Accomplishments for FY 2010

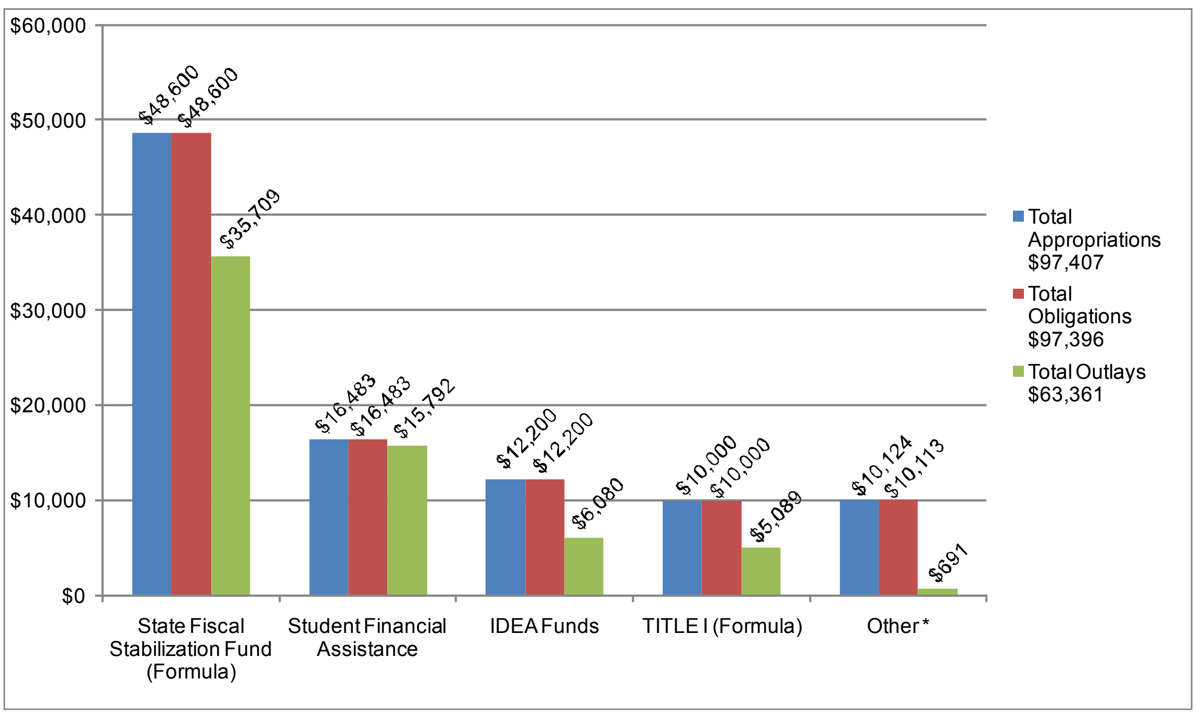
The American Recovery and Reinvestment Act of 2009

Overview

The *American Recovery and Reinvestment Act of 2009 (Recovery Act)* was signed into law by President Barack Obama on February 17, 2009. It is an unprecedented effort to jumpstart the economy, create or save millions of jobs, and put a down payment on addressing long-neglected challenges so that the nation can thrive in the 21st century. To see how *Recovery Act* funds are helping individual states, visit http://www.ed.gov/policy/gen/leg/recovery/state-fact-sheets/index.html.

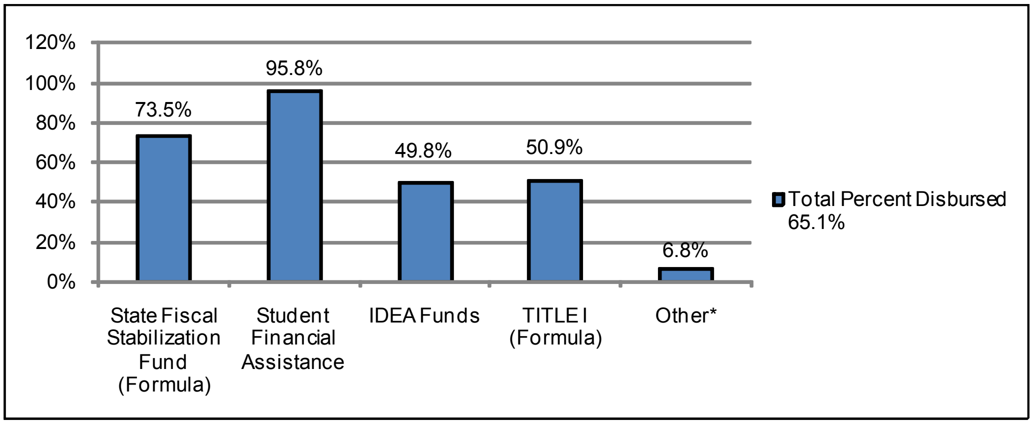
To learn more about the programs the Department administers under the *Recovery Act*, visit http://www.ed.gov/recovery.

Recovery Act Funding Summary
As of 09/30/10
(Dollars in Millions)



* The Other category includes funds for Impact Aid, Rehabilitative Services and Disability Research, School Improvement Programs, Higher Education, Investing in Innovation, Race to the Top, Institute of Education Sciences, Innovation and Improvement, Student Aid Administration, School Improvement Grants, and Office of Inspector General.

Percentage of Recovery Act Funding Disbursed As of 09/30/10
(Cumulative Outlays as a Percent of Cumulative Obligations)



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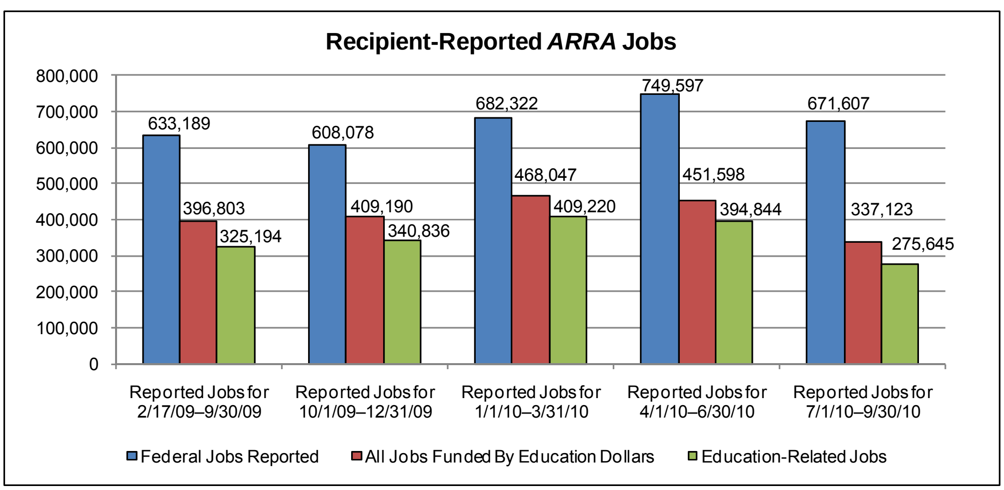
Recovery Act Recipient Reporting

Through a nationwide data collection process the *Recovery Act* requires recipients to submit reports on the use of the funding, and estimates on the number of jobs created and retained. The Department is firmly committed to the success of the reporting process and has devoted considerable resources to this effort.

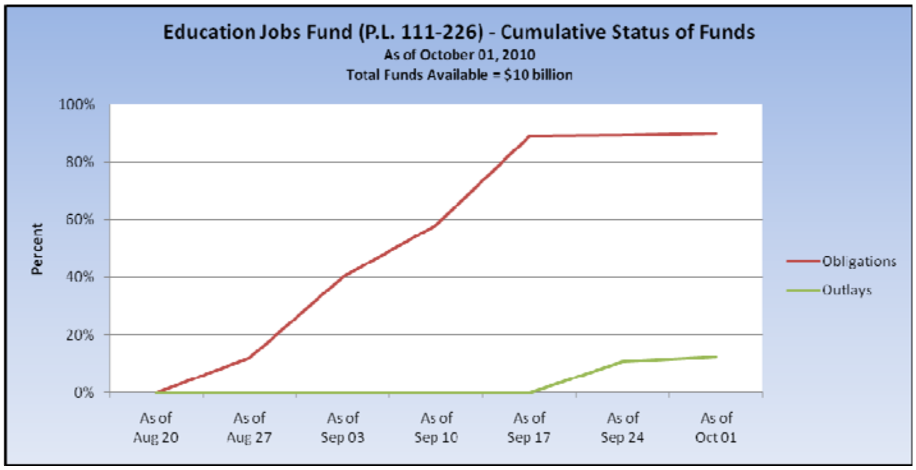
For the quarter ending September 30, 2010, grant recipients again reported that over 275,000 education jobs, such as teachers, principals, librarians, and counselors, were saved or created with *Recovery Act* funding. In total, the Department funding supported over 300,000 positions, including corrections officers, public health personnel, and construction workers.



For more information on governmentwide recipient reporting, visit:
http://www.recovery.gov/Transparency/RecipientReportedData/Pages/RecipientLanding.aspx.

Education Jobs Fund

The Education Jobs Fund (Ed Jobs) program is a new federal program that provides $10 billion in assistance to states to save or create education jobs for the 2010–11 school year. Jobs funded under this program include those that provide educational and related services for early childhood, elementary, and secondary education.



Ongoing Initiatives in Federal Student Aid

The Student Aid and Fiscal Responsibility Act

On March 30, 2010, the President signed the Health Care and Education Reconciliation Act, which included the Student Aid and Fiscal Responsibility Act (SAFRA Act), requiring that all new Federal Stafford, PLUS, and Consolidation loans be made through the William D. Ford Federal Direct Loan Program beginning July 1, 2010.

FSA successfully supported the transition of approximately 2,500 schools to the Direct Loan Program, almost doubling the number of participating schools; provided Direct Loan Program training to almost 5,200 financial aid professionals at the annual Fall Conference; processed over 10 million promissory notes, a 300 percent increase over the previous year; and supported the origination of over 19 million Direct Loans, a 176 percent increase in originations compared to the 2009–10 award year. As of September 30, 2010, 98 percent of domestic schools that had participated in the federal student loan programs in the previous two years had successfully originated a Direct Loan, and no school wishing to participate has been unable to do so.

For more information on the Federal Student Aid office, go to:
http://www2.ed.gov/about/offices/list/fsa/index.html?src=oc

Free Application for Federal Student Aid Simplification

In FY 2009, the President called for all Americans to seek at least one year of postsecondary education.[1] FSA's response to this charge was to improve access to a

[1] http://www.whitehouse.gov/issues/education/

college education by making the Free Application for Federal Student Aid (FAFSA) easier to complete. FSA continued these efforts during FY 2010. Specifically, FSA implemented an improved 2010–11 FAFSA that utilizes enhanced skip logic and the expanded use of data provided early in the application. Applicants are now presented with fewer questions and a more customized application process. This improved version resulted in a simpler experience for applicants. FSA began to coordinate with the Internal Revenue Service (IRS) to allow some applicants to import their tax form data directly into the FAFSA. Of the almost 900,000 applicants and their parents eligible to transfer data from the IRS, over 30 percent used this new functionality.

Ensuring Continued Access to Student Loans Act of 2008

Beginning in August 2008, the Department implemented a number of programs authorized under the *ECASLA* to ensure credit market disruptions did not deny eligible students and parents access to federal student loans for the 2008–09 academic year. The *ECASLA* authority, which originally expired on September 30, 2009, was subsequently extended through September 30, 2010, to administer the Loan Participation Purchase Program and Loan Purchase Commitment Program. The Asset-Backed Commercial Paper (ABCP) Conduit Program purchase option remains active until January 2014.

As of September 30, 2010, the Department has supplied approximately $107 billion to the lending market, students, and families through the various *ECASLA* programs. Programs authorized under *ECASLA* are summarized below:

Loan Participation Purchase Program

Under this program, lenders accessed capital to make new loans by selling the Department participation interests in eligible FFEL loans. Participation interests on loans made for the 2008–09 academic year had to have been redeemed, with interest, by lenders no later than October 15, 2009, either in cash or by selling the underlying loans to the Department; for loans made for academic year 2009–10, the deadline for redemption is October 15, 2010. For the 2008–09 loan period, the Department purchased over $33 billion in participation interests. As part of the process of redeeming the participation interests, $31 billion of those underlying loans were later sold to the Department. As of September 30, 2010, the Department had purchased over $38 billion in participation interests for the 2009–10 loan period. When the 2009–10 loan period ended October 15, 2010, participating lenders had sold over $37 billion of those underlying loans to the Department as part of the process of redeeming the participation interests.

Loan Purchase Commitment Program

Under this program, lenders accessed capital to make new loans by directly selling the Department eligible FFEL loans. For the 2008–09 loan period, a total of over $48 billion in loans was sold to the Department, $31 billion from the Loan Participation Purchase Program and $17 billion directly. As of September 30, 2010, for the 2009–10 loan period, over $33 billion in loans had been sold to the Department, with nearly $12 billion from the Loan Participation Purchase Program and $21 billion directly. When the 2009–10 program ended October 15, 2010, participating lenders sold approximately $60 billion of FFEL loans to the Department, including approximately $37 billion from the Loan Participation Purchase

Program, and approximately $23 billion directly. It is estimated that the 2009–10 volume accounts for approximately 95 percent of the total FFEL Program loans made for the period.

ABCP Conduit Program

The ABCP Conduit Program was developed to provide additional liquidity to support new lending. Under this program, which began operations in mid-2009, the Department entered into forward purchase commitments with a conduit. The conduit issues commercial paper backed by qualifying student loans made between October 1, 2003 and September 30, 2009. If no other financing is available to retire this paper as it matures, the Department commits to provide the needed funds by purchasing the underlying student loans. Lenders were able to place loans into the conduit until June 30, 2010. By that time, a total of 25 lenders had participated, and backed by their loans, the conduit issued a total of $41 billion in commercial paper. Under the Put Agreement with the conduit, the Department purchases loans subject to the occurrence of certain events. As of September 30, 2010, the Department had purchased about $0.5 billion in delinquent loans from the conduit. The conduit has not yet put any other loans to the Department. The option to sell loans to the Department ends January 2014. The ABCP Conduit Program is the single remaining active *ECASLA* program.

Innovation

Race to the Top

During FY 2010, the Department awarded 12 Race to the Top grants, expected to directly affect 13.6 million students and 980,000 teachers in 25,000 schools in Delaware, Florida, Georgia, Hawaii, Maryland, Massachusetts, New York, North Carolina, Ohio, Rhode Island, Tennessee, and the District of Columbia. These grants reward states that are leading the way in comprehensive, coherent, statewide education reform in key areas:

- adopting standards and assessments that prepare students to succeed in college and the workplace;
- building data systems that measure student growth and success, and inform teachers and principals how to improve instruction; and
- recruiting, developing, rewarding, and retaining effective teachers and principals, especially where they are needed most.

http://www2.ed.gov/programs/racetothetop/index.html

To provide ongoing feedback to teachers during the course of the school year, measure annual student growth, and move beyond narrowly-focused bubble tests, the Department awarded two groups of states grants to develop a new generation of tests. The tests will assess students' knowledge of mathematics and English language arts from third grade through high school.

http://www2.ed.gov/programs/racetothetop-assessment/index.html

Investing in Innovation Fund

The Department made grant awards to 49 applicants from a pool of nearly 1,700. The Investing in Innovation Fund, established under the *Recovery Act*, provides funding to support local educational agencies (LEAs) and nonprofit organizations in partnership with one or more LEAs or a consortium of schools. The purpose of this program is to provide competitive grants to applicants with a record of improving student achievement and attainment in order to expand the implementation of, and investment in, innovative practices that are demonstrated to have an impact on improving student achievement or student growth, closing achievement gaps, decreasing dropout rates, increasing high school graduation rates, or increasing college enrollment and completion rates.

http://www2.ed.gov/programs/innovation/index.html.

Teacher Incentive Fund

In FY 2010, the Department awarded in Teacher Incentive Fund (TIF) grants to states, school districts, nonprofit organizations, and institutions of higher education to develop and implement performance-based teacher and principal compensation systems in high-need schools. The winning applicants represent rural and urban school districts, as well as nonprofit groups and state education organizations from 27 states.

The TIF program seeks to strengthen the education profession by rewarding excellence, attracting teachers and principals to high-need schools, and providing all teachers and principals with the feedback and support they need to succeed.

http://www2.ed.gov/programs/teacherincentive/index.html.

State Fiscal Stabilization Fund

The State Fiscal Stabilization Fund (SFSF) provides resources for states to advance student-focused education reforms from early learning through postsecondary education, including: college- and career- ready standards and high-quality, valid, and reliable assessments for all students; development and use of pre-K through post-secondary and career data systems; increasing teacher effectiveness and ensuring an equitable distribution of qualified teachers; and turning around the lowest-performing schools.

State Fiscal Stabilization Fund Phase II awards continued through FY 2010, with the states and the District of Columbia receiving a portion of stabilization funds totaling $11.5 billion.

http://www2.ed.gov/policy/gen/leg/recovery/factsheet/stabilization-fund.html.

High School Graduation Initiative

The U.S. Department of Education's High School Graduation Initiative supports activities such as early warning systems designed to identify students at risk of dropping out, rigorous academic programs and support services to engage students and implement dropout prevention, credit recovery programs, and targeted re-engagement programs that identify out-of-school youth and encourage them to reenter school. The Initiative targets high schools with high dropout rates and middle schools that feed into schools with high dropout rates. In FY 2010, 29 states and districts were awarded $46.6 million under the High School Graduation Initiative.

http://www2.ed.gov/programs/dropout/index.html.

Customer Satisfaction With the Department of Education

The American Customer Satisfaction Index (ACSI) is the national indicator of customer evaluations of the quality of goods and services, and is the only uniform benchmarking measure of customer satisfaction across government agencies and private industry. The customer satisfaction index is a weighted average of three questions that measure overall satisfaction, satisfaction compared to expectations, and satisfaction compared to an "ideal" organization.

In FY 2010, the Department transitioned to a survey that focused exclusively on metrics of satisfaction among its grantees in order to evaluate program performance and to align with metrics of customer satisfaction in its Organizational Assessment. A total of 15 Department programs participated in the FY 2010 Grantee Satisfaction Survey. This year, the Department received its biggest gain in satisfaction with a score of 72, placing it 3 points above the current federal government average of 69. Grantee satisfaction with the Department's services continues its upward trend with a 2-point improvement in 2008, a 3-point improvement in 2009, and a 4-point improvement in 2010 over the previous year. For complete information, see the full report at http://www2.ed.gov/about/reports/annual/gss/index.html.

Customer Satisfaction Index
2005–2010