

## REQUIRED SUPPLEMENTARY STEWARDSHIP INFORMATION

### Stewardship Expenses

In the Department of Education, discretionary spending constitutes the majority of the budget and includes nearly all programs, the notable exceptions being student loans and rehabilitative services. Although spending for entitlement programs is usually a function of the authorizing statutes creating the programs and is not generally affected by appropriations laws, spending for discretionary programs is decided in the annual appropriations process.

Education in the United States is primarily a state and local responsibility. States, communities and public and private organizations establish schools and colleges, develop curricula and determine requirements for enrollment and graduation. The structure of education finance in America reflects this. It is estimated that roughly \$1.125 trillion will be spent nationwide on education at all levels for the school year 2009-2010, with Department of Education expenditures, as well as loans and other aid made available as a result of the Department's student financial aid programs. The Department's FY 2009 appropriations of more than \$140.5 billion represent about 4 percent of the federal government's \$4.0 trillion FY 2009 budget. The significant increase over the Department's FY 2008 appropriations reported last year is due to the *American Recovery and Reinvestment Act of 2009 (Recovery Act)*.

### *The American Recovery and Reinvestment Act of 2009*

The *Recovery Act*, enacted on February 17, 2009, provided \$98.2 billion to the Department for improving schools, raising students' achievement, driving reform and producing better results for children and young people for the long term health of the nation. Approximately 55 percent of the Department's *Recovery Act* funding was appropriated for the creation of a new State Fiscal Stabilization Fund with the goal to stabilize state and local government budgets to avoid reductions in education and other essential public services while driving education reform. The Department was tasked with promptly disbursing these funds through a variety of existing and new grant programs, while ensuring the transparency and accountability of every dollar spent.

### Investment in Human Capital

**Office of Federal Student Aid.** The Office of Federal Student Aid administers need-based financial assistance programs for students pursuing postsecondary education and makes available federal grants, direct loans, guaranteed loans and work-study funding to eligible undergraduate and graduate students. See more detail at:

<http://www.ed.gov/about/offices/list/fsa/index.html?src=oc>

**Office of Elementary and Secondary Education.** The Office of Elementary and Secondary Education provides leadership, technical assistance and financial support to state and local educational agencies for the reform, strategic investment and innovation in preschool, elementary and secondary education. Financial assistance programs support services for children in high-poverty schools, institutions for neglected and delinquent children, homeless children, certain Native American children, children of migrant families and children who live on or whose parents work on federal property. Funding is also provided to increase the academic achievement of students by ensuring that all teachers are highly qualified. See more detail at:

<http://www.ed.gov/about/offices/list/oese/index.html?src=oc>

**Office of Special Education and Rehabilitative Services.** The Office of Special Education and Rehabilitative Services supports state and local programs that assist in educating children, youth and adults with special needs to increase their level of employment, productivity, independence and integration into the community. Funding is also provided for research to improve the quality of their lives. See more detail at:

<http://www.ed.gov/about/offices/list/osers/index.html?src=oc>

**Office of Safe and Drug-Free Schools.** The Office of Safe and Drug-Free Schools supports efforts to create safe and violence-free schools, respond to crises, prevent drug and alcohol abuse, ensure the health and well-being of students and teach students good citizenship and character. Grants emphasize coordinated, collaborative responses to develop and maintain safe, disciplined and drug-free learning environments. See more detail at:

<http://www.ed.gov/about/offices/list/osdfs/index.html?src=oc>

**Office of Innovation and Improvement.** The Office of Innovation and Improvement makes strategic investments in educational practices through grants to states, schools and community and nonprofit organizations. The office leads the movement for greater parental options such as charter schools. The office also supports special grants designed to raise student achievement by improving teachers' knowledge and understanding of and appreciation for traditional U.S. history. See more detail at:

<http://www.ed.gov/about/offices/list/oii/index.html?src=oc>

**Institute of Education Sciences.** Established by the *Education Sciences Reform Act of 2002*, the Institute of Education Sciences is the research arm of the Department of Education. Its mission is to expand knowledge and provide information on the condition of education, practices that improve academic achievement and the effectiveness of federal and other education programs. Its goal is the transformation of education into an evidence-based field in which decision makers routinely seek out the best available research and data before adopting programs or practices that will affect significant numbers of students. See more detail at:

<http://www.ed.gov/about/offices/list/ies/index.html?src=oc>

**Office of English Language Acquisition.** The Office of English Language Acquisition directs programs designed to enable students with limited English proficiency to become proficient in English and meet state academic content and student achievement standards. Enhanced instructional opportunities are provided to children and youths of Native American, Alaska Native, Native Hawaiian, Pacific Islander and immigrant backgrounds who are limited English proficient. Grants pay the federal share of the cost of model programs for the establishment, improvement or expansion of foreign language study in elementary and secondary schools. See more detail at:

<http://www.ed.gov/about/offices/list/oela/index.html?src=oc>

**Office of Vocational and Adult Education.** The Office of Vocational and Adult Education provides leadership, technical assistance and funding for adult education and career and technical education to state and local agencies to help students improve their literacy skills and prepare them for postsecondary education and careers through strong high school programs and career and technical education. The office ensures the equal access of minorities, women, individuals with disabilities and disadvantaged persons to career and technical education and adult education and ensures that career and technical education students are held to the same challenging academic content and academic achievement standards established by the state under the *Elementary and Secondary Education Act of 1965*. Funding is also provided to promote identification and dissemination of effective practices in raising student achievement in high schools, community colleges and adult education programs and support targeted research investments. See more detail at: <http://www.ed.gov/about/offices/list/ovae/index.html?src=oc>

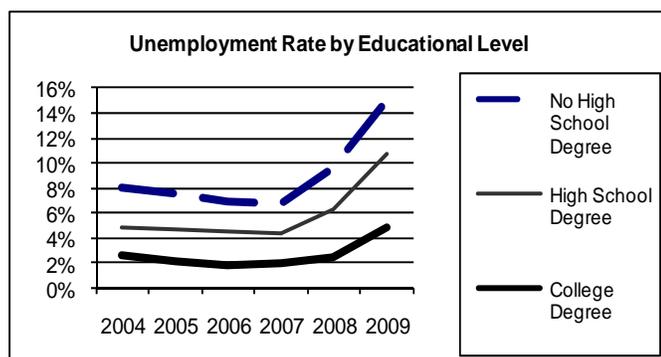
**Office of Postsecondary Education.** The Office of Postsecondary Education provides grants to colleges and universities, as well as to non-profit organizations to: promote reform, innovation and improvement in postsecondary education; increase access to and completion of postsecondary education by disadvantaged students; strengthen the capacity of colleges and universities that serve a high percentage of minority and disadvantaged students; and improve teacher and student development resources. The international programs promote international education and foreign language studies and research. The office administers the accrediting agency recognition process and coordinates activities with states that affect institutional participation in federal financial assistance programs. See more detail at: <http://www.ed.gov/about/offices/list/ope/index.html?src=oc>

Summary of Human Capital Expenses					
(Dollars in Millions)	2009	2008	2007	2006	2005
<b>Federal Student Aid Expense</b>					
Direct Loan Subsidy <sup>1</sup>	\$ (9,603)	\$ 5,236	\$ (499)	\$ 6,655	\$ 5,211
FFEL Program Subsidy <sup>1</sup>	(29,940)	(2,852)	4,884	28,062	9,863
Grant Programs	17,302	17,464	15,092	15,447	15,070
Salaries and Administrative	186	189	173	172	164
<b>Subtotal</b>	<b>(22,055)</b>	<b>20,037</b>	<b>19,650</b>	<b>50,336</b>	<b>30,308</b>
<b>Other Departmental</b>					
Elementary and Secondary Education	21,443	21,583	21,199	21,710	22,940
Special Education and Rehabilitative Services	15,075	15,730	15,402	15,215	13,995
American Recovery and Reinvestment	21,616				
Other Departmental Programs	7,150	4,911	5,109	5,353	6,067
Salaries and Administrative	472	491	467	467	486
<b>Subtotal</b>	<b>65,756</b>	<b>42,715</b>	<b>42,177</b>	<b>42,745</b>	<b>43,488</b>
<b>Grand Total</b>	<b>\$ 43,701</b>	<b>\$ 62,752</b>	<b>\$ 61,827</b>	<b>\$ 93,081</b>	<b>\$ 73,796</b>

<sup>1</sup> A reduction of 30 percent in human capital costs from FY 2008 to FY 2009 is due to downward re-estimates and negative subsidies in the Direct Loan and FFEL programs.

## Program Outcomes

Education is the stepping stone to higher living standards for American citizens, and it is vital to national economic growth. However, education's contribution is more than increased productivity and incomes. Education improves health, promotes social change and opens doors to a better future for children and adults.



Economic outcomes, such as wage and salary levels, historically have been determined by the educational attainment of individuals and the skills employers expect of those entering the labor force. Both individuals and society as a whole have placed increased emphasis on educational attainment as the workplace has become increasingly technological, and employers now seek employees with the highest level of skills. For prospective employees, the focus on higher-level skills means investing in learning or developing skills through education. Like all investments, developing higher-level skills involves costs and benefits.

Returns, or benefits, of investing in education come in many forms. While some returns accrue for the individual, others benefit society and the nation in general. Returns related to

the individual include higher earnings, better job opportunities and jobs that are less sensitive to general economic conditions. Returns related to the economy and society include reduced reliance on welfare subsidies, increased participation in civic activities and greater productivity. Over time, the returns of developing skills through education have become evident. Statistics illustrate the rewards of completing high school and investing in postsecondary education.

**Unemployment Rate.** Individuals with lower levels of educational attainment are more likely to be unemployed than those who had higher levels of educational attainment. The August 2009 unemployment rate for adults (25 years old and over) who had not completed high school was 15.0 percent, compared with 10.8 percent for those with four years of high school and 4.9 percent for those with a bachelor's degree or higher. Younger people with only high school diplomas tended to have higher unemployment rates than adults 25 and over with similar levels of education.

**Annual Income.** As of July 2009, the annualized median income for adults (25 years old and over) varied considerably by education level. Men with a high school diploma earned \$37,128, compared with \$69,524 for men with a college degree. Women with a high school diploma earned \$28,600, compared with \$50,596 for women with a college degree. Men and women with college degrees earned 81 percent more than men and women with high school diplomas. These returns of investing in education directly translate into the advancement of the American economy as a whole.