

DEPARTMENT OF EDUCATION
Statement by

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Secretary of Education
on the

U.S. Department of Education Fiscal Year 2014 Budget Request

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Good morning Chairman and Members of the Committee. I'm pleased to be here today to talk with you about President Obama's priorities and plans for the Department of Education, particularly as they relate to the President's fiscal year 2014 budget request for education.

This morning I'll sketch out some important progress made in the President's first term, highlight some of the urgent educational challenges that remain, and briefly describe key elements of the President's education 2014 Budget, including the President's plan to dramatically improve our return on investment (ROI) in education through the Preschool for All initiative.

The overall message here is that education is not just another expense in the Federal budget—it's an investment. In fact, it is one of the most critical investments in the future that we, as a Nation, can make. America cannot win the race for the future without investing in education—it's that simple.

As the Members of this Committee well know, budgets entail value choices. They reflect the aspirations of our citizens and leaders. And I am glad to say that, for the most part, Federal education funding has enjoyed bipartisan support, even in tough times. And in this time of fiscal challenges, it is important to work for what President Obama calls "smarter government." We don't always live up to this goal in Washington. But I've yet to meet a lawmaker who has stated a preference for dumber government.

Unfortunately, sequestration, with its indiscriminate cuts to education, the military, and other critical public investments, is just that: dumb government.

You won't see our high-performing competitors funding education by sequester. In a knowledge-based, globally-competitive economy, our competitors are determined to invest in education. They want to accelerate their progress, not cut back on public education.

South Korea's investment in education, as a percentage of GDP, increased by nearly a third from 2000 to 2009, whereas our investment, as a percentage of GDP, increased by just 6 percent. Education spending as a percentage of GDP rose at more than twice the U.S. rate in many other countries as well during the last decade, including Australia (up 15 percent), Denmark (18 percent), and the Netherlands (21 percent).

Today, the U.S. is one of only four Organisation for Economic Co-operation and Development — OECD — countries where students in low-income schools have to cope with higher student-to-teacher ratios than their peers in more advantaged schools.

But the question is not just whether we should continue to invest in education, but how can we make smarter investments in education? How can our education system become more productive? One way to answer these questions is to look at the return on investment in our education policies.

Progress During President Obama's First Term

During the President's first term, the Administration worked hand-in-hand with the Congress to make critical new investments in education. We launched new programs like Race to the Top and Promise Neighborhoods, redesigned the School Improvement Grants (SIG) program, and dramatically expanded the Pell Grant financial aid program for low-income students. A key goal was to challenge the status quo where it had become unproductive.

We also wanted to build on a development that none of the experts foresaw, the decision by 46 States, plus the District of Columbia, to come together to design and adopt the Common Core standards. For the first time, almost every State is supporting higher standards that show if students are truly college- and career-ready—whether they are from Mississippi or Massachusetts. This was a sharp change from what we saw in the 4 years from 2005 to 2009, when 19 States actually lowered their academic standards for students. We can thank courageous State leadership for stopping this dummied down of standards.

Today, we are starting to see the payoff of those first-term investments and setting higher expectations for our students. In 2010, the on-time high school graduation rate hit its highest level in 3 decades. In 2008, less than two-thirds of Hispanic students graduated on time from high school. Today, about three in four Hispanic high school students graduate with their class.

Because the graduation rate of Latino students rose from 2008 to 2011, an additional 164,000 Latino students graduated on time. That is 164,000 people with a better chance of getting a good job, owning their own home, and supporting a family.

On-time graduation rates for African-American students are up, too. In 2008, only about three in five black students graduated from high school on time. Today, two in three do so, resulting in an additional 83,000 African-American students graduating on time in 2011.

These gains are due in part to a sharp drop in the number of high school dropout factories—schools where fewer than 60 percent of ninth graders graduate 4 years later. Since 2008, the number of high school dropout factories has dropped by almost 20 percent, from about 1,750 high schools to roughly 1,425 high schools.

For our families, that means nearly 700,000 fewer teenagers are trapped in those high schools today than in 2008. That is a big step in the right direction.

In higher education, we're seeing substantial increases in college enrollment, too, especially for Hispanic students. More than half-a-million additional Hispanic students—about 550,000 in all—are enrolled in college today than were enrolled in 2008. That is 550,000 more people who are getting their shot at the American dream and the opportunity to thrive in a globally competitive world. And overall, the number of Pell Grant recipients has increased more than 50 percent, from 6.2 million in 2008 to more than 9 million 3 years later. That is the biggest expansion of educational opportunity in higher education since the GI Bill.

In a knowledge-based economy, the ROI for many of the strategies the Administration has pursued is huge. We believe our efforts to support and strengthen the teaching profession through improved teacher evaluation, better professional development, and the RESPECT initiative will pay large, long-term dividends for our children and our communities.

Economists at Harvard and Columbia have documented that having a good teacher rather than an ineffective one can increase the lifetime earnings of a class of students by over \$260,000. Multiply that by the number of classes a teacher would instruct over the course of her career, and it is clear that even a single good teacher can have a multi-million dollar effect on the economy.

The ROI for attending college is huge, too, with the average college graduate earning \$2.3 million during his or her lifetime, or about \$1 million more than the \$1.3 million in lifetime earnings for an individual with just a high school diploma. And unlike when I and many members of the Committee were growing up, there are no good-paying jobs for high school dropouts.

The ROI on High-Quality Early Learning

In developing the President's 2014 budget request for education, this emphasis on ROI led us to ask, what is the smartest use of our education dollars? The answer, I believe, is that high-quality early learning is the best education investment we can make in our children, our communities, and our country. As President Obama has said, "if you are looking for a good bang for your educational buck," high-quality preschool is the place to look.

In the near-term, high-quality preschool reduces placements in special education. It reduces grade retention. It boosts graduation rates. In the long-term, high-quality preschool both increases the odds of holding a job and decreases crime and teen pregnancy.

Nobel laureate James Heckman recently examined evidence from a rigorous, longitudinal evaluation of the Perry Preschool project and found that this high-quality preschool program returned seven to twelve dollars for every one dollar it invested. A longitudinal study of the Chicago Child Parent Centers also found an ROI of seven to one.

States like Oklahoma and Georgia know about these data and are leading the way in creating universal preschool programs. In fact, numerous States led by GOP governors—including Alabama and Michigan—are investing in quality and expanding coverage to more 4-year-olds.

Not only are States investing in high-quality preschool, voters are approving sales tax and property tax increases to fund preschool initiatives. Last November, voters in San Antonio, Denver, and St. Paul, Minnesota, approved tax increases to support preschool programs in their communities.

Voters and parents understand that in today's global economy, ensuring access to high-quality preschool is not a luxury but a necessity. They understand that investing in high-quality preschool is a win-win proposition, with a big economic return. And they understand that we have to stop playing catch-up in education. We have to level the playing field for young children, so everyone can begin kindergarten at the same starting line.

The Theory of Action for the President's Preschool Plan

Our focus on ROI is a key justification for President Obama's groundbreaking preschool proposal. Preschool for All would invest \$75 billion in mandatory funding over 10 years to create a new Federal-State partnership that would enable States to provide universal high-quality preschool for 4-year olds from low- and moderate-income families, up to 200 percent of the poverty line. Preschool for All also would provide incentives for States to serve additional children from middle-class families. In addition, a \$750 million discretionary request for Preschool Development Grants would help build State capacity to implement the high-quality preschool programs required by Preschool for All.

Contrary to what you may have heard, the President's plan would not be a new Federal entitlement program. States would use Federal funds to create or expand high-quality preschool programs in partnership with local school-based and community providers. States would provide an increasing match for the program, and every cent of the \$75 billion provided by the Federal Government over the next 10 years would be paid for by increases in taxes on cigarettes and tobacco products.

Our theory of action in expanding high-quality preschool is going to be the same as it was in the first term for initiatives like Race to the Top, with a strong emphasis on supporting and partnering with States, incentivizing innovation, and identifying what works to strengthen education and accelerate achievement. That means that at the Federal level, we should be tight on ends but loose on means. The Department should set a high bar for quality in preschool programs. But it should leave it up to State and local leaders to choose the best means for reaching that bar.

Under the President's plan, States would be required to meet quality benchmarks linked to better outcomes for children—like having high-quality State-level standards for early learning, qualified and well-compensated teachers in all preschool classrooms, and a plan to implement comprehensive assessment and data systems.

The urgent need today for greater access to high-quality preschool for children from low- and moderate-income families is not really in dispute. Fewer than 3 in 10 4-year-olds today are enrolled in high-quality preschool programs. And we know that, on average, children from low-

income families start kindergarten 12 to 14 months behind their peers in language development and pre-reading.

Despite these data, the United States ranks 25th out of the 29 member nations of the OECD in public spending on early learning as a percentage of Gross Domestic Product (GDP), and 28th among OECD nations in the enrollment of 4-year-olds in early learning. The Czech Republic and Chile devote more government spending to early learning, as do Iceland and Italy.

Other Priorities in the President's 2014 Request for the Department of Education

These preschool proposals are part of an overall request of \$71.2 billion in discretionary appropriations for the Department of Education in fiscal year 2014, an increase of \$3.1 billion, or 4.5 percent, over the fiscal year 2012 level.

In addition to early learning, this request is focused on strengthening K-12 education, making our schools safer and creating positive learning environments, supporting career-readiness for all, improving affordability and quality in postsecondary education, and supporting the Administration's Ladders of Opportunity initiative for high-poverty communities.

Strengthening K-12 Education

The 2014 request provides essential funding for traditional State formula grant programs that are the foundation of Federal support for State and local efforts to ensure that all students meet college- and career-ready standards, including a \$14.5 billion request for the Title I Grants to Local Educational Agencies program and \$11.6 billion for the Individuals with Disabilities Education Act Grants to States program. At the same time, we would continue our emphasis on creating meaningful incentives to leverage more effective use of Federal education funding in key areas such as putting a great teacher in every classroom and a great leader in every school; building local capacity to support successful school turnarounds; and improving teacher preparation and classroom instruction in science, technology, engineering, and mathematics (STEM).

Reforming Federal Support for Effective STEM Education

The Administration is proposing a comprehensive reorganization of Federal STEM education programs as part of a Governmentwide realignment that would reorganize or restructure 116 programs across 13 agencies.

Reforming Federal support to support an effective, cohesive national STEM education strategy is a top Administration priority. Scientists and engineers are key innovators in our society. They play an essential role in developing new industries and opportunities that create jobs and spur economic growth. Our Nation depends on an innovation economy, and America's capacity to build and create should never be limited by a shortage of talent in the STEM fields.

At the core of this strategy for improving K-12 STEM education is a \$150 million request for STEM Innovation Networks, which would support creating partnerships among school districts, institutions of higher education, research institutions, museums, community partners,

and business and industry. These networks would develop comprehensive plans for identifying, developing, testing, and scaling up evidence-based practices to provide rich STEM learning opportunities in participating local educational agencies (LEAs) and schools. They also would work to leverage better and more effective use of the wide range of STEM education resources available from Federal, State, local, and private entities, including federally supported science mission agencies.

Other key elements of the Department's STEM request include \$80 million for STEM Teacher Pathways to support the President's goal of developing 100,000 new effective STEM teachers by recruiting, training, and placing talented recent college graduates and mid-career professionals in the STEM fields in high-need schools; and \$35 million to establish a new STEM Master Teacher Corps, which would identify teacher leaders in STEM fields who would take on leadership and mentorship roles in their schools and communities aimed at improving STEM instruction and helping students excel in math and science.

More Effective Teachers and School Leaders

Consistent with the Administration's proposal to reauthorize the Elementary and Secondary Education Act (ESEA), the President's Budget would provide \$2.5 billion for Effective Teachers and Leaders State Grants to provide flexible, formula-based support for States and LEAs that commit to improving their teacher and principal evaluation systems and to ensuring that low-income and minority students have equitable access to teachers and principals who are effective at raising student achievement. We also would renew our request for a 25 percent national activities set-aside totaling nearly \$617 million that would allow the Department to build evidence on how best to recruit, prepare, and support effective teachers and school leaders and to invest in efforts to enhance the teaching and leadership professions.

In addition, the budget includes \$400 million for the reauthorized Teacher and Leader Innovation Fund, an increase of \$100 million over 2012, to help States and LEAs improve the effectiveness of teachers and leaders in high-need LEAs and schools, in particular by creating the conditions to identify, recruit, prepare, support, retain, and advance effective and highly effective teachers, principals, and school leadership teams in those schools. We also are asking for \$98 million to support a redesigned School Leadership Program that would more than triple the Federal investment in training for principals. This proposal would promote evidence-based professional development for current school leaders aimed at strengthening essential leadership skills—such as evaluating and providing feedback to teachers, analyzing student data, developing school leadership teams, and creating a positive school climate.

Supporting School Turnarounds and Data-Based Innovation

We would expand our commitment to helping States and school districts turn around their lowest-performing schools through a \$659 million request for the reauthorized School Turnaround Grants (STG) program. The request includes an increase of \$125 million that would be used for competitive awards to help school districts build their capacity to implement effective interventions in persistently lowest-achieving schools or priority schools, and to sustain progress in schools that have successfully completed a 3-year STG project. In addition, the

Department could use up to \$25 million of these funds to build district capacity by expanding the School Turnaround AmeriCorps initiative, a new partnership with the Corporation for National and Community Service that places AmeriCorps members in low-performing schools to support their school turnaround efforts.

The request also would strengthen K-12 education through a \$215 million proposal for Investing in Innovation (i3), an increase of \$66 million, to expand support for using an evidence-based approach to test new ideas, validate what works, and scale up the most effective reforms. Up to \$65 million would be available for the Advanced Research Projects Agency for Education (ARPA-ED), an initiative modeled on similar entities at the Departments of Defense and Energy that would aggressively pursue technological breakthroughs with the potential to dramatically improve the effectiveness and productivity of teaching and learning. And an \$85 million request for statewide longitudinal data systems (SLDS) would provide an increase of \$47 million to support the development of P-20 reports and tools to inform policy-making at the State and local levels, as well as the development of in-house analytic capacity for States and school districts.

Supporting Career-Readiness for All

To out-innovate and out-compete the rest of the world, secondary schools and postsecondary institutions need to strengthen the links in our education system to better support career training and skills. The President's 2014 Budget seeks to promote career-readiness for all, in large part through a \$1.1 billion request for a reauthorized Carl D. Perkins Career and Technical Education (CTE) program. The reauthorized CTE program would strengthen alignment among secondary and postsecondary CTE programs and business and industry, and create a better accountability system for improving academic outcomes, technical skills, and employability outcomes.

We also are proposing \$300 million for a new High School Redesign program, which would support partnerships of school districts, employers, and postsecondary institutions that would redesign high schools in innovative ways to ensure that all students graduate from high school with (1) college credit, earned through dual enrollment, Advanced Placement courses, or other postsecondary learning opportunities; and (2) career-related experiences or competencies, obtained through organized internships and mentorships, structured work-based learning, and other related experiences.

In addition, we are asking for \$42 million to fund a demonstration and evaluation of Dual Enrollment programs. This proposal would establish or expand dual enrollment programs, aligned with career pathways and local workforce needs, which offer high school and adult students the opportunity to earn college credits while enrolled in a high school or GED program. Research has shown that participation in dual-enrollment programs is linked to increased high school graduation, higher rates of college enrollment and persistence, and higher college credit accrual rates.

Affordability and Quality in Postsecondary Education

The 2014 request continues to support the President's ambitious goal that America will once again have the highest proportion of college graduates in the world by 2020. The urgent and growing need for higher education reflected in the 2020 goal comes at a time when paying for college is a challenge for many American families. As a consequence, the President's budget proposes comprehensive reforms to increase affordability and quality in higher education, including \$1 billion for a new Race to the Top—College Affordability and Completion competition. That competition would drive change in State higher education policies and practices to improve college access, affordability, completion, and quality. The request also includes \$260 million for a First in the World fund, modeled after the Investing in Innovation (i3) program, which would make competitive awards to encourage innovation in higher education to tackle and improve college completion rates, increase the productivity of higher education, build evidence of what works, and scale up proven strategies. Funding would also support validation systems for competency-based learning, which has the potential to improve completion rates, and Pay For Success awards to programs that can demonstrate good outcomes for students.

In addition to promoting systemic reforms in higher education, the President's 2014 request includes student aid proposals that would make college more affordable, including linking student loan interest rates to market rates and preventing a scheduled July 1, 2013, doubling of Subsidized Stafford Loan rates from 3.4 percent to 6.8 percent. The President's budget would expand repayment options to ensure that loan repayments for all student borrowers do not exceed 10 percent of a borrower's discretionary income, and significantly increase aid available under the Campus-Based Aid programs. For example, the request includes a \$150 million increase for the Work-Study program as part of an effort to double participation over 5 years, as well as reforms to the Perkins Loans program that would expand loan volume by some eight and one-half times, up to \$8.5 billion, while making Perkins Loans available at up to an additional 2,700 college campuses.

Building Ladders of Opportunity—and Promise Zones

The President's 2014 Budget for education would help directly address the growing concern that too many communities in America—urban, rural, and, increasingly, suburban—suffer from the negative effects of concentrated poverty, including developmental delays among young children, poor educational outcomes, high rates of crime and incarceration, health problems, and low employment. One new strategy for addressing the challenges of concentrated poverty is the Promise Zones initiative, which will revitalize high-poverty communities across the country by attracting private investment, increasing affordable housing, improving educational opportunities, providing tax incentives for hiring workers and investing in the Zones, and assisting local leaders in navigating Federal programs and cutting through red tape.

This interagency effort will explore opportunities to make better use of all available resources—Federal, State, and local—to address the negative effects of concentrated poverty. The President's budget would support Promise Zones through significant requests in his signature place-based programs, including \$300 million for the Department of Education's

Promise Neighborhoods, a \$400 million request for the Department of Housing and Urban Development's Choice Neighborhoods program, and \$35 million for the Department of Justice's Byrne Criminal Justice Innovation Grants program, in addition to tax incentives to promote investment and economic growth.

Making Schools Safer

In January of 2013, President Obama released his plan to reduce gun violence, make schools safer, and increase access to mental health services. The 2014 request supports this plan's common-sense proposals with new investments designed to improve school emergency plans, create positive school climates, and counter the effects of pervasive violence on students. For example, we are asking for \$30 million in one-time emergency management planning grants to States to help their LEAs develop, implement, and improve emergency management plans designed to enable districts and schools to prepare for, prevent and mitigate, respond to, and recover from emergencies and crisis events.

The request also includes \$50 million for School Climate Transformation Grants, to be coordinated with related proposals at the Departments of Justice and Health and Human Services. These grants would help create positive school climates that support effective education for all students through the use of evidence-based behavioral practices. Funds would be used to scale up a multi-tiered, decision-making framework that has been shown to reduce problem behaviors, decrease bullying and peer-victimization, improve the perception of school as a safe setting, and increase academic performance in reading and math. In addition, \$25 million for Project Prevent grants would help school districts in communities with pervasive violence break the cycle of violence through the provision of mental health services to students suffering from trauma or anxiety (including PTSD), conflict resolution programs, and other school-based strategies to prevent future violence.

I want to close by talking briefly about school safety and gun violence. This issue is very personal for me. Frankly, it's something that has haunted me from the time I was a little boy, growing up on the South Side of Chicago.

I grew up playing basketball on the streets in many of Chicago's inner-city communities. I had older teenagers who looked out for me and who helped protect me. Far too many of them ended up being shot and killed. After graduating from college and playing ball overseas, I came back to Chicago to run an "I Have a Dream" program for a class of sixth graders. One of my first memories was of one of our young men, Terriance Wright, whose teenage brother was shot one afternoon.

Going to that funeral, and trying to help that family through that process, was brutal. We have far too many parents burying their children—that is not the natural order of life. When I led the Chicago Public Schools, we lost one child due to gun violence every 2 weeks. That is a staggering rate of loss. In Chicago, we took steps that no public school system should ever have to take. We created burial funds for families that couldn't afford to bury their children.

On my wall in my office in Chicago, I kept a picture that one of our teenagers had drawn for me. It was a picture of him as a fireman. And the caption that he wrote to go along with it was: "If I grow up, I want to be a fireman." That's a deep statement about this young man's world. Think about what it means that so many of our youth today think about "If I grow up," not "When, I grow up."

Everything we are preaching to young people about going to college, building careers, deferring gratification, and planning for the future, is all undermined when a child is afraid they will get caught up in the craziness of gun violence. We need all our children, whether it is in Newtown, Connecticut, the South Side of Chicago, or Aurora, Colorado, to think of themselves in terms of "when I grow up."

Conclusion

The need for investment in education is urgent. And I say to the committee, whether you are Republican or Democrat, our children and our country cannot wait. We cannot postpone providing every child with a world-class education.

I look forward to working with you to develop and implement a fiscal year 2014 Budget for education that reflects the needs of our children and our Nation. And I would be happy to take any questions now that you may have.