher education programs at MSIs. Supporting the preparation of effective teachers for high-need schools is a key strategy for closing the K-12 achievement gap between minority students and their White peers.

To help close gaps between racial and socioeconomic groups in college enrollment and degree attainment, the request provides \$431.1 million in discretionary funding for the Aid for Institutional Development programs, the same as the 2012 level. The request would strengthen institutions of higher education that serve high proportions of minority and disadvantaged students, including Historically Black Colleges and Universities (HBCUs) and Historically Black Graduate Institutions (HBGIs), by improving their academic programs, institutional capacity, and student support services. The budget also provides \$109.4 million for the Aid for Hispanic-serving Institutions programs.

The request also would provide \$839.9 million to maintain college preparation and completion activities for participants in the Federal TRIO Programs, as well as \$302.2 million to serve an estimated 725,000 middle and high school students preparing for college through Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP). These programs,

together with the \$150 million in mandatory funds provided through the College Access Challenge Grants program, provide significant investments that are crucial for helping to meet the President's college completion goal by getting more students into and through postsecondary education.

In addition, the request includes \$75.7 million, an increase of \$1.7 million over the 2012 level, for the International Education and Foreign Language Studies programs, which help meet the Nation's security and economic needs through the development of expertise in foreign languages and area and international studies. The budget also provides \$30.9 million for merit- and need-based scholarships and fellowships to postsecondary students under Graduate Assistance in Areas of National Need (GAANN) programs.

Title III: Aid for Institutional Development  
(BA in millions)

	<u>2011</u>	<u>2012</u>	<u>2013</u> <u>Request</u>
Strengthening Institutions.....	\$83.8	\$80.6	\$80.6
Strengthening Tribally Controlled Colleges and Universities.....	26.8	25.7	25.7
Strengthening Tribally Controlled Colleges and Universities (mandatory).....	30 <sup>1</sup>	30 <sup>1</sup>	30 <sup>1</sup>
Strengthening Alaska Native and Native Hawaiian-serving Institutions.....	13.4	12.9	12.9
Strengthening Alaska Native and Native Hawaiian-serving Institutions (mandatory)....	15.0 <sup>1</sup>	15.0 <sup>1</sup>	15.0 <sup>1</sup>
Strengthening Historically Black Colleges and Universities.....	237.0	228.0	228.0
Strengthening Historically Black Colleges and Universities (mandatory).....	85.0 <sup>1</sup>	85.0 <sup>1</sup>	85.0 <sup>1</sup>
Strengthening Historically Black Graduate Institutions.....	61.3	59.0	59.0
Master's Degree Programs at HBCUs and PBIs (mandatory) .....	11.5 <sup>2</sup>	11.5 <sup>2</sup>	11.5 <sup>2</sup>
Strengthening Predominantly Black Institutions.....	9.6	9.3	9.3
Strengthening Predominantly Black Institutions (mandatory).....	15.0 <sup>1</sup>	15.0 <sup>1</sup>	15.0 <sup>1</sup>
Strengthening Asian American and Native American Pacific Islander-serving Institutions.....	3.2	3.1	3.1
Strengthening Asian American and Native American Pacific Islander-serving Institutions (mandatory).....	5.0 <sup>1</sup>	5.0 <sup>1</sup>	5.0 <sup>1</sup>
Strengthening Native American-serving nontribal institutions.....	3.2	3.1	3.1
Strengthening Native American-serving nontribal institutions.....	5.0 <sup>1</sup>	5.0 <sup>1</sup>	5.0 <sup>1</sup>
Minority Science and Engineering Improvement .....	<u>9.5</u>	<u>9.5</u>	<u>9.5</u>
Total .....	614.3	597.6	597.6
Discretionary.....	447.8	431.1	431.1
Mandatory.....	166.5	166.5	166.5

<sup>1</sup> These funds are mandatory appropriations provided under the Student Aid and Fiscal Responsibility Act (SAFRA) within the Health Care and Education Reconciliation Act of 2010 (P.L. 111-152).

<sup>2</sup> These funds are mandatory appropriations provided under Title VIII, Part AA, Section 897 of the HEA.

The request for Title III maintains support for institutions that serve large percentages of minority and disadvantaged students. Title III funding, which is awarded both competitively and by a formula that directs aid to specified institutions, helps provide equal educational opportunity and strong academic programs for these students and enhances the financial stability of the

institutions that serve them. Funds may be used to plan, develop, and implement activities that support faculty development; funds and administrative management; development and improvement of academic programs; joint use of libraries and laboratories; construction, maintenance, and renovation of instructional facilities; student services; and endowment funds.

Strengthening Institutions supports institutions that provide educational opportunities to low-income and minority students. This funding level would support 150 non-competing continuation grants and would enable the Department to award 60 new individual development grants.

Strengthening Tribally Controlled Colleges and Universities (TCCUs) supports 33 Tribal Colleges and Universities located primarily in remote areas not served by other postsecondary education institutions. These institutions offer a broad range of degree and vocational certificate programs to students for whom these educational opportunities would otherwise be geographically and culturally inaccessible. TCCUs also would benefit from \$30 million in mandatory funds provided by SAFRA in fiscal year 2013.

Strengthening Alaska Native and Native Hawaiian-serving Institutions supports institutions with undergraduate enrollments that are at least 20 percent Alaska Native, and at least 10 percent Native Hawaiian students, respectively. The request would fund 16 non-competing continuation grants and 4 new individual development grants for these institutions, which typically are located in remote areas not served by other institutions. The Department also will use \$15 million in fiscal year 2013 mandatory funds to award 15 non-competing continuation grants.

Strengthening Historically Black Colleges and Universities supports any accredited, legally authorized HBCU that was established prior to 1964 and which retains a principal mission of educating African-Americans. Fiscal year 2013 funding would support 96 HBCUs. In 2013, SAFRA would provide \$85 million in mandatory funding for HBCUs.

Strengthening Historically Black Graduate Institutions supports 24 institutions with schools of law, medical schools, or other graduate programs.

Predominantly Black Institutions (PBIs) are primarily urban and rural 2-year colleges that have an enrollment of undergraduate students that is at least 40 percent African-American and that serve at least 50 percent low-income or first-generation college students. The request would support a third year of funding for 35 PBI grantees. In addition, SAFRA makes available \$15 million in mandatory funds in 2013 for continuation grants for 27 PBIs.

Strengthening Asian American and Native American Pacific Islander-serving Institutions supports institutions with undergraduate enrollments that are at least 10 percent Asian American and Native American Pacific Islander. This funding level would support 8 non-competing continuation grants for institutions serving this diverse population. In addition, SAFRA will make available mandatory funding of \$5 million to support 11 non-competing continuation awards for these institutions.

Strengthening Native American-serving Nontribal Institutions supports institutions that are not designated as TCCUs, yet enroll at least 10 percent Native American students and serve at least 50 percent low-income students. The discretionary request would support 6 non-competing continuation awards and an additional \$5 million in mandatory funds provided by SAFRA will support 13 non-competing continuation grants.

The Minority Science and Engineering Improvement program would fund 17 new competitive and 25 non-competing continuation grants that support improvement in science and engineering education at predominantly minority institutions and increase the participation of underrepresented ethnic minorities, particularly minority women, in scientific and technological careers.

Aid for Hispanic-Serving Institutions (HSIs)

(BA in millions)

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
Developing HSIs .....	\$104.4	\$100.4	\$100.4
Mandatory Developing HSI STEM and Articulation Programs .....	100.0 <sup>1</sup>	100.0 <sup>1</sup>	100.0 <sup>1</sup>
Promoting Postbaccalaureate Opportunities for Hispanic Americans (discretionary) .....	9.3	9.0	9.0
(mandatory) .....	<u>11.5<sup>2</sup></u>	<u>11.5<sup>2</sup></u>	<u>11.5<sup>2</sup></u>
Total .....	225.2	220.9	220.9
Discretionary .....	113.7	109.4	109.4
Mandatory .....	111.5	111.5	111.5

<sup>1</sup> These funds are mandatory appropriations provided under the Student Aid and Fiscal Responsibility Act (SAFRA) within the Health Care and Education Reconciliation Act of 2010 (P.L. 111-152).

<sup>2</sup> These funds are mandatory appropriations provided under Title VIII, Part AA, Section 898 of the HEA.

The Developing Hispanic-Serving Institutions (HSIs) program funds competitive grants to expand and enhance the academic quality, institutional management, fiscal stability, and self-sufficiency of colleges and universities that enroll large percentages of Hispanic students. In 2013, \$100.4 million in discretionary funding would support approximately 21 new awards and 149 non-competing continuation awards, while \$100 million in mandatory funds would support 111 non-competing continuation awards under the HSI Science, Technology, Engineering, and Mathematics (STEM) and Articulation program.

The Promoting Postbaccalaureate Opportunities for Hispanic Americans program provides funds to eligible HSIs that offer a postbaccalaureate certificate or postbaccalaureate degree-granting program. The program is designed to help Hispanic Americans gain entry into and succeed in graduate study, a level of education in which they are underrepresented. In 2013, \$9.0 million in discretionary funding would support 20 non-competing continuation awards, while \$11.5 million in mandatory funding would support an additional 22 non-competing continuation awards.

Hawkins Centers of Excellence

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	—	—	\$30.0

The Hawkins Centers of Excellence program is designed to increase the number of effective minority educators by expanding and reforming teacher education programs at minority-serving institutions (MSIs). This program would make competitive awards of at least \$500,000 annually for up to 5 years to eligible institutions of higher education to establish Centers of Excellence in teacher education. Increasing the number of effective minority teachers for high-need schools is a key strategy for closing the achievement gap between minority students and their White peers.

International Education and Foreign Language Studies (IEFLS)  
(BA in millions)

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
Domestic Programs .....	\$66.7	\$66.6	\$68.3
Overseas Programs .....	7.5	7.5	7.5
Institute for International Public Policy.....	<u>1.6</u>	<u>—</u>	<u>—</u>
Total .....	75.7	74.0	75.7

These programs support comprehensive language and area study centers within the United States, research and curriculum development, and opportunities for American scholars to study abroad. In addition to promoting general understanding of the peoples of other countries, the Department’s international programs also serve important economic, diplomatic, defense, and other national security interests. The Administration also believes that a world-class education must integrate global competencies and is committed to increasing the global competency of all U.S. students, including those from traditionally disadvantaged groups. The proposed \$1.7 million increase for Domestic Programs in 2013 will support this goal.

Race to the Top: College Affordability and Completion

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	—	—	\$1,000.0

This proposed program would drive systemic State reforms that simultaneously lead to increased affordability, quality, and productivity in higher education. Funds would be awarded to States with strong records of increasing college affordability and quality, which could be demonstrated in such ways as maintaining a consistent State financial commitment to higher education, operating institutions that reasonably stabilize or contain the growth in what students pay for college and measure and publicize institutional value in terms of financial returns and other outcomes, making use of data to drive policy, and improving alignment between K-12 and postsecondary education and across colleges. Funds would be used by States and institutions to boost quality and productivity and provide greater value to students through improved

undergraduate experiences, new paths to credit attainment and degrees, and increased capacity, among other purposes.

Fund for the Improvement of Postsecondary Education (FIPSE)  
(BA in millions)

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
First in the World.....	—	—	\$55.5
International Consortia .....	\$12.5	\$2.1	2.9
Special Focus Competitions.....	4.8	—	—
Training for Realtime Writers.....	1.0	1.1	—
Model Transition Programs .....	—	—	11.0
Other.....	<u>1.3</u>	<u>0.3</u>	<u>0.6</u>
Total .....	19.6	3.5	70.0

FIPSE awards competitive grants to support exemplary, locally developed projects that are models for innovative reform and improvement in postsecondary education. The 2013 request would provide \$55.5 million for the First in the World (FITW) initiative, which would apply the lessons of the successful K-12 Investing in Innovation (i3) program to the challenge of improving college completion, particularly for minority and low-income students. First in the World would provide “venture capital” to encourage innovative approaches to improving college completion, research support to build the evidence of effectiveness needed to identify successful strategies, and resources to scale up and disseminate strategies we already know are successful. Up to \$20 million of FITW funds would be dedicated to projects involving minority-serving institutions to encourage such institutions to leverage all available resources, including funds awarded under the Title III and Title V programs, to improve their college persistence and completion rates. A portion of funds will also be used for incentive payments that reward grantees for successful outcomes.

The request also includes funding that would be used to cover continuation costs for projects previously funded under Model Transition Programs for Students with Intellectual Disabilities in Higher Education.

Tribally Controlled Postsecondary Career and Technical Institutions

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$8.1	\$8.1	\$8.1

The request would fund awards to tribally controlled postsecondary career and technical institutions that meet the program’s eligibility requirements to fund instructional and student support services under a reauthorized Carl D. Perkins Career and Technical Education Act.

Special Programs for Migrant Students

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$36.6	\$36.5	\$36.5

Special Programs for Migrant Students include the High School Equivalency Program (HEP), which funds competitively selected projects to help low-income migrant and seasonal farm workers gain high school diplomas or equivalency certificates, and the College Assistance Migrant Program (CAMP), which makes competitive grants to provide stipends and special services, such as tutoring and counseling, to migrant students who are in their first year of college. The 2013 request would support approximately 43 HEP projects and 39 CAMP projects, as well as outreach, technical assistance and professional development activities.

Federal TRIO Programs  
(BA in millions)

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
Talent Search .....	\$138.7	\$136.4	\$135.9
Upward Bound .....	248.8	266.2	267.9
Veterans Upward Bound .....	13.2	13.2	13.2
Upward Bound Math-Science.....	33.8	43.8	43.8
Educational Opportunity Centers .....	47.7	46.9	46.9
Student Support Services .....	290.8	291.5	291.5
McNair Post Baccalaureate Achievement ....	46.2	36.1	36.1
Staff Training .....	3.5	1.4	1.4
Evaluation .....	—	1.5	1.5
Administration/Peer Review .....	3.8	3.0	1.7
Upward Bound (mandatory) .....	<u>57.0</u> <sup>1</sup>	<u>—</u> <sup>2</sup>	<u>—</u> <sup>2</sup>
<u>Total .....</u>	<u>883.5</u>	<u>839.9</u>	<u>839.9</u>

<sup>1</sup> Mandatory funds are made available by section 402C(g) of the Higher Education Act of 1965, as amended.

<sup>2</sup> The authorization for mandatory funds expired September 30, 2011.

The TRIO programs are among the Department's signature programs aimed at getting more students prepared for, into, and through postsecondary education. The request would maintain overall level funding for these college preparation and student support programs, including approximately 2,814 TRIO projects serving middle school, high school, and college students and adults, while also supporting Staff Training grants, evaluation, and administration for the TRIO programs.

Gaining Early Awareness and Readiness for Undergraduate Programs (GEAR UP)

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$302.8	\$302.2	\$302.2

GEAR UP provides funds to States and partnerships for early college preparation and awareness activities to help low-income elementary and secondary school students prepare for and pursue postsecondary education. Several features of GEAR UP, including targeting entire grades of students, partnering with local organizations and businesses, and matching Federal funds with local contributions, allow projects to serve large numbers of students. The request maintains funding at the 2012 level and would serve approximately 725,000 middle and high school students in fiscal year 2013.

Graduate Assistance in Areas of National Need (GAANN)

(BA in millions)

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$31.0	\$30.9	\$30.9

GAANN provides fellowships, through competitive grants to postsecondary institutions, to graduate students with superior ability and high financial need studying in areas of national need. Participating graduate schools must provide assurances that they will seek talented students from traditionally underrepresented backgrounds. The 2013 request would support approximately 687 fellowships, including non-competing continuation awards for Javits fellowship recipients.

Child Care Access Means Parents in School

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$16.0	\$16.0	\$16.0

This competitive grant program supports the participation of low-income parents in postsecondary education through campus-based childcare services. Grants made to institutions of higher education must be used to supplement childcare services or start a new program, not to supplant funds for current childcare services. The program gives priority to institutions that leverage local or institutional resources and employ a sliding fee scale. The 2013 request would support 100 new projects and 55 existing projects.

GPRA Data/HEA Program Evaluation

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$0.6	\$0.6	\$0.6

The request would support the collection and analysis of performance data and the evaluation of Higher Education Act programs that either lack funding set-asides to conduct these activities or where such set-asides are not sufficient to cover the costs of the activities.

Academic Facilities  
(BA in millions)

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
HBCU Capital Financing Program.....	\$20.5	\$20.5	\$20.5
CHAFL Federal Administration.....	0.5	0.5	0.5

These programs support the construction, reconstruction, and renovation of academic facilities at institutions of higher education. The request for the HBCU Capital Financing Program would support the management and servicing of loan guarantees on previously issued loans, and includes \$20.2 million in loan subsidy that would allow the program to guarantee \$320.4 million in new loans in 2013. Funds also would be used to continue technical assistance services to help HBCUs increase their fiscal stability and improve their access to capital markets. The Administration is seeking legislative authority to raise the limits on total loan authority and the sub-limits on authority for loans to public and private HBCUs.

Funding for CHAFL Federal Administration is used solely to manage and service existing portfolios of facilities loans and grants made in prior years.

Howard University  
(BA in millions)

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
General Support.....	\$205.6	\$205.2	\$205.2
Howard University Hospital .....	<u>28.9</u>	<u>28.8</u>	<u>28.8</u>
Total .....	234.5	234.1	234.1

The 2013 request would maintain support for Howard University's academic programs, research programs, construction activities, and the Howard University Hospital at the 2012 level. Howard University has played a historic role in providing access to postsecondary educational opportunities for students from traditionally underrepresented backgrounds, especially African-Americans. The request includes \$3.6 million for Howard University's endowment. The direct Federal appropriation accounts for approximately 42 percent of Howard University's operating costs.

**F. INSTITUTE OF EDUCATION SCIENCES**

**Overview**

The Institute of Education Sciences (IES) supports sustained programs of research, evaluation, and statistics to inform and provide solutions to the problems and challenges faced by schools and learners. Investment in research and statistics activities is critical in order to identify effective instructional and program practices, track student achievement, and measure the impact of educational reform. Through its four centers—the National Center for Education Research, the National Center for Education Statistics (NCES), the National Center for Education Evaluation and Regional Assistance, and the National Center for Special Education Research—IES ensures that the Federal investment in education research, statistics, and evaluation is well-managed and relevant to the needs of educators and policymakers.

For 2013, the Administration is seeking \$621.2 million for IES activities, an increase of \$27.5 million over the 2012 appropriation. This request would enable IES to award up to \$30 million in new research and development grants in early learning and elementary, secondary, and postsecondary education. NCES would receive an additional \$6 million to support State participation in the Program for International Student Assessment (PISA), and the Statewide Data Systems program would receive \$15.0 million for initiatives to improve information on students as they move from high school to postsecondary education and the workforce.

The request would continue the Administration’s commitment to supporting the Regional Educational Laboratories, the Assessment program, research in special education, and special education studies and evaluations.

Research, Development, and Dissemination

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$199.8	\$189.8	\$202.3

The request includes an increase of \$12.5 million over the 2012 level to support critical investments in education research, development, dissemination, and evaluation that provide parents, teachers, and schools with evidence-based information on effective educational practice. The request would restore funding for research and development activities to the 2010 level, which is critical to enabling IES to conduct competitions for new awards across education research areas that would support the development and testing of practical approaches to improve education outcomes for all students. The request also includes an additional \$2 million to complete an impact evaluation of whether expanding Pell Grants to support additional training and education for unemployed adults results in higher earnings and employment.

Statistics

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$108.3	\$108.7	\$114.7

The Department's statistics programs—operated primarily through competitively awarded contracts administered by the National Center for Education Statistics (NCES)—provide general statistics about trends in education, collect data to monitor reform and measure educational progress, and inform the IES research agenda. The 2013 request, an increase of \$6 million, would support the collection, analysis, and dissemination of education-related statistics in response both to legislative requirements and to the particular needs of data providers, data users, and educational researchers. The increase would be used by NCES to support State participation in a pilot Program for International Student Assessment (PISA) study that would allow States to benchmark the performance of their 15-year-old students against international standards.

#### Regional Educational Laboratories (REL)

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$57.5	\$57.4	\$57.4

The requested funds would be used to support the second year of the 5-year REL contracts at the 2012 level. The RELs serve as a necessary bridge between the research community and State and local educational agencies by providing expert advice, including training and technical assistance, to bring the latest and best research and proven practices into school improvement effort. Key priorities include providing technical assistance on performing data analysis functions, evaluating programs, and using data from State longitudinal data systems for research and evaluation that addresses important issues of policy and practice.

#### Assessment

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$138.6	\$138.3	\$132.3

The request would fund the ongoing National Assessment of Educational Progress (NAEP) and the National Assessment Governing Board. NAEP measures and reports on the status of and trends in student learning over time, on a subject-by-subject basis, and makes objective information on student performance available to policymakers, educators, parents, and the public. NAEP is the only nationally representative and continuing assessment of what American students know and can do, and it has become a key measure of our Nation's educational performance. NAEP activities are conducted through contracts.

At the request level, the Department plans to conduct the 2013 national and State reading and math assessments at grades 4, 8, and 12, as well as support assessments in certain large urban districts; continue analysis and reporting of assessments conducted in prior years; and prepare for the 2014 assessments. The Administration believes that the funds requested are sufficient to enable NAEP to fulfill its mission and continue to provide important information on student achievement over time.

Research in Special Education

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$51.0	\$49.9	\$49.9

This program supports discretionary grants and contracts for research to address gaps in scientific knowledge in order to improve special education and early intervention services for infants, toddlers, and children with disabilities. The requested funds would maintain the 2012 level of support for new programs of research on families of children with disabilities and technology for special education, as well as ongoing programs of research, including research intended to improve the developmental outcomes and school readiness of infants, toddlers, and young children with disabilities; to improve educational outcomes in core subject areas for children with disabilities; and to improve social and behavioral outcomes.

Statewide Data Systems

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$42.2	\$38.1	\$53.1

This program supports competitive awards to State educational agencies to foster the design, development, and implementation of longitudinal data systems that enable States to use data on student learning, teacher performance, and college- and career-readiness to enhance the provision of education and close achievement gaps. Up to \$11 million would be used for awards to public or private agencies and organizations to support activities to improve data coordination, quality, and use at the local, State, and national levels. The proposed \$15 million increase would support postsecondary data initiatives designed to improve information on students as they progress from high school to postsecondary education and the workforce—such data are essential for measuring the success of many of our programs and initiatives.

Special Education Studies and Evaluations

	<u>2011</u>	<u>2012</u>	<u>2013 Request</u>
BA in millions .....	\$11.4	\$11.4	\$11.4

This program supports competitive grants, contracts, and cooperative agreements to assess the implementation of the Individuals with Disabilities Education Act and the effectiveness of State and local efforts to provide special education and early intervention programs and services to infants, toddlers, and children with disabilities. The request would support a new evaluation of Positive Behavioral Interventions and Supports, a school-wide approach to address problem behaviors. Funds also would be used for the required national assessment of activities supported with Federal special education funds and other ongoing studies and evaluations of special education.

### III. PROGRAMS PROPOSED FOR CONSOLIDATION OR ELIMINATION

The current Elementary and Secondary Education Act (ESEA) authorizes numerous programs with similar purposes, creating fragmented and inefficient funding streams that often lead to a greater focus on complying with program requirements rather than improving student outcomes. The Administration's reauthorization proposal would consolidate 38 currently authorized ESEA programs into 11 new authorities that would allow the Department to direct funding to proven or promising practices while providing greater flexibility to grantees. As of 2012, Congress had not provided funding for 22 of these 38 programs. Similarly, as part of a proposal to reauthorize the Workforce Investment Act (WIA), the Administration's 2013 request would consolidate 5 programs authorized under the Rehabilitation Act into 2 programs. As of 2012, Congress had not provided funding for 2 of the 5 programs. The proposed consolidations would reduce duplication and administrative costs and improve program management and accountability.

Overall, Congress eliminated funding for 49 programs in fiscal years 2010, 2011, and 2012 for a total annual savings of more than \$1.2 billion. However, many of these eliminations were not accompanied by the reformed program structure recommended by the Administration in its reauthorization and budget proposals. The Department continues to seek this new program structure, through which it would continue to support some of the eliminated activities. The table shown below is followed by a brief summary of each program, in alphabetical order, that would be consolidated or eliminated under the 2013 request.

#### **Discretionary Program Consolidations or Eliminations by Funding Level**

Program (2012 BA in millions)

Advanced Placement .....	\$27.0
Arts in Education .....	25.0
Charter School Grants .....	255.0
Credit Enhancement for Charter School Facilities .....	—
Elementary and Secondary School Counseling .....	52.3
High School Graduation Initiative .....	48.8
Impact Aid Payments for Federal Property .....	66.9
Improving Teacher Quality State Grants .....	2,466.6
Mathematics and Science Partnerships .....	149.7
Vocational Rehabilitation Migrant and Seasonal Farm Workers .....	1.3
Model Transition Programs for Students with Intellectual Disabilities into Higher Education .....	11.0
Physical Education Program .....	78.7
Ready-to-Learn Television .....	27.2
Safe and Drug-Free Schools and Communities National Activities .....	64.9
School Leadership .....	29.1
Striving Readers .....	159.7
Supported Employment State Grants .....	29.1
Teacher Incentive Fund .....	299.4
Teacher Quality Partnership .....	42.8
Training for Realtime Writers .....	1.1
Transition to Teaching .....	<u>26.1</u>

Total ..... 3,861.7  
**Programs Proposed for Consolidation or Elimination in Fiscal Year 2013**  
 (2012 BA in millions)

Advanced Placement ..... \$27.0

This program supports State and local efforts to increase access to Advanced Placement and International Baccalaureate classes and tests for low-income students. Such activities would be supported under the proposed College Pathways and Accelerated Learning authority.

Arts in Education ..... \$25.0

This program supports grants for the development of model arts education programs and for professional development for arts educators. The proposed Effective Teaching and Learning for a Well-Rounded Education authority would support similar activities.

Charter Schools Grants ..... \$255.0

This program makes competitive grants to State educational agencies and charter schools to support the planning, design, initial implementation, and dissemination of information regarding charter schools. A portion of the funding supports State efforts to assist charter schools in obtaining facilities. The proposed Expanding Educational Options authority would continue and expand support for charter and other autonomous public schools.

Credit Enhancement for Charter School Facilities ..... 0

This program, currently funded through the Charter Schools appropriation, provides assistance to help charter schools meet their facility needs. The new Expanding Educational Options authority would continue to make available such assistance.

Elementary and Secondary School Counseling ..... \$52.3

This program makes competitive grants to assist local educational agencies in developing or expanding elementary and secondary school counseling programs. These activities could be supported under the proposed Successful, Safe, and Healthy Students program.

High School Graduation Initiative ..... \$48.8

This program provides assistance to help schools implement comprehensive efforts to increase high school graduation rates. Such activities would be supported under the proposed College Pathways and Accelerated Learning authority, as well as by other reauthorized programs such as Title I College- and Career-Ready Students and School Turnaround Grants.

Impact Aid Payments for Federal Property ..... \$66.9

This authority provides payments to LEAs without regard to the presence of federally connected children and therefore, these payments do not necessarily support the provision of educational services for federally connected children.

Improving Teacher Quality State Grants ..... \$2,466.6

This program, which provides funds to States and LEAs to develop and support a high-quality teaching force through activities that are grounded in scientifically based research, would be consolidated into the proposed Effective Teachers and Leaders State Grants program, which would emphasize the identification of effective teachers and leaders and improving access to such teachers and leaders across high- and low-poverty schools.

**Program Consolidations and Eliminations, continued** (2012 BA in millions)

Mathematics and Science Partnerships ..... \$149.7

This program, which supports State and local efforts to improve students' academic achievement in mathematics and science by promoting strong teaching skills for elementary and secondary school teachers, would be replaced by the proposed Effective Teaching and Learning: Science, Technology, Engineering, and Mathematics (STEM) program. The new program would support State implementation of comprehensive, evidence-based strategies and professional development that aligns Federal, State, and local resources to provide high-quality STEM instruction.

Vocational Rehabilitation Migrant and Seasonal Farmworkers ..... \$1.3

This program makes comprehensive vocational rehabilitation (VR) services available to migrant and seasonal farmworkers with disabilities, with the goal of increasing employment opportunities for them. To eliminate duplication and administrative inefficiencies, this program would be consolidated with the VR State Grants program. Consolidation would allow a stronger Federal focus on increasing the employment opportunities for all eligible individuals, including migrant and seasonal farmworkers with disabilities.

Model Transition Programs for Students with Intellectual Disabilities  
Into Higher Education ..... \$11.0

This program supports competitive grants awarded to institutions of higher education or consortia of such institutions to create or expand model comprehensive transition and postsecondary programs for students with intellectual disabilities. In place of this program, the Administration is requesting increased funding for the Fund for the Improvement of Postsecondary Education, which can support projects to improve college access and completion for individuals with disabilities.

Physical Education Program ..... \$78.7

This program makes grants to local educational agencies and community-based organizations to pay for initiating, expanding, and improving physical education programs for students in kindergarten through 12th grade, activities that would continue to be supported under the proposed Successful, Safe, and Healthy Students program.

Ready-to-Learn Television ..... \$27.2

This program makes competitive awards to support the development and distribution of educational television and video programming and related outreach materials for preschool and elementary school children and their parents that are designed to improve school readiness and academic achievement. Competitive funding for such activities could be available under two new broader programs, Effective Teaching and Learning: Literacy and Effective Teaching and Learning: Science, Technology, Engineering, and Mathematics (STEM).

Safe and Drug-Free Schools and Communities National Activities ..... \$64.9

This program supports competitive grants and other discretionary activities to foster a safe, secure, and drug-free learning environment, facilitate emergency management and preparedness, and prevent drug use and violence by students at all educational levels. The proposed Successful, Safe, and Healthy Students program would continue to make available funding for such activities.

School Leadership ..... \$29.1

This program supports competitive grants to assist high-need local educational agencies (LEAs) in recruiting, preparing, and retaining principals and assistant principals. The proposed set-aside in Effective Teachers and Leaders State Grants would support similar activities.

**Program Consolidations and Eliminations, continued** (2012 BA in millions)

Striving Readers ..... \$159.7

This program supports efforts to improve the literacy skills, including pre-literacy skills, reading, and writing, of students from birth through grade 12. Similar activities would be a key focus of the new Effective Teaching and Learning: Literacy authority.

Supported Employment State Grants..... \$29.1

This formula grant program provides supplemental funds to State VR agencies for providing supported employment services for individuals with the most significant disabilities participating in the VR State Grants program. This program would be consolidated with the VR State Grants program, as it has accomplished its goal and State VR agencies recognize supported employment as an integral part of the VR State Grants program and a viable employment option for individuals with the most significant disabilities.

Teacher Incentive Fund ..... \$299.4

This program makes competitive awards to improve student achievement by increasing teacher and principal effectiveness; reform teacher and principal compensation systems so that teachers and principals are rewarded for gains in student achievement; increase the number of effective teachers teaching low-income, minority, and disadvantaged students in hard-to-staff subjects; and create sustainable performance-based compensation systems. These activities would continue to be supported through the proposed Teacher and Leader Innovation Fund.

Teacher Quality Partnership..... \$42.8

This program supports the development and implementation of model teacher preparation and teaching residency programs to improve the quality of teaching in high-need schools and early childhood education programs. The proposed set-aside in Effective Teachers and Leaders State Grants would support similar activities.

Training for Realtime Writers..... \$1.1

This program promotes training and placement of individuals as realtime writers. This program is narrowly focused and the Administration believes limited Federal resources should be focused on building evidence of what works to improve postsecondary success under the First in the World initiative in the Fund for the Improvement of Postsecondary Education.

Transition to Teaching..... \$26.1

This program supports competitive grants to develop and implement comprehensive approaches to training, placing, and supporting teacher candidates through alternative routes to teacher certification or licensure. The proposed set-aside in Effective Teachers and Leaders State Grants would support similar activities.

## IV. DEPARTMENTAL MANAGEMENT

### History and Background

Congress established the Department of Education as a Cabinet level agency in 1980. Today, the Department supports programs that touch on every area and level of education. The Department's early learning, elementary, and secondary programs annually serve approximately 16,000 school districts and 49 million students attending more than 98,000 public schools and 28,000 private schools. Department programs also provide grant, loan, and work-study assistance to nearly 15 million postsecondary students.

The Department of Education is responsible for administering education programs authorized by Congress and signed into law by the President. This responsibility involves developing regulations and policy guidance that determine exactly how programs are operated, determining how program funds are awarded to recipients, ensuring that programs are operated fairly and in conformance with both authorizing statutes and laws prohibiting discrimination in federally funded activities, collecting data and conducting research on education, and helping to focus attention on education issues of national importance.

Most Federal funds for education are distributed using one of three methods: a statutory formula based on certain eligibility requirements, such as the number of low-income students in a school district; a competitive process aimed at identifying the most promising proposals or projects targeting a particular educational purpose; or an assessment of financial need, such as the ability of a student or family to pay for college.

Key programs administered by the Department include Title I of the Elementary and Secondary Education Act (ESEA), which under the President's 2013 request would deliver \$14.5 billion to help 21 million students in high poverty schools make progress toward State academic standards; Individuals with Disabilities Education Act Part B Grants to States, which would provide \$11.6 billion to help States and school districts meet the special educational needs of students with disabilities; Federal Pell Grants, which would make available nearly \$37 billion in need-based grant assistance to students enrolled in postsecondary institutions; and the postsecondary student loan programs, which would help provide roughly \$121 billion in new low-interest direct loans to help students and families pay for college.

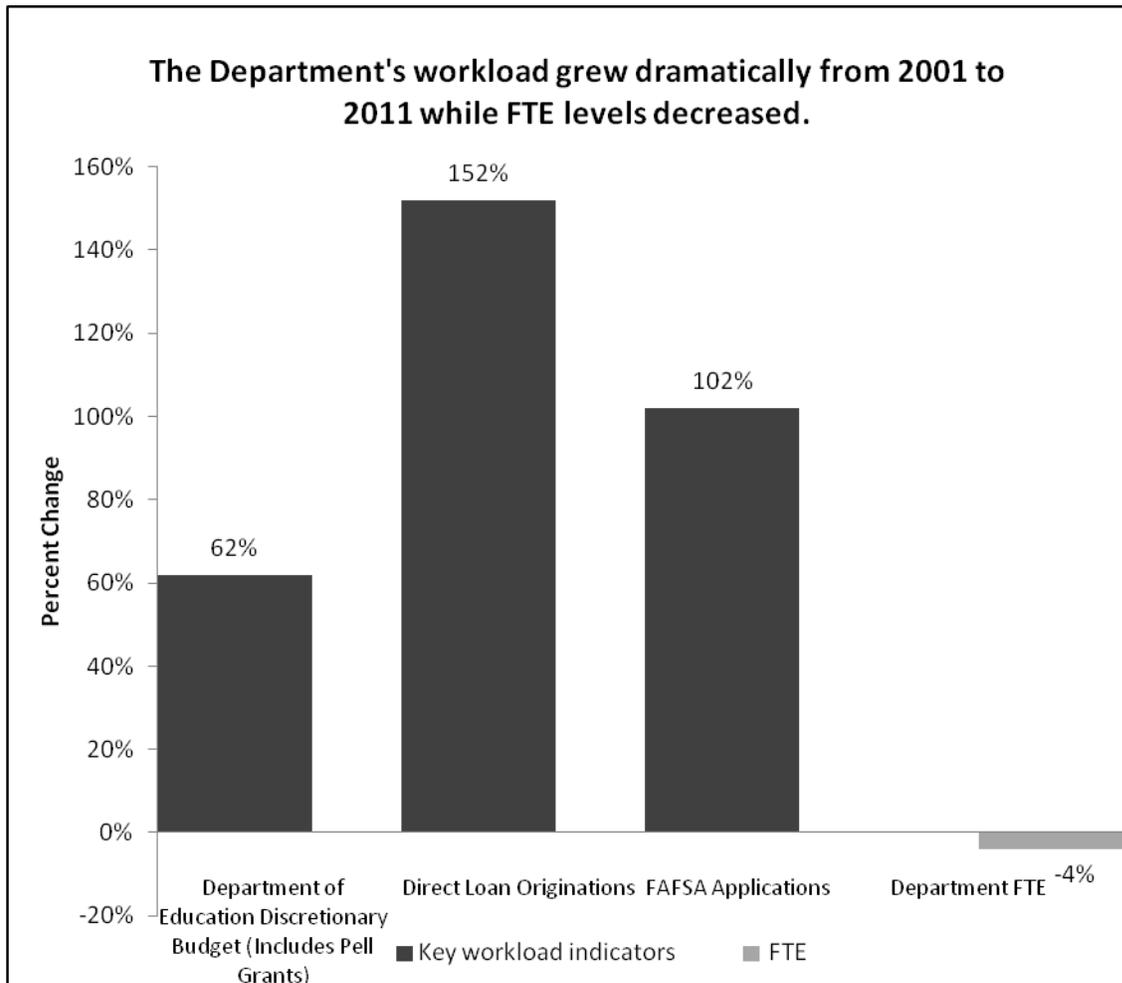
The Department's programs and responsibilities have grown substantially over the past decade. There have been fundamental education reforms such as the No Child Left Behind Act of 2001 (which reauthorized the ESEA) and the American Recovery and Reinvestment Act of 2009, which provided first-time funding for the Race to the Top and Investing in Innovation (i3) programs. In the postsecondary area, the Ensuring Continued Access to Student Loans Act of 2008 (ECASLA) supported uninterrupted access by students to Federal student loans throughout the 2008-2009 financial crisis, while the SAFRA legislation of 2010 ended Federal subsidies to private lenders and re-directed the savings to help Pell Grants keep pace with rising college costs, to reduce the burden of loan repayment for college graduates, to expand career training opportunities at local community colleges, and to increase support for minority-serving institutions.

At the same time, the Administration and the Congress have succeeded in eliminating or consolidating 49 programs that had served their purpose, proven ineffective, or were more

effectively supported through other, broader authorities. The eliminations have saved \$1.2 billion per year in discretionary appropriations and, as the programs wind down following the completion and close-out of existing awards, will reduce administrative workload and permit the reassignment of staff to other, higher-priority activities. The Department is reducing its FTE in 2012 and 2013 in part to account for the decreased workload.

While there have been some program eliminations, internal administration has become more complex. Laws and Presidential directives, such as Homeland Security Presidential Directive 12 and the Federal Information Security Management Act of 2002, have required significant ongoing resources to address physical and information security technology issues. There has been an enhanced focus from the Office of Management and Budget (OMB) on prudent financial management through instruments such as OMB Circular A-123 on internal controls. Finally, the Department has needed to devote more resources to information technology management (e.g., OMB Exhibits A-53 on IT investment portfolio and A-300 on the management of capital assets). In addition, contracts to perform routine tasks such as processing applications for student aid and loan originations have increased with the rising demand for college student aid.

Despite the dramatic increase in its workload over the past decade, the Department has been able to hold its administrative expenses down by reducing headcount and improving its acquisition and financial management. The following chart compares the cumulative percentage increases, from 2001 to 2011, of the Department's discretionary budget, Direct Loan originations, and the Free Application for Federal Student Aid (FAFSA) applications, with the Department's total full-time equivalent (FTE) usage.



## Salaries and Expenses Overview

	<u>2011</u>	<u>2012</u>	<u>2013</u> <u>Request</u>
<u>Departmental Management</u> (BA in millions)			
Program Administration .....	\$455.3 <sup>1</sup>	\$446.3 <sup>1</sup>	\$463.8 <sup>1</sup>
Office of Civil Rights .....	102.8	102.6	105.3
Office of Inspector General.....	59.9	59.8	62.4
Student Aid Administration .....	992.0 <sup>2</sup>	1,043.4 <sup>2</sup>	1,126.4 <sup>2</sup>
Other .....	<u>9.5<sup>3</sup></u>	<u>9.8<sup>3</sup></u>	<u>8.9<sup>3</sup></u>
Total .....	1,619.5	1,661.9	1,766.8
<u>Full-time equivalent employment</u> (FTE)			
Program Administration .....	2,128	2,074	2,064
Office of Civil Rights .....	619	603	598
Office of Inspector General.....	274	273	277
Student Aid Administration .....	1,298	1,321	1,321
Other .....	<u>18</u>	<u>19</u>	<u>19</u>
Subtotal.....	4,337	4,290	4,279
Recovery Act (Office of Inspector General) .	<u>50</u>	<u>22</u>	<u>0</u>
Total .....	4,387 <sup>4</sup>	4,312 <sup>4</sup>	4,279 <sup>4</sup>

<sup>1</sup> Includes \$8.2 million in 2011 and \$2.2 million in 2013 for Building Modernization.

<sup>2</sup> Excludes \$151.9 million in 2011, \$276.7 million in 2012, and \$366.9 million in 2013 in Mandatory funds. Also excludes \$3.0 million in 2013 from a transfer from the Department of Health and Human Services for the Health Education Assistance Loan (HEAL) program.

<sup>3</sup> Includes small Federal Credit Administration accounts and S&E activities in program accounts.

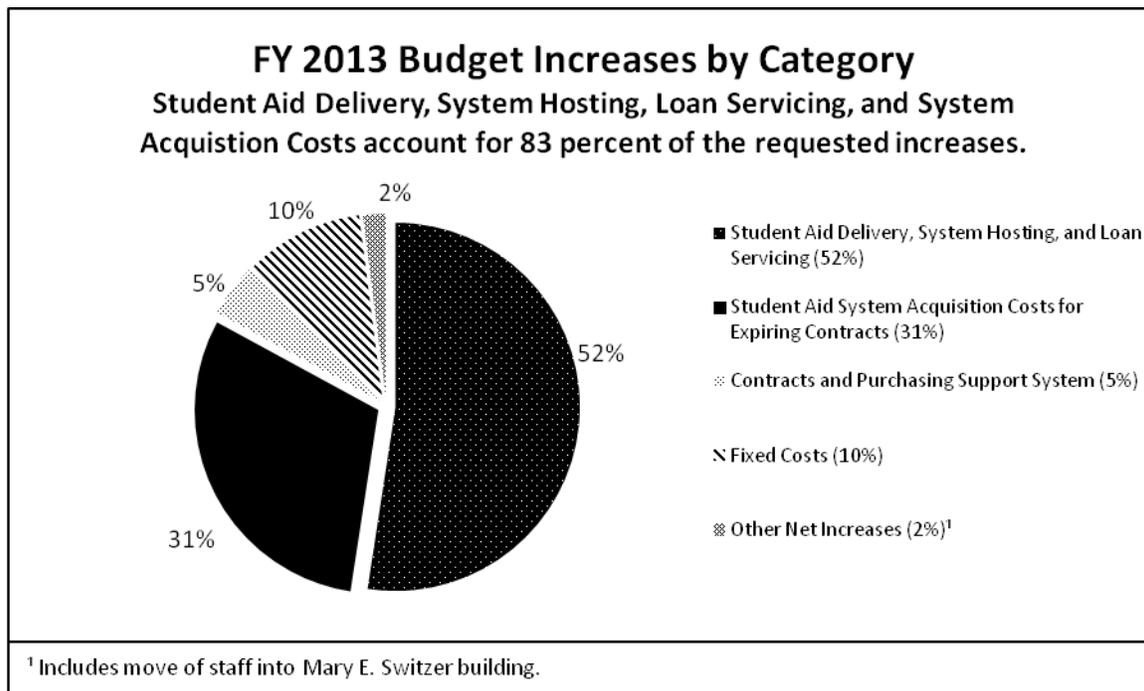
<sup>4</sup> Actual FTE usage in 2011; target for 2012 and 2013.

The 2013 budget request for Salaries and Expenses (S&E) will pay the costs of staff, overhead, contracts, and other activities needed to administer and monitor the Department's educational assistance programs. The Department of Education has the smallest staff of the 15 Cabinet agencies, but its program budget and administrative workload have grown in recent years. Its discretionary appropriation alone is the third largest, behind only the Department of Defense and the Department of Health and Human Services. When adjusted for inflation, the Department of Education's overall administrative budget is about the same as it was 10 years ago, and FTE has declined by 4 percent. As a result, our administrative funds are less than 1 percent of the total annual program appropriations and new loan volume administered by the Department.

The Department is requesting \$1.767 billion for its discretionary S&E budget in 2013, an increase of \$105 million over the 2012 level. Another \$367 million in mandatory funding will support Not-For-Profit (NFP) and new Perkins Loan Program Servicing costs in the Student Aid Administration account. In addition, the Department of Health and Human Services (HHS) has

requested and will transfer \$2.8 million to the Student Aid Administration account to manage and service the Health Education Assistance Loan (HEAL) Program.

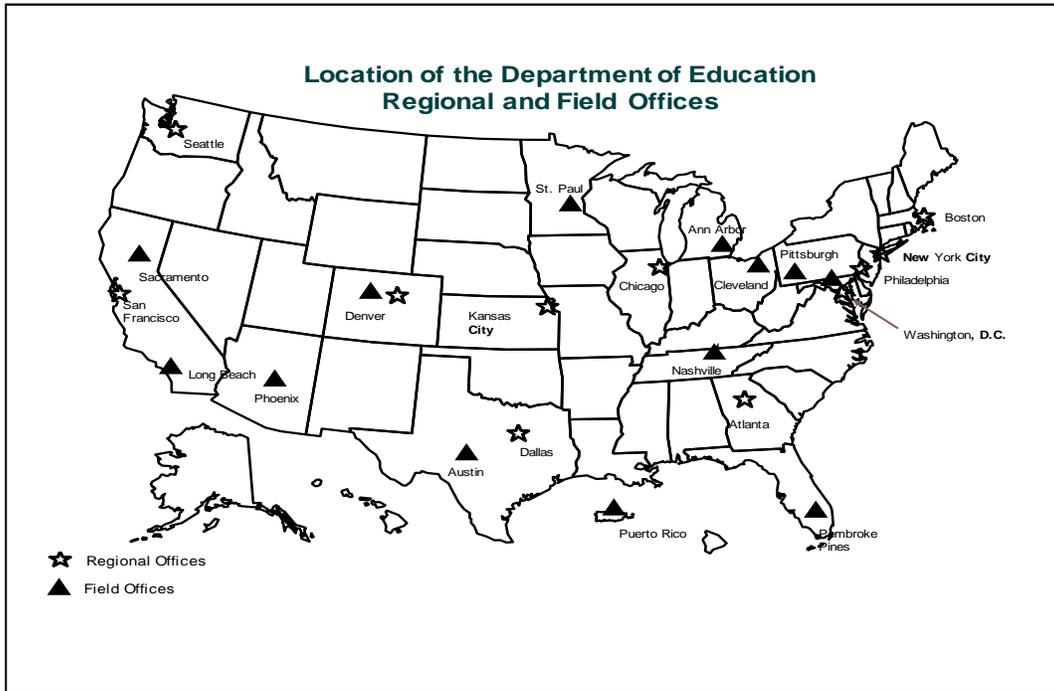
Most of the increase in 2013 is to administer student aid. Fifty-two percent (\$55 million) of the requested \$105 million increase is focused on student aid application processing, origination and disbursement costs; student aid system hosting; and loan servicing. In addition, 31 percent (\$32 million) of the requested increase is for student aid system acquisition costs necessary for the continuation of core student aid operations. In addition, the Department is requesting essential funding for improving its acquisition system and consolidating Department staff from various Washington D.C. buildings into the Mary E. Switzer building (\$7 million). The Department is also requesting fixed increases necessary to administer its programs successfully and to provide adequate oversight (\$11 million). The following chart provides a breakout of the requested increases.



### Department Employment

The 2013 request includes funding for 4,279 FTE, a net decrease of 33 FTE from the 2012 level of 4,312 FTE. Of the 4,312 FTE in 2012, 22 are funded from the Office of Inspector General, Recovery Act account, which will end in 2012.

As shown in the following chart, staff is divided among the Washington, D.C. headquarters, 11 regional offices, and 13 field offices. Most regional and field office staff are in Federal Student Aid (FSA), the Office of the Inspector General (OIG), and the Office for Civil Rights (OCR). The FSA regional office personnel conduct reviews of lenders, institutions, and guaranty agencies participating in the student financial aid programs, and perform debt collection activities on defaulted student loans. OIG staff conducts audits and investigations of Department programs and operations. OCR investigates civil rights complaints and conducts civil rights compliance reviews.



### Program Administration

The Program Administration account provides administrative support for most programs and offices in the Department. The 2013 request totals \$463.8 million, an increase of \$17.6 million, or 3.9 percent, above the 2012 level. The request includes \$288.9 million for personnel compensation and benefits to support 2,064 FTE, which reflects a decrease of 10 FTE from the 2012 level.

Non-personnel costs cover such items as travel, rent, mail, telephones, utilities, printing, information technology, contractual services, equipment, supplies, and other services. The total request for non-personnel activities in 2013 is \$174.9 million, an increase of \$17.1 million from the 2012 level of \$157.8 million. This increase is needed to: (1) replace the current Contracts and Purchasing Support System, which is at the end of its lifecycle and which is at serious risk of not receiving continued vendor support and maintenance; (2) consolidate staff from various Washington D.C. buildings into the Mary E. Switzer building; and (3) provide continued operations of EDCAPS, the Department's core financial system.

### Student Aid Administration

The Student Aid Administration account provides funds to administer the Federal student financial assistance programs authorized under Title IV of the Higher Education Act (HEA) of 1965, as amended. The Title IV programs, which provide funds to help students and families pay for the cost of education beyond high school, collectively represent the Nation's largest source of financial aid for postsecondary students. The Student Aid Administration account supports a range of functions across the student aid lifecycle, including: educating students and families about how to obtain aid; processing millions of student financial aid applications; disbursing billions of dollars in aid; overseeing billions of dollars in existing loans; and servicing tens of millions of loans.

Ensuring the smooth operation of the complex array of financial transactions and participants involved in the student financial aid programs—and safeguarding the interests of both students and Federal taxpayers—is one of the Department's greatest management challenges and one of its highest administrative priorities. Primary responsibility for administering the Federal student financial assistance programs rests with Federal Student Aid (FSA) and the Office of Postsecondary Education (OPE).

During the 2011-2012 award year, FSA delivered or supported the delivery of approximately \$172 billion in grant, work-study, and loan assistance to almost 15 million postsecondary students and their families. These students attended approximately 6,200 active institutions of postsecondary education accredited by dozens of agencies. Students received loans from approximately 2,900 lenders with 32 agencies.

The enactment of SAFRA ended the origination of new loans under the Federal Family Education Loan (FFEL) program and required all new loans to be originated through the Direct Loan (DL) program and serviced by the Department of Education effective July 1, 2010. Although all new lending is made through the DL program, lenders and guaranty agencies continue to service and collect outstanding loans from the FFEL portfolio. In addition, SAFRA authorized mandatory budget authority to support loan servicing performed by Not-For-Profit servicers. The Department has contracted with both For-Profit and Not-For-Profit servicers. In 2013, FSA will continue to meet the growing demands of originating and servicing Direct Loans.

The Student Aid Administration account represents 64 percent of the Department's total discretionary administrative budget. The 2013 discretionary request would provide \$1.1 billion to administer student aid programs, an increase of \$83 million from the 2012 level. This increase is necessary to cover projected increases in loan servicing, origination, and student aid delivery costs and will provide funding for acquiring and modernizing key student aid systems.

### **Office for Civil Rights**

The Department's Office for Civil Rights (OCR) investigates discrimination complaints, conducts compliance reviews, monitors corrective action plans, and provides technical assistance on civil rights issues. Over the past 5 years, OCR's workload has dramatically increased; civil rights complaints received by the Department have increased from 6,194 in 2008 to an estimated 7,841 in 2013. The 2013 request for OCR is \$105.3 million, an increase of \$2.7 million over the 2012 level. Most of the requested increase is for the Civil Rights Data collection (CRDC) survey. About \$80.1 million of the OCR budget is for staff pay and benefits for its 598 FTE; the remaining \$25.2 million covers overhead costs as well as computer equipment, data analysis and reporting activities, travel, and other contractual services.

The requested funds will ensure essential program support to resolve complaints of discrimination filed by the public and to ensure that institutions receiving Federal financial assistance are in compliance with the civil rights laws enforced by OCR. The request also will provide resources for technical assistance to recipients, parents, and students to address civil rights concerns and to prevent problems from arising in the future. OCR provides extensive information on its Internet site, including self-assessment materials for recipients, data on school characteristics, brochures, and other information for the public.

## **Office of the Inspector General**

The Office of the Inspector General (OIG) conducts audits and investigations of the Department's programs and activities to help ensure accountability for taxpayer-provided funds and to identify management improvements. The 2013 request for the OIG is \$62.4 million, an increase of \$2.6 million over the 2012 level. Approximately 64 percent of this amount, or \$40 million, is for personnel compensation and benefits to support a staffing level of 277 FTE. The non-personnel request of \$22.4 million includes \$2.1 million to contract for the mandated annual audit of the Department's financial statements. The scope of the audit will include the examination and analysis of account balances, review of applicable financial systems, and evaluation of internal controls and compliance with significant laws and regulations. Additionally, the non-personnel request includes funds to support the Council of Inspectors General on Integrity and Efficiency (CIGIE); and to continue to develop the ability to perform predictive analytics, which will be used to identify whether anomalies are fraudulent activity.

## APPENDICES

### Tables:

- [Summary of Discretionary Funds, Fiscal Years 2008-2013 President's Budget Accessible Version](#)
- [Mandatory Funding in the Department of Education Accessible Version](#)
- [Summary of Mandatory Funds, Fiscal Years 2011-2013 President's Budget Accessible Version](#)
- [Advance Appropriations for Department of Education Accessible Version](#)
- [Total Expenditures for Elementary and Secondary Education in the United States Accessible Version](#)
- [Detailed Budget Table by Program Accessible Version](#)