

IMPROVING PRODUCTIVITY AND EFFICIENCY

As States, colleges, districts, and schools face continued budget pressures, it is more important than ever that policymakers, educators, and other stakeholders work together to improve student learning and accelerate reform. The President's budget recognizes the opportunities presented by current economic conditions to consolidate duplicative funding streams while making responsible investments in high-impact new initiatives and existing programs that are best able to produce significant improvements in student outcomes. In addition, the budget emphasizes the need for states, colleges, and universities to be more productive in reining in costs for students while preserving access and quality.

Using Dollars More Effectively. Although the President is increasing total education spending, he recognizes that federal programs need to be efficient and productive. That's why the 2014 budget request targets dollars toward efforts that provide a strong return on investment, such as the Preschool for All initiative; programs that include rigorous evaluation components, such as the Investing in Innovation Fund; and programs that leverage Federal investments to drive systemic reform at the State level, such as Race to the Top.

Supporting local productivity and efficiency. The budget requests funds for programs that support innovative locally developed reforms that effectively use resources to accelerate student achievement.

- **Preschool for All (\$75 billion).** The budget would provide support to states to expand high-quality preschool for children from low- and moderate-income families, which is one of the best investments we can make as a nation to strengthen the workforce, enhance economic growth, and decrease future spending obligations. Children who attend high-quality preschool are better prepared for school, less likely to be retained in grade, score higher on reading and math assessments in the elementary grades, and are more likely to graduate from high school than children who do not attend such programs. For every \$1 invested in high-quality preschool, taxpayers save an average of \$7 in future costs as result of reductions in remedial education costs, increased labor productivity, and decreased crime rates.
- **Race to the Top-College Affordability and Completion (\$1 billion).** The Department would use increased support for Race to the Top to fund a competition to improve college affordability and completion rates. This competition would provide grants to States to support one-time foundational investments in postsecondary reform that would reduce costs, with a large share of funds passed through to institutions to adopt reforms that also improve productivity.
- **Investing in Innovation (i3) (\$215 million).** Building on the overwhelming demand for i3, these funds will continue to ensure that schools and districts have access to innovative strategies and practices with demonstrated effectiveness. This model – more resources for

activities with more evidence – helps ensure that federal funds are spent wisely. In addition, a portion of the funds would be set aside for the **Advanced Research Projects Agency for Education**, which would foster breakthrough developments in educational technology and learning systems, support systems for educators, and tools that result in improvements in student outcomes.

- **“First in the World” competition (\$260 million).** This program would encourage greater innovation in postsecondary education to address the completion challenge and improve higher education productivity, build evidence of what works through rigorous evaluations, and scale up and disseminate those strategies that prove successful. This initiative would be composed of three parts:
 - A competitive program modeled on i3, which would build evidence of what works through rigorous evaluations, and scale up and disseminate those strategies that prove successful. This program would include a strong emphasis on college access strategies for low income, minority and first generation college-goers.
 - A competition to stand up new quality validation systems that can identify appropriate competencies, assessments, and curricula for high-need fields. This would support the creation and scaling of innovative, low-cost providers by giving them tangible student learning benchmarks and goals to work toward.
 - A pay for success program tied to these new validation systems to reward providers that can successfully prepare students for free two-year degrees with rigorous demonstration of learning.
- **Pay for Success.** While Department funds are traditionally distributed to support reforms that improve student achievement, the budget would use the multi-agency pay for success authority to experiment with a new model that would award funds after successful outcomes are demonstrated. For example, the request would test out a pay for success model to incentivize the development of low-cost degrees in First in the World. This innovative stewardship of federal dollars would result in improved outcomes for students at a lower cost to taxpayers.
- **Reform Campus-Based Aid to encourage value and completion.** The 2014 request seeks to expand the Campus-based aid programs—the Supplemental Education Opportunity Grant (SEOG), Federal Work Study (FWS), and the Perkins Loan Program—to provide over \$10 billion in aid to students. The President’s budget would modernize the way these funds are distributed to reward institutions that demonstrate a commitment to providing their students a high-quality education at a reasonable price, emphasize linkages between a student’s area of study and work-study experiences, and provide good value. These changes

would ensure limited dollars are awarded to the institutions that will make the best use of them.

- **RESPECT competition (\$5 billion).** The Department would use these funds to award competitive grants to states and districts to transform the teaching profession by comprehensively reforming the key elements of the profession: from whom they recruit to how they prepare, evaluate, support, promote, and compensate teachers. In addition, the program would direct states and districts to develop plans to create a sustainable system for supporting teacher effectiveness that would continue to produce gains in student learning after the grant ends.