

## Required Supplementary Stewardship Information

### Stewardship Expenses

In the Department, discretionary spending constitutes the majority of the budget and includes nearly all programs, the notable exceptions being student loan subsidy costs and vocational rehabilitation state grants. 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. In addition, most of the governmental funding for education in the United States comes from state and local governments.

### Investment in Human Capital

The Department invests in human capital through its grant and loan programs, research, leadership, and technical assistance.

**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 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 also is 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 also is 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 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 academic 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. 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 (OVAE) provides leadership, technical assistance, and funding for programs related to adult education and literacy; career and technical education; and postsecondary education. Through these programs, assistance is provided to states and local agencies that assist students to improve their literacy skills and prepare them for postsecondary education. OVAE and its programs ensure the equal access of minorities, women, individuals with disabilities, and disadvantaged persons to career and technical education and adult education and ensure 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>.

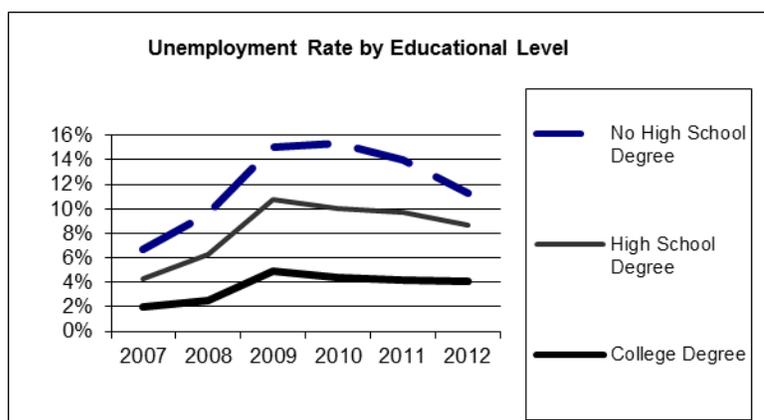
**Office of Postsecondary Education.** The Office of Postsecondary Education provides grants to colleges and universities, as well as to nonprofit organizations, to promote reform, innovation, and improvement in postsecondary education; increase access to and completion of postsecondary education by 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)	2012	2011	2010	2009	2008
<b>Federal Student Aid Expense</b>					
Direct Loan Subsidy	\$ (10,720)	\$ (28,630)	\$ (1,567)	\$ (9,603)	\$ 5,236
Federal Family Education Loan Program Subsidy	(14,381)	(16,126)	(14,344)	(29,940)	(2,852)
Grant Programs	34,310	39,008	26,799	17,302	17,464
Salaries and Administrative	192	193	208	186	189
<b>Subtotal</b>	<b>9,401</b>	<b>(5,555)</b>	<b>11,096</b>	<b>(22,055)</b>	<b>20,037</b>
<b>Other Departmental</b>					
Elementary and Secondary Education	22,137	21,195	21,608	21,443	21,583
Special Education and Rehabilitative Services	16,139	15,357	15,227	15,075	15,730
American Recovery and Reinvestment and Education Jobs Fund	7,651	27,945	44,019	21,616	
Other Departmental Programs	6,211	7,341	7,067	7,150	4,911
Salaries and Administrative	481	504	502	472	491
<b>Subtotal</b>	<b>52,619</b>	<b>72,342</b>	<b>88,423</b>	<b>65,756</b>	<b>42,715</b>
<b>Grand Total</b>	<b>\$ 62,020</b>	<b>\$ 66,787</b>	<b>\$ 99,519</b>	<b>\$ 43,701</b>	<b>\$ 62,752</b>

## Program Outcomes

Education is the stepping stone to higher living standards for American citizens, and it is vital to national economic growth. However, education can lead to more than increased productivity and incomes. Education can help improve health, promote social change, and open 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



Source: Bureau of Labor Statistics (Department of Labor)  
Economic News Release, Table A-4:  
<http://www.bls.gov/news.release/empsit.t04.htm>

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 September 2012 unemployment rate for adults (25 years old and over) who had not completed high school was 11.3 percent, compared with 8.7 percent for those with four years of high school and 4.1 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 September 2012, the annualized median income for adults (25 years old and over) varied considerably by education level. Men with a high school diploma earned \$37,752, compared with \$71,032 for men with a college degree. Women with a high school diploma earned \$29,692, compared with \$52,208 for women with a college degree. Men and women with college degrees earned 80 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.