



# Federal Fiscal Year FY2010 Budget Summary

---

To build on the levels of support provided for education in the American Recovery and Reinvestment Act (ARRA), the President is requesting \$46.7 billion in discretionary appropriations for the Department of Education, an increase of \$1.3 billion over the comparable discretionary total provided in the regular FY2009 appropriations act. In addition, the President's also proposes to make available more than \$129 billion in new grants, loans, and work-study assistance for postsecondary students in FY2010, an increase of \$31.7 billion, or 32 percent, over the FY2008 level.

The FY2010 request is focused on laying the foundation for the expansion of early childhood education as part of the President's comprehensive Zero-to-Five initiative; vigorously supporting and rewarding effective teaching; expanding State and local efforts to turn around low-performing schools, including the so-called high school "dropout factories" that graduate 60 percent or fewer of their students; and expanding opportunities for students to go to college and graduate by increasing grant and loan assistance, shifting resources from banks and middlemen toward students, and creating new incentives for colleges to focus on student completion.

Key proposals in the FY2010 budget include the following:

- **\$500 million for a new program of Title I Early Childhood Grants**, which would encourage LEAs to use Title I Recovery Act funds to start or expand Title I preschool programs.
- **\$300 million for a new Early Learning Challenge Fund**, a central component of the President's Zero-to-Five initiative, to help States develop or refine systems for rating and improving the quality of early learning programs.
- **\$10 million for the Promise Neighborhoods initiative** to provide 1-year planning grants to non-profit, community-based organizations to develop plans for comprehensive neighborhood programs that provide the necessary support for children and youth from preschool through college so that they may succeed in school and beyond.
- **\$162.5 million for Early Reading First**, an increase of \$50 million to expand support for high-quality, research-based early literacy services for preschool children.
- **\$370.4 million for an expanded Striving Readers program**, a \$30 million increase for adolescent literacy demonstration grants and \$300 million for a new initiative to help school districts implement comprehensive and coherent programs of reading instruction for children in the elementary grades.

- **\$517.3 million for the Teacher Incentive Fund**, an increase of \$420 million over the regular FY2009 level, to stimulate comprehensive State and local efforts to strengthen the educator workforce, in particular by providing financial rewards for principals, teachers, and other personnel who raise student achievement, close achievement gaps, and work in hard-to-staff schools.
- **\$1.5 billion for Title I School Improvement Grants**, an increase of \$1 billion to help ensure that States and LEAs have the resources to develop and implement comprehensive, research-based improvement plans for the growing numbers of schools (including middle and high schools) identified for improvement, corrective action, or restructuring.
- **\$50 million for a High School Graduation Initiative** to promote innovative strategies for increasing high school graduation rates, particularly in the so-called "dropout factories."
- **Raising the maximum Pell Grant award to \$5,550, an increase of \$200 over the FY2009 level, indexing the maximum grant to grow faster than inflation in future years, and making Pell Grant funding mandatory** to eliminate the perennial uncertainty created for students, parents, and the Congress created by the difficulty of estimating required discretionary appropriations.
- **Saving \$21 billion over 5 years by making all new postsecondary student loans through the Direct Loan program.** The Administration also is proposing to restructure and expand the Federal Perkins Loans program to serve five times as many students while saving taxpayers \$3.2 billion over 5 years.

The FY2010 request for the Department of Education supports these priorities while also proposing significant mandatory and discretionary savings that are essential to meeting the President's goal of cutting the annual Federal deficit in half over the next 5 years. For example, the discretionary request includes the proposed elimination of 12 programs for a total savings of \$551 million. In addition, the request eliminates 700 earmarked projects totaling an estimated \$182 million. On the mandatory side, the request would save an estimated \$24.3 billion over 5 years by making all new postsecondary student loans through the Direct Loans program and by restructuring the Perkins Loans program.

Major proposals in the FY2010 request for the Department of Education include the following:

### **EARLY CHILDHOOD AND EARLY LITERACY EDUCATION**

Decades of research show definitively that investment in high-quality early childhood education and services reaps outsized gains in higher student achievement once students enter school, and in improved high school graduation and college attendance rates, reduced unemployment, and increased lifetime earnings. This is why President Obama has put such strong emphasis on developing and implementing a comprehensive Zero-to-Five initiative to expand access to quality childcare and education. A key goal of this initiative is to improve readiness for school, particularly in the area of early literacy and reading skills. The following items in the FY2010 request support improved early childhood education:

- **\$500 million for Title I Early Childhood Grants**, a new program that would provide incentives for school districts to use a larger share of Title I Grants to LEAs funding—starting with Title I Recovery Act funds—to establish or expand Title I preschool programs.
- **\$300 million for the first phase of the Early Learning Challenge Fund**, a central component of the President's Zero-to-Five initiative. Initial awards would support the development of statewide infrastructures of integrated support and services for early learning that would maximize the effectiveness of later investments in quality early childhood education.
- **\$162.5 million for Early Reading First**, an increase of \$50 million to expand local efforts to improve the quality of their early literacy services for preschool-aged children.
- **\$370.4 million for an expanded Striving Readers program**, an increase of \$335 million, to provide demonstration grants to LEAs to implement comprehensive and coherent programs of reading instruction for children in the elementary and secondary grades.

## **RECRUITING, PREPARING, AND REWARDING OUTSTANDING TEACHERS**

President Obama believes strongly that "America's future depends on its teachers." This is why the Recovery Act provided billions of dollars to States and school districts to keep teachers working and avoid layoffs during the current economic downturn. However, the Recovery Act not only will save teaching jobs, but provide incentives and resources for States to improve their collection of data on teacher effectiveness and develop plans to ensure that teaching talent is more evenly distributed, and that poor and minority students are not taught at higher rates than other children by inexperienced, unqualified, or out-of-field teachers. The FY2010 request supports these same goals by calling for:

- **\$517.3 million for the Teacher Incentive Fund**, a \$420 million increase over the regular FY2009 level, to support comprehensive strategies for recruiting, preparing, and rewarding effective teachers. In particular, these funds would encourage changes in teacher and principal compensation systems to reward principals, teachers, and other personnel who raise student achievement, close achievement gaps, and work in our most challenging schools. This request includes \$30 million for a **National Teacher Recruitment Campaign**.
- **\$2.9 billion for Improving Teacher Quality State Grants**, a major source of flexible Federal funding to help States and school districts strengthen the skills of the teaching force. Program funds support high-quality professional development that research indicates can improve teaching skills that raise student achievement.
- **\$50 million for the Teacher Quality Partnership program**, to help improve the effectiveness of teachers working in high-need schools and early childhood education programs by creating model teacher preparation programs and model teaching residency programs.

- **\$29.2 million for the School Leadership program, an increase of \$10 million**, to expand the number of projects that recruit and train principals and other school leaders to serve in high-poverty schools. The request focuses on (1) developing and implementing incentives for principals with demonstrated records of effectiveness to go to failing or high-need schools, and (2) training and mentoring highly effective teachers to become principals in those schools.

## **PROMOTING INNOVATION IN STRUGGLING SCHOOLS**

The school improvement requirements of Title I, Part A of the Elementary and Secondary Education Act (the Title I Grants to Local Educational Agencies program) have helped States and school districts identify and begin to address the needs of low-performing schools. In general, these are schools that are not meeting State proficiency targets, are not preparing their students for success in college or a career, and too often fail to graduate large numbers of their students. The FY2010 request would help intensify efforts to turn around these struggling schools—which typically are identified for Title I improvement, corrective action, or restructuring actions—by expanding State and local efforts to identify and adopt effective turn-around strategies. In addition, the Budget would support the continued expansion of charter schools, both as a public school choice option for students in low-performing schools and as a promising alternative governance option for schools in restructuring status.

- **\$1.5 billion for Title I School Improvement Grants**, an increase of \$1 billion over the regular FY2009 level, to help build State and local capacity to identify and implement effective interventions to turn around low-performing schools. The request also would begin to help take on the dropout crisis by requiring States to ensure that 40 percent of School Improvement Grant allocations are spent on improvement activities in middle and high schools.
- **\$100 million for the What Works and Innovation Fund**, to be combined with the \$650 million provided for this activity by the Recovery Act, to support competitive grants to LEAs and partnerships between non-profit organizations and LEAs that have made significant gains in improving student achievement, or have demonstrated significant improvement in other areas, to expand or evaluate their work and serve as models of best practices
- **\$268 million for Charter School Grants, an increase of \$52 million** representing the first installment on the Administration's commitment to double funding for Charter Schools over 4 years to promote successful models of school reform.
- **\$50 million for a High School Graduation Initiative** to fund innovative and effective strategies designed to increase the high school graduation rate. Grantees will be required to track and report on student indicators found to be effective in identifying students at risk of dropping out.
- **\$10 million for a Promise Neighborhoods initiative** that would provide 1-year planning grants to non-profit, community-based organizations serving low-income urban neighborhoods or rural areas to help them develop plans for comprehensive

programs that provide the support children need to achieve success from birth through college and beyond.

## MEETING THE NEEDS OF SPECIAL POPULATIONS

The State accountability systems required by the Elementary and Secondary Education Act are based on accountability not just for the overall performance of all students in a school, but also for the achievement of minority subgroups, including students from low-income families, students with disabilities and English language learners. The FY2010 request provides significant resources to help ensure that States, school districts, and schools can meet the academic and other needs of such students and help them reach the same proficiency goals as other students.

- **\$13.0 billion for Title I Grants to Local Educational Agencies**, \$1.5 billion less than the regular FY2009 level but building on the unprecedented \$10 billion increase provided for this program through the Recovery Act, much of which will remain available in fiscal year FY2010. The request, in combination with Recovery Act funds, would continue to provide historic levels of support for State and local efforts to ensure that students in high-poverty schools meet the same challenging State academic proficiency standards as other students. The full decrease will be redirected toward activities that effectively improve low-performing schools under the School Improvement Grants program and the Title I Early Childhood Grants initiative.
- **\$11.5 billion for Special Education Grants to States**, building on the extraordinary \$11.3 billion increase provided by the Recovery Act to ensure that States and school districts have adequate resources to help students with disabilities meet the same challenging State proficiency standards as other students. The request would provide a per-child average of \$1,713 for an estimated 6.7 million children with disabilities. In addition, in the school year covered by this request (FY2010-2011), States and school districts will have billions more to spend on IDEA activities since both the Recovery Act funds and the FY2010 funds will be available at the same time.
- **\$730 million for English Language Acquisition** to help States and school districts meet the needs of the growing population of limited English proficient students, and to help these students reach the same proficiency goals for reading and mathematics as other students.
- **\$445.2 million for Title I Migrant Education and Neglected and Delinquent State agency programs** to help pay the higher costs often associated with meeting the educational needs of approximately 537,000 children of migrant agricultural workers and to help an estimated 132,000 neglected and delinquent students return to and complete school and obtain employment after they are released from State institutions.

## HELPING MORE STUDENTS ENTER AND COMPLETE COLLEGE

The President's FY2010 Budget includes four major proposals, previously announced in the February FY2010 President's Budget Overview, to streamline and simplify Federal student aid programs, save taxpayer dollars, and significantly increase available student financial

assistance so that more students are able not only to enter a postsecondary institution but also to earn a degree or certificate. These proposals are essential to reaching President Obama's goal of restoring America to number one in the percentage of citizens holding college degrees. Today, roughly 40 percent of 25-34 year-old Americans hold college degrees; the President's goal is to raise that to 60 percent.

Under the FY2010 request, the Department of Education would administer over \$129 billion in new grants, loans, and work-study assistance in FY2010—a 32 percent increase over the amount available in FY2008—to help more than 14 million students and their families pay for college.

- **The request would convert Pell Grants to a mandatory program** to eliminate uncertainty and end the practice of "backfilling" billions of dollars in Pell shortfalls. The maximum Pell Award would rise to \$5,550 in fiscal year FY2010 (for the FY2010-11 academic year), with future increases linked to the Consumer Price Index plus 1 percent. These changes would increase our investment in Pell Grants by an estimated \$46.7 billion over the next 5 years.
- **The proposed budget would eliminate the heavily subsidized and costly Federal Family Education Loan (FFEL) program** and make all new loans through direct lending, which relies on low-cost and stable sources of capital and private-sector providers to efficiently process loans and repayments. This change would save an estimated \$21 billion over 5 years, savings that would be reinvested in student aid through the expanded Pell Grant program.
- **The request also would expand and modernize the Perkins Loan program** so that it would provide \$6 billion a year in new loan volume—six times the current Perkins volume—for up to 2.6 million students at roughly 2,700 additional postsecondary education institutions. The Department would service Perkins Loans along with other Federal loans, with estimated overall savings totaling \$3.2 billion over 5 years.
- **A College Access and Completion Fund would invest \$2.5 billion in mandatory funding over 5 years** to build a Federal-State-local partnership to improve college success and completion, particularly for students from disadvantaged backgrounds.

Major education programs scheduled for termination or consolidation in the FY2010 request for the Department of Education include the following:

**Academies for American History and Civics:** Makes 3 or 4 awards annually to support workshops for teachers and students in the areas of history and civics, is too small to have an impact on history and civics achievement nationally. The Administration proposes to replace it (along with Civic Education and Close Up Fellowships) with a competition under the Fund for the Improvement of Education.

**Character Education:** Provides funds for State and local educational agencies to design and implement programs to improve elementary and secondary education by teaching students about caring, civic virtue and citizenship, justice and fairness, respect, responsibility, trustworthiness, and giving. Character education activities would be supported instead by a new initiative under the Safe and Drug-Free Schools and Communities National Activities

program that would support similar goals by promoting strategies to change school culture and climate.

**Civic Education:** Provides a non-competitive award to the Center for Civic Education to conduct *We the People*, a program to improve the quality of civics and government education. This non-competitive award would be replaced by a broader grant competition under the Fund for the Improvement of Education.

**Close Up Fellowships:** Provides a non-competitive award to the Close Up Foundation to support fellowships to low-income students and teachers participating in Close Up visits to Washington, DC and other activities. This non-competitive award would be replaced by a broader grant competition under the Fund for the Improvement of Education.

**College Access Challenge Grant Program:** Provides formula grants to States to foster partnerships among Federal, State, and local government entities and philanthropic organizations through matching challenge grants aimed at increasing the number of underrepresented students who enter and remain in postsecondary education. This program would be replaced by the much larger and better structured College Access and Completion Fund, for which the Administration is requesting \$2.5 billion over 5 years to focus on the twin goals of college access and completion.

**Even Start:** Supports projects to improve educational opportunities for children and their parents in low-income areas by integrating early childhood education, adult education, and parenting education into "family literacy" programs. The Administration believes that the resources currently used for Even Start would be better directed to more promising or effective early childhood programs, including the proposed Early Learning Challenge Fund (a component of the Zero-to-Five initiative) and existing programs like Early Reading First, Head Start, and Early Head Start that have demonstrated real benefits for children.

**Foundations for Learning:** This program funds services for children and their families to promote the emotional, behavioral, and social development of at-risk children. The program's small size and broad reach make it difficult to evaluate performance and measure outcomes. The Administration is proposing to reallocate these funds to the Mental Health Integration program, which helps link school-based systems with local mental health service systems to provide affordable, comprehensive services that foster children's healthy development..

**Javits Gifted and Talented Education:** Supports research, demonstration projects, and other activities designed to help elementary and secondary schools meet the needs of gifted and talented students. Most gifted and talented education programs in the U.S. are implemented without Federal support, and the program, by making a handful of grants each year, does little to increase the availability of gifted and talented programs in schools, increase the quality of those programs, or advance the field of gifted and talented education nationally.

**Mentoring Program:** Makes grants to LEAs and nonprofit community-based organizations to establish and support mentoring programs and activities for children who are at risk of educational failure. A recent impact evaluation of the program conducted by the Institute for Education Sciences found the program to be ineffective. In addition, many other Federal programs in more than a dozen agencies support mentoring activities.

**National Institute for Literacy (NIFL):** Despite nearly 2 decades of operations, NIFL has demonstrated little success in its mission of providing national leadership on literacy issues, coordinating Federal literacy programs and policies, and serving as a national resource for adult education and literacy programs. Federal literacy activities remain diffuse and duplicative, and the Administration believes that the Office of Vocational and Adult Education (OVAE) is better positioned to provide effective national literacy leadership and coordination.

**Ready to Teach:** Makes competitive awards to nonprofit telecommunications entities for programs to improve teaching in core curriculum areas, and to develop, produce, and distribute educational and instructional video programming. Funds are requested under the Fund for the Improvement of Education in the Innovation and Improvement account for a grant competition that would support digital professional development for teachers.

**Safe and Drug-Free Schools and Communities State Grants:** This State formula grant program has not demonstrated effectiveness, and grant funds are spread too thinly to support quality interventions. The Administration believes better results may be obtained by redirecting a portion of this funding to Safe and Drug-Free Schools and Communities National Activities for direct support, in amounts sufficient to make a real difference, for targeted school safety and drug prevention and education activities that will add to the national knowledge base on program effectiveness and best practices.

Further information on the President's FY 2010 Budget Proposal may be found at:  
<http://www.ed.gov/about/overview/budget/budget10/index.html>