
Required Supplementary Stewardship Information

Stewardship Expenses

In the Department of Education, discretionary spending constitutes approximately 85 percent of the budget and includes nearly all programs, the major exceptions being student loans and rehabilitative services. Although spending for entitlement programs is usually a function of the authorizing statutes creating the programs and is not generally affected by appropriations laws, spending for discretionary programs is decided in the annual appropriations process. Most Department programs are discretionary.

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. The structure of education finance in America reflects this

predominantly state and local role. It is estimated that roughly \$1 trillion will be spent nationwide on education at all levels for the school year 2007–2008, with Department of Education expenditures, as well as loans and other aid made available as a result of the Department's student financial aid programs. The Department's FY 2007 appropriations of more than \$67 billion represents about 2.4 percent of the federal government's \$2.8 trillion FY 2007 budget. The federal contribution includes education expenditures not only from the Department of Education, but also from other federal agencies such as the Department of Health and Human Services' Head Start Program and the Department of Agriculture's School Lunch Program.

Investment in Human Capital

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.

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 the maintenance and improvement of 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 is also provided to increase the academic achievement of students by ensuring that all teachers are highly qualified to teach.

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 is also provided for research to improve the quality of their lives.

Office of Safe and Drug-Free Schools. The Office of Safe and Drug-Free Schools supports efforts to create safe and violence-free schools, respond to crises, prevent drug and alcohol abuse, ensure the health and well-being of students, and teach students good citizenship and character. Special character and civic education initiatives are funded to reach those in state and local correctional institutions. Grants emphasize coordinated, collaborative responses to develop and maintain safe, disciplined, and drug-free learning environments.

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.

Institute of Education Sciences. The Institute of Education Sciences compiles statistics; funds research, evaluations, and information dissemination; and provides research-based guidance to further evidence-based policy and practice focused on significant education problems. Research programs examine empirically the full range of issues facing children and individuals with disabilities, parents of children with disabilities, school personnel, and others. The National Library of Education is the largest federally funded library devoted entirely to education and provides reference and information services, collection and technical services, and resource sharing and cooperation.

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 achievement standards. Enhanced instructional opportunities are provided to children and youths of Native American, Alaska Native, Native Hawaiian, Pacific Islander, and immigrant backgrounds. Grants pay the federal share of the cost of model programs for the establishment, improvement, or expansion of foreign language study in elementary and secondary schools.

Office of Vocational and Adult Education. The Office of Vocational and Adult Education

provides leadership, technical assistance, and funding for adult education and career and technical education to state and local agencies to help students improve their literacy skills and prepare them for postsecondary education and careers through strong high school programs and career and technical education. The office ensures the equal access of minorities, women, individuals with disabilities, and disadvantaged persons to career and technical education and adult education and ensures that career and technical education students are held to the same challenging academic content and academic achievement standards established by the state under the *No Child Left Behind Act of 2001*. Funding is also provided to promote identification and dissemination of effective practice in raising student achievement in high schools, community colleges and adult education programs, and lead targeted research investments.

Office of Postsecondary Education. The Office of Postsecondary Education provides grants to colleges and universities 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.

Program Inputs

The Department currently administers programs affecting every area and level of education. In SY 2006–07 the Department’s elementary and secondary programs served an estimated 49.6 million public school students and 6.1 million private school students. Department programs also provide grant, loan, and work-study assistance to an estimated 18 million postsecondary students.

While the Department’s programs and responsibilities have grown substantially over the years, the Department itself has not. Since the *No Child Left Behind Act* was enacted in

2001, the Department’s current staff of approximately 4,073 has decreased 11 percent below the 4,566 employees who administered federal education programs in 2001. At the same time, the Department manages 40 percent more in funds in 2007 than it did in 2001 when its human capital investment was only \$38.7 billion. These staff reductions, along with a wide range of management improvements, have helped limit administrative costs to less than 2 percent of the Department’s budget, ensuring that the Department delivers about 98 cents on the dollar in education assistance to states, school districts, postsecondary institutions, and students.

Summary of Human Capital Expenses					
(Dollars in Millions)	2007	2006	2005	2004	2003
Federal Student Aid Expense					
Direct Loan Subsidy	\$ (499)	\$ 6,655	\$ 5,211	\$ (543)	\$ 4,716
Guaranteed Loan Subsidy	4,884	28,062	9,863	8,516	2,509
Grant Programs	15,092	15,447	15,070	14,943	13,836
Salaries and Administrative	173	172	164	186	179
Subtotal	19,650	50,336	30,308	23,102	21,240
Other Departmental					
Elementary and Secondary Education	21,199	21,710	22,940	21,188	19,493
Special Education and Rehabilitative Services	15,402	15,215	13,995	12,687	11,529
Other Departmental Programs	5,109	5,353	6,067	5,160	4,828
Salaries and Administrative	467	467	486	448	395
Subtotal	42,177	42,745	43,488	39,483	36,245
Grand Total	\$ 61,827	\$ 93,081	\$ 73,796	\$ 62,585	\$ 57,485

Program Outcomes

Education is the stepping stone to higher living standards for American citizens, and it is vital to national economic growth. But education’s contribution is more than increased productivity and incomes. Education improves health, promotes social change, and opens 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 learning or developing skills through education. Like all investments, developing higher-level skills involves costs and benefits.

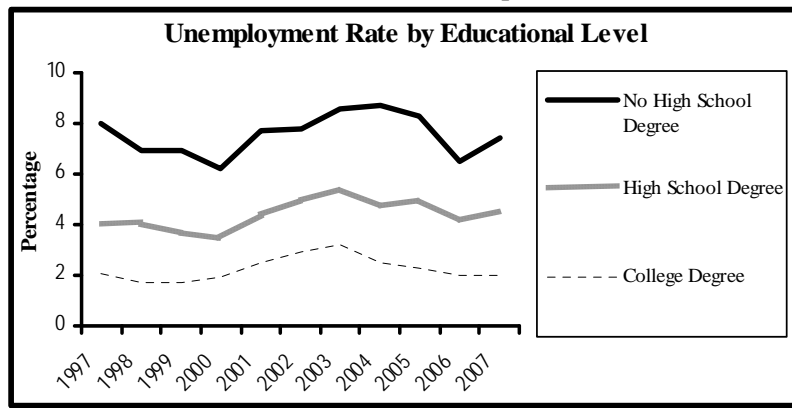
Returns, or benefits, of investing in education come in many forms. While some returns accrue for the individual, others benefit society and the nation in general. Returns related to the individual include higher earnings, better job opportunities, and jobs that are less sensitive to general economic 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 2007 unemployment rate for adults (25 years old and over) who had not completed high school was 7.4 percent, compared with 4.6 percent for those with four years of high school and 2.0 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 2007, the annualized median income for adults (25 years and over) varied considerably by



education level. Men with a high school diploma earned \$36,244, compared with \$65,000 for men with a college degree. Women with a high school diploma earned \$26,624, compared with \$48,776 for women with a college degree. Men and women with college degrees earned 78 percent more than men and women with high school diplomas. Earnings for workers with college degrees have increased in the past year by 12.45 percent for women and 9.87 percent for men. These returns of investing in education directly translate into the advancement of the American economy as a whole.

