February 14, 2011
U.S. Department of Education

IMPROVING PRODUCTIVITY AND EFFICIENCY

In tight fiscal times, the President's budget responsibly invests in education while making a number of tough choices. The budget consolidates duplicative funding streams while investing in high-impact new initiatives and existing programs to use scarce resources productively and efficiently. This smarter way to use federal funds does more with less while getting the results that children deserve.

Consolidating programs. Although the President is increasing total education spending, he recognizes that federal programs need to be efficient and productive. The budget consolidates 38 elementary and secondary programs into 11 new funding streams – including Race to the Top and the Investing in Innovation Fund (i3). These changes will reduce red tape and promote reforms that result in improved outcomes for students. The fiscal year 2010 appropriation included $5.2 billion for these 38 programs. The President's budget would restructure them into nine broader authorities that will use a smaller amount – $4.9 billion – more effectively. These consolidations also will continue to support Race to the Top and i3, which are programs that are supporting some of the most meaningful school reforms in a generation.

Making tough choices. To focus limited resources on areas where they will have the most impact, the President's budget makes targeted cuts. The President is committed to keeping the maximum Pell award at $5,550 because these grants are one of the best tools for making higher education affordable for low-income students. To maintain that funding, the budget makes difficult choices. It will eliminate in-school interest subsidies for graduate students' federal student loans. These subsidies are not targeted at the neediest students and are not the most productive use of resources.

Supporting local productivity and efficiency. The budget requests funds for programs that support innovative, locally developed reforms that effectively use resources to accelerate student achievement.

- **$300 million for Investing in Innovation.** Building on the overwhelming demand for i3, these funds will continue to ensure that schools and districts have access to innovative strategies and practices with demonstrated effectiveness. This model – more resources for activities with more evidence – helps ensure that federal funds are spent wisely. The 2012 competition will also include a priority for projects that improve productivity.

- **$900 million for Race to the Top.** These funds will expand the Race to the Top competition to districts so they can work with stakeholders to plan and implement comprehensive reforms. A core piece of this investment in crucial district-level reforms will focus on increasing educational productivity at the local level while improving student outcomes. Race to the Top will support districts of varying sizes, with money reserved specifically for rural areas.

- **Pay for Success.** Through the new multi-agency Pay for Success authority, the Federal Government will commit to awarding funds in exchange for successful outcomes. This innovative stewardship of federal dollars will result in improved outcomes for students at a lower cost to taxpayers.

- **$50 million for College Completion Incentive Grants.** $50 million in 2012 and $1.25 billion over five years for grants that would encourage States to make systemic reforms in their higher education system and reward institutions that increase degree completion rates for students. Federal investment would be leveraged through matching funds and be based on demonstrated success.

- **Supplemental priority on improving productivity.** The Secretary has listed productivity among his supplemental priorities that will be used across the Department's discretionary grant programs. Programs can use the priority to support projects that increase productivity while improving student learning and other educational outcomes.

Leveraging federal funds to improve quality through new initiatives. The budget request will invest in new programs that move beyond the status quo. The best way to improve productivity is to get things right the first time. That is why these investments support programs that increase overall effectiveness.

- **$350 million for the Early Learning Challenge Fund.** Investments in the Early Learning Challenge Fund (ELCF) will leverage existing early learning investments in child care, home visitation, and preschool. These projects will raise the overall quality of those funding streams by supporting high-quality early learning programs that focus on outcomes. By complementing and coordinating existing federal and State investments, ELCF will help ensure children enter school ready to succeed.

- **$185 million for Presidential Teaching Fellows.** The Presidential Teaching Fellows program will reshape the existing TEACH program to make sure that we are getting the best results. The program would support scholarships for high-caliber teaching candidates, ensure these future teachers attend top-tier preparation programs, and then place those new teachers into high-need schools where they are needed the most – while strengthening State teacher preparation, certification and licensure policies moving forward.

- **$40 million for the Hawkins Centers of Excellence.** $40 million for the Hawkins Centers of Excellence would support targeted investments in teacher preparation programs at minority-serving institutions to increase the number of effective minority teachers.

- **Teacher Preparation.** In tandem with the budget release, the U.S. Department of Education will begin work with States and the teacher preparation community to develop regulations to improve State reporting of the quality of their teacher preparation programs. The new regulations under Title II of the Higher Education Act will focus reporting requirements on meaningful indicators of program effectiveness – student growth of students taught by program graduates, job placement and retention, and surveys of graduates and their principals. These data will provide States with valuable information about their investments they have already made in teacher preparation programs in their States and will give taxpayers information about the quality of teacher preparation in their State.