

Fiscal Year 2014 Budget  
Summary and Background Information

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**For further information on the Department and its activities,  
visit us at [www.ed.gov](http://www.ed.gov), or call 1-800-USA-LEARN**

*I propose working with States to make high-quality preschool available to every child in America...and make sure none of our children start the race of life already behind.*

*President Barack Obama  
February 12, 2013*

## I. SUMMARY OF THE 2014 BUDGET

During his first term in office, at the same time he worked with Congress to deliver almost \$100 billion to help bring students, schools, postsecondary institutions, and States through the most severe economic crisis since the Great Depression, President Obama launched a new Federal-State partnership to drive the education reforms needed to prepare all Americans for the challenges of the 21<sup>st</sup> century.

While maintaining strong support for traditional State formula grant programs that are the foundation of Federal support for State and local efforts to ensure that all students meet college- and career-ready standards, the President created meaningful incentives to leverage more effective use of these funds in support of innovative strategies to improve the Nation's educational outcomes.

President Obama's signature Race to the Top initiative embodied this new theory of action, under which the Department of Education is partnering with States, incentivizing innovation, and helping to identify what works to close achievement gaps and accelerate learning. Race to the Top is now supporting comprehensive State-led reforms in 18 States and the District of Columbia, the development and implementation of high-quality early learning systems in 14 States, and the creation of personalized learning systems with the potential for revolutionizing education in 55 school districts in 11 States and the District of Columbia.

In the absence of reauthorization of the Elementary and Secondary Education Act (ESEA), the President has given States the option to replace the obsolete, prescriptive requirements of No Child Left Behind with their own next generation education accountability systems built on a solid foundation of college- and career-ready standards and aligned assessments, differentiated accountability systems that target improvement efforts to our lowest-performing schools and schools with the largest achievement gaps, and improved systems for evaluating and supporting the effectiveness of teachers and school leaders. Thirty-four States and the District of Columbia already are implementing approved ESEA flexibility plans. Requests from an additional 11 States, Puerto Rico, and the Bureau of Indian Education are currently under review.

One important lesson of the past decade, however, is just how difficult it is to close longstanding achievement gaps experienced by students from low-income families, students with disabilities, English Learners, and racial and ethnic minorities. We know from research that these gaps often start during the first years of life, even before children enter our education system, with children from low-income families starting kindergarten, on average, 12 to 14 months behind their peers in language development and pre-reading skills.

We also know that high-quality early learning programs can provide life-transforming opportunities for children, preparing them to take their place at the same starting line when they enter kindergarten. High-quality preschool can reduce placements in special education, lower grade retention, and raise graduation rates. Over the long-term, high-quality preschool reduces teen pregnancy rates, lowers crime, and improves employment outcomes. Not surprisingly,

decades of research show that these multiple and compounding benefits can result in an average return of more than \$7 for every \$1 invested in high-quality preschool. With only 3 children in 10 enrolled in high-quality preschool, the only surprise is that we have waited so long to make this critical, proven investment in the future of our children and our Nation. President Obama strongly believes we can wait no longer, which is why the centerpiece of his 2014 budget for education is a \$75 billion mandatory request, over 10 years, to support Preschool for All, a new Federal-State cost-sharing partnership aimed at making high-quality public preschool available to all 4-year-olds from low- and moderate-income children while also providing incentives for States to serve additional children from middle-class families.

Preschool for All is essential to leveraging the maximum return on other new investments in education proposed for 2014, which include efforts to improve teaching and learning in science, technology, engineering, and mathematics (STEM); redesigning American high schools; helping school districts turn around their lowest-performing schools; making our schools safer and creating positive learning environments; improving higher education outcomes; and lifting up communities suffering from concentrated poverty.

**The Administration is requesting \$71.2 billion in discretionary appropriations for the Department of Education in fiscal year 2014, an increase of \$3.1 billion, or 4.5 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. The 2013 numbers shown below were preliminary and do not reflect either the final 2013 appropriation signed March 26 or the March 1, 2013 sequester required by the Budget Control Act of 2011.

**Department of Education Discretionary Appropriations**  
(in billions of dollars)

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>	<u>Change from 2012</u>
<b>Discretionary</b> (without Pell Grants)	<b>\$45.3</b>	<b>\$45.4</b>	<b>\$48.4</b>	<b>+\$3.1</b>
<b>Pell Grants</b> (net discretionary request)	<b><u>\$22.8</u></b>	<b><u>\$22.8</u></b>	<b><u>\$22.8</u></b>	<b><u>0.0</u></b>
<b>Total</b>	<b>\$68.1</b>	<b>\$68.4</b>	<b>\$71.2</b>	<b>+\$3.1</b>

The overall 2014 request also includes additional mandatory funds for Pell Grants and new initiatives. Most of the Department's programs receive discretionary funding that is appropriated annually for each program within the limits established by authorizing legislation and discretionary spending caps. Mandatory funding generally does not require annual appropriations because the authorizing legislation 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, origination 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 \$29.9 billion, including \$22.8 billion in discretionary funds and \$7.0 billion in mandatory funds.

From fiscal years 2010-2012, the Department of Education successfully streamlined and consolidated programs to save taxpayer dollars, improve efficiency, reduce administrative burdens, and better serve States, schools, students, and families. Congress eliminated or consolidated 49 ineffective, outdated, or duplicative programs for a total annual savings of more than \$1.2 billion, in many instances following the Administration's recommendations. To achieve the greatest efficiencies, Congress must also provide the proposed consolidated ESEA program structure that will enable the Department to drive the reforms that are needed to help improve student outcomes in the Nation's schools. In addition, in 2010, the Administration replaced decades of costly subsidies to banks for guaranteed student loans with more efficient Direct Loans, a change that the Congressional Budget Office estimated would save taxpayers \$68 billion over 10 years and which helped to increase the maximum Pell Grant from \$4,731 in award year 2008-2009 to \$5,645 in award year 2013-2014.

#### Note on the Presentation of the Fiscal Year 2014 Budget Request for Education

At the time the President's fiscal year 2014 Budget was prepared for submission to the Congress, final action on the fiscal year 2013 appropriations act funding Department of Education programs had not yet been completed. Consequently, the 2014 request assumed that the final 2013 appropriations act would provide funding for Department of Education programs at the same levels as in fiscal year 2012. Supplementary information on fiscal year 2013 funding is included in the appendix section of this document, but this information was not available when the 2014 budget was prepared.

The fiscal year 2013 funding level in effect at the time of budget preparation was the Continuing Resolution ending March 27, 2013, which included an across-the-board discretionary increase of 0.612 percent over the 2012 level. The Department's budget documents include the across-the-board increase at the account level, but this amount was not distributed at the program level.

In addition, determination of final fiscal year 2013 funding levels for Department programs depends on the implementation of the March 1, 2013 sequester order required by the Budget Control Act of 2011 (BCA). Sequestration requires an across-the-board reduction of 5.0 percent for each Department program, project, and activity funded through discretionary appropriations in fiscal year 2013, as well as a 5.1 percent reduction for each mandatory program in the Department. The Pell Grant program, which is funded through a combination of discretionary and mandatory appropriations, is exempted from sequestration by the BCA.

Another reason that the Department's 2014 budget documents do not reflect the final fiscal year 2013 levels is that they are not based on the appropriations levels in the full-year Continuing Resolution signed into law on March 26, 2013, which included a separate across-the-board reduction of 0.2 percent to discretionary programs. The bottom line is that the final 2013 level is approximately 5.23 percent less than the 2012 level, but this final 2013 level is not reflected in the 2014 request.

Also note that uncertainty regarding estimated, post-sequester fiscal year 2013 allocations for Department formula grant programs prevented the Department from including State allocation tables in its fiscal year 2014 Congressional Budget Justifications. The Department will post these tables on the "Budget and Performance" page of its Web site once they are available.

## MAJOR INITIATIVES FOR FISCAL YEAR 2014

The 2014 budget request for the Department of Education is focused on six priorities: (1) high-quality early learning opportunities for all children, (2) improving teaching and learning in K-12 education, (3) making our schools safer and creating positive learning environments, (4) career-readiness for all, (5) improving affordability and quality in postsecondary education, and (6) supporting the Administration's Ladders of Opportunity initiative for high-poverty communities.

### High-Quality Early Learning Opportunities for All Children

The President's 2014 request supports a robust early learning agenda aimed at ensuring that all children enter kindergarten ready to succeed in school and in life. Research demonstrates that high-quality early learning programs and services can improve young children's health, social-emotional, and cognitive outcomes; enhance school readiness; and help close the school readiness gap that exists between children with high needs and their peers at the time they enter kindergarten. The centerpiece of the President's early learning request is a historic new investment in preschool education that supports universal access to high-quality preschool for all 4-year olds from low- and moderate-income families and creates an incentive for States to serve additional middle-class children. The request also includes a proposal that would help build State capacity to provide high-quality preschool opportunities for all children, while maintaining support for other key investments in early learning, especially for young children with special needs.

- \$1.3 billion in 2014 and \$75 billion over 10 years in mandatory funding for Preschool for All, a new Federal-State partnership that will support the implementation of high-quality preschool programs that are aligned with elementary and secondary education systems and help ensure that all children arrive in kindergarten ready to learn. The Federal Government would provide funding through a cost-sharing model with States to serve all children from low- and moderate-income families, create an incentive for States to expand access to high-quality preschool for additional middle-class families, and promote access to full-day kindergarten and high-quality early learning programs for children under the age of four.
- \$750 million for competitively awarded Preschool Development Grants to help build State capacity to implement high-quality preschool programs. Funds would be awarded to States with preschool systems at various stages of development and would support activities needed to ensure that every State has the high-quality system needed to implement the Preschool for All program.
- \$462.7 million for the Grants for Infants and Families program under the Individuals with Disabilities Education Act (IDEA), an increase of \$20 million 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.



## **Improving Teaching and Learning in K-12 Education**

The 2014 request also would make significant investments to help States, school districts, and schools meet key challenges such as putting a great teacher in every classroom and a great leader in every school; building local capacity to support successful school turnarounds; and improving teacher preparation and classroom instruction in science, technology, engineering, and mathematics (STEM). Key elements of the 2014 budget, which assumes reauthorization of the ESEA consistent with the Administration's reauthorization plan, include the following:

- \$3.0 billion for the new Excellent Instructional Teams program, which would provide both formula grants and competitive awards to help States and LEAs increase the effectiveness of teachers and principals:
  - \$2.5 billion for Effective Teachers and Leaders State Grants to provide flexible, formula-based support for States and LEAs that commit to improving their teacher and principal evaluation systems and ensuring that low-income and minority students have equitable access to teachers and principals who are effective at raising student achievement. The request includes a 25 percent national activities set-aside totaling nearly \$617 million that would allow the Department to build evidence on how best to recruit, prepare, and support effective teachers and school leaders and to invest in efforts to enhance the teaching and leadership professions.
  - \$400 million for the Teacher and Leader Innovation Fund, an increase of \$100 million, to help States and LEAs improve the effectiveness of teachers and leaders in high-need LEAs and schools, in particular by creating the conditions to identify, recruit, prepare, support, retain, and advance effective and highly effective teachers, principals, and school leadership teams in those schools.
  - \$98 million for a redesigned School Leadership Program (SLP) that would more than triple the Federal investment in training for principals. The 2014 competition would focus on evidence-based professional development for current school leaders aimed at strengthening essential leadership skills—such as evaluating and providing feedback to teachers, analyzing student data, developing school leadership teams, and creating a positive school climate—and deepening school leaders' understanding of college- and career-ready standards and effective instruction aligned to those standards.
- \$190 million in mandatory funding for a new Presidential Teaching Fellows program that would provide formula grants to States to fund scholarships of up to \$10,000 for students attending high-performing teacher preparation programs. The new program would limit eligibility to teacher preparation programs with a record of success, 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.
- \$5 billion in one-time mandatory funds for the RESPECT Project, which would help States and districts reshape the teaching profession through grants to States and consortia of districts with the most ambitious plans and policies for reforming the teaching profession. Funds would be used to reform teacher and principal preparation programs; strengthen teacher and principal evaluation and professional development systems; redesign educator career ladders and compensation systems to attract and retain top talent; and create

conditions in schools that support effective teaching, including greater autonomy, shared leadership and responsibility for student outcomes, and time for collaboration.

- \$1.3 billion for 21<sup>st</sup> Century Community Learning Centers, an increase of \$100 million to support competitive grants to States, LEAs, non-profit organizations, or local governmental entities for projects that provide the additional time, support, and enrichment activities needed to improve student achievement, including projects that support expanding learning time by significantly increasing the number of hours in a regular school schedule and by comprehensively redesigning the school schedule for all students in a school.
- \$265 million in new funding for a comprehensive STEM Innovation proposal to improve the delivery and impact of Federal investments in science and technology, engineering and mathematics (STEM) education. Scientists and engineers are innovators—developing new industries and opportunities that create jobs and spur economic growth. Our Nation depends on this innovation economy, and we must make sure that America’s capacity to build and create is never limited by a shortage of talent in the STEM fields. The Administration is proposing a comprehensive reorganization of Federal STEM education programs to support a cohesive national STEM education strategy. The goal is to increase the impact of Federal investments in high priority areas, including K-12 instruction and informal education activities. This proposal, which is part of a Government-wide realignment that would reorganize or restructure 114 programs across 13 agencies, will also help support the President’s goal of producing 100,000 effective STEM teachers over the next decade. Key activities include:
  - \$150 million for STEM Innovation Networks involving consortia of school districts, institutions of higher education, research institutions, museums, community partners, and business and industry that would develop comprehensive plans for identifying, developing, testing, and scaling up evidence-based practices to provide rich STEM learning opportunities in participating LEAs and schools. These networks will employ a wide range of strategies, depending on local needs, in areas such as the recruitment, preparation, and professional development of effective STEM educators; the development and testing of teaching and learning models that enable students to successfully meet STEM-focused college- and career-ready standards; and increasing student engagement in STEM subjects. Networks will also include the development of STEM “platform schools” that would serve as testing grounds for innovations in STEM curricula and instruction for dissemination both inside and outside funded networks.
  - \$80 million for STEM Teacher Pathways, which would support the President’s goal of developing 100,000 new effective STEM teachers through competitive grants for recruiting, training, and placing talented recent college graduates and mid-career professionals in the STEM fields in high-need schools.
  - \$35 million to establish a new STEM Master Teacher Corps, with teachers who would be selected based on their expertise, leadership, and service in improving teaching and learning in STEM subjects. Corps members would make a multi-year commitment to build a community of teaching practice where they live, help students excel in math and science while taking on leadership and mentorship roles in their schools and communities and the broader STEM field, and receive annual stipends on top of their base salaries for their service in the Corps.

- \$659 million for School Turnaround Grants (STG), including an increase of \$125 million to support and sustain local efforts to turn around low-performing schools. The increase would be used for competitive awards to help school districts build their capacity to provide comprehensive supports for persistently lowest-achieving schools or priority schools that are implementing STG intervention models or interventions aligned with the turnaround principles of ESEA flexibility, and to sustain progress in schools that have successfully completed a 3-year STG project. The Department could use up to \$25 million of these funds to build district capacity by expanding the School Turnaround AmeriCorps initiative, a partnership with the Corporation for National and Community Service that places AmeriCorps members in low-performing schools to support their school turnaround efforts.
- \$215 million for Investing in Innovation (i3), an increase of \$66 million, to expand support for using an evidence-based approach to test new ideas, validate what works, and scale up the most effective approaches in high-need areas, including identifying and supporting effective teachers and leaders, improving low-performing schools, and encouraging parent engagement. The request would provide up to \$64 million for the Advanced Research Projects Agency for Education (ARPA-ED), an initiative modeled on similar entities at the Departments of Defense and Energy that would aggressively pursue technological breakthroughs with the potential to dramatically improve the effectiveness and productivity of teaching and learning.
- \$85 million for Statewide longitudinal data systems (SLDS), an increase of \$47 million, to expand the ways that States are currently using data to support broader education reforms, including kindergarten readiness, secondary and postsecondary transitions, teacher evaluation, and linking labor market outcomes to educational inputs. The request would support the development of P-20 reports and tools to inform policy-making at the State and local levels, as well as the development of in-house analytic capacity for States and school districts.

### **Making Our Schools Safer and Creating Positive Learning Environments**

In January of 2013, President Obama released his plan to reduce gun violence, make schools safer, and increase access to mental health services. The 2014 request includes new investments in support of that plan's common-sense proposals. These investments, which would be coordinated with related proposals at the Department of Justice and the Department of Health and Human Services, are intended not only to make schools safer by helping to ensure they are prepared to respond to emergencies, but also to create safer and more nurturing school climates that help prevent school violence. Key proposals include the following:

- \$50 million for School Climate Transformation Grants to help create positive school climates that support effective education for all students. Funds would support the use of multi-tiered decision-making frameworks, which research shows can be effective in reducing problem behaviors, decreasing bullying and peer victimization, improving organizational health and perceptions of school as a safe setting, and increasing academic performance in reading and math.
- \$30 million for improved emergency management planning, providing one-time grants to SEAs to help their LEAs develop, implement, and improve emergency management plans designed to enable districts and schools to prepare for, prevent and mitigate, respond to,

and recover from emergencies and crisis events. These grants will build on the model emergency management plans being developed by the Departments of Education, Justice, Health and Human Services, and Homeland Security.

- \$25 million for Project Prevent grants to help LEAs in communities with pervasive violence break the cycle of violence. Research shows that both direct and indirect exposure to community violence can affect children's mental health and development. Funds would support mental health services to students suffering from trauma or anxiety (including PTSD), conflict resolution programs, and other school-based strategies to prevent future violence.
- \$5 million for Project SERV (School Emergency Response to Violence) to ensure that the Department has sufficient reserve funding to award grants to help restore the learning environment following a natural disaster or violent incident at or near a school or institution of higher education.

### **Career-Readiness for All**

President Obama has set the ambitious goals that all adult Americans commit to at least one year of higher education or career training and that America once again lead the world in college graduates by 2020. To support these goals, the 2014 request provides essential support for initiatives that link education to the career training and skills development needed for the United States to out-innovate and out-compete the rest of the world.

- \$1.1 billion for a reauthorized Carl D. Perkins Career and Technical Education (CTE) program, which would strengthen alignment among secondary and postsecondary CTE programs and business and industry; create a better accountability system for improving academic outcomes, technical skills, and employability outcomes; and provide i3-type competitive funding to develop, validate, and scale up effective practices, promoting innovation and reform in CTE.
- \$300 million for a new High School Redesign program, which would promote a redesign of the high school experience by funding competitive grants to districts partnering with employers (including business, industry, non-profits, and community-based organizations) and postsecondary institutions. Grantees would redesign high schools in innovative ways to prepare students for college and career success so that all students graduate from high school with (1) college credit, earned through dual enrollment, Advanced Placement courses, or other postsecondary learning opportunities; and (2) career-related experiences or competencies, obtained through organized internships and mentorships, structured work-based learning, and other related experiences.
- \$42 million for a demonstration and evaluation of Dual Enrollment programs that would make grants to establish or expand dual enrollment programs aligned with career pathways and local workforce needs that offer high school and adult students the opportunity to earn college credits while enrolled in a high school or GED program. Research has shown that participation in dual-enrollment programs is linked to increased high school graduation, higher rates of college enrollment and persistence, and higher college credit accrual rates.

- \$4 billion in mandatory funds, beginning in fiscal year 2015, for a Community College to Career Fund that would support community college-based training programs and other activities that help prepare workers for jobs in high-growth and high-demand sectors. For example, funds could be used to (1) identify pressing workforce needs and develop solutions such as standardizing industry certifications, development of new training technologies, and competency-based assessments that can give credit for prior learning and accelerate time to credential; (2) expand work-based training and other “earn and learn” opportunities that allow students to earn credit while gaining relevant employment experience in a high-wage, high-skill field; and (3) promote the availability of and access to data on student outcomes, including employment and earnings, by program of study.

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

President Obama’s elementary and secondary education reforms share the overall goal of ensuring that all students leave high school college- and career-ready, a key requirement for reaching the President’s goal that America will once again have the highest proportion of college graduates in the world by 2020. A highly educated workforce is essential for continued American competitiveness in the global economy. However, this growing need for higher education comes at the same time that paying for college is a challenge for many American families. President Obama delivered significant increases in the postsecondary financial assistance available to students and families over the past 4 years, but student aid cannot keep pace with rising college costs indefinitely. To address these concerns, the President’s fiscal year 2014 request proposes comprehensive reforms to increase affordability and quality in higher education, including the following:

- \$1 billion for a new Race to the Top–College Affordability and Completion competition that would drive change in State higher education policies and practices in order to improve college access, affordability, completion, and quality. This proposal would create a strong incentive for States to implement reforms such as maintaining fiscal support for higher education while modernizing funding policies to constrain costs and improve outcomes, removing barriers preventing the creation of innovative methods of student learning and new degree pathways, empowering consumer choice through increased transparency, and smoothing transitions for students from high school into college and between colleges.
- \$260 million for a First in the World fund, under the Fund for the Improvement of Postsecondary Education, that would make competitive awards to encourage innovation in higher education to tackle and improve college completion rates, increase the productivity of higher education, build evidence of what works, and scale up proven strategies. Key activities would include an i3-type program focused on improving college completion; creating quality validation systems run by independent parties that would identify appropriate competencies, assessments, and curricula for high-need fields; and Pay for Success rewards to innovative providers that successfully produce free degrees tied to these validation systems.

- Linking student loan interest rates to market rates. The scheduled July 1, 2013, increase in Subsidized Stafford Loan interest rates from 3.4 percent to 6.8 percent would take place at a time when the economy is still recovering and market rates remain low. The 2014 request proposes to change the structure of interest rates on Federal student and parent loans to reflect prevailing market interest rates at the time loans are made, with rates remaining fixed for the life of the loans. The request also would expand repayment options to ensure that loan repayments for all student borrowers do not exceed 10 percent of a borrower's discretionary income and that any remaining balances would be forgiven after 20 years of repayments.
- Expanding and reforming the Campus-Based Aid programs—Supplemental Educational Opportunity Grants, Federal Work-Study, and Perkins Loans—to provide \$10 billion in student financial aid for use at those colleges that demonstrate a commitment to providing their students a high-quality education at a reasonable price and provide good value. These reforms would address next year's expiration of the Perkins Loans program and include a \$150 million increase for Work-Study to help double the number of participants over 5 years while encouraging institutions to place students in jobs that complement and reinforce students' educational programs or future career goals.

### **Building Ladders of Opportunity**

Too many communities in America—urban, rural, and, increasingly, suburban—suffer from the negative effects of concentrated poverty, including developmental delays among young children, poor educational outcomes, high rates of crime and incarceration, health problems, and low employment. A key goal for President Obama's second term in office is developing, testing, and implementing comprehensive strategies for addressing the many challenges faced by communities with concentrated poverty. One new strategy is the designation of Promise Zones, high-poverty communities where Federal agencies will partner with local leaders to break down barriers and coordinate the resources and expertise they need to create jobs, leverage private investment, increase economic activity, reduce violence, and improve educational opportunities. This interagency effort will explore opportunities to make better use of all available resources—Federal, State, and local—to address the negative effects of concentrated poverty. The President's budget would support Promise Zones through significant requests in his signature place-based programs, including \$300 million for the Department of Education's Promise Neighborhoods, a \$400 million request for the Department of Housing and Urban Development's Choice Neighborhoods program, and \$35 million for the Department of Justice's Byrne Criminal Justice Innovation Grants program, as well as tax incentives to promote investment and economic growth.

- \$300 million for Promise Neighborhoods, an increase of \$240 million, to dramatically increase the number of and level of support for high-need communities that develop plans combining effective, cradle-to-career services for children and families with comprehensive reforms centered on high-quality schools.
- \$75 billion in mandatory funding over 10 years for Preschool for All, a Federal-State cost-sharing partnership that would support implementation of high-quality preschool programs that are aligned with elementary and secondary education systems and offer universal access to high-quality preschool for children from low- and moderate-income families.

- \$750 million for Preschool Development Grants, a new program specifically targeted to building State and local capacity to develop or expand high-quality preschool programs, with the goal of preparing States and local communities for participation in Preschool for All. This program would play a critical role in giving States and communities the resources they need to improve school readiness in high-poverty communities.

## II. THE 2014 EDUCATION BUDGET BY PROGRAM AREA

### A. HIGH-QUALITY EARLY LEARNING

#### Overview

President Obama's 2014 budget request for education reflects a new determination to decisively move America's education system in the direction of equity and excellence. Three decades of Federal, State, and local efforts to significantly improve the performance of our schools and students have produced mostly modest gains, at a time when we need to rapidly accelerate the pace of learning and achievement in order to maintain our economic competitiveness and ensure that prosperity is widely shared in our increasingly diverse society.

The Federal role in education has long been dedicated to closing the achievement gaps experienced by students from low-income families, students with disabilities, English Learners, and racial and ethnic minorities. While we have seen some progress in recent years, these gaps remain unacceptably wide, diminishing the life prospects for far too many of our fellow citizens, often denying them their full share of the American dream, and at the same time slowing the growth and progress of our Nation.

We know from research that these achievement gaps often begin well before most children start school: children from low-income families start kindergarten, on average, 12 to 14 months behind their peers in language development and pre-reading skills.

Similar research findings provide strong justification for Federal investment in high-quality preschool programs, demonstrating that 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 more likely to graduate from high school than children who do not attend such programs. Moreover, these benefits are particularly strong for children from low-income families.

And the educational gains of high-quality preschool lead to solid economic benefits. A review of various long-term studies show that for every \$1 invested in high-quality preschool, taxpayers saved an average of more than \$7 in future costs due to reduction in remedial education costs, increased labor productivity, and reduced crime.

Many States have taken note of these facts and have taken the lead in translating this research into action. As of 2013, 39 States and the District of Columbia have at least one publicly-funded State preschool program in place. Nevertheless, roughly one third of 4-year-olds from low-income families are not enrolled in any preschool program, and the high costs of private preschool and lack of public programs also narrow options for middle class families. Moreover, the quality of existing programs varies widely from State to State, community to community, and provider to provider. Fewer than 3 in 10 4-year-olds are enrolled in high-quality programs.

For all of these reasons, President Obama began his second term of office by calling on Congress to expand access to high-quality preschool to every child in America, beginning with a Federal-State cost-sharing partnership that would guarantee universal access to high-quality preschool for every four-year-old from low- and moderate-income families and create incentives for States to provide access to additional children from middle class families. The President's



2014 budget request includes two proposals to make this vision a reality: a mandatory investment of \$75 billion over 10 years in a new Preschool for All program and a \$750 million discretionary investment in Preschool Development Grants.

Preschool for All

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	—	—	\$1,300.0

The 2014 request includes \$1.3 billion to launch a 10-year, \$75 billion mandatory investment in the Preschool for All program, which would support State efforts to provide access to high-quality preschool for all 4-year-olds from low- and moderate-income families. This groundbreaking proposal recognizes that high-quality preschool can provide the foundation for children’s success in school and eliminate the school readiness gap between children from low- and higher-income families. The Preschool for All program would award Federal funds as an incentive for States to provide universal access to high-quality preschool, which includes the following elements: (1) high staff qualifications, including a bachelor of arts degree for teachers; (2) professional development for teachers and staff; (3) low staff-child ratios and small class sizes; (4) a full-day program; (5) developmentally appropriate, evidence-based curricula and learning environments that are aligned with State early learning standards; (6) employee salaries that are comparable to K-12 teaching staff; (7) on-going program evaluation to ensure continuous improvement; and (8) on-site comprehensive services for children. Participating States would be required to contribute non-Federal matching funds, with a reduced match in exchange for serving additional children from middle class families if States reach benchmarks related to the percentage of children from low- and moderate-income families served.

Allocations to States would be based on States’ relative share of 4-year-olds from families at or below 200 percent of the Federal poverty level. States that already provide universal high-quality preschool for 4-year-old children from families up to 200 percent of the Federal poverty level would be able to use program funds to provide high-quality, full-day kindergarten for children from low- and moderate-income families or, if this is already provided, to provide high-quality preschool programs for 3-year-olds from families at or below 200 percent of the Federal poverty level. The Federal Government would assume a significant share of the program costs in the first years of the program with States gradually assuming more responsibility over time.

Preschool Development Grants

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	—	—	\$750.0

The request includes \$750 million in discretionary funding for Preschool Development Grants to pave the way for the successful implementation of Preschool for All by providing competitive grants to the States most willing to commit to creating or expanding a high-quality preschool system that can serve all of their 4-year-olds from low- and moderate-income families. The grants would address fundamental needs like facility creation and workforce development, as well as quality improvement efforts and the scale-up of proven preschool models. Eligible applicants would include (1) low-capacity States (those with small State-funded preschool

programs and those without any State-funded preschool programs) seeking to develop the critical physical and program quality infrastructure needed to enable them to partner with the Federal Government in the Preschool for All program and (2) States with more robust State-funded preschool systems that commit to improving the quality of existing programs and supporting the expansion of high-quality local programs that could serve as models for the Preschool for All initiative.

## B. ELEMENTARY AND SECONDARY EDUCATION

### Overview

The 2014 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 effective uses of existing resources to improve teaching and learning. The *Blueprint* creates incentives for 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.

The \$14.5 billion request for the College- and Career-Ready Students program, which would replace Title I Grants to Local Educational Agencies (LEAs), would remain the foundation of the reauthorized ESEA under the Administration's reauthorization plan, continuing to help LEAs ensure that some 23 million students in high-poverty schools meet challenging State academic standards. The reauthorized Title I would restructure State accountability systems to target rigorous interventions on a State's lowest-performing schools, with support from the \$659 million School Turnaround Grants (STG) program, which includes \$125 million for a new competition aimed at building local capacity to intervene effectively in our lowest-performing schools and sustaining effective turnarounds following the completion of STG-funded interventions.

A reauthorized Race to the Top would continue to provide tools and incentives for wide-ranging State- and locally directed innovation and reform, with the \$1 billion 2014 request for Race to the Top dedicated to a new College Affordability and Completion competition. A \$215 million request for Investing in Innovation (i3) would maintain strong support for developing, validating, and scaling effective education practices and strategies, while also launching a new Advanced Research Projects Agency-Education (ARPA-ED) that would have the flexibility to pursue ideas and technologies with the potential to revolutionize the productivity and effectiveness of education systems.

Other key initiatives in the 2014 request for elementary and secondary education include \$415 million for STEM Innovation, a comprehensive, networked strategy for improving K-12 STEM instruction through a combination of recruiting and training effective STEM teachers, strengthening instructional practices, and increasing student engagement in STEM subjects; \$300 million for a new High School Redesign program that would provide students with challenging and relevant academic and career-related learning experiences that prepare them to transition to postsecondary education and careers; \$300 million to significantly expand the Promise Neighborhoods program as part of the Administration's Ladders of Opportunity initiative; and \$280 million for a Successful, Safe, and Healthy Students program that responds to the President's common-sense proposals to protect our children from gun violence and make our schools safer.

Race to the Top

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$549.0	\$549.0	\$1,000.0

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

First authorized by the American Recovery and Reinvestment Act of 2009, this signature Administration reform program has provided incentives for comprehensive State and local reforms and innovations designed to close achievement gaps and produce significant improvements in student achievement, develop and implement high-quality early learning systems, and promote district-led personalized learning strategies and technologies. Race to the Top competitions also have encouraged the broad identification, dissemination, adoption, and use of effective policies and practices and the cessation of ineffective ones.

In 2014, the Department is requesting \$1 billion for a new Race to the Top—College Affordability and Completion competition aimed at catalyzing State efforts to pursue systemic higher education reforms and promote innovations to improve college affordability, access, completion, and quality; achieve better student outcomes; and increase institutional capacity to graduate more students with high-quality credentials. The request would allow the Department make awards to up to 10 States that can demonstrate a commitment to reforms in areas such as (1) sustaining fiscal support for higher education while modernizing funding policies to constrain costs and improve outcomes, (2) removing barriers preventing the creation of innovative methods of student learning and new degree pathways, (3) empowering consumer choice through increased transparency, and (4) smoothing transitions into college and between institutions of higher education.

Investing in Innovation Fund (i3)

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$149.4	\$149.4	\$215.0

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

The request would support grants under a new ESEA authority based on the existing i3 program, which helps to improve educational outcomes for students by developing, validating, and scaling up effective practices. The program’s emphasis on supporting projects with either evidence of effectiveness or a strong research-based framework increases the likelihood that funded projects succeed and that we learn more about what works. In addition, the program garners significant non-Federal investment to support educational innovation; to date, private institutions have made commitments of nearly \$150 million to assist in the implementation of grantee projects. The i3 program continues to see significant demand across the Nation, with the 2012 competition generating over 700 applications for projects to expand or scale up proven practices and pre-applications for projects to develop and evaluate promising practices. The funding requested for 2014 would allow the Department to continue to build on the success of the program in fostering educational innovation, while growing an evidence base in areas of high need and generating private-sector investment to complement the Federal investment.

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 tools.

STEM Innovation

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
STEM Innovation Networks			
Innovation Networks.....	—	—	\$150.0
Teacher Pathways .....	—	—	80.0
Master Teacher Corps.....	—	—	35.0
Subtotal .....	—	—	265.0
Effective Teaching and Learning: STEM .....	—	—	149.7
Mathematics and Science Partnerships .....	<u>\$149.7</u>	<u>\$149.7</u>	<u>—</u>
Total .....	149.7	149.7	414.7

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

The STEM Innovation initiative, which is part of a Government-wide realignment that would consolidate or restructure 114 programs across 13 agencies, would help improve K-12 STEM instruction and support the President’s goal of generating 100,000 effective STEM teachers over the next decade.

The proposed STEM Innovation Networks program would provide competitive awards to LEAs in partnership with institutions of higher education, nonprofit organizations, other public agencies, and businesses to transform STEM teaching and learning by developing and validating evidenced-based practices in a set of “platform schools” and implementing them across broader, regional networks of participating schools following validation of effectiveness. Projects would include a wide range of activities—dependent on local needs and available regional and Federal resources—in areas such as the recruitment, preparation, placement, and professional development of effective STEM educators; the development and testing of teaching and learning models that enable students to successfully meet STEM-focused college- and career-ready standards; providing meaningful and engaging student learning opportunities; and supporting broad adoption of effective STEM innovations and instructional technologies. A key goal of the networks would be to leverage regional STEM assets—such as research facilities, local nonprofits, regional industry partners, human capital assets from STEM professional organizations and IHEs, and the rich array of Federal STEM resources and assets, including information and opportunities generated by the science mission agencies—to promote effective teaching and learning of STEM subjects

The STEM Teacher Pathways proposal would lay the groundwork for producing 100,000 new effective and highly effective STEM teachers over the next 10 years, providing competitive grants 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 the STEM fields in high-need schools.

The request also includes \$35 million to establish the first cohort of the STEM Master Teacher Corps, which would identify, recognize, and reward some of the Nation's most talented STEM teachers, enlisting them in a national network to assist in building local and regional communities of practice that would help transform STEM teaching and learning while raising the profile of the STEM teaching profession.

Finally, the Administration's ESEA reauthorization proposal would create an Effective Teaching and Learning: STEM program that would build on the experience of the current Mathematics and Science Partnerships program, making awards 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. 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.

College- and Career-Ready Students

	<u>2012</u>	<u>2013</u>	<u>2014</u> <u>Request</u>
BA in millions .....	\$14,516.5	\$14,516.5	\$14,516.5

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 both personnel and 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>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$533.6	\$533.6	\$658.6

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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.

The proposed \$125 million increase for School Turnaround Grants would fund a new competitive grant program that would strengthen formula grant implementation by building district-level capacity to support school turnaround efforts and to sustain improvements in schools that have used funds to successfully implement a school intervention model. Up to \$25 million of these funds also could be used to expand the School Turnaround AmeriCorps, an initiative launched in partnership with the Corporation for National and Community Service in 2013 that uses AmeriCorps volunteers to help build local capacity to implement effective school turnarounds.

### High School Redesign

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	—	—	\$300.0

The proposed High School Redesign program would promote the whole school transformation of the high school experience in order to provide students with challenging and relevant academic and career-related learning experiences that prepare them to transition to postsecondary education and careers. Funds would support competitive grants to LEAs in partnership with institutions of higher education and employers—including business and industry as well as non-profit and community-based organizations—for projects that (1) leverage existing Federal, State, and local resources to engage students in personalized learning opportunities tied to real world experience (such as career-based learning); (2) provide students with rigorous, challenging academic content aligned with college-level expectations, including programs that offer students access to college-level coursework and opportunities to gain postsecondary credit while still in high school; (3) help students learn not only academic content but also pertinent career-related competencies and employability and technical skills; and (4) offer meaningful college and career exploration opportunities and high-quality advisory services. The new program would give priority to partnerships in areas with limited access to quality career and college opportunities, such as high-poverty or rural LEAs.



Assessing Achievement  
(BA in millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u> <u>Request</u>
State Grants.....	\$380.0	\$380.0	\$380.0
Enhanced Assessment Instruments.....	<u>9.2</u>	<u>9.2</u>	<u>9.2</u>
<b>Total .....</b>	<b>389.2</b>	<b>389.2</b>	<b>389.2</b>

Note: The amounts shown for FY 2013 exclude the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

The request for a reauthorized Assessing Achievement (State Assessments under current law) program would help States pay the costs, including technology-related costs, of 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, as well as to acquire, and to train teachers and other staff to use, the educational technology needed to implement new, computer-based assessments.

Excellent Instructional Teams  
(BA in millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u> <u>Request</u>
<b>Effective Teachers and Leaders</b>			
State Grants.....	—	—	\$2,466.6
Improving Teacher Quality State Grants .....	\$2,466.6	\$2,466.6	—
Transition to Teaching.....	26.1	26.1	—
Teacher Quality Partnership.....	42.8	42.8	—
School Leadership .....	29.1	29.1	98.0
<b>Teacher and Leader Innovation Fund .....</b>	<b>—</b>	<b>—</b>	<b>400.0</b>
Teacher Incentive Fund .....	<u>299.4</u>	<u>299.4</u>	<u>—</u>
<b>Total .....</b>	<b>2,864.0</b>	<b>2,864.0</b>	<b>2,964.6</b>

Note: The amounts shown for FY 2013 exclude the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

The proposed Excellent Instructional Teams initiative would have two components: the Effective Teachers and Leaders State Grants program and the Teacher and Leader Innovation Fund.

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. 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. In addition, the Department would reserve up to 25 percent of the appropriation to recruit, train, and support effective teachers and school leaders; fund competitive grants to States and LEAs to improve educator evaluation and licensure systems and develop rigorous accountability systems for educator preparation programs; and to invest in other efforts to enhance the teaching and leadership professions. The request also would more than triple funding for the School Leadership program, allowing the Department to dramatically expand efforts to train highly effective leaders for high-need schools and districts.

The proposed 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, teacher leaders, principals, and school leadership teams in those schools, and enabling schools to build the strongest teams possible.

Effective Teaching and Learning: Literacy  
(BA in millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u> <u>Request</u>
Effective Teaching and Learning: Literacy....	—	—	\$186.9
Ready-To-Learn Television .....	\$27.2	\$27.2	—
Striving Readers .....	159.7	159.7	—

Note: The amounts shown for FY 2013 exclude the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

The Effective Teaching and Learning: Literacy program, proposed as part of the Administration’s ESEA reauthorization plan, would provide competitive grants to State educational agencies (SEAs), alone or in partnership with other entities, for comprehensive State and local efforts to improve literacy instruction, especially in high-need schools, for children and youth from preschool through grade 12. The program would build on 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.

Effective Teaching and Learning for a Well-Rounded Education

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
Effective Teaching and Learning for a Well-Rounded Education.....	—	—	\$75.0
Arts in Education.....	\$25.0	\$25.0	—

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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.

College Pathways and Accelerated Learning  
(BA in millions)

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
College Pathways and Accelerated Learning .....	—	—	\$102.2
High School Graduation Initiative .....	\$48.8	\$48.8	—
Advanced Placement .....	<u>30.1</u>	<u>30.1</u>	<u>—</u>
<b>Total .....</b>	<b>78.9</b>	<b>78.9</b>	<b>102.2</b>

Note: The amounts shown for FY 2013 exclude the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 and International Baccalaureate 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.

The Department would be authorized to reserve funds to make grants to States to pay for the cost of advanced test fees for students from low-income families.

Promise Neighborhoods

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$59.9	\$59.9	\$300.0

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

The request provides a significant increase, as part of the Administration’s Ladders of Opportunity initiative, for the development and implementation of comprehensive, neighborhood-based plans for meeting the cradle-to-career educational, health, and social service needs of children in high-poverty communities. The core belief behind Promise Neighborhoods 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. In coordination with the Department of Housing and Urban Development (HUD), the Department would reserve a portion of 2014 funds for planning grants to communities that intend to apply for funding under both the Promise Neighborhoods and HUD’s Choice Neighborhoods programs. The request will also target a portion of funds to newly designated Promise Zones—communities with highly concentrated poverty in which Federal agencies will partner with local leaders to break down barriers and coordinate the resources and expertise they need to create jobs, leverage private investment, increase economic activity, reduce violence, and improve educational opportunities.

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

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
Successful, Safe, and Healthy Students.....	—	—	\$280.0
Safe and Drug-Free Schools and Communities National Activities .....	\$64.9	\$64.9	—
Elementary and Secondary School Counseling .....	52.3	52.3	—
Physical Education Program .....	<u>78.7</u>	<u>78.7</u>	<u>—</u>
 Total .....	 195.9	 195.9	 280.0

Note: The amounts shown for FY 2013 exclude the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 several initiatives that are included in *Now Is The Time*, the President’s common-sense plan to make our schools safer and protect our children from gun violence. These initiatives include \$30 million for grants to SEAs to help their LEAs develop, implement, and improve their emergency management plans; \$50 million for School Climate Transformation Grants and related technical assistance to help schools train their teachers and other school staff to implement evidence-based behavioral intervention strategies to improve school climate; and \$25 million for Project Prevent grants to LEAs to help schools in communities with pervasive violence break the cycle of violence. Funds requested under National Activities would also be used to help LEAs and IHEs recover from emergencies under Project SERV (School Emergency Response to Violence), and for data collection, dissemination, outreach, and related forms of technical assistance for other activities that promote safe and healthy students.

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

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$1,151.7	\$1,151.7	\$1,251.7

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

The Administration’s reauthorization proposal for 21<sup>st</sup> Century Community Learning Centers would support State and local efforts to implement in-school and out-of-school strategies for providing students (and, where appropriate, teachers and family members), particularly those in high-need schools, the additional time, support, and enrichment activities needed to improve student achievement. The Administration’s reauthorization proposal would continue to allow funds to be used for before- and after-school programs, summer enrichment programs, and summer school programs, and would also permit States and eligible local entities to use funds to support expanded-learning-time programs as well as full-service community schools. Projects could also provide teachers the time they need to collaborate, plan, and engage in professional development within and across grades and subjects. The increased funding requested for fiscal year 2014 would enable grantees to support this expanded menu of programs and strategies and to provide high-quality programming for students and their families.

Expanding Educational Options  
(BA in millions)

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
Expanding Educational Options .....	—	—	\$294.8
Charter Schools Grants.....	\$254.8	\$254.8	—

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

The Administration’s Expanding Educational Options proposal includes two authorities: Supporting Effective Charter Schools grants and Promoting Public School Choice grants. The Supporting Effective Charter Schools grants program would support competitive grants to SEAs, charter school authorizers, charter management organizations, 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. In fiscal year 2014, the Department would fund only the Supporting Effective Charter Schools program, with the proposed \$40 million increase focused on the replication and expansion of high-quality charter schools.

Magnet Schools Assistance Program

	<u>2012</u>	<u>2013</u>	<u>2014</u> <u>Request</u>
BA in millions .....	\$96.7	\$96.7	\$99.6

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 also would reserve funds for evaluation and dissemination activities.

Fund for the Improvement of Education

	<u>2012</u>	<u>2013</u>	<u>2014</u> <u>Request</u>
BA in millions .....	\$40.8	\$40.8	\$46.3

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 math 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 through the transition to postsecondary education. The request also would provide \$10 million to support interagency strategies to strengthen services to disconnected youth, \$1.3 million to continue the Data Quality Initiative, which helps ensure that program management decisions are based on sound information, and \$5 million for a Youth Data Pilot that would enhance communities’ tracking of and performance on multiple outcomes

for youth. The Department would use the funding for disconnected youth in close cooperation with the Department of Health and Human Services and the Department of Labor.

English Learner Education

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$732.1	\$732.1	\$732.1

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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>2012</u>	<u>2013</u>	<u>2014 Request</u>
Migrant Student Education .....	\$393.2	\$393.2	\$393.2
Neglected and Delinquent Children and Youth Education .....	<u>50.2</u>	<u>50.2</u>	<u>50.2</u>
Total .....	443.5	443.5	443.5

Note: The amounts shown for FY 2013 exclude the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

Migrant Student Education State Grants provide formula-based assistance in meeting the special educational needs of approximately 223,000 children of migrant agricultural workers by helping States identify and pay the higher costs 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 Information 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 107,000 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>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$65.2	\$65.2	\$65.2

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$179.2	\$179.2	\$179.2

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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>2012</u>	<u>2013</u>	<u>2014</u> <u>Request</u>
Grants to Local Educational Agencies.....	\$105.9	\$105.9	\$105.9
Special Programs for Indian Children.....	19.0	19.0	19.0
National Activities.....	<u>5.9</u>	<u>5.9</u>	<u>5.9</u>
 Total .....	 130.8	 130.8	 130.8

Note: The amounts shown for FY 2013 exclude the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 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) \$10.8 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 2014.

Native Hawaiian Student Education

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$34.2	\$34.2	\$34.2

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$33.2	\$33.2	\$33.2

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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.

Comprehensive Centers

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$51.1	\$51.1	\$51.1

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 15 regional centers that work with SEAs within specified geographic regions to help them implement ESEA school improvement measures and objectives. In addition, 7 content centers provide in-depth, specialized support in key areas, with separate centers focusing on

(1) standards and assessment, (2) great teachers and leaders, (3) school turnaround, (4) enhancing early learning outcomes, (5) college- and career-readiness and success, (6) building State capacity and productivity, and (7) innovations in learning. 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 and SEAs. The 2014 request would support third-year awards to the current centers as well as an evaluation of the centers.

### Impact Aid

(BA in millions)

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
Payment for Federally Connected Children:			
Basic Support Payments .....	\$1,153.5	\$1,153.5	\$1,153.5
Payments for Children with Disabilities...	48.4	48.4	48.4
Facilities Maintenance.....	4.8	4.8	4.8
Construction.....	17.4	17.4	17.4
Payments for Federal Property .....	<u>66.9</u>	<u>66.9</u>	<u>—</u>
Total .....	1,291.2	1,291.2	1,224.2

Note: The amounts shown for FY 2013 exclude the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 13 school facilities serving large numbers of military dependents that are owned and operated by the Department of Education, while also supporting the transfer of these 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 compensate LEAs for lost property tax revenue due to the presence of Federal lands without regard to whether those districts educate any federally connected children as a result of the Federal presence.

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

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$7.0	\$7.0	\$7.0

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 first year of funding for a new cohort of 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>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$17.6	\$17.6	\$17.6

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 the 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 the FSM to support programs that focus on improving the educational achievement of students in the two Freely Associated States.

## C. 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 2014 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, the same as the 2012 level, to maintain the Federal contribution toward meeting the excess cost of special education at approximately 15 percent of the national average per pupil expenditure (APPE) and provide an estimated average of \$1,767 per student for about 6.5 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.

For Rehabilitation Services and Disability Research, the budget provides \$3.7 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 \$3.3 billion request for the Vocational Rehabilitation (VR) State Grants program includes an increase of \$71.1 million over the fiscal year 2013 mandatory level to assist States and tribal governments in increasing the participation of individuals with disabilities in the workforce. The request includes the inflation increase specified in the authorizing statute, which would more than offset the reduction in funds (\$35.7 million) resulting from the Administration's proposal to eliminate separate funding authorities for the smaller VR-related programs under the Rehabilitation Act. The Administration believes that the proposed eliminations would reduce duplication of effort and administrative costs, streamline program administration at the Federal and local levels, and improve accountability.

The 2014 request also includes language that would allow the Secretary to use amounts under the VR State Grants program that would otherwise return to the Treasury to support innovative activities aimed at improving outcomes for individuals with disabilities, including activities under the Promoting Readiness of Minors in Supplemental Security Income (PROMISE) program, and that would provide authority for these funds to remain available for Federal obligation until September 30, 2015.

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. The \$110 million request for the National Institute on Disability and Rehabilitation Research includes an increase of \$1.2 million over the 2012 level for research activities in the employment domain

under a new regulatory framework that NIDRR intends to have in place by 2014. The budget also includes \$207.4 million for special institutions for persons with disabilities, including \$24.5 million for the American Printing House for the Blind, \$65.4 million for the National Technical Institute for the Deaf, and \$117.5 million for Gallaudet University.

**Special Education**

Grants to States

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$11,577.9	\$11,577.9	\$11,577.9
Estimated average Federal share per child (in whole dollars).....	\$1,766	\$1,766	\$1,767

Note: The budget authority shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 provide a per-child average of \$1,767 for an estimated 6,543,000 children with disabilities, which represents a Federal contribution of about 15 percent of the national average per pupil expenditure.

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 \$15.0 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>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$372.6	\$372.6	\$372.6

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 \$500 per child for approximately 745,000 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>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$442.7	\$442.7	\$462.7

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 2014 would raise the average State allocation by approximately \$325,000, enabling States to provide high quality early intervention services to approximately 360,000 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.

### State Personnel Development

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$43.9	\$43.9	\$45.0

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 \$1.1 million increase proposed for 2014 would help cover the cost of approximately 40 new and 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>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$46.8	\$46.8	\$46.8

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 \$15 million set-aside under the Grants to States program to help States meet data collection requirements, includes more than \$34 million for continuation costs, with the remainder of funds covering the cost of new technical assistance and dissemination projects. The 2012 and 2013 amounts exclude \$8 million used to support the Special Olympics, which would be funded under a separate line item in 2014.

Personnel Preparation

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$88.3	\$88.3	\$85.8

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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.

Parent Information Centers

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$28.9	\$28.9	\$28.9

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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.

Educational Technology, Media, and Materials

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$29.6	\$29.6	\$29.6

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

This program (formerly known as the Technology and Media Services 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 includes \$26.3 million for continuation awards.

Special Olympics Education Programs

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$8.0	\$8.0	\$8.0

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 years 2012 and 2013 was provided under Technical Assistance and Dissemination.

PROMISE: Promoting Readiness of Minors in SSI

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$2.0	\$2.0	—

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

The goal of this collaborative demonstration program is to improve outcomes of children who receive Supplemental Security Income (SSI), including completion of postsecondary education and employment, as well as to improve family or household outcomes through improved services and support for the families of SSI recipients, such as education and job training for parents.

The Administration is not requesting funds for PROMISE under the Special Education account in fiscal year 2014. The fiscal year 2012 appropriation under the Rehabilitation Services and Disability Research account allowed the Secretary to use amounts that remained unobligated subsequent to the reallocation of funds to States under the Vocational Rehabilitation (VR) State Grants program to support PROMISE grants. These funds, which became available for obligation for the PROMISE program October 1, 2012, and remain available through September 30, 2013, are sufficient to support the first year and a significant portion of the second year of project funding for a small number of grants to States. In addition, the fiscal year 2014 request includes language that would allow the Secretary to use remaining funds subsequent to the reallocation of VR funds to support innovative activities aimed at improving outcomes for individuals with disabilities, including, if needed, the PROMISE program.

## Rehabilitation Services and Disability Research

### Vocational Rehabilitation (VR) State Grants

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$3,121.7	\$3,231.0	\$3,302.1

Note: The amount shown for FY 2013 excludes the sequester reduction of 5.1 percent required by the Budget Control Act of 2011.

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 2012, the VR program helped over 180,000 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 eliminate separate funding authorities for 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. Direct service programs proposed for elimination include Supported Employment State Grants and the Migrant and Seasonal Farmworkers program. To lessen the potential impact of these eliminations, the Administration is proposing language that would ensure that no State's fiscal year 2014 allocation under the Vocational Rehabilitation State Grants program would be less than the total amount allocated to a State under the distribution formulas for the VR State grants program and the Supported Employment State Grants program for fiscal year 2013. The Administration is also proposing language that would override the requirement to reserve the portion of the Training program funds currently provided to State VR agencies to support in-service training for agency personnel. In addition, the Administration is seeking authority to pay the fiscal year 2014 continuation costs of the remaining four Migrant and Seasonal Farmworkers projects from funds appropriated for the VR State Grants program. The request also includes \$40.1 million for grants to Indian tribes.

### Client Assistance State Grants

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$12.2	\$12.2	\$12.2

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 59,400 individuals with disabilities.

Training

	<u>2012</u>	<u>2013</u>	<u>2014</u> <u>Request</u>
BA in millions .....	\$35.5	\$35.5	\$30.2

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 elimination of the funding reservation for the In-Service Training program. VR State Grant funds can be used for training State agency personnel, consistent with the agency's Comprehensive System of Personnel Development (CSPD) plan under Title I of the Rehabilitation Act. The proposal would eliminate the administrative costs involved in making small grants each year to State VR agencies under the Training program and improve the efficiency of training delivered under the Rehabilitation Act.

Demonstration and Training

	<u>2012</u>	<u>2013</u>	<u>2014</u> <u>Request</u>
BA in millions .....	\$5.3	\$5.3	\$5.8

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 to 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>2012</u>	<u>2013</u>	<u>2014</u> <u>Request</u>
State Grants.....	\$23.4	\$23.4	\$23.4
Centers .....	80.0	80.0	80.0
Services for Older Blind Individuals.....	<u>34.0</u>	<u>34.0</u>	<u>34.0</u>
<b>Total .....</b>	<b>137.3</b>	<b>137.3</b>	<b>137.3</b>

Note: The amounts shown for FY 2013 exclude the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$18.0	\$18.0	\$18.0

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 57,000 individuals with disabilities.

National Institute on Disability and Rehabilitation Research

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$108.8	\$108.8	\$110.0

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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; and field-initiated research and development projects. NIDRR funds also 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. The request includes an increase of \$1.2 million over the 2012 level for research activities in the employment domain under a new regulatory framework that NIDRR intends to have in place by 2014. At least \$82 million of the request would be needed for continuation of grants made in previous years.

Helen Keller National Center for Deaf-Blind Youths and Adults

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$9.1	\$9.1	\$9.1

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 services. At the request level, the Center would provide direct services for approximately 81 clients in its residential training and rehabilitation program and serve an estimated 1,500 individuals, 350 families, and 1,000 agencies and organizations through its regional offices.

Assistive Technology

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$32.8	\$32.8	\$30.8

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 proposed decrease reflects the elimination of funding for a separate alternative financing program (AFP) that was authorized in the 2012 appropriations act. When Congress reauthorized the AT Act, it eliminated the separate AFP and required States to conduct State financing activities, including alternative financing loan programs, under the AT State grant program. Therefore, no funds are requested in fiscal year 2014 for this duplicative competitive grant program.

Special Institutions for Persons with Disabilities  
(BA in millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u> <u>Request</u>
American Printing House for the Blind.....	\$24.5	\$24.5	\$24.5
National Technical Institute for the Deaf.....	65.4	65.4	65.4
Gallaudet University .....	<u>125.5</u>	<u>125.5</u>	<u>117.5</u>
<u>Total .....</u>	215.4	215.4	207.4

Note: The amounts shown for FY 2013 exclude the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

The American Printing House for the Blind (APH) 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 \$298, 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 (NTID) 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 1,281 undergraduate and technical students, 106 graduate students, and 65 interpreters for persons who are deaf. The request would increase construction funding to \$2.0 million for the purpose of supporting a deferred maintenance account and reduce operations funding by \$2.0 million to account for the increase in construction.

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. The \$8 million decrease reflects the elimination of funds specifically earmarked for construction. The request would help Gallaudet serve an estimated 1,789 undergraduate and graduate students and 275 elementary and secondary education students in the 2013-14 school year.

**D. 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 2014, the Administration is proposing to reauthorize the Carl D. Perkins Career and Technical Education Act 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 2014 request also would support innovation and reform in Career and Technical Education (CTE).

Career and Technical Education  
(BA in millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u> <u>Request</u>
Career and Technical Education			
State Grants.....	\$1,123.0	\$1,123.0	\$1,123.0
National Leadership Activities .....	<u>7.8</u>	<u>7.8</u>	<u>17.8</u>
Total .....	1,130.9	1,130.9	1,140.9

Note: The amounts shown for FY 2013 exclude the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

Funds for the CTE program would support the first year of activity under a reauthorized Carl D. Perkins Career and Technical Education Act. In April of 2012 the Administration released *Investing in America’s Future: A Blueprint for Transforming Career and Technical Education*, which outlined the Administration’s proposal for reauthorizing the Perkins Act in order to ensure that all CTE programs become viable and rigorous pathways to postsecondary and career success. The blueprint calls for transforming CTE by promoting:

- Effective alignment between high-quality CTE programs and labor market needs to equip students with 21<sup>st</sup>-century skills and prepare them for in-demand occupations in high-growth industry sectors;
- Strong collaboration among secondary and postsecondary institutions, employers, and industry partners to improve the quality of CTE programs;
- Meaningful accountability for improving academic outcomes and building technical and employability skills in CTE programs for all students;
- Increased emphasis on innovation through development and implementation of new practices and models at the local level and systemic reform of State policies and practices.

The request for CTE State Grants includes up to \$100 million for a competitive CTE innovation fund, including \$10 million for “Pay-for-Success” projects. Initial investments under this set-aside might include projects to develop programs or strategies to (1) provide services that help disconnected youth access career pathways in high-skill, high-wage jobs; (2) expand the capacity of rural and remote communities to provide access to articulated pathways to industry-recognized postsecondary credentials or degrees for in-demand industry sectors and occupations; or (3) use technology to improve service delivery and provide learning experiences to students through the use of virtual simulations of workplace equipment.

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. The request includes \$10 million, along with up to \$32 million that the Department is requesting under the GPRA Data/HEA Program Evaluation program in the Higher Education account, to create a \$42 million fund to support and evaluate dual-enrollment programs that target local workforce needs.

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

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
Adult Basic and Literacy Education			
State Grants .....	\$595.0	\$595.0	\$595.0
National Programs .....	<u>11.3</u>	<u>11.3</u>	<u>14.3</u>
Total .....	606.3	606.3	609.3

Note: The amounts shown for FY 2013 exclude the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 forthcoming reauthorization of the Adult Education and Family Literacy Act, which is Title II of the Workforce Investment Act, provides the opportunity to better align the Adult Education program with Federal job training programs and the postsecondary education system. 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 efforts 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. The proposed \$3.0 million increase would be used for new awards to support reentry education models, building on the fiscal year 2013 Promoting Reentry Success through Continuity of Educational Opportunities competition.



## E. 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; we must also acknowledge that the quality of a postsecondary education is just as important as its cost. The 2014 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 2014 budget includes a combination of discretionary and mandatory funding that would make available \$155 billion in new grants, loans, and work-study assistance—an increase of more than \$57 billion, or 59 percent, over the amount available in 2008—to help nearly 14.7 million students and their families pay for college. Key proposals include:

- Reforming the campus-based aid programs by targeting campus-based aid funds to institutions 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 revise 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 high numbers of Pell-eligible students, 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, thereby providing more students who may need additional financing options with increased access to affordable loan funds that carry important protections and benefits. The new Perkins loan program would replace the existing program, which under current law is scheduled to expire in 2014, and savings from the new program would be reinvested in the Pell Grant program to help maintain the maximum Pell award.
- Restructuring student loan interest rates. The 2014 request proposes to change the structure of interest rates on Federal student and parent loans to provide borrowers with market-based rates. Interest rates on new loans would be set at the beginning of each academic year based on the then-prevailing cost of Government borrowing, and remain fixed at that rate for the life of the loans. Rates would be determined based on the 10-year Treasury note rate with add-ons of 0.93 percentage points for Subsidized Stafford Loans, 2.93 percentage points for Unsubsidized Stafford loans, and 3.93 percentage points for PLUS Loans.
- Extending the availability of the Pay As You Earn repayment plan to all student borrowers. All Stafford and Grad PLUS loan borrowers, as well as Consolidation loan borrowers who repaid Stafford and Grad PLUS loans made under the Direct Loan or FFEL programs, who are not in default would be eligible for participation in the Pay As

You Earn program. As a result, all borrowers, regardless of when they borrowed, would be assured that their student loan payments need not exceed 10 percent of their discretionary income and, after 20 years of repayment, that any remaining balances would be forgiven.

These reforms are intended to complement and strengthen the Pell Grant program—the cornerstone of Federal efforts to help make a postsecondary education affordable for low-income students. The 2014 request would provide a total of \$29.9 billion in funding for Pell Grants, including \$22.8 billion in discretionary funds, and \$7.0 billion in mandatory funds. The total request would provide Pell Grant awards to nearly 9.4 million students during the 2014-2015 award year while increasing the maximum Pell Grant award to \$5,785.

In addition to \$155 billion in Pell Grants, low-interest student loans, and the campus-based student aid programs, the Federal Government also provides tax relief to American students and families through several credits, exclusions, and deductions. These benefits, in comparison with the amounts provided by the student financial aid programs, are displayed below.

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

Federal Assistance to College Students	Fiscal Year		Change	
	2008	2014 Request	Dollars	Percent
Student Aid Available	\$97.7 billion	\$154.9 billion	\$57.2 billion	59%
Selected Tax Benefits	\$7.5 billion	\$9.6 billion	\$2.1 billion	28%

Note: Data for selected tax benefits does not reflect enactment of the American Taxpayer Relief Act of 2012, which renewed the American Opportunity Tax Credit, a significant postsecondary education-related tax benefit.

Finally, the budget proposes to reconfigure the FFEL loan rehabilitation program to reduce costs for both the Federal Government and borrowers. Under this proposal, the maximum collection fee guaranty agencies may charge borrowers to rehabilitate their defaulted FFEL loans would be reduced from 18.5 percent to 16.0 percent and the guaranty agencies would be required to return 100 percent of the Federal default payment received when the borrower originally defaulted on the loan. In addition, if a guaranty agency is unable to locate a private sector lender willing to purchase a rehabilitated loan, the guaranty agency would be required to transfer the loan to the Department of Education, while continuing to earn a 16 percent collection fee. This proposal would save \$3.7 billion over 10 years, which would be invested in 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 with a record of success, and to students who are further advanced in their program of study, the Presidential Teaching Fellows program would 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

<u>Budget Authority (dollars in millions)</u>	<u>2012</u>	<u>2013<sup>1</sup></u>	<u>2014 Request</u>
Pell Grants			
Discretionary funding .....	\$22,824.0	\$22,824.0 <sup>2</sup>	\$22,824.0 <sup>2</sup>
Mandatory funding .....	<u>18,745.0</u>	<u>12,441.2<sup>2</sup></u>	<u>7,044.0<sup>2</sup></u>
Subtotal, Pell Grants .....	<u>41,569.0</u>	<u>35,265.2</u>	<u>29,868.0</u>
Supplemental Educational Opportunity Grants .....	734.6	734.6	734.6
Work-Study .....	976.7	976.7	1,126.7
TEACH Grants <sup>3</sup> .....	34.5	3.5	1.4
Iraq and Afghanistan Service Grants .....	0.2	0.2	0.2
Presidential Teaching Fellows .....	—	—	190.0
Federal Family Education Loans .....	-15,011.2 <sup>4</sup>	-6,843.6 <sup>4</sup>	-3,657.2 <sup>4</sup>
Federal Direct Loans .....	-21,534.5 <sup>5</sup>	-34,292.3 <sup>5</sup>	-26,301.4 <sup>5</sup>
Unsubsidized Perkins Loans .....	<u>—</u>	<u>—</u>	<u>-1,408.5<sup>6</sup></u>
Total .....	-6,769.3	4,155.7	-553.8

<sup>1</sup> The figures shown for 2013 exclude the impact of the 0.612 percent across-the-board discretionary increase provided in P.L. 112-175, the 0.2 percent across-the-board discretionary decrease required by P.L. 113-6, and sequester reductions of 5 percent for discretionary funding and 5.1 percent for mandatory funding required by the Budget Control Act of 2011. The Pell Grant program is exempted from sequestration.

<sup>2</sup> Amounts appropriated for Pell Grants for 2012, 2013, and 2014 include mandatory funding provided by the Full-Year Continuing Appropriations Act, 2011; the Consolidated Appropriations Act, 2012; and the Budget Control Act of 2011.

<sup>3</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 2012 and 2013 include new loan subsidy and upward re-estimates and exclude downward re-estimates. The downward re-estimate for 2013 was \$17.4 million. The amount for 2014 reflects new loan subsidy. The budget proposes elimination of this program at the end of the 2013-2014 academic year.

<sup>4</sup> Budget authority requested for FFEL does not include the Liquidating account. The 2012 amount includes a net downward re-estimate of \$16.1 billion primarily related to revised interest rates; and a net upward modification of \$153.0 million resulting from the Special Direct Consolidation Loan program, which operated from January through June 2012, and from giving lenders the option, beginning on April 1, 2012, 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 re-estimate of \$9.9 billion primarily related to revised interest rate assumptions. The 2014 amount includes a net downward modification of \$3.7 billion as a result of the proposed guaranty agency loan retention policy. These re-estimates and modifications reflect the impact of changes on an outstanding FFEL portfolio of over \$322 billion.

<sup>5</sup> The 2012 amount includes a net upward re-estimate of \$5.6 billion primarily related to revised interest rates. The 2013 amount includes a net downward re-estimate of \$8.2 billion, primarily related to revised interest rates. The 2014 amount includes a net upward modification of \$2.9 billion for the proposed interest rate policy. (Re-estimates and modifications reflect the impact of changes on an outstanding Direct Loan portfolio of nearly \$473 billion.)

<sup>6</sup> Amount in 2014 reflects proposal to shift Perkins Loan to a mandatory credit program.

Aid Available to Students (dollars in millions)

	<u>2012</u>	<u>2013</u> <sup>1</sup>	<u>2014</u> <u>Request</u>
Pell Grants .....	\$32,798.2	\$33,728.1	\$35,325.1
Supplemental Educational Opportunity Grants.....	982.0	982.0	982.0
Work-Study .....	1,162.0	1,162.0	1,349.6
Iraq and Afghanistan Service Grants .....	0.3	0.2	0.3
Presidential Teaching Fellows .....	—	—	149.0
New Student Loans:			
Federal Direct Loans .....	105,351.4	106,433.7	112,061.8
Perkins Loans .....	856.8	856.8	856.8
Unsubsidized Perkins Loans .....	—	—	4,113.4
TEACH Grants .....	<u>110.7</u>	<u>116.2</u>	<u>87.0</u>
Subtotal, Student Loans .....	106,318.9 <sup>2</sup>	107,406.7 <sup>2</sup>	117,119.0 <sup>2</sup>
Total .....	141,261.3 <sup>3</sup>	143,279.0 <sup>3</sup>	154,925.0 <sup>3</sup>

<sup>1</sup> The figures shown for 2013 exclude the impact of the 0.612 percent across-the-board discretionary increase provided in P.L. 112-175, the 0.2 percent across-the-board discretionary decrease required by P.L. 113-6, and sequester reductions of 5 percent for discretionary funding and 5.1 percent for mandatory funding required by the Budget Control Act of 2011. The Pell Grant program is exempted from sequestration.

<sup>2</sup> In addition, consolidation loans for existing borrowers will total \$36.0 billion in 2012, \$27.0 billion in 2013, and \$27.9 billion in 2014.

<sup>3</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>2012</u>	<u>2013</u> <sup>1</sup>	<u>2014</u> <u>Request</u>
Pell Grants .....	8,965.0	9,171.0	9,373.0
Supplemental Educational Opportunity Grants .....	1,583.9	1,583.9	1,583.9
Work-Study .....	696.6	696.6	809.1
Iraq and Afghanistan Service Grants <sup>2</sup> .....	—	—	—
Presidential Teaching Fellows .....	—	—	14.9
New Student Loans: <sup>3</sup>			
Federal Direct Loans .....	22,181.3	21,205.2	21,890.8
Perkins Loans .....	460.6	460.6	460.6
Unsubsidized Perkins Loans .....	—	—	751.2
TEACH Grants .....	<u>37.2</u>	<u>39.0</u>	<u>29.8</u>
Total awards .....	33,924.6	33,156.3	34,913.3

<sup>1</sup> The figures shown for 2013 exclude the impact of the 0.612 percent across-the-board discretionary increase provided in P.L. 112-175, the 0.2 percent across-the-board discretionary decrease required by P.L. 113-6, and sequester reductions of 5 percent for discretionary funding and 5.1 percent for mandatory funding required by the Budget Control Act of 2011. The Pell Grant program is exempted from sequestration.

<sup>2</sup> Less than 1,000 recipients in each year.

<sup>3</sup> In addition, consolidation loans for existing borrowers will total 2,579,000 in 2012, 690,000 in 2013, and 600,000 in 2014.

### Number of Postsecondary Students Aided by Department Programs

	<u>2012</u>	<u>2013</u>	<u>2014</u>
Unduplicated Count (in thousands) .....	13,941	14,257	14,694

Note: The figure shown for 2013 excludes the impact of the 0.612 percent across-the-board discretionary increase provided in P.L. 112-175, the 0.2 percent across-the-board discretionary decrease required by P.L. 113-6, and sequester reductions of 5 percent for discretionary funding and 5.1 percent for mandatory funding required by the Budget Control Act of 2011.

### **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 fiscal year 2012, students and families claimed an estimated \$15.6 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 the remaining tuition and fees, up to a total credit of \$2,500—and another \$2 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 \$1.45 billion was claimed in above-the-line deductions for interest paid on postsecondary student loans.

#### Pell Grants

	<u>2012</u>	<u>2013</u>	<u>2014</u> <u>Request</u>
BA in millions			
Discretionary budget authority .....	\$22,824.0	\$22,824.0	\$22,824.0
Mandatory budget authority .....	4,950.0	4,854.2	6,456.0
Definite mandatory funding .....	<u>13,795.0</u>	<u>7,587.0</u>	<u>588.0</u>
Total .....	41,569.0	35,265.2	29,868.0
Program costs (dollars in millions).....	32,843.0	33,774.0	35,372.0
Aid available (dollars in millions) .....	32,798.2	33,728.1	35,325.1
Recipients (in thousands).....	8,965	9,171	9,373
Maximum grant (in whole dollars)			
Discretionary portion .....	\$4,860	\$4,860	\$4,860
Mandatory add-on .....	<u>690</u>	<u>785</u>	<u>925</u>
Total .....	5,550	5,645	5,785
Average grant (in whole dollars).....	3,658	3,678	3,769

The Pell Grant program helps ensure financial access to postsecondary education by providing grant aid to low-income undergraduate students. The program is the largest need-based postsecondary student grant program, with individual awards varying according to the financial circumstances of students and their families. The 2014 request of \$29.9 billion for Pell Grants would continue to make college more affordable for 9.4 million students by increasing the maximum Pell award by \$140, from \$5,645 in award year 2013-2014 to \$5,785 in award year 2014-15, while also fully funding the program through award year 2015-2016.

In addition to fully funding the Pell program in fiscal year 2014, the budget proposes making a down payment toward addressing the long-term Pell funding gap by including measures that will secure funding to maintain the critical investment in Pell Grants, including reforming and expanding the Perkins Loan program 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 because they make grants directly to participating institutions, which have considerable flexibility to package awards to best meet the needs of their students. The 2014 request would reform these programs to assist students attending those institutions that demonstrate success in serving low-income students, restrain growth in tuition, and provide good value. The proposed \$150 million increase for the Work-Study program would put the program on track to double the number of Work-Study jobs over 5 years while also encouraging schools to provide Work-Study opportunities to students that are aligned with their academic programs. In addition, the request would address the scheduled 2014 expiration of the Perkins Loans program by expanding and reforming Perkins Loans to significantly increase both lending authority and the number of participating institutions. The request also would modify the formulas used to allocate funding to institutions, which currently are based primarily on institutions’ longevity in the programs. These reforms, collectively, seek to provide increased access to college by making it more affordable, while also helping to ensure that students are well-prepared for work and life after graduation.

#### Supplemental Educational Opportunity Grants

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$734.6	\$734.6	\$734.6
Aid available (dollars in millions) .....	982.0	982.0	982.0
Recipients (in thousands) .....	1,584	1,584	1,584
Average award (in whole dollars) .....	\$620	\$620	\$620

Note: The figures shown for 2013 exclude the impact of the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 \$247 million in institutional matching funds to make available a total of nearly \$982 million in grants to an estimated 1.6 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 keep net tuition down, provide good value, and serve low-income students effectively.

Work-Study

	<u>2013</u>	<u>2013</u>	<u>2014</u> <u>Request</u>
BA in millions .....	\$976.7	\$976.7	\$1,126.7
Aid available (dollars in millions) .....	1,162.0	1,162.0	1,349.6
Recipients (in thousands) .....	697	697	809
Average award (in whole dollars) .....	\$1,668	\$1,668	\$1,668

Note: The figures shown for 2013 exclude the impact of the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 to help double the number of participants over 5 years. The total request of more than \$1.1 billion, when combined with institutional aid, would make available more than \$1.3 billion to an estimated 809,000 Work-Study students in the 2014-15 award 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 2014 request also would change the allocation formula for Work-Study to benefit institutions that keep net tuition down, serve low-income students effectively, and 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.

Perkins Loans

	<u>2012</u>	<u>2013</u>	<u>2014</u> <u>Request</u>
Perkins Loans (current program):			
Aid available (dollars in millions) .....	\$856.8	\$856.8	\$856.8
Recipients (in thousands) .....	461	461	461
Average loan (in whole dollars) .....	\$1,860	\$1,860	\$1,860
Unsubsidized Perkins Loans:			
Loan subsidies (BA in millions) .....	—	—	\$1,408.5
Aid available (dollars in millions) .....	—	—	4,113.4
Recipients (in thousands) .....	—	—	751
Average loan (in whole dollars) .....	—	—	\$5,476

Note: The figures shown for 2013 exclude the impact of the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

The Perkins Loan program provides long-term, low-interest loans to undergraduate and graduate students with demonstrated financial need at roughly 1,700 institutions. 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 campus-based programs. The proposal would provide \$8.5 billion in new loan volume annually—eight and a half times the current annual Perkins volume—and reach students at up to 2,700 additional postsecondary education institutions. These reforms would also address the scheduled expiration of the program. Under the Administration’s proposal, Unsubsidized Perkins Loans would carry the same annually-determined fixed interest rate as that proposed for Unsubsidized Stafford Loans. Loan limits for both undergraduate and graduate students would remain the same as in the current Perkins program. The Department of Education, rather than institutions, would service Perkins Loans. Lending authority would be allocated among institutions in the same manner as the other campus-based programs.

### TEACH Grants/Presidential Teaching Fellows

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
<u>TEACH Grants</u>			
BA in millions.....	\$34.5 <sup>1</sup>	\$3.5 <sup>1</sup>	\$1.4 <sup>1</sup>
Recipients (in thousands) .....	37.2	39.0	29.8
Aid available to students (in millions) .....	\$110.7	\$116.2	\$87.0
Maximum grant (in whole dollars) .....	\$4,000	\$4,000	\$4,000
Average grant (in whole dollars) .....	\$2,979	\$2,979	\$2,925
<u>Presidential Teaching Fellows</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

Note: The figures shown for 2013 exclude the impact of the sequester reduction of 5.1 percent required by the Budget Control Act of 2011.

<sup>1</sup> Amounts for 2012 and 2013 include new loan subsidy and upward re-estimates, and exclude downward re-estimates. The downward re-estimate for 2013 was \$17.4 million. Amount for 2014 reflects new loan subsidy.

The 2014 request would replace the TEACH Grant program 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 with a record of success, 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. Fellows will have to be trained to teach a



high-need subject, such as mathematics or science, and commit to teach in a high-need school at least 3 out of 6 years after their fellowship begins.

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 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, the TEACH program is operated as a loan program with 100 percent forgiveness of outstanding principal and interest upon completion of a student's service requirement. Grants are converted to Direct Unsubsidized Stafford Loans if students do not complete the required service. 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 Education Loans and Direct Loans  
(in millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u> <u>Request</u>
<u>Federal Family Education Loans</u>			
Net modification of existing loans.....	\$153.0 <sup>1</sup>	—	-\$3,657.2 <sup>1</sup>
Net re-estimate of existing loans.....	<u>-\$15,164.1</u> <sup>2,3</sup>	<u>-\$6,843.6</u> <sup>2,3</sup>	—
Total, FFEL program BA.....	-15,011.2	-6,843.6	-3,657.2
<u>Direct Loans</u>			
New loan subsidies (BA).....	-27,100.9 <sup>2</sup>	-26,140.6 <sup>2</sup>	-29,172.7 <sup>2</sup>
Net modification of existing loans.....	—	—	2,871.3
Net re-estimate of existing loans.....	<u>5,566.3</u> <sup>3</sup>	<u>-8,151.7</u> <sup>3</sup>	—
Total, new budget authority.....	-21,534.5	-34,292.3	-26,301.4
Total, student loans (BA).....	-36,545.7	-41,135.9	-29,958.6

<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 the Special Direct Consolidation Loan program, which operated from January through June 2012, as well as the option for lenders, beginning April 1, 2012, to calculate their special allowance payments based on the London Interbank Offered Rate (LIBOR), as permitted by the Consolidated Appropriations Act, 2012; the 2014 FFEL modification reflects the impact of the proposed guaranty agency rehabilitated loan retention policy. The 2014 Direct Loan modification reflects the impact of the proposed interest rate change for new student loans.

<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 \$322 billion for FFEL, \$95 billion for ECASLA, and \$473 billion for Direct Loans.

New loan volume (in millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u> <u>Request</u>
Direct Loans			
Stafford loans .....	\$33,612.4	\$28,645.4	\$29,345.7
Unsubsidized Stafford loans .....	53,887.6	59,185.9	62,729.1
PLUS loans .....	<u>17,851.4</u>	<u>18,602.4</u>	<u>19,987.0</u>
Total .....	105,351.4 <sup>1</sup>	106,433.7 <sup>1</sup>	112,061.8 <sup>1</sup>

Number of new loans (in thousands)

Direct Loans			
Stafford loans .....	9,911	8,941	9,153
Unsubsidized Stafford loans .....	10,924	10,973	11,420
PLUS loans .....	<u>1,347</u>	<u>1,291</u>	<u>1,318</u>
Total .....	22,182 <sup>1</sup>	21,205 <sup>1</sup>	21,891 <sup>1</sup>

<sup>1</sup> In addition, Consolidation Loans for existing borrowers will total \$36.0 billion and 2,579,000 loans in 2012, \$27.0 billion and 690,000 loans in 2013, and \$27.9 billion and 600,000 loans in 2014.

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 since July 1, 2010 the Department has made new loans only through the Direct Loan program. The legacy FFEL program made loan capital available to students and their families through private lenders, with State and private nonprofit guaranty agencies administering the Federal guarantee protecting FFEL lenders against losses related to borrower default, collecting on defaulted loans, and providing other services to lenders. Under the Direct Loan program, the Federal Government provides the loan capital and schools disburse loan funds to students. The Department carries out its loan origination and servicing functions under Direct Loans through 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 on July 1, 2013. As of July 1, 2012, only undergraduate students are 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 and graduate and professional students. The interest rate is 7.9 percent and the Federal Government does not pay interest during in-school, grace, and deferment periods.
- Consolidation Loans allow borrowers with multiple student loans who meet certain criteria to combine their loans 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 2014 request proposes to change the interest rate structure for new student and parent loans to market-based rates that better reflect current economic conditions. This proposal maintains the current policy of providing a lower rate on Subsidized Stafford loans, which are awarded on the basis of financial need, than on other Federal student and parent loans. These market-based rates for newly originated loans also would maintain the current policy of providing a lower rate on loans based on the financial need of students and families, with somewhat higher rates for student and parent loans made regardless of need. These rates would be determined annually and fixed for the life of the loan. Under the proposal, new rates would be equal to the 10-year Treasury note rate with add-ons of 0.93 percentage points for subsidized Stafford loans, 2.93 percentage points for Unsubsidized Stafford loans, and 3.93 percentage points for PLUS loans. The proposal does not include a cap on interest rates, and the existing cap of 8.25 percent on new consolidation loans would be eliminated.

The Administration also proposes to expand eligibility for the Pay As You Earn plan to all borrowers. The benefits of this program are currently only available to borrowers who had no outstanding loans as of October 1, 2007, and had received a Direct Loan disbursement on or after October 1, 2011. The Budget proposes to expand this to all borrowers beginning July 1, 2014, regardless of when their loans were originated. All Stafford, Grad PLUS, and Consolidation loans that repaid Stafford and Grad PLUS loans made under the Direct Loan or FFEL programs, and that are not in default, are eligible for this program. Borrowers who take part in the Pay As You Earn plan would be eligible to have their student loan payments capped at 10 percent of their prior-year discretionary income, and to have any remaining balances forgiven after 20 years of repayments.

Finally, the President's 2014 Budget proposes to reconfigure the FFEL loan rehabilitation program to reduce costs for both the Federal government and borrowers. Under the proposal, the maximum collection fee guaranty agencies may charge borrowers to rehabilitate their defaulted FFEL loans would be reduced from 18.5 percent to 16 percent and the guaranty agencies would be required to return 100 percent of the Federal default payment received when the borrower originally defaulted on the loan. 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, while continuing to earn a 16 percent collection fee. This proposal saves \$3.7 billion over 10 years, which will be invested in maintaining the Pell Grant program maximum award.

## F. HIGHER EDUCATION PROGRAMS

### Overview

The Administration's 2014 request includes \$2.2 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.

The Administration's budget invests in systemic State reform in postsecondary education through a \$1 billion request for a new Race to the Top—College Affordability and Completion competition that would be funded in the Innovation and Instructional Teams account. This competition would drive comprehensive change in State higher education policies and practices in order to improve college affordability, access, and quality. The new program would create a strong incentive for States to implement key reforms such as maintaining fiscal support for higher education while modernizing funding policies to constrain costs and improve outcomes, removing barriers preventing the creation of innovative methods of student learning and new degree pathways, empowering consumer choice through increased transparency, and smoothing transitions for students from high school into college and between colleges.

The Administration's budget invests in innovation at the institutional level through a \$260 million request for the Fund for the Improvement of Postsecondary Education (FIPSE), which would support the first year of the First in the World fund. This proposal includes approximately \$175 million for an evidence-based grant competition, modeled after the Investing in Innovation (i3) program for K-12 education, which would provide incentives for innovation and building evidence of what works to reduce costs and improve outcomes in postsecondary education. The competition would include a priority for projects designed to improve college access and selection for high-need secondary school students. In addition, up to \$75 million, to be available until expended, would be used to support (1) projects to develop third-party validation systems that identify competencies, assessments, and curricula for specific fields; and (2) Pay for Success awards to providers of free two-year degrees, especially in field supported by validation systems.

The request includes \$67.6 million, an increase of \$67 million, for GPRA data/HEA program evaluation. Funding would support the on-going evaluation of Pell Grant expansions under the Experimental Sites Study, a study of dual enrollment programs, and other research on strategies for effectively delivering student aid.

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 in discretionary funding for the Aid for Hispanic-serving Institutions programs.

The request 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 assist middle and high school students in 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 \$80.9 million, an increase of \$6.9 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>2012</u>	<u>2013</u>	<u>2014</u> <u>Request</u>
Strengthening Institutions (SIP) .....	\$80.6	\$80.6	\$80.6
Strengthening Tribally Controlled Colleges and Universities (TCCUs) .....	25.7	25.7	25.7
Strengthening Tribally Controlled Colleges and Universities (mandatory TCCUs).....	30.0 <sup>1</sup>	30.0 <sup>1</sup>	30.0 <sup>1</sup>
Strengthening Alaska Native and Native Hawaiian-serving Institutions (ANNHs) .....	12.9	12.9	12.9
Strengthening Alaska Native and Native Hawaiian-serving Institutions (mandatory ANNHs) .....	15.0 <sup>1</sup>	15.0 <sup>1</sup>	15.0 <sup>1</sup>
Strengthening Historically Black Colleges and Universities (HBCUs) .....	228.0	228.0	228.0
Strengthening Historically Black Colleges and Universities (mandatory HBCUs).....	85.0 <sup>1</sup>	85.0 <sup>1</sup>	85.0 <sup>1</sup>
Strengthening Historically Black Graduate Institutions (HBGIs).....	59.0	59.0	59.0
Master's Degree Programs at HBCUs and PBIs (mandatory HBCUs/PBIs).....	11.5 <sup>2</sup>	11.5 <sup>2</sup>	11.5 <sup>2</sup>
Strengthening Predominantly Black Institutions (PBIs).....	9.4	9.3	9.3
Strengthening Predominantly Black Institutions (mandatory PBIs) .....	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 (AANAPISIs) .....	3.1	3.1	3.1
Strengthening Asian American and Native American Pacific Islander-serving Institutions (mandatory AANAPISIs) .....	5.0 <sup>1</sup>	5.0 <sup>1</sup>	5.0 <sup>1</sup>
Strengthening Native American-serving nontribal institutions (NASNTIs) .....	3.1	3.1	3.1
Strengthening Native American-serving nontribal institutions (mandatory NASNTIs) .	5.0 <sup>1</sup>	5.0 <sup>1</sup>	5.0 <sup>1</sup>
Minority Science and Engineering Improvement (MSEIP) .....	<u>9.5</u>	<u>9.5</u>	<u>9.5</u>
Total.....	597.6	597.6	597.6
Discretionary .....	431.1	431.1	431.1
Mandatory .....	166.5	166.5	166.5

Note: The figures shown for 2013 exclude the impact of the 0.612 percent across-the-board discretionary increase provided in P.L. 112-175, the 0.2 percent across-the-board discretionary decrease required by P.L. 113-6, and sequester reductions of 5 percent for discretionary funding and 5.1 percent for mandatory funding required by the Budget Control Act of 2011.

<sup>1</sup> Mandatory appropriations provided under Section 371 of the HEA, as amended by 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 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 126 continuation grants and would enable the Department to award 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 available under section 371.

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 14 continuation 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 2014 mandatory funds to award 15 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 2014 funding would support 96 HBCUs. In 2014, \$85 million in mandatory funding is available 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 the fourth year of funding for 35 PBI grantees. In addition, \$15 million in mandatory funding is available in 2014 for continuation awards to 27 grantees.

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 continuation grants for institutions serving this diverse population. In addition, mandatory funding of \$5 million is available in 2014 to support 11 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 continuation awards and an additional \$5 million in mandatory funds will support 13 continuation grants.

The Minority Science and Engineering Improvement program would fund 31 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>2012</u>	<u>2013</u>	<u>2014</u> <u>Request</u>
Developing HSIs .....	\$100.4	\$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) .....	9.0	9.0	9.0
(mandatory) .....	<u>11.5</u> <sup>2</sup>	<u>11.5</u> <sup>2</sup>	<u>11.5</u> <sup>2</sup>
Total .....	220.9	220.9	220.9
Discretionary .....	109.4	109.4	109.4
Mandatory .....	111.5	111.5	111.5

Note: The figures shown for 2013 exclude the impact of the 0.612 percent across-the-board discretionary increase provided in P.L. 112-175, the 0.2 percent across-the-board discretionary decrease required by P.L. 113-6, and sequester reductions of 5 percent for discretionary funding and 5.1 percent for mandatory funding required by the Budget Control Act of 2011.

<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 2014, \$100.4 million in discretionary funding would support approximately 155 new and continuation awards, while \$100 million in mandatory funds available under section 371 of the HEA would support 111 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 post baccalaureate certificate or post baccalaureate 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 2014, \$9.0 million in discretionary funding would support 20 continuation awards, while \$11.5 million in mandatory funding provided under section 898 of the HEA would support an additional 22 continuation awards.



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

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
Domestic Programs .....	\$66.6	\$66.6	\$73.5
Overseas Programs .....	<u>7.5</u>	<u>7.5</u>	<u>7.5</u>
<b>Total .....</b>	<b>74.1</b>	<b>74.1</b>	<b>80.9</b>

Note: The amounts shown for FY 2013 exclude the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 request would enable the Department to help maintain the national capacity in teaching and learning less commonly taught languages and associated area studies and to continue to work toward increasing the global competency of all U.S. students. The proposed \$6.9 million increase for Domestic Programs in 2014 will support these objectives.

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

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
First in the World Awards .....	—	—	\$247.2
International Consortia .....	\$2.1	TBD	—
Training for Realtime Writers.....	1.1	TBD	—
Model Transition Programs .....	—	—	11.0
Other.....	<u>0.3</u>	<u>\$0.3</u>	<u>1.5</u>
<b>Total .....</b>	<b>3.5</b>	<b>3.5</b>	<b>260.0</b>

Note: The amounts shown for FY 2013 exclude the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

FIPSE awards competitive grants to support exemplary, locally developed projects that are models for innovative reform and improvement in postsecondary education. The 2014 request would provide approximately \$260 million for the First in the World (FITW) fund. Up to \$175 million of FITW funds would be used to support an evidence-based grant competition, which would apply the lessons of the successful Investing in Innovation (i3) program for K-12 to the challenge of improving college attainment and productivity. 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 proven strategies. The competition would include a priority for projects designed to improve college access and selection for high-need secondary school students. In addition, up to \$75 million, to be available until expended, would be used to

support (1) projects to develop third-party validation systems that identify competencies, assessments, and curricula for specific fields, and (2) Pay for Success awards to providers of free 2-year degrees, especially in fields supported by validation systems. These initiatives build alternative pathways for programs that are non-accredited, and therefore do not qualify for Federal grants and student loans, to receive Federal support if they can demonstrate positive student 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>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$8.1	\$8.1	\$8.1

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$36.5	\$36.5	\$36.5

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 2014 request would support approximately 45 HEP projects and 40 CAMP projects, as well as outreach, technical assistance and professional development activities.

Federal TRIO Programs  
(BA in millions)

	<u>2012</u>	<u>2013</u>	<u>2014</u> <u>Request</u>
Talent Search .....	\$136.0	\$135.9	\$135.5
Upward Bound .....	268.1	266.4	266.7
Veterans Upward Bound .....	14.4	14.1	13.8
Upward Bound Math-Science.....	44.1	43.1	43.1
Educational Opportunity Centers .....	45.9	46.9	46.9
Student Support Services .....	290.3	291.2	291.2
McNair Post Baccalaureate Achievement ....	37.3	35.9	35.7
Staff Training .....	1.4	1.4	1.4
Evaluation .....	—	3.2	TBD
Administration/Peer Review .....	2.4	1.7	TBD
Undistributed.....	—	—	<u>4.3</u>
<u>Total .....</u>	<u>839.9</u>	<u>839.9</u>	<u>839.9</u>

Note: The amounts shown for FY 2013 exclude the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

The TRIO programs are among the Department's largest investments aimed at getting more students prepared for, into, and through postsecondary education. The request would maintain overall funding at the 2012 level for these college preparation and student support programs, including approximately 2,792 TRIO projects serving middle school, high school, and college students and adults.

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

	<u>2012</u>	<u>2013</u>	<u>2014</u> <u>Request</u>
BA in millions .....	\$302.2	\$302.2	\$302.2

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 support new and continuation awards for approximately 35 States and 87 Partnerships in fiscal year 2014.

Graduate Assistance in Areas of National Need (GAANN)  
(BA in millions)

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$30.9	\$30.9	\$30.9

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 2014 request would support approximately 683 fellowships, including continuation awards for Javits fellowship recipients.

Child Care Access Means Parents in School

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$16.0	\$16.0	\$16.0

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 2014 request would support approximately 155 projects.

GPRA Data/HEA Program Evaluation

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$0.6	\$0.6	\$67.6

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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. The request includes \$32 million to support a demonstration and evaluation of dual enrollment programs, to be co-funded with \$10 million from Career and Technical Education National Programs. Funds would be used to establish or expand dual enrollment programs aligned with career pathways and local workforce needs that offer high school and adult students the opportunity to earn college credits while enrolled in a high school or GED program. In addition, funds would support an on-going evaluation of the Pell grant expansions under the Experimental Sites

Study, and a number of other studies of strategies for providing student aid in ways that improve postsecondary access and outcomes.

### Academic Facilities

(BA in millions)

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
HBCU Capital Financing Program.....	\$20.5	\$20.5	\$20.5
CHAFL Federal Administration.....	0.5	0.5	0.5

Note: The amounts shown for FY 2013 exclude the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 2014. 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>2012</u>	<u>2013</u>	<u>2014 Request</u>
General Support.....	\$205.2	\$205.2	\$205.2
Howard University Hospital .....	<u>28.8</u>	<u>28.8</u>	<u>28.8</u>
<b>Total .....</b>	<b>234.1</b>	<b>234.1</b>	<b>234.1</b>

Note: The amounts shown for FY 2013 exclude the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

The 2014 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 39 percent of Howard University's operating costs.

## G. 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 2014, the Administration is seeking \$671.1 million for IES activities, an increase of \$77.4 million over the 2012 appropriation. This request would enable IES to award at least \$53.5 million in new research and development grants in early learning and elementary, secondary, and postsecondary education and at least \$5 million for new research and development awards in special education. NCES would receive an additional \$14 million to support State participation in the Program for International Student Assessment (PISA) and to collect certain National Postsecondary Student Aid Survey (NPSAS) data every 2 years. In addition, the Statewide Data Systems program would receive an additional \$46.9 million for initiatives to improve information on students as they move from high school to postsecondary education and the workforce and for new grant awards.

The request would continue the Administration's commitment to supporting the Regional Educational Laboratories, the Assessment program, and Special Education Studies and Evaluations.

#### Research, Development, and Dissemination

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$189.8	\$189.8	\$202.3

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 enable 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 funds to support a new program, Partnerships and Collaborations Focused on Problems of Practice or Policy, which would support research focused on understanding strategies intended to support continuous improvement at the level of education systems.

Statistics

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$108.7	\$108.7	\$122.7

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

The Department's statistics program—operated primarily through competitively awarded contracts administered by the National Center for Education Statistics (NCES)—provides general statistics about trends in education, collects data to monitor reform and measure educational progress, and informs the IES research agenda. The 2014 request, an increase of \$14 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 provide \$6 million 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 and \$8 million to begin collecting certain National Postsecondary Student Aid Survey (NPSAS) data every 2 years, providing more timely information on educational costs, financial aid, enrollment, and student progress.

Regional Educational Laboratories (REL)

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$57.4	\$57.4	\$57.4

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

The requested funds would be used to support the third year of the 5-year REL contracts. 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 efforts. Key priorities include providing technical assistance on data analysis, evaluating programs, and using data from State longitudinal data systems for research and evaluation that addresses important issues of policy and practice.

Assessment

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$138.3	\$138.3	\$132.3

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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.

The assessments currently scheduled for 2014 are U.S. history, civics, and geography, as well as a technology and engineering literacy assessment. 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>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$49.9	\$49.9	\$59.9

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 request includes a \$10 million increase over the 2012 level to provide support for programs of research on families of children with disabilities; technology for special education; developmental outcomes and school readiness of infants, toddlers, and young children with disabilities; educational outcomes in core subject areas for children with disabilities; and social and behavioral outcomes.

Statewide Data Systems

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$38.1	\$38.1	\$85.0

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

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 \$25 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 \$46.9 million increase includes \$36 million for new grants emphasizing early childhood data linkages and better use of data in analysis and policymaking and \$10 million for postsecondary data initiatives designed to improve information on students as they progress from high school to postsecondary education and the workforce.



Special Education Studies and Evaluations

	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
BA in millions .....	\$11.4	\$11.4	\$11.4

Note: The amount shown for FY 2013 excludes the 0.612 percent across-the-board increase provided in P.L. 112-175, the 0.2 percent across-the-board decrease required by P.L. 113-6, and the sequester reduction of 5 percent required by the Budget Control Act of 2011.

This program supports studies 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 an evaluation of Positive Behavioral Interventions and Supports, a school-wide approach to address problem behaviors, as well as the development of options for evaluating the implementation of IDEA and the effectiveness of programs and services supported by IDEA programs.

### 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 of these programs into 11 new authorities that would allow the Department to direct funding to proven or promising practices while providing greater flexibility to grantees. 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 2013, Congress had eliminated funding for 24 of these programs, but had not provided the more flexible, consolidated program structure proposed by the Administration, which would allow continued support for some of the eliminated activities while reducing duplication and administrative costs and improving 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. The table shown below is followed by a brief summary of each program, in alphabetical order, that would be consolidated or eliminated under the 2014 request.

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

Program (2012 BA in millions)

Advanced Placement .....	\$30.1
Arts in Education.....	25.0
Charter School Grants .....	254.8
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
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 .....	3,835.5

**Programs Proposed for Consolidation or Elimination in Fiscal Year 2014**  
(2012 BA in millions)

Advanced Placement ..... \$30.1

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..... \$254.8

This program makes competitive grants to State educational agencies and charter school developers 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 .....—

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 improve 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 their employment opportunities. To reduce duplication and administrative inefficiencies, this program would be eliminated to support 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.

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.

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

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

This formula grant program, which provides supplemental funds to State VR agencies for supported employment services for individuals with the most significant disabilities participating in the VR State Grants program, would be eliminated, as it has accomplished its goal. 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 fund 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 education 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 14 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 2014 request would deliver \$14.5 billion to help 23 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 6.5 million students with disabilities; Federal Pell Grants, which would make available nearly \$35.4 billion in need-based grant assistance to 9.4 million students enrolled in postsecondary institutions; and the postsecondary student loan programs, which would help provide roughly \$140 billion in new and consolidated 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, saving \$68 billion that was redirected in large part 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.

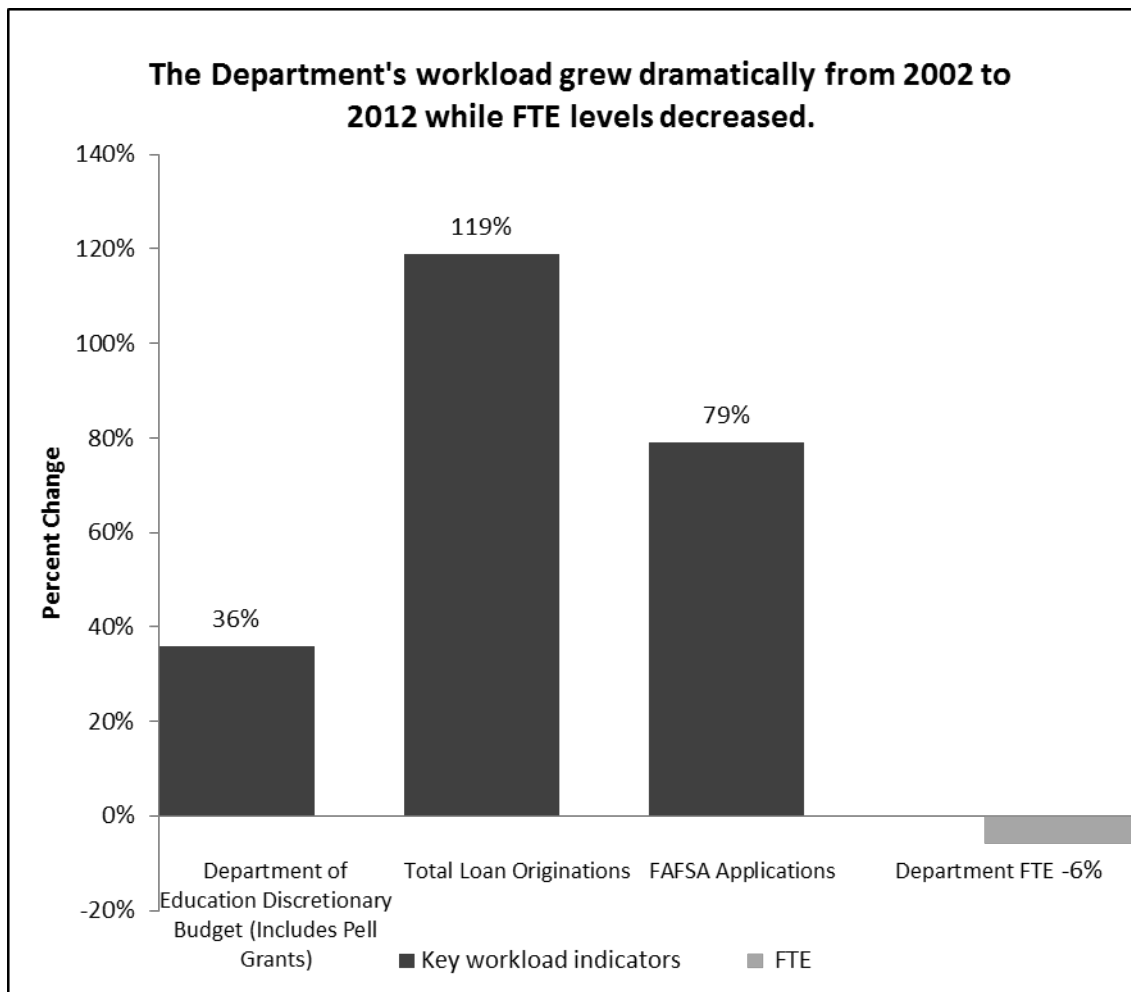
At the same time, the Administration has succeeded in eliminating or consolidating 49 programs that had served their purpose, proven ineffective, or were more effectively supported through

other, broader authorities. These eliminations are saving more than \$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.

While the Department is administering fewer programs, it also has taken on new, complex statutory, regulatory, and administrative responsibilities. 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 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).

Despite the dramatic increase in its workload over the past decade, the Department has been able to control its administrative costs by reducing headcount and improving its acquisition and financial management. The following chart compares the cumulative percentage increases, from 2002 to 2012, of the Department’s discretionary budget, total loan originations, and FAFSA applications, with the Department’s total full-time equivalent (FTE) usage.

### Salaries and Expenses Overview



	<u>2012</u>	<u>2013</u>	<u>2014 Request</u>
Departmental Management (BA in millions)			
Program Administration	\$446.3	\$446.3	\$463.5 <sup>1</sup>
Office of Civil Rights	102.6	102.6	107.5
Office of Inspector General	59.8	59.8	62.3
Student Aid Administration	1,043.4 <sup>2</sup>	1,043.4 <sup>2</sup>	1,050.1 <sup>2</sup>
Other	<u>9.9</u> <sup>3</sup>	<u>9.8</u> <sup>3</sup>	<u>8.8</u> <sup>3</sup>
Total	1,662.0	1,661.9	1,692.2
Full-time equivalent employment (FTE)			
Program Administration	2,053	2,035	2,051
Office of Civil Rights	582	598	598
Office of Inspector General	265	269	277
Student Aid Administration	1,325	1,326	1,321
Other	18	19	19
Subtotal	<u>4,243</u>	<u>4,247</u>	<u>4,266</u>
Recovery Act (Office of Inspector General)	33	0	0
Total	<u>4,276</u> <sup>4</sup>	<u>4,247</u> <sup>4</sup>	<u>4,266</u> <sup>4</sup>

Note: The figures shown for 2013 exclude the impact of the 0.612 percent across-the-board discretionary increase provided in P.L. 112-175, the 0.2 percent across-the-board discretionary decrease required by P.L. 113-6, and sequester reductions of 5 percent for discretionary funding and 5.1 percent for mandatory funding required by the Budget Control Act of 2011.

<sup>1</sup> Includes \$2.0 million in 2014 for Building Modernization.

<sup>2</sup> Excludes \$276.7 million in 2012, \$385.9 million in 2013, and \$434.4 million in 2014 in Mandatory funds.

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

<sup>4</sup> Actual FTE usage in 2012; target for 2013 and 2014.



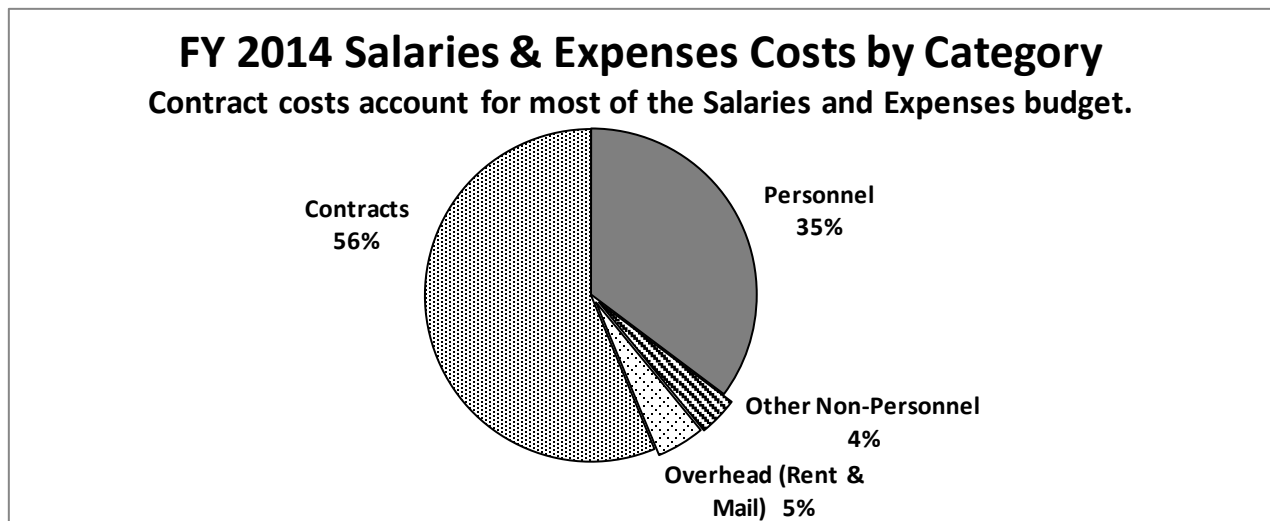
The 2014 budget request for Salaries and Expenses (S&E) will pay the costs of staff, overhead, contracts, and other activities needed to administer and monitor the Department's educational assistance programs. The Department of Education has the smallest staff of the 15 Cabinet agencies, but its discretionary budget alone is the third largest, behind only the Department of Defense and the Department of Health and Human Services. In addition, its efficient and contractor-assisted administration of student financial assistance helps limit administrative costs for student aid to less than 1 percent of the nearly \$155 billion of new aid available annually, not including consolidations, through Department programs. 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 6 percent.

The Department is requesting \$1.692 billion for its S&E budget in 2014, an increase of \$30 million, or 2 percent, over the 2013 level. The Department's Salaries and Expenses budget in 2014 also includes \$434.4 million in mandatory funding for Not-For-Profit (NFP) loan servicers in the Student Aid Administration account. In addition, the Department of Health and Human Services (HHS) has requested and will transfer \$3 million in additional funds to the Student Aid Administration account to manage and service the Health Education Assistance Loan (HEAL) Program.

The requested increase is focused mainly on key overhead areas: Education's Central Automated Processing System (EDCAPS), rent, IT security, IT system enhancements, and building modernization costs associated with Department-occupied buildings.

The chart below provides detail on the total Salaries and Expenses request of \$1.692 billion by category.

### Department Employment



The 2014 request includes funding for 4,266 FTE, a net increase of 19 FTE from the 2013 level of 4,247 FTE. Three FTE are requested in the Office of Elementary and Secondary Education to handle increased workload related to monitoring and providing technical assistance to support effective State implementation of ESEA flexibility plans designed to improve educational outcomes for all students. As there will be significant variation in the State accountability and support systems created under ESEA flexibility, these FTE would also support the effort to build

a body of evidence through the development and analysis of program performance measures and program evaluations. An additional 5 FTE are requested in the Office of Innovation and Improvement to establish an Office of Science, Technology, Engineering, and Mathematics (STEM) Education that would play a critical role in improving K-12 STEM instruction as part of the consolidation and realignment of Federal STEM programs. An additional 8 FTE will be used in the Office of Inspector General to support audit, investigation, and inspection activities, as well as information technology (IT) audits and computer crime investigations (cyber security) for all Department programs. Eight additional FTE are requested to strengthen the Department's evaluation capacities in response to the OMB Memorandum M-12-14. The request includes a 5 FTE reduction in Federal Student Aid.

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). 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.



**Location of the Department of Education  
Regional and Field Offices**

## **Program Administration**

The Program Administration account provides administrative support for most programs and offices in the Department. The 2014 request totals \$463.5 million, an increase of \$17.0 million, or 3.8 percent, above the 2013 level. The request includes \$292.0 million for personnel compensation and benefits to support 2,051 FTE, which reflects an increase of 16 FTE from the 2013 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 2014 is \$171.4 million, an increase of \$12.2 million from the 2013 level of \$159.2 million. This increase is needed to: (1) support the new Office of STEM Education, which will engage in outreach and technical assistance activities to States and districts in support of the STEM Innovation initiative; (2) provide continued operations of EDCAPS, the Department's core financial system; and (3) complete the implementation of a new Contracts and Purchasing Support System to replace the current system, which is at the end of its lifecycle and is not meeting key functionality needs required to manage the contract acquisition and purchasing process.

## **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 education for students and families about the process for obtaining aid, processing student financial aid applications, disbursing aid, insuring existing loans, and servicing 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 2012-2013 award year, FSA delivered or supported the delivery of approximately \$177.3 billion in grant, work-study, and loan assistance, including loan consolidations, to almost 14 million postsecondary students and their families. These students attended approximately 6,200 active institutions of postsecondary education accredited by dozens of 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 is currently contracted with 16 loan servicers, both For-Profit and Not-For-Profit, in order to meet the growing demands of servicing Direct Loans and servicing loans purchased under ECASLA.

The Student Aid Administration account represents 62 percent of the Department's total discretionary administrative budget. The 2014 request would provide \$1.1 billion to administer student aid programs, an increase of \$6.7 million over the 2013 level. The requested funds are necessary to manage and service the student loan portfolio, including anticipated increases in loan volume; maintain operations for student aid application processing, origination and disbursement functions, as well as student aid IT system hosting; and manage the acquisition strategy for Federal Student Aid's (FSA) core contracts for origination and disbursement and system hosting.

### **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 as civil rights complaints received by the Department have increased from 6,364 in 2009 to an estimated 8,200 in 2014. The 2014 request for OCR is \$107.5 million, an increase of \$4.9 million over the 2013 level. Most of the requested increase is for the Civil Rights Data collection (CRDC), which will be used to complete survey activities relating to the data for the 2011-2012 school year, support enhanced data quality activities, publish data through the CRDC website, and support planning activities for the next universal data collection, scheduled for the 2013-2014 school year. About \$80.6 million of the OCR budget is for staff pay and benefits for its 598 FTE; the remaining \$20.5 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 Inspector General**

The Office of 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 2014 request for the OIG is \$62.3 million, an increase of \$2.5 million over the 2013 level. Approximately 65 percent of this amount, or \$40.7 million, is for personnel compensation and benefits to support a staffing level of 277 FTE.

The non-personnel request of \$21.6 million includes \$2.2 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, a new tool to help determine whether accounting anomalies are indicative of fraudulent activity.

## APPENDICES

- [Sequestration and Continuing Resolution at the Department of Education](#)
- [Summary of Discretionary Funds](#)
- [Mandatory Funding in the Department of Education](#)
- [Summary of Mandatory Funds](#)
- [Advance Appropriations for Department of Education](#)
- [Total Expenditures for Elementary and Secondary Education in the United States](#)
- [Detailed Budget Table by Program](#)