

IMPROVING PRODUCTIVITY AND EFFICIENCY

As states, colleges, districts, and schools face continued budget pressures, it is more important than ever that policymakers, educators, and other stakeholders work together in “the new normal” to improve student learning and accelerate reform. The President’s budget recognizes the opportunities presented by this “new normal” to consolidate duplicative funding streams while making responsible investments in high-impact new initiatives and existing programs that are best able to produce significant improvements in student outcomes. In addition, the budget emphasizes the need for states, colleges, and universities to be more productive in reining in costs for students while preserving access and quality.

Using Dollars More Effectively. Although the President is increasing total education spending, he recognizes that federal programs need to be efficient and productive. That’s why the 2013 budget request targets dollars toward programs that include rigorous evaluation components—such as the Investing in Innovation Fund and First and the World—or leverage Federal investments to drive systemic reform at the State level, such as Race to the Top and Race to the Top: College Affordability and Completion. And for others programs such as Effective Teaching and Learning and TRIO, the budget emphasizes better-targeted resources to projects most likely to succeed through priorities for productivity and allocations through robust competitions instead of formula.

Supporting local productivity and efficiency. The budget requests funds for programs that support innovative, locally developed reforms that effectively use resources to accelerate student achievement.

- **\$150 million for Investing in Innovation (i3).** Building on the overwhelming demand for i3, these funds will continue to ensure that schools and districts have access to innovative strategies and practices with demonstrated effectiveness. This model – more resources for activities with more evidence – helps ensure that federal funds are spent wisely. The 2012 competition will also include a priority for projects that improve productivity. In addition, a portion of funds in 2013 would be set aside for the new **Advanced Research Projects Agency for Education**, which will foster breakthrough developments in educational technology and learning systems, support systems for educators, and tools that result in improvements in student outcomes.
- **\$850 million for Race to the Top.** The Department would make Race to the Top awards on a competitive basis to States, LEAs, or a combination thereof, to provide incentives for comprehensive reforms and innovations to significantly improve student achievement and other forms of outcomes and close achievement gaps. Past Race to the Top winners have used funds to pursue comprehensive reforms by increasing educational productivity.
- **Pay for Success.** While Department funds are traditionally distributed to support reforms that improve student achievement, the budget would use the multi-agency pay for success authority to experiment with a new model that would award funds after successful outcomes

are demonstrated. For example, a pay for success model could be tested in the Career and Technical Education Program, First in the World, or i3 to reward grantees that are able to get students to complete rigorous programs of study that lead them to postsecondary credentials. This innovative stewardship of federal dollars will result in improved outcomes for students at a lower cost to taxpayers.

- **\$1 billion for Race to the Top: College Affordability and Completion.** States have a major role to play in adopting reforms that control the cost of higher education while also improving access and quality. The proposed Race to the Top: College Affordability and Completion would provide competitive grants to States to support one-time foundational investments in postsecondary reform that would reduce costs, with a large share of funds passed through to institutions to adopt reforms that also improve productivity.
- **\$55 million for First in the World.** This program would provide competitive grants to institutions, nonprofit organizations, and others to develop, evaluate, and scale up the most promising innovations to improve quality and reduce cost in higher education.
- **Reform Campus-Based Aid to encourage value and completion.** The 2013 request seeks to expand the Campus-based aid programs—the Supplemental Education Opportunity Grant (SEOG), Federal Work Study (FWS), and the Perkins Loan Program—to provide over \$10 billion in aid to students. The President’s budget would modernize the way these funds are distributed to reward institutions that demonstrate a commitment to providing their students a high-quality education at a reasonable price, emphasize linkages between a student’s area of study and work-study experiences, and provide good value. As part of these reforms, the 2013 request includes \$150 million in additional funds for FWS to help the program focus more on institutional success in placing their students in positions that closely align with their academic field of interest.
- **\$5 billion to reshape the teaching profession.** States and districts will use these funds to improve the effectiveness of the education workforce by attracting top-tier talent to the teaching profession and preparing them for success; creating a professional career continuum with competitive compensation; providing teachers with greater autonomy and time to collaborate; and evaluating and supporting the development and success of teachers and leaders. In addition, the competition will require grantees to develop plans to create a sustainable system for supporting teacher effectiveness that will continue to produce gains in student learning after the grant ends.
- **Supplemental priority on improving productivity.** The Secretary has listed productivity among the supplemental priorities that can be used across the Department’s discretionary grant programs. Programs can use the priority to support projects that increase productivity while improving student learning and other educational outcomes.