

DEPARTMENT OF EDUCATION

Statement by

**Arne Duncan
Secretary of Education**

on the

U.S. Department of Education Fiscal Year 2012 Budget Request

Chairman Rehberg, Ranking Member DeLauro, and Members of the Committee:

Thank you for this opportunity to come before this Committee and talk about President Obama's fiscal year 2012 budget to help America out-educate the rest of the world. There is broad agreement that the Federal government has to start living within its means, and the President's 2012 budget represents a good first step toward our shared long-term goal of reducing the Federal deficit. However, we believe it is absolutely essential to keep investing in education so that, as the President put it, "every American is equipped to compete with any worker, anywhere in the world."

PRESIDENT OBAMA'S 2012 BUDGET REQUEST

President Obama's 2012 request is a responsible budget that invests in education reforms that will deliver results. The overall discretionary request for the Department of Education, excluding Pell Grants, is \$48.8 billion, a \$2 billion or 4 percent increase over the 2011 continuing resolution (CR) level, which at the time our budget was released was roughly the same as the Department's 2010 discretionary appropriation.

As you know, financing the Pell Grant program, which is funded through a combination of discretionary and mandatory appropriations and has faced growing demand in recent years as more and more students and working adults seek to improve their knowledge and skills, has been a real challenge for the Department and for the Congress. The historic demand for Pell Grants has created a shortfall that we project could reach \$20 billion in 2012. The President's Budget responds to this challenge by proposing a combination of tough choices to generate savings from Pell Grants and student loan programs and increased discretionary funding— \$5.4 billion above the 2011 CR level for a total of \$28.6 billion in 2012. The overall goal of our Pell Grant proposals is to protect the \$5,550 maximum Pell Grant award, put the program on more sustainable financial footing in 2012 and beyond, and ensure that more than 9 million low-income students can continue to rely on Pell Grants to enter and complete a college education.

To rein in Pell costs and place the program on more solid financial footing, the Pell Grant Protection Act would eliminate the extra Pell Grant; end the interest subsidy for graduate student loans; and allow the conversion of guaranteed student loans to the Department. The Department will also work with the Internal Revenue Service, taking administrative action to implement

enhanced income verification procedures for Pell Grant applicants as part of improvements in the processing of the Free Application for Federal Student Aid (FAFSA) to better manage the transmission of accurate information. Combined, these actions would reduce the discretionary need for the Pell grant program by \$100 billion over the next ten years.

MAKING TOUGH CHOICES

Before I describe some of the key investments we are proposing for 2012, I want to emphasize that our overall strategy for supporting effective education reform is fully consistent with the current fiscal environment. From the beginning, this Administration has envisioned a smaller Federal role focused on key priorities and structured to ensure the most productive use of the resources entrusted to us by taxpayers and the Congress. This is why, for example, our reauthorization proposal for the Elementary and Secondary Education Act (ESEA) would consolidate 38 existing programs into 11 more flexible authorities that would give communities more choices to implement their own research-based reform strategies. We also have worked hard to identify and eliminate duplicative, unnecessary, or ineffective programs. In 2010, we worked with the Congress to terminate four programs for a savings of \$360 million, and our 2012 request proposes the elimination of 13 additional programs for a total savings of \$147 million. In addition, we took a close look at our Career and Technical Education (CTE) programs, which too often have not lived up to their promise of preparing students for careers and college, and are proposing a \$264 million cut in CTE State grants. All levels of government will be facing budget shortfalls and challenged to do more with less in these times of financial constraint. The budget places a priority on spending smarter through cost-effective reforms that improve student outcomes.

We look forward to working with Congress to strengthen the Perkins Act, which shapes the CTE program, and improve its alignment with the education reform efforts at the core of our ESEA reauthorization proposal, so that the Perkins Act is a stronger vehicle for supporting the President's 2020 college completion goal and the Department's efforts to improve secondary schools.

While Pell costs remain substantial, we made tough choices in our 2012 budget; the changes we are proposing in the Pell Grant and student loan programs will save more than \$100 billion over the next decade. Cuts like these are never easy, but in the current fiscal climate they are the responsible thing to do, and the only way to ensure that we can make the investments we need to secure our future.

Make no mistake; the budget request for education is more about investment than cuts. President Obama has said that to win the future, we have to win the education race, and his 2012 budget would provide the resources we need to educate our way to a better economy. More specifically, the 2012 request for education is designed to promote reform, reward success, and support innovation at the State and local levels while maintaining strong support for students most at risk of educational failure. To meet these goals, our 2012 investments in education are divided into five significant priorities.

EARLY LEARNING

First, we are seeking \$350 million for the Early Learning Challenge Fund (ELCF), which we see as a key investment in our children's success. Research tells us that high-quality early learning is one of the best investments we can make. It prepares children for success in school and puts them on track to graduate high school and go on to college. This new competitive grant program would challenge States to establish model systems of high-quality early learning supports and services for children from birth to kindergarten entry. Such systems would support early learning standards, promote better coordination of resources, and measure program results to help ensure that more children enter school ready to succeed.

The Department of Education would administer the ELCF jointly with the Department of Health and Human Services (HHS), providing significant opportunities for streamlining and leveraging other Federal and State early learning investments to improve results for young children and their families. The President has also proposed targeted, complementary 2012 increases at HHS of \$866 million for Head Start and \$1.3 billion for quality child care.

SUSTAINING REFORM MOMENTUM

Second, the President is proposing to sustain and expand important reforms by providing \$900 million for Race to the Top, which already has demonstrated how competitive rewards create powerful incentives for State and local leaders to make groundbreaking education reforms. In the first two RTT competitions, forty-six States created bold comprehensive reform plans that have buy-in from governors, legislators, local educators, union leaders, business leaders and parents. The 2012 request would focus on supporting district-level reform plans while also emphasizing cost-effective strategies that improve student achievement in a time of tight budgets. The Department would also carve out a portion of funds for rural school districts to ensure that communities of all sizes and from all geographic areas are able to compete for a fair share of Race to the Top funds.

The 2012 request also would encourage reform and innovation through a \$300 million request for the Investing in Innovation (i3) program to develop, evaluate, and scale up promising and effective models and interventions with the potential to improve educational outcomes for hundreds of thousands of students. The request includes priorities for science, technology, engineering, and mathematics (STEM) education and early learning, as well as an overall focus on increasing productivity to achieve better student outcomes. The Department would include a refined rural priority in the i3 competition to ensure geographic diversity in the communities served by recipients, and would fund applications from providers and other entities proposing evidence-based approaches to address the unique needs and priorities of rural districts and schools. We also would take a page from the Department of Defense by creating a new Advanced Research Projects Agency: Education (ARPA-ED) that would use \$90 million in discretionary and mandatory funds to pursue breakthrough developments in educational technology and learning systems, support systems for educators, and tools that improve outcomes from early learning through postsecondary education. We see this as a natural complement to the innovations found in the field through the i3 program.

In addition, we would significantly boost funding for the Promise Neighborhoods program to \$150 million to support comprehensive, innovative and cost effective approaches to meeting the full range of student needs, drawing on the contributions of schools, community-based organizations, local agencies, foundations, and private businesses. Also, the Department would maintain its \$365 million investment in safe school programming designed to reduce substance use, violence, and bullying while providing states with greater ability to adapt interventions to school needs and drive resources to the most unsafe schools.

GREAT TEACHERS AND LEADERS

Our third priority is teachers and school leaders. I think we can all agree that nothing is more important, or more likely to improve student achievement and other key educational outcomes, than putting a great teacher in every classroom and a great principal in every school. Our 2012 request, together with a proposed restructuring of teacher and leader recruitment and preparation programs as part of our ESEA reauthorization plan, is designed to support State and local reforms of systems for recruiting, preparing, supporting, rewarding, and retaining effective teachers and school leaders. For example, the budget includes \$500 million for the Teacher and Leader Innovation Fund to support ambitious reforms, including innovative teacher evaluation and compensation systems, to encourage effective teachers, principals, and school leadership teams to work in high-need schools. We also are seeking \$250 million for Teacher and Leader Pathways to expand high-quality traditional and alternative pathways into teaching, with an emphasis on recruiting, preparing, and placing promising teacher candidates for high-need (including rural) schools, subject areas, and fields. Included in this request is an \$80 million set-aside to help prepare 10,000 new STEM teachers over the next two years, as part of the President's plan to prepare 100,000 new STEM teachers over the next decade. In addition, a new Presidential Teaching Fellows program (formerly the TEACH program), paid for with mandatory funds, would award \$10,000 scholarships for the best students attending our most effective teacher preparation programs who agree to work in high-need schools.

COLLEGE COMPLETION

Our fourth priority is college completion. I've already talked about the Pell Grant program, which is the foundation of Federal efforts to support both increased college access and completion for low-income students. Unfortunately, we know that far too many students who enroll in college drop out and never earn a degree. Currently, one-third of postsecondary students leave school without earning a degree and only half finish after six years. Clearly, access isn't enough, and we need a much stronger emphasis on attainment in postsecondary education. Through the \$123 million "First in the World" competition, we'll provide venture capital to develop innovative approaches to increase college completion rates and improve educational outcomes while lowering costs and time to degree for students in higher education. And through our proposed College Completion Incentive Grants program, we would provide \$1.25 billion of mandatory funding over the next five years in grants to States to reward institutions with exemplary college completion outcomes.

The President's budget also would continue support for key existing programs supporting college access and completion, particularly for minority and disadvantaged students. The request

includes a \$67 million increase for the Federal TRIO programs, for a 2012 total of \$920 million, and \$323 million for the GEAR UP program, which helps an estimated 756,000 middle and high school students prepare for and enroll in college. The 2012 budget also provides \$651 million in combined discretionary and mandatory funding for the Aid for Institutional Development programs, which support institutions that enroll a large proportion of minority and disadvantaged students, and \$239 million in combined discretionary and mandatory funding for the Aid for Hispanic-Serving Institutions programs, which help ensure that Hispanic students have access to high-quality postsecondary education opportunities.

SUPPORT FOR AT-RISK STUDENTS AND ADULTS

Finally, the President's 2012 budget for education would maintain, and in some cases expand, the Federal government's commitment to formula programs for students most at risk of educational failure. For example, a \$14.8 billion request for the reauthorized Title I College- and Career-Ready Students program (currently Title I Grants to Local Educational Agencies) includes a \$300 million increase to recognize and reward high-poverty districts and schools where disadvantaged students are making the most progress. The \$600 million request for a reauthorized School Turnaround Grants program would expand support for school districts undertaking fundamental reforms in their persistently lowest-achieving schools, while the budget provides \$750 million to help English Learners meet the same college- and career-ready standards as other students.

In Special Education, a \$200 million increase for Individuals with Disabilities Education Act Grants to States would help States and school districts pay the additional costs of educating students with disabilities, while a \$50 million increase in early intervention Grants for Infants and Families program, for a 2012 total of \$489 million, would complement the proposed Early Learning Challenge Fund.

The 2012 request also provides significant resources to help adults pursue educational and employment opportunities, including \$635 million for Adult Basic and Literacy Education State Grants to help adults without a high school diploma or equivalent to become literate and obtain the knowledge and skills necessary for postsecondary education, employment, and self-sufficiency, and a total of \$3.1 billion in mandatory and discretionary funds for Vocational Rehabilitation (VR) State Grants to help States and tribal governments to increase the participation of individuals with disabilities in the workforce.

We are looking forward to the reauthorization of the Workforce Investment Act (WIA) so that low- skilled adults and individuals with disabilities have access to the education and training they need to be successful in the 21st century economy. A reauthorized WIA would provide opportunities to upgrade the skills of our nation's workers so that they are able to compete in this new economy. One of those opportunities includes a new Workforce Investment Fund, which we are proposing in partnership with the Department of Labor, to help provide flexibility for the connections necessary to get people into good jobs or the education needed for a better job. The Fund will also provide resources to evaluate and replicate best practices so that we better serve those who have the hardest time finding work -those with limited basic skills and individuals with disabilities.

CONCLUSION

In conclusion, President Obama's 2012 budget for education is part of a comprehensive and responsible plan that will put us on the path toward fiscal sustainability in the next few years. Like every other agency across the government, we are working hard to more efficiently steward the Department's resources. At the same time, education remains a priority for the Administration due to the critical importance of our education system for our continued economic prosperity. The Department's budget includes a responsible mix of savings and investments that will promote reform and innovation, support a comprehensive ESEA reauthorization, and encourage improved postsecondary outcomes. I look forward to working with the Committee to build support for the President's 2012 budget for education and to secure the best possible future for America by providing the best possible education for all of our children.

Thank you. I would be happy to answer any questions you may have.