OUR ACCOMPLISHMENTS AND ONGOING INITIATIVES FOR FY 2009

The American Recovery and Reinvestment Act of 2009

Overview

The *Recovery Act* was signed into law by President Barack Obama on February 17, 2009. It is an unprecedented effort to jumpstart our economy, create or save millions of jobs and put a down payment on addressing long-neglected challenges so that our country can thrive in the 21st century. To see how *Recovery Act* funds are helping your state, visit http://www.ed.gov/policy/gen/leg/recovery/state-fact-sheets/index.html.

The *Recovery Act* invests heavily in education.

- The act included a total of $98.2 billion to the Department for supplemental appropriations for reforms to strengthen elementary, secondary and higher education, including money to stabilize state education budgets and to encourage states to:
  - make improvements in teacher effectiveness and ensure that all schools have highly qualified teachers;
  - make progress toward college and career-ready standards and rigorous assessments that will improve both teaching and learning;
  - improve achievement in low-performing schools, through intensive support and effective interventions; and
  - gather information to improve student learning, teacher performance and college and career readiness through enhanced data systems.
- The act provides competitive funds to spur innovation and chart ambitious reform to close the achievement gap.
- The act addresses college affordability and improves access to higher education.
- The act includes early learning programs, including child care and programs for children with special needs.

Recovery Act *Successes*

Orange County Public Schools, Florida

As part of the *Recovery Act*'s efforts to impact education across the country, Florida has felt the impact of more than $3.1 billion in education funds. This includes nearly $2 billion in State Fiscal Stabilization Funds that has kept more than 25,000 teachers and staff in Florida's classrooms and maintained other essential services, over $335 million to provide special education and related services to children with disabilities under the *Individuals with Disabilities Act* (*IDEA*) and $245 million to Title I schools.

Orange County Public Schools, the 11th largest school district in the nation and encompassing all of Orlando's public schools, says they have preserved more than 1,600 teachers, nurses, counselors, tutors and other essential staff due to $132 million from the *Recovery Act*.

Department Programs Receiving *Recovery Act* Funding

Race to the Top

The $4.35 billion Race to the Top Fund is the largest ever federal competitive investment in school reform. It will reward states for past accomplishments and create incentives for future improvements. The funding criteria that the Department proposes to use will challenge states to create comprehensive strategies for addressing the four central areas of reform that will drive school improvement:

- adopting internationally benchmarked standards and assessments that prepare students for success in college and in the workplace;
- recruiting, developing, retaining and rewarding effective teachers and principals;
- building data systems that measure student success and inform teachers and principals how best to improve their practices; and
- turning around our lowest-performing schools.

To read more about the Race to the Top Fund, visit http://www.ed.gov/programs/racetothetop/factsheet.html.

Investing in Innovation

To be eligible for this $650 million competitive grant program, local educational agencies (LEAs), including charter school LEAs, and nonprofit organizations working in collaboration with one or more LEAs or a consortium of schools must have made progress in raising student achievement, significantly closing the achievement gap and made progress in other areas. For more information, see http://www.ed.gov/programs/innovation/factsheet.html.

Recovery Act Successes

Richmond County School District, North Carolina

With the decline in state revenues in North Carolina, the Richmond County School District will lose over $3 million in support for education programs, staffing, professional development and other critical needs. The cuts threaten to diminish district efforts to pursue new academic models that have proven reform results. Even with recent state budget action, resource projections are on the decline.

How *Recovery Act* Funds Are Being Used: Budget reductions at the state level caused the district to face a loss of 40 positions across the system from teachers to support staff. The local educational agency's share of *Recovery Act* funds will permit the superintendent to restore a share, but not all, of these positions critical to the teaching, learning and support functions of the districts and its schools.

The one-time increase in *Individuals With Disabilities Education Act* (*IDEA*) funds is permitting the district to implement new teaching and learning strategies for students with special needs that will accelerate efforts to attain grade-level performance and academic achievement.

The one-time increase in Title I funds permits the district to invest in new strategies that promote a districtwide commitment to creating and sustaining professional learning communities. This long-range effort was in serious jeopardy of being curtailed with the loss of funds due to the downturn in the state economy.

Recovery Act funds will also be used in part to secure a state-of-the-art library facility that will be used by all district students and include access to updated technology for teaching and learning, self-directed learning and after-school programs. Without these funds, consideration of these improvements in education resources would not be possible.

Teacher Incentive Fund

The $200 million Teacher Incentive Fund supports state and district efforts to develop and implement performance-based teacher and principal compensation systems in high-need schools, primarily through grants to school districts and consortia of school districts. Under the compensation systems in place in virtually all school districts, teacher salaries increase based on a teacher collecting graduate credit for additional study, increasing number of years on the job or moving out of the classroom into an administrative position. These pay systems often place high-poverty schools at a disadvantage in recruiting effective teachers. The Teacher Incentive Fund supports a variety of performance-based teacher and principal compensation systems that reward teachers and principals for increases in student achievement and boost the number of effective instructors teaching in hard-to-staff subjects and in high-need schools. For more information, see http://www.ed.gov/programs/teacherincentive/factsheet.html.

Teacher Quality Partnership

The $100 million Teacher Quality Partnership program is designed to improve the quality of new teachers by creating partnerships among high-need school districts and schools or high-need early childhood education program. These partnerships create model teacher preparation programs at the pre-baccalaureate level. For more information, see http://www.ed.gov/programs/tqpartnership/index.html

State Longitudinal Data Systems

This $250 million *Recovery Act* program provides grants to states to design, develop and implement statewide longitudinal data systems to capture, analyze and use student data from preschool to high school, college and the workforce. The *Recovery Act* requires that the data systems have the capacity to link preschool, K–12 and postsecondary education as well as workforce data. To receive State Fiscal Stabilization Funds, a state must provide an assurance that it will establish a longitudinal data system that includes the 12 elements described in the *America Creating Opportunities to Meaningfully Promote Excellence in Technology, Education and Science Act* (or the *America COMPETES Act*). For more information, see http://www.ed.gov/programs/slds/factsheet.html.

Title I School Improvement Grants

Title I School Improvement Grants provide states and school districts funds to leverage change and turn around Title I schools identified for improvement, corrective action or restructuring. Authorized under *ESEA* in 2002, the program did not receive funding until FY 2007. The current $3 billion provides an unprecedented opportunity for states and school districts to implement significant reforms to transform their chronically lowest-achieving schools.

Under *ESEA,* states and school districts are required to restructure Title I schools that fail to make adequate yearly progress for five years. Reports indicate that the least rigorous interventions allowable have shown little success in turning around these chronically low-achieving schools, and that the program should be better targeted on the very lowest-performing schools. For more information, see http://www.ed.gov/programs/sif/factsheet.html.

State Educational Technology Grants

The primary goal of the $650 million Educational Technology Grants program is to improve student academic achievement through the use of technology in schools. It is also designed to help ensure that every student is technologically literate by the end of eighth grade and to encourage the effective integration of technology with teacher training and curriculum development. For more information, see http://www.ed.gov/programs/edtech/factsheet.html.

The *Recovery Act* programs provide an unprecedented opportunity for states, districts and schools to use innovative strategies to enhance instruction, facilitate teaching and learning and improve student achievement. They will enable districts to acquire new and emerging technologies, create state-of-the-art learning environments and offer new training and more support for teachers so that students acquire the range of skills they will need to compete in a global economy.

State Fiscal Stabilization Fund

The State Fiscal Stabilization Fund (SFSF) provides a total of approximately $48 billion directly to governors to help save jobs and drive education reform. The Department is awarding SFSF funds in two phases. In Phase I, states submitted applications for approximately $35.4 billion; in Phase II, states are applying for the remainder of about $12.6 billion.

In Phase I applications, state governors were required to assure that their states would take action and make progress in four areas of education reform:

- adopting internationally benchmarked standards and assessments that prepare students for success in college and the workplace;
- recruiting, developing, rewarding and retaining effective teachers and principals;
- building data systems that measure student success and inform teachers and principals how they can improve their practices; and
- turning around our lowest-performing schools.

In Phase II applications, governors are required to provide data in each of these four areas of reform. States would not need to demonstrate progress on the indicators in order to get funds; instead, states would ensure that the information is in place so that parents, teachers and policymakers know where our schools and students stand. If a state cannot provide the data, it would be required to submit a plan for ensuring that this information will be publicly reported as soon as possible. For more information, see http://www.ed.gov/programs/statestabilization/applicant.html and http://www.ed.gov/programs/statestabilization/factsheet.html.

School Modernization

Funds from the SFSF under the *Recovery Act* may be used for modernization, renovation or repair of public school facilities and institutions of higher education facilities. The School Construction Tax Credits may be used for the construction, rehabilitation or repair of a public school facility or for the acquisition of land on which such a facility is to be constructed. For more details, visit http://www.ed.gov/policy/gen/leg/recovery/modernization/index.html.

Title I, Part A *Recovery Act* Funds for Grants to Local Educational Agencies

The *Recovery Act* provides significant new funding for programs under Title I, Part A of *ESEA*. Specifically, the *Recovery Act* provides $10 billion in additional FY 2009 Title I, Part A funds to LEAs for schools that have high concentrations of students from families that live in poverty to help improve teaching and learning for students most at risk of failing to meet state academic achievement standards. These funds create an unprecedented opportunity for educators to implement innovative strategies in Title I schools that improve education for at-risk students and close the achievement gaps. The additional resources will enable local educational agencies to serve more students beyond the approximately 20 million currently served and boost the quality of teaching and learning. Final allocations of Title I, Part A *Recovery Act* funds to each state and local educational agency are available at http://www.ed.gov/about/overview/budget/statetables/index.html

Individuals with Disabilities Education Act (IDEA), Parts B and C

> "We're here today to talk about keeping teachers in the classroom—where they belong. The ultimate foundation for our nation's future is a well-educated child. And every day, the *Recovery Act* is helping educators, parents and students work together to build the best possible foundation for the 21st century."
> —*Vice President Joe Biden*

The *Recovery Act* appropriates significant new funding for programs under Parts B and C of the *IDEA*. Part B of the *IDEA* provides funds to state and local educational agencies to help them ensure that children with disabilities—including children aged 3 through 5—have access to a free, appropriate public education to meet each child's unique needs and prepare him or her for further education, employment and independent living.

Part C of the *IDEA* provides funds to each state lead agency designated by the state's governor to implement statewide systems of coordinated, comprehensive, multidisciplinary interagency programs and make early intervention services available to infants and toddlers with disabilities and their families.

The *IDEA* funds under the *Recovery Act* will provide an unprecedented opportunity for states, local educational agencies and early intervention service providers to implement innovative strategies to improve outcomes for infants, toddlers, children and youths with disabilities. Under the *Recovery Act*, the *IDEA* funds are provided under three authorities: $11.3 billion is available under Part B Grants to States, $400 million under Part B Preschool Grants and $500 million under Part C Grants for Infants and Families. Information about each state's allocation is available at http://www.ed.gov/about/overview/budget/statetables/index.html.

Vocational Rehabilitation State Grants

The *Recovery Act* appropriates significant new funding for the Vocational Rehabilitation (VR) State Grants program, authorized under Title I of the *Rehabilitation Act of 1973,* as amended (*Rehabilitation Act*). The VR State Grants program provides grants to states to help individuals with disabilities—especially those individuals with the most significant disabilities—prepare for, obtain and maintain employment.

The *Recovery Act* provides an unprecedented opportunity for states and vocational rehabilitation agencies to implement innovative strategies to improve employment outcomes for individuals with disabilities. Under the *Recovery Act*, $540 million is provided for the VR State Grants program. Information about each state's formula allocation is available at http://www.ed.gov/about/overview/budget/statetables/index.html.

Independent Living Services and Centers for Independent Living

The *Recovery Act* appropriates significant new funding for the Independent Living (IL) programs authorized under Title VII, Chapter 1, Part B and Part C and Chapter 2 of the *Rehabilitation Act* and for the Centers for Independent Living Program authorized under Title VII, Chapter 1, Part C of the *Rehabilitation Act*.

The Independent Living programs support services to individuals with significant disabilities and older individuals who are blind. Under the *Recovery Act*, $52 million is provided under separate authorities. Information about each state's formula allocation under these authorities is available at http://www.ed.gov/about/overview/budget/statetables/index.html.

The Centers for Independent Living Program supports nonprofit, consumer-controlled, community-based, cross-disability, nonresidential centers for independent living centers that provide an array of independent living services to individuals with significant disabilities. Under the *Recovery Act*, $87.5 million is provided under the program authority. Information about each state's allocation under the program is available at http://www.ed.gov/about/overview/budget/statetables/index.html.

McKinney-Vento Homeless Assistance

The *Recovery Act* provides $70 million under the McKinney-Vento Education for Homeless Children and Youth program, which is authorized under Title VII-B of the *McKinney-Vento Homeless Assistance Act*. The *McKinney-Vento Recovery Act* funds are a one-time source of funds that supplement the McKinney-Vento funds made available under the regular FY 2009 appropriation. These additional resources will assist states and local educational agencies in addressing the educational and related needs of some of the most vulnerable members of our society—homeless children and youth—during a time of economic crisis in the United States. For more information, see http://www.ed.gov/programs/homelessarra/index.html.

Impact Aid

The *Recovery Act* appropriated $100 million in new funding for Impact Aid under section 8007 of Title VIII of *ESEA*. After reserving 1 percent of the appropriation for management and oversight, the Department awarded $39.6 million to 179 local educational agencies that are eligible as a result of their enrollment of certain numbers and types of federally connected children for whom they receive funds under section 8003 of the Impact Aid Program (Basic Support Payments).

Payments are made based on the number of eligible federally connected children in average daily attendance who are dependents of members of the uniformed services and children living on Indian lands. For more information, see http://www.ed.gov/policy/gen/leg/recovery/factsheet/impactaid.html.

Student Financial Assistance

The *Recovery Act* appropriated $16.5 billion for Federal Pell Grants and Federal Work Study. These additional funds were part of the national effort to increase the affordability of postsecondary education for needy students.

New Initiatives in Federal Student Aid

In 2008, amid unprecedented disruptions in the private credit markets, the Department developed and successfully implemented an aggressive plan to ensure uninterrupted access to federal student loans. This plan included the use of new statutory authority to purchase FFEL loans, providing lenders with the liquidity needed to make new loans, the expansion of the Department's capacity to originate and service loans under the William D. Ford Federal Direct Student Loan Program and the strengthening of the FFEL Lender of Last Resort program. As a result of these efforts, which were continued in 2009, students and families were able to obtain over $84 billion in loans for the 2008–2009 school year smoothly and without significant disruption.

Beginning in August 2008, the Department implemented a number of programs authorized under the *Ensuring Continued Access to Student Loans Act of 2008* (*ECASLA*) to ensure credit market disruptions did not deny eligible students and parents access to federal student loans for the 2008–2009 academic year. The *ECASLA* authority, which originally expired on September 30, 2009, was subsequently extended through September 30, 2010, to continue to ensure unfettered access to loans through the 2009–2010 academic year. Programs authorized under *ECASLA* are summarized below.

Loan Participation and Loan Purchase Programs. Under these programs, lenders may access capital to make new loans either by selling eligible FFEL loans directly to the Department or by selling the Department participation interests in eligible FFEL loans. Lenders that sell loans or participation interests in loans must represent to the Department that they will continue to participate in the FFEL Program and that when funds become reasonably available from private sources on affordable terms, they will make new loans or acquire new loans made by other lenders. Participation interests on loans made for the 2008–2009 academic year had to have been redeemed, with interest, by lenders no later than October 15, 2009, either in cash or by selling the underlying loans to the Department; for loans made for academic year 2009–2010, the deadline for redemption is September 30, 2010. Through September 2009, the Department directly purchased over 5 million loans valued at approximately $24 billion. Through September 2009, the Department acquired more than $41 billion in participation interests in FFEL Program loans.

Short-Term Loan Purchase Program. From December 2008 through March 2009, the Short-Term Loan Purchase Program purchased eligible loans made for the 2007–2008 academic year. Under this program, the Department purchased 280,000 loans worth roughly $1 billion.

Asset-Backed Commercial Paper Conduit Program. The Asset-Backed Commercial Paper Conduit Program was developed to provide additional liquidity to support new lending. Under this program, which began operations mid 2009, the Department entered into forward purchase commitments with a conduit. The conduit issues commercial paper backed by qualifying student loans made between October 1, 2003 and September 30,

2009. If the conduit is unable to retire this paper as it matures, the Department commits to provide the needed funds by purchasing the underlying student loans.

Lender of Last Resort. The *Higher Education Act of 1965* requires guaranty agencies (GAs) to make loans as a Lender of Last Resort to those students who are unable to obtain FFEL loans from conventional FFEL lending sources. GAs may arrange for a conventional FFEL lender to make Lender of Last Resort loans or may make loans directly with their own resources. The Department may advance funds to a GA to make lender of last resort loans if that GA cannot arrange for such lending by another party and lacks other resources sufficient to make the needed loans. The Department will require that any federal advances be deposited in the GA's Federal Fund and that loans made from those funds be assigned to the Department promptly after they are disbursed. The Department has not made federal advances for Lender of Last Resort loans in FY 2009 and none are currently anticipated for FY 2010.

"Time and again, when we placed our bet for the future on education, we have prospered as a result—by tapping the incredible innovative and generative potential of a skilled American workforce . . . . That's why, at the start of my administration, I set a goal for America: by 2020, this nation will once again have the highest proportion of college graduates in the world."

—President Obama

Making College Affordable and Accessible

Today's new initiatives complement President Obama's existing agenda for higher education. At this time of economic hardship and uncertainty, the administration's agenda will build the country's capacity, innovation and confidence to drive the nation to first place in the highly skilled workforce crucial for success in the 21st century. These initiatives include:

- **Expanding Pell Grants and College Tax Credits:** The *Recovery Act* increased Pell Grants to $5,350 and created the $2,500 American Opportunity Tax Credit for four years of college tuition.
- **Reforming the Student Loan Program to Save Billions:** The administration has proposed to replace guaranteed loans with Direct Loans, which are originated and serviced by private-sector companies selected through a competitive process and paid based upon performance. Direct Loans have essentially the same terms for students and are more reliable and efficient.
- **Helping Unemployed Workers Get New Skills:** President Obama has expanded opportunities for unemployed workers to go to community colleges and learn new skills. The Department has clarified that these workers should not be denied student aid based upon incomes they no longer earn, and the Department of Labor is working with states to allow workers to keep their unemployment benefits while receiving education and training.
- **Expanding the Perkins Loan Program:** The low-cost Perkins Loan Program is an important option for students who need to borrow more than what is allowed under the larger Stafford Loan Program. The administration will expand it from $1 billion per year to $6 billion per year.
- **Helping Families Save for College:** The President's Middle Class Task Force has directed the Department of the Treasury to investigate improvements to savings plans to help families save for college more effectively and efficiently.

TEACH Grant Program. Authorized by the *College Cost Reduction and Access Act of 2007 (CCRAA)*, the Teacher Education Assistance for College and Higher Education (TEACH) Grant Program offers grants of up to $4,000 to students agreeing to teach math, science or other specialized subjects in a high-poverty school for at least four years within eight years of their graduation. If students fail to fulfill the service requirements, grants turn into Unsubsidized Stafford Loans, with interest accrued from the time of the grant award.

Because the grants turn into loans when the service obligations are not satisfied, budget and accounting treatment for TEACH Grants is consistent with the *Federal Credit Reform Act of 1990*. Subsidy costs reflecting the net present value of grant costs less the expected future loan payments are recorded in the TEACH Grant Program Account. In FY 2009, the Department disbursed approximately 15,000 grants for almost $44 million under TEACH.

Streamlining Student Financial Aid

The President has challenged the nation to once again have the highest percentage of college graduates in the world; to do that we need to send a clear message to both young people and adults that college is within their reach. More than a million students fail to apply for aid because of the application's complexity. The Department is simplifying the financial aid process by modernizing the online application, seeking legislation that will eliminate unnecessary questions and creating an easy process for students to use tax data to apply.

By developing a more user-friendly FAFSA that will make it easier to apply for college financial aid and increase postsecondary enrollment, particularly among low- and middle-income students, the Department is providing instant estimates of Pell Grant and student loan eligibility, easier navigability and seamless retrieval of tax information. See http://www.fafsa.ed.gov/ for more information.

Help for Those Burdened by Student Loan Debt

Through the *College Cost Reduction and Access Act of 2007,* Congress created the Public Service Loan Forgiveness Program. The program is designed to encourage young people to serve the public by working for federal, state or local governments, nonprofits or other public employers. Under this program, people with student loans can have their debts erased after 10 years of public service. Borrowers may qualify for forgiveness of the remaining balance due on their eligible federal student loans after they have made 120 payments under certain repayment plans while employed full-time by public service employers.

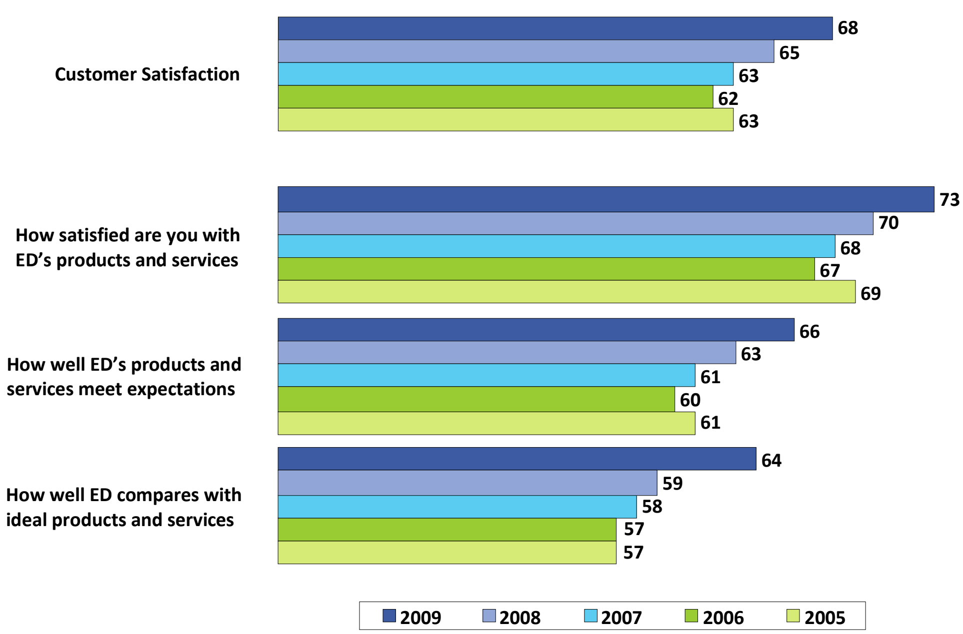
Another program that will help graduates with their student debt is the Income-Based Repayment Plan. This plan will cap the amount of the monthly federal loan payments at an amount determined by income and family size. The Department has developed an online calculator located on its student aid site to assist potential borrowers in determining their eligibility and to estimate if they would benefit from the plan. For more information, visit http://studentaid.ed.gov/PORTALSWebApp/students/english/index.jsp.

Management Improvement

Customer Satisfaction With the Department of Education

The Department strives to provide the most effective services to grantees and organizations that require support, assistance or information from the Department. Each year, the Department conducts an extensive survey of satisfaction of selected grantees and organizations. The survey is based on the American Customer Satisfaction Index, which is the national indicator of customer evaluations of the quality of goods and services and is the only uniform, cross-industry/government measure of customer satisfaction. The index is based on a scale of 100 points with a weighted average. Over a 5-year period, the Department has worked hard to provide its customers with levels of support that include quality of published guidance and documents, including online resources, effectiveness in the use of technology to deliver services, responsiveness and knowledge of Department staff and the provision of timely and quality technical assistance. In FY 2009, the Department achieved a five-point increase in customer satisfaction over the past two years. The Department saw significant increases in all drivers of customer satisfaction. For the full report, visit http://www.ed.gov/about/reports/annual/gss/index.html.

Customer Satisfaction Index 2005–2009



The Organizational Assessment

The Department's Organizational Assessment (OA) is the Departmentwide performance management system, developed in response to the requirements of Executive Order 13450, *Improving Government Program Performance,* as well as the Office of Personnel Management's requirement that each federal agency evaluate its principal offices on an annual basis. The OA operates at the principal office level and is designed to integrate and align all of the Department's performance management elements, including the *Strategic Plan,* the Secretary's annual goals and priorities, the priorities of the principal offices and other requirements of law. The OA provides a framework for communicating goals and priorities to employees and for aligning employee performance plans with the objectives of Department and principal offices.

During FY 2009, the Department made significant changes to improve the transparency and accountability within its OA Initiative. These changes resulted in reducing the overall number of measures within the frameworks to better focus the Department's resources on mission-critical goals and priorities. As a result, OA leadership challenged Chief Management Officers to set ambitious goals for their Principal Operating Components. As a result, a number of steps have been implemented to ensure that the overall framework and scoring system were more rigorous in FY 2009. The goal of these changes is to improve the Department's overall performance.