

**DEPARTMENT OF EDUCATION**

**Fiscal Year 2010 Budget Request**

**for the**

**Department of Education**

Witnesses appearing before the  
House Committee on the Budget

**Arne Duncan**  
**Secretary of Education**

accompanied by

Thomas P. Skelly  
Director, Budget Service

**March 12, 2009**

**DEPARTMENT OF EDUCATION**

**Statement by**

**Arne Duncan  
U.S. Secretary of Education**

**on the**

**Fiscal Year 2010 Budget Request**

Mr. Chairman and Members of the Committee:

Thank you for this opportunity to testify on behalf of President Obama's fiscal year 2010 budget for the Department of Education, and to talk with you about how we plan to invest in our economic future by providing the high-quality education our kids need to compete in the global economy.

President Obama is asking for \$46.7 billion in discretionary funding for the Department in fiscal year 2010, or roughly a \$500 million increase over the 2009 level, that would build on the historic increases provided for education in the American Recovery and Reinvestment Act (ARRA, or the Recovery Act). We will release the details of this request next month.

Today I want to share with you the priorities of the President's plan to strengthen and reform America's education system.

The President believes strongly that one key for both individual and national success in the global economy is a college education. This is why he has set a national goal of ensuring that America is number one in the percentage of citizens holding college degrees. Today roughly 40 percent of 25-34 year-old Americans hold college degrees, and we want to raise that to 60 percent.

To reach this goal we have to overcome two core problems: Too many young people are unprepared for college and too many others cannot afford it. The President's 2010 budget for education addresses both of these problems.

First, because the President believes that the road to college begins at birth, the 2010 request will provide additional resources to help States build high-quality "Zero to Five" early childhood programs. These resources, in the President's request for both the Department of Education and the Department of Health and Human Services, will leverage State and local investment in early childhood education, raise the bar on the quality of early education, support coordination at all levels of government to ensure seamless delivery of services, and help give parents the information they need to choose a high-quality program that meets the needs of their children.

## **STRENGTHENING OUR PUBLIC SCHOOLS**

The Department of Education request is focused on strengthening our public schools. We will help States develop and implement rigorous, college-ready academic achievement standards along with improved assessments, including assessments for students with disabilities and English language learners, to accurately measure students' knowledge and skills.

Another key focus of our 2010 request is improving the quality of the education workforce. The request will include proposals to bring greater accountability to teacher and principal preparation programs, to improve systems and strategies for recruiting, evaluating, and supporting teachers, and to provide incentives that will both reward effective teachers and encourage them to teach where they are most needed.

We also plan to work very hard at scaling up success in our education system. Under our 2010 budget, the Department would continue to use the Innovation Fund created by the Recovery Act to identify and replicate successful models and strategies that raise student achievement. We know that there are many school systems and non-profit organizations across the country with demonstrated track records of success in raising student achievement, and our 2010 request would help bring their success to scale. Our budget also would support comprehensive approaches such as Promise Neighborhoods, which would be modeled after the Harlem Children's Zone, that aim to improve college-going rates by combining a rigorous K-12 education with a full network of neighborhood-based social services. In addition, we want to partner with States to build their capacity to diagnose and address the root causes of low-performing schools.

## **HELPING MORE KIDS GO TO COLLEGE**

All of these efforts—improved early childhood education, stronger standards and assessments, improved teaching, and scaling up successful models of high-quality teaching and learning—will help ensure that all of our children have the knowledge and skills they need for success in the workforce or further learning.

And to ensure that as many kids as possible are able to take that second option—to pursue further learning—our 2010 request includes four major proposals to expand opportunities for students to enter and complete a college education. These are in addition to our ongoing work simplifying the student aid application process to make it easier and less confusing to apply for Federal student financial assistance.

First, we want to create a stronger and more reliable Pell Grant program by moving the program to the mandatory side of the Federal budget. For the first time ever, Pell Grants will not be subject to the politics of the moment or the whims of the market – they will be a commitment that Congress is required to uphold each and every year. Further, because rising costs mean Pell Grants cover less than half as much tuition as they did 30 years ago, we are raising the maximum Pell Grant to \$5,550 a year and indexing it above inflation.

Second, we are proposing to stabilize the postsecondary student loan programs and save taxpayers \$4 billion annually by originating all new loans in the direct lending program and tapping experienced private sector companies to collect and service the loans. It no longer makes any sense to heavily subsidize a guaranteed student loan program that is barely functioning in the current financial crisis when we have a stable, lower-cost method of meeting the needs of all eligible students.

Third, our request would significantly expand the Perkins Loan program to give students with extra borrowing needs a better alternative to high-cost private loan programs. Our proposal would expand the number of schools offering Perkins Loans from 1,800 to up to 4,400, and potentially more than quintuple the number of students receiving Perkins Loans, from 500,000 to 2.7 million, and better distribute student aid among schools. The loans would carry a 5 percent interest rate, with interest accruing during school, and would be handled by private sector servicers instead of colleges shouldering the responsibility for loan collection. Since the budget was announced, we have heard a lot of excitement about this expansion. Let me address a few of the questions we have been getting about our proposal:

- The loan limits would be the same as in the current Perkins program: \$4,000 per year for undergraduate students, \$6,000 per year for graduate and professional students. As with the current program, these loans would not count as part of the total Stafford loan limits.
- The financial aid office at the college would determine who would be offered loans. We envision greater flexibility for the college than in the current Perkins Loan program.
- Borrowers would have access to the same repayment and forgiveness programs as are available in the Stafford loan program.
- Our proposal would not affect borrowers who already have Perkins loans made under the pre-2010 program. As those borrowers repay their loans, the participating schools would remit the Federal share to the Department of Education.

While we are expanding financial aid, colleges and universities have a responsibility to control their own costs. Under the current distribution formula for Perkins Loans and other campus-based aid, the more that a college increases tuition, the more money the college stands to receive from the Federal Government. This sends precisely the wrong message to institutions. We look forward to working with Congress to develop a formula for distributing the new Perkins loan funds that would reward institutions for providing more need-based aid and having reasonable tuition charges relative to comparable institutions.

Finally, our 2010 request will launch a 5-year \$2.5 billion Access and Completion Incentive Fund that will support innovative State efforts to improve college completion rates for low-income students. This Federal-State partnership builds on ideas Congress included in the Higher Education Opportunity Act, such as the State Grants for Access and Persistence program designed to complement LEAP. A key goal of this program is to learn more about what works,

and what doesn't work, in improving student persistence to degree. The Administration also intends to reach out to the philanthropic community as potential partners, and expects to make use of the Experimental Sites authority that we already have, to issue regulatory waivers for the purpose of research on programs to improve persistence. States would have considerable flexibility in the types of programs that can be funded, but they all must include a rigorous research component.

States would be allowed to set aside a portion of their funding to continue college outreach and information activities now made through FFEL subsidies.

## **CONCLUSION**

The Recovery Act provided unprecedented levels of Federal support for our schools in return for a commitment to meaningful reform strategies. President Obama and I believe that the Recovery Act has created a historic opportunity to improve the quality of our education system, and we are determined to make the most of that opportunity. Our 2010 budget request would build on the resources and reforms in the Recovery Act to help create a public school system that prepares more students for the opportunities provided by a college education and helps ensure that they can afford to take advantage of those opportunities. I believe these are goals we all can agree on, and I urge you to support the President's fiscal year 2010 request for education.

I will be happy to take any questions you may have.