Ongoing Initiatives for the Department

Recent actions by President Obama's Administration addressed two important challenges facing the nation during FY 2011, creating implementation challenges for FY 2012. The actions will:

- provide steps to increase college affordability by making it easier to manage student loan debt (October 25, 2011); and
- provide state educational agencies and local educational agencies with flexibility regarding specific requirements of the *Elementary and Secondary Education Act of 1965 (ESEA*), as amended, in exchange for rigorous and comprehensive state-developed plans designed to improve educational outcomes for all students, close achievement gaps, increase equity, and improve the quality of instruction (September 23, 2011).

In FY 2012, the Department will focus on implementation of these actions, as well as awarding grants under the Race to the Top-Early Learning Challenge, expanding an initiative to identify and learn from top-performing teacher preparation programs, and addressing a wide range of challenges with initiatives that focus on meeting National Outcome Goals and Department Strategic Goals (See Performance Highlights).

Loan Defaults

On September 12, 2011, the Department released the most recently available student default rates. The official FY 2009 national student loan cohort default rate has risen to 8.8 percent, up from 7.0 percent in FY 2008. The cohort default rates increased for all sectors: from 6.0 percent to 7.2 percent for public institutions, from 4.0 percent to 4.6 percent for private nonprofit institutions, and from 11.6 percent to 15.0 percent at for-profit schools.

The rates represent a snapshot in time, with the FY 2009 cohort consisting of borrowers whose first loan repayments came due between October 1, 2008, and September 30, 2009, and who defaulted before September 30, 2010. More than 3.6 million borrowers from 5,900 schools entered repayment during this window of time, and more than 320,000 defaulted. Those borrowers who defaulted after the two-year period are not counted as defaulters in this data set.

"These hard economic times have made it even more difficult for student borrowers to repay their loans, and that's why implementing education reforms and protecting the maximum Pell grant is more important than ever," said U.S. Secretary of Education Arne Duncan. "We need to ensure that all students are able to access and enroll in quality programs that prepare them for well-paying jobs so they can enter the workforce and compete in our global marketplace."

ESEA Flexibility Authority

To support local and state education reform across the nation, the Department is assisting state and local educational agencies in obtaining waivers from certain provisions of the *Elementary and Secondary Education Act* (ESEA*)*, as amended.

Under this flexibility authority, states can request waivers from specific mandates if they are making progress in transitioning students, teachers, and schools to a system aligned with college- and career-ready standards for all students, developing differentiated accountability systems, and undertaking reforms to support effective classroom instruction and school leadership.

ESEA flexibility focuses on supporting state and local reform efforts in three critical areas:

- transitioning to college- and career-ready standards and assessments;
- developing systems of differentiated recognition, accountability, and support; and
- evaluating teacher and principal effectiveness.

A state may request flexibility through waivers of several specific provisions, most notably:

- Flexibility regarding the 2013–14 timeline for achieving 100 percent proficiency in reading and mathematics by establishing ambitious but achievable goals and supporting academic improvement efforts.
- Flexibility regarding district and school improvement and accountability requirements that may over-identify schools as "failing" and enables the state to provide targeted interventions to the schools and districts that are the lowest performing and have the largest achievement gaps.
- Flexibility in the use of federal education funds that enables states to use several federal funding streams that best meet their unique needs.

To receive flexibility through these waivers, a state must develop a rigorous and comprehensive plan addressing three critical areas:

- A state must have adopted college- and career-ready standards in reading/language arts and mathematics and transition its schools and districts to those standards by administering statewide assessments.
- A state must develop systems of differentiated recognition, accountability, and support that give credit for progress towards college- and career-readiness by recognizing and rewarding the highest achieving schools that serve low income students and implement rigorous interventions to turn around the lowest-performing schools.
- A state must evaluate and support teacher and principal effectiveness by setting guidelines for teacher and principal evaluation and support systems using multiple measures including student progress over time.